In 2002, world trade reversed the decline of 2001, with preliminary estimates indicating growth of almost 2 per cent. Apart from the United States and some developed economies, imports recovered in only a few countries; import expansion in the developing countries, at only 1.8 per cent, was largely centred in China and East Asia. The revival of import demand in the United States boosted exports from Japan and East Asia and also accelerated the growth of exports of countries with which the United States held free or preferential trade agreements. The recovery in international commodity prices was modest, affecting exports from Africa.

The net transfer of financial resources was negative for the developing countries as a group for the sixth straight year. The only developing region to experience a net inward transfer was Africa, where the trade deficit was financed from additional official and private financial flows. The International Conference on Financing for Development in March adopted the Monterrey Consensus, in which heads of State and Government resolved to address the challenges of financing for development, particularly in developing countries, with the goal of eradicating poverty, achieving sustained economic development and promoting sustainable development towards a fully inclusive and equitable global economic system. In July, the General Assembly endorsed the Monterrey Consensus and stressed the importance of ensuring proper follow-up to the implementation of the agreements and commitments reached at the Conference.

In April, the high-level meeting between the Economic and Social Council and the Bretton Woods institutions (the World Bank Group and the International Monetary Fund) and the World Trade Organization (WTO) discussed the outcome of the International Conference and implementation of the Monterrey Consensus and agreed that a future meeting would focus on follow-up to the Conference, covering the themes of financing for development.

Another subject of discussion in the international community during the year was the relationship among trade, development and finance. In that regard, the United Nations Conference on Trade and Development (UNCTAD) held a high-level segment to review implementation of the work programme adopted by the 2001 WTO Ministerial Conference. In December, the Assembly expressed its determination to address the issues and concerns raised by developing countries regarding implementation of some WTO agreements and decisions. The Assembly also addressed the international debt problem and called on the international community to explore innovative mechanisms for dealing with the debt problems of developing countries and economies in transition, including debt-for-sustainable-development or multi-creditor debt swaps.

The Trade and Development Board, UNCTAD’s governing body, conducted a midterm review of UNCTAD’s work since its tenth session (UNCTAD X) in 2000. It adopted new guidelines for the functioning of its intergovernmental machinery and instructed its Secretary-General to initiate preparations for UNCTAD XI in 2004. TDB also reviewed the work of its subsidiary bodies.

The International Trade Centre, operated jointly by UNCTAD and WTO, substantially increased its technical cooperation assistance to developing countries and economies in transition.

International trade

The Trade and Development Report, 2002 [Sales No. E.02.II.D.2] stated that the slowdown of global growth during 2001 was accompanied by an even more marked deceleration of growth of international trade. The volume of world trade grew by only 1 per cent in 2001, with world exports growing by only 0.8 per cent, compared to 11.5 per cent in 2000, and import volume growth reaching only 0.9 per cent compared to 11.3 per cent the previous year. Developing countries were particularly vulnerable to that sharp downturn in the growth of world trade. After expanding by some 14 per cent in 2000, their export volumes rose by less than 1 per cent in 2001. With the value of exports falling more rapidly than that of imports, the current-account surplus attained by developing countries as a whole in 2000 almost disappeared in 2001. Latin American earnings on ex-
ports of goods and services were estimated to have fallen by 3.4 per cent, while imports fell by 1.3 per cent. Although many Asian economies continued to show surpluses, supported by improvements in their export market at the end of the year, for all Asian developing countries taken together, the current-account surplus was sharply down in 2001, and was forecast to fall further in 2002. Intraregional trade also contributed to the worsening of the export performance of developing countries, especially in the western hemisphere. For developed countries, the export growth rate reached 0.4 per cent in 2001, compared to 10.3 per cent in 2000, and the economies in transition registered 8.4 per cent growth, compared to 16.6 per cent the year before.

The World Economic and Social Survey 2002 [Sales No. E.02.II.C.1] stated that trade in manufactures declined from a positive 15.4 per cent in 2000 to a negative 1.5 per cent in 2001. A major factor in that decline was the sharp slowdown in the information and communication technologies (ICT) industry. The United States, a major driving force behind the growth in world output, saw its import demand decline with the economic slowdown, negatively affecting overall growth in international trade, especially for countries with large exposure to its market. The terrorist attacks of 11 September 2001 [YUN 2001, p. 60] also had a negative impact on trade, especially trade in services, such as air transportation and tourism.

A joint report on the world economic situation and prospects [Sales No. E.02.II.C.2] issued by the UN Department of Economic and Social Affairs (DESA) and the United Nations Conference on Trade and Development (UNCTAD), and based on information available as at 30 November, stated that in 2002 world trade reversed the decline it suffered the year before; volume grew by an estimated 1.9 per cent against the 0.8 per cent decline in 2001, reflecting the improvement in the prices of manufactures and of some commodities, as well as the weakening of the United States dollar.

A strong recovery in trade during the first half of the year was supported by a revival of economic activity and industrial development, especially in the major industrialized economies and East Asia. However, increased uncertainties emerged during the second half of the year. As growth of industrial output faltered, the dynamism of world trade fell, except in East Asia, where export growth remained resilient. World trade continued to depend on economic developments in the United States, where the growth of merchandise imports, despite a brisk expansion in the first half of the year, was less than 3 per cent. Among the other industrialized countries, import growth was strong only in Australia, Ireland and New Zealand. It lagged in Japan, while in Western Europe, it was negligible, with a decline in several economies. Imports in developing countries expanded only 1.8 per cent and the recovery was centred mostly in China and East Asia.

The multilateral trading system

Report of Secretary-General. In response to General Assembly resolution 56/178 [YUN 2001, p. 871], the Secretary-General submitted a September report [A/56/766], prepared in collaboration with UNCTAD, on international trade and development, which discussed developments in the multilateral trading system, particularly the work programme adopted by the Fourth Ministerial Conference of the World Trade Organization (WTO) [YUN 2001, p. 149] (referred to as the Doha work programme), and the role of UNCTAD as focal point within the United Nations for the integrated treatment of trade and development.

The Doha work programme launched immediate negotiations in several areas, and continued work on other issues with a view to launching negotiations and further examining some issues of concern to developing countries. The deadline for concluding the Doha work programme was 1 January 2005, with a midterm review to be undertaken by WTO’s Fifth Ministerial Conference in 2003.

A number of actions were taken at the national, regional and international levels in order to respond effectively to the challenge of participating in the Doha work programme: in July, the United States President was accorded the Trade Promotion Authority, which would provide for greater flexibility to negotiate trade agreements under the Doha work programme and other regional and bilateral agreements; the Ministerial Conference of Least Developed Countries (LDCs) (Cotonou, Benin, August) reviewed WTO’s work to address LDC marginalization and their full integration into the multilateral trading system; the Third Summit of African, Caribbean and Pacific (ACP) Heads of State and Government (Nadi, Fiji, July) directed the ACP Group to coordinate its participation in WTO; and in Africa, the New Partnership for Africa’s Development (NEPAD) (see p. 907) promoted a market access initiative geared to improving intra-African trade and increasing African countries’ effective and strategic participation in the multilateral trading system.

The report provided information on developments in the areas of agriculture; industrial products; services; trade and investment; trade and competition policy; trade and environment; trade, debt and finance; transfer of technology;
Trade-Related Intellectual Property Rights (TRIPS); government procurement; electronic commerce; trade facilitation; small economies; LDCs; special and differential treatment; and technical cooperation and capacity-building.

The Secretary-General concluded that developing countries were participating actively in the WTO negotiations. Positive progress had been achieved in some areas, particularly services and agriculture, where negotiations had already begun, but was slow elsewhere, partly due to technical difficulties, including a heavy meeting agenda; the reconciliation of divergent positions; negotiators’ unwillingness to reveal their positions until the cross-sector, cross-theme balance became clearer; and policy initiatives by some industrialized WTO members that negatively affected the negotiating atmosphere. Achieving the Doha work programme’s development objectives would depend on efforts to accommodate developing countries’ economic needs, particularly in relation to special and differential treatment, transition periods, technical assistance, provision of social safety nets and other support that might negatively affect the negotiated outcome, as well as the resolution of outstanding matters related to the implementation of the Uruguay Round of multilateral trade negotiations.

UNCTAD consideration. At its forty-ninth session (Geneva, 7-18 October) [A/57/15], the UNCTAD Trade and Development Board (TDB) reviewed an UNCTAD secretariat background note on developments and issues in the post-Doha work programme of particular concern to developing countries [TD/B/49/12], which described the Doha work programme’s current status, focusing on major areas of negotiation. Having considered the note, member States and regional groups expressed concern about the slow progress on issues of concern to developing countries. They emphasized the need to pay more attention to the development dimensions of the post-Doha process and for technical cooperation and capacity-building to support developing countries’ participation in the process. They encouraged UNCTAD and WTO to cooperate in technical cooperation activities.

Also at its forty-ninth session [A/57/15], TDB held a high-level segment entitled “How can the post-Doha process work best for development?” It had before it an UNCTAD secretariat background note [TD/B/49/11], which raised a number of issues in relation to the treatment of development-related concerns in the work programme. The WTO Director-General, addressing the high-level segment, pointed out that the Doha work programme covered a variety of issues that were part of a single undertaking, requiring parallel progress on all areas of the agenda. He therefore did not consider it useful to delay moving in any particular area for tactical reasons. Among the areas remaining to be resolved before the end of 2002 were key development issues such as agriculture, the links between TRIPS agreements and public health, special and differential treatment for developing countries and some highly technical issues related to the implementation of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations [YUN 1994, p. 1674]. Other issues, such as trade, debt and finance, small economies and technology transfer, were also becoming priorities in the development agenda. Among the longer-term issues for developing countries was how to cope with falling tariff revenues as a result of trade liberalization. Attention should also be paid to customs procedures and tax administration. Technical assistance and capacity-building had to be a central part of the post-Doha process.

An UNCTAD document [UNCTAD/RMS/TCS/1] contained draft project proposals for capacity-building and technical cooperation for developing countries, especially LDCs, and economies in transition in support of their WTO Doha work programme participation. The proposals dealt with trade, investment, trade facilitation and electronic commerce.

GENERAL ASSEMBLY ACTION

On 20 December [meeting 78], the General Assembly, on the recommendation of the Second (Economic and Financial) Committee [A/57/329/Add.1], adopted resolution 57/235 without vote [agenda item 84 (a)].

International trade and development

The General Assembly,

Recalling its resolutions 55/182 of 20 December 2000 and 56/178 of 21 December 2001 on international trade and development,

Recalling also the Plan of Action adopted at the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000,

Reaffirming the role of the United Nations Conference on Trade and Development as focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development,

Taking note of the outcome of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 14 November 2001, and noting that the Fifth Ministerial Conference, to be held at Cancún, Mexico, in September 2003, will take stock of progress in the negotiations,

Recalling the provisions of the United Nations Millennium Declaration dealing with trade and related development issues, as well as the outcomes of the In-
International Conference on Financing for Development, held at Monterrey, Mexico, from 18 to 22 March 2002, and the World Summit on Sustainable Development, held at Johannesburg, South Africa, from 26 August to 4 September 2002.

Reiterating the importance of continued trade liberalization in developed and developing countries, including in sectors of export interest to developing countries, and bearing in mind paragraph 10 of resolution 55/182,

Recalling that the domestic efforts made by many developing countries in recent years to reshape their economies, in particular by autonomous trade liberalization, will be more effective if they are matched by enhanced and predictable market access for their main export priorities in goods and services, and by effective support for the development of their supply capacity, and bearing in mind in this regard paragraph 28 of the Monterrey Consensus of the International Conference on Financing for Development,

Noting the proposals made to implement the work programme of the World Trade Organization, including those to liberalize international agricultural and non-agricultural trade,

Noting also the significant contribution of the multilateral trading system to economic growth, development and employment, and the importance of maintaining the process of reform and liberalization of trade policies, as well as the importance of rejecting the use of protectionism so that the system plays its full part in promoting recovery, growth and development, in particular of developing countries,

Recalling that, to benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment and enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, are needed, and that, in this context, enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes for developing countries also play important roles,

1. Reaffirms the commitments of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization to place the needs and interests of developing countries, in particular in terms of implementation of some agreements and decisions that have been encountered in the implementation of obligations in various areas,

2. Takes note of the in-depth review undertaken by the Trade and Development Board with respect to developments and issues in the post-Doha work programme of particular concern to developing countries and its contribution to an understanding of the actions required to help developing countries secure beneficial and meaningful integration into the multilateral trading system and the global economy and to achieve a balanced, development-oriented and successful outcome at the end of the Doha process;

3. Also takes note, in this regard, of the relevant work of other international organizations,

4. Expresses its concern about the adoption of a number of unilateral actions that are not consistent with rules of the World Trade Organization, harm the exports of all countries, in particular those of developing countries, and have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement and further enhancement of the development dimension of the trade negotiations;

5. Acknowledges the measures taken to increase market access consistent with the rules of the World Trade Organization for some developing countries, in particular for the least developed countries, and further recognizes the importance of enhanced and predictable access to all markets for the exports of developing countries;

6. Considers that, in the context of the current world economic situation, the multilateral trading system should be reinforced by achieving a balanced outcome of the Doha negotiations that responds to the interests of all members of the World Trade Organization, in particular developing countries, by giving concrete shape to the development-related provisions of the work programme of the World Trade Organization and by working to ensure that the concerns of developing countries, in particular in terms of implementation issues and special and differential treatment, are properly and effectively addressed in accordance with the Ministerial Declaration adopted at Doha, as amended by the action of the General Council of the World Trade Organization;

7. Reiterates the need for the deadlines in the negotiating process, as established in the Ministerial Declaration adopted at Doha, and as amended by the General Council of the World Trade Organization, to be respected;

8. Recognizes that trade rules and issues in the post-Doha framework should have a clear development content, and in this regard:

(a) Expresses its determination to take concrete action to address issues and concerns that have been raised by many developing country members regarding the implementation of some agreements and decisions of the World Trade Organization, including the difficulties and resource constraints that have been encountered in the implementation of obligations in various areas;

(b) Affirms that provisions for special and differential treatment are an integral part of the Uruguay Round of Multilateral Trade Negotiations by which the World Trade Organization was established and that all special and differential treatment provisions should be reviewed with a view to strengthening them and making them more precise, effective and operational, and notes the importance of paragraph 12.1 (i) of the Decision on Implementation-related Issues and Concerns of 14 November 2001, adopted by the Fourth Ministerial Conference of the World Trade Organization;

(c) Affirms that ongoing negotiations should aim at clarifying and improving disciplines in the areas of anti-dumping, subsidies and countervailing measures, taking into account the needs of developing countries, including the least developed countries, while preserving the basic concepts, principles and effectiveness of those agreements and their instruments and objectives;

(d) Considers that, in the area of agriculture, without prejudging their outcome, the commitment to the
calls upon developed countries that have not already

Brussels from 14 to 20 May 2001, and in this regard

Conference on the Least Developed Countries, held at

tion held at Doha and at the Third United Nations

production of all developing countries, particularly the least

distorting domestic support, should be fulfilled, while

agreement that the provisions for special and differential

treatment for developing countries should be an inte-
gral part of all elements of the negotiations and should

be embodied in the schedules of concession and com-
mittments and, as appropriate, in the rules and disci-
plines to be negotiated, so as to be operationally effec-
tive and to enable developing countries to effectively

take account of their development needs, including

food security and rural development, takes note of the

non-trade concerns reflected in the negotiating propos-
sals submitted by members of the World Trade Organ-
ization, and confirms that non-trade concerns would be

taken into account in the negotiations as provided for in the Agreement on Agriculture, in accordance with the Ministerial Declaration;

(e) Considers that negotiations in trade in services should be conducted with a view to promoting the econ-

omic growth of all trading partners and the develop-

ment of and least developed countries, that there should be no a priori exclusion of any service sec-
ctor or mode of supply and that special attention should be given to sectors and modes of supply of export in-
terest to developing countries, and recognizes the work already undertaken in the negotiations and the large

number of proposals submitted by members on a wide

range of sectors and on several horizontal issues, as well as on movement of natural persons;

(j) Reaffirms the commitments made with respect to the interpretation and implementation of the Agreement on Trade-related Aspects of Intellectual Property Rights in a manner supportive of public health and promotion of access to medicine for all, in-
cluding full and timely implementation of the Decla-

9. Acknowledges the seriousness of the concerns ex-
pressed by the least developed countries in the Zanzi-
bar Declaration, adopted by their ministers responsi-
ble for trade in July 2001, and recognizes that the in-
tegration of the least developed countries into the mul-
ilateral trading system requires meaningful mar-
ket access, support for the diversification of their pro-
duction and export-base and trade-related technical assis-
tance and capacity-building;

10. Stresses the importance of facilitating the acces-
ses of the least developed countries, particularly the least

developed countries, as well as countries with econo-

mies in transition, that apply for membership in the World Trade Organization, bearing in mind para-
graph 21 of resolution 55/182 and subsequent develop-
ements;

11. Reaffirms the commitments made at the Fourth

Ministerial Conference of the World Trade Organiza-
tion held at Doha and at the Third United Nations

Conference on the Least Developed Countries, held at

Brussels from 14 to 20 May 2001, and in this regard

calls upon developed countries that have not already
done so to work towards the objective of duty-free, quota-free market access for all least developed coun-
tries’ exports, and notes that consideration of propos-
sals for developing countries to contribute to improved
market access for least developed countries would also be helpful;

12. Also reaffirms the commitment to actively pursue

the work programme of the World Trade Organization
with respect to addressing the trade-related issues and
concerns affecting the fuller integration of small, vul-
nerable economies into the multilateral trading system
in a manner commensurate with their special circum-
stances and in support of their efforts towards sustain-
able development, in accordance with paragraph 35 of
the Ministerial Declaration adopted at Doha;

13. Further reaffirms the commitment to full and

faithful implementation of the Agreement on Textiles
and Clothing, and calls for further progress in its im-
plementation, which is a necessary and inherent con-
dition of full implementation of the agreements arising
from the Uruguay Round;

14. Stresses the importance of clarifying and im-

proving disciplines and procedures under the existing
provisions of the World Trade Organization applying
to regional trade agreements in accordance with the
relevant mandate of the Fourth Ministerial Confer-
ence, taking into account the developmental aspects of
those agreements, and urges the United Nations Con-
ference on Trade and Development, in accordance with its mandates, to provide technical inputs in this respect;

15. Also stresses the importance of the Doha mandate

for negotiations on market access for agricultural
products, which should aim to reduce or, as appropriate,
eliminate tariffs, including the reduction or elimination of
tariff peaks, high tariffs and tariff escalation, as well as
non-tariff barriers, in particular on products of ex-
port interest to developing countries, and reaffirms that
preferences granted to developing countries pursuant
to the Decision of the Contracting Parties on Differen-
tial and More Favourable Treatment, Reciprocity and
Fuller Participation of Developing Countries of 28 No-
ember 1979 (“Enabling Clause”) should be general-
ized, non-reciprocal and non-discriminatory;

16. Recognizes the importance for developing coun-

tries as well as countries with economies in transition

of considering reducing trade barriers among them-

selves;

17. Notes the health and environment-related meas-

ures that have an impact on exports, stresses that the
adoption or enforcement of any measures necessary to
protect human, animal or plant life or health should
not be applied in a manner that would constitute arbi-
trary or unjustified discrimination or a disguised re-
striction on international trade, and recognizes the im-
portance of capacity-building support for developing
countries so as to enable them to put in place the ap-
propriate measures necessary for meeting standards
consistent with the World Trade Organization;

18. Encourages support for measures to simplify

and to make more transparent the domestic regula-
tions and procedures that affect trade, so as to assist ex-
porters, particularly those from developing countries;

19. Stresses the importance of increased participa-
tion of developing countries in the work of relevant in-
ternational standards-setting organizations and of in-

Economic and social questions
creased technical assistance and capacity-building in this regard.

20. Expresses its satisfaction with the renewed and increased cooperation between the United Nations Conference on Trade and Development and the World Trade Organization as well as with the joint efforts to provide trade-related technical assistance, calls for a further strengthening of this cooperation, and stresses, in this respect, the importance of continuing and enhancing the implementation of the United Nations Conference on Trade and Development Programme of Capacity-building and Technical Cooperation for Developing Countries, Especially the Least Developed Countries, and Economies in Transition, in Support of their Participation in the World Trade Organization Doha Work Programme;

21. Invites, in this regard, donors and other countries in a position to do so to continue to provide the United Nations Conference on Trade and Development with the necessary resources to deliver effective and demand-driven assistance to developing countries, especially least developed countries, and countries with economies in transition, and to small and vulnerable economies, as well as to continue and enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme and to the activities of the United Nations Conference on Trade and Development/World Trade Organization International Trade Centre;

22. Also invites donors and other countries in a position to do so to make voluntary contributions to the Doha Development Agenda Global Trust Fund of the World Trade Organization, and further invites the World Trade Organization to cooperate closely with other organizations having the necessary expertise and comparative advantage in delivering technical assistance;

23. Invites bilateral and multilateral financial and development institutions, in cooperation with interested Governments and their financial institutions, to expand and coordinate their efforts, with increased resources, to further support national efforts to benefit from trade opportunities and effectively integrate into the multilateral trading system;

24. Reaffirms the commitment on the part of developed and developing countries to mainstream appropriate trade policies in their respective development policies and programmes;

25. Calls upon the United Nations Conference on Trade and Development, within its mandate, to contribute to the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"), and welcomes the cooperation on trade, environment and development, inter alia, in the field of technical assistance to developing countries, among the secretariats of the World Trade Organization, the United Nations Conference on Trade and Development, the United Nations Development Programme, the United Nations Environment Programme and other relevant international developmental and environmental organizations;

26. Endorses the outcomes of the mid-term review of the work of the United Nations Conference on Trade and Development, which was aimed at reviewing the implementation of the commitments and of the work programme agreed upon at the tenth session of the Conference, and reiterates its profound gratitude to the Government and people of Thailand for hosting the mid-term review;

27. Welcomes the generous offer by the Government of Brazil to host the eleventh session of the United Nations Conference on Trade and Development in 2004, and takes note of the invitation addressed to the Secretary-General of the Conference to prepare the draft provisional agenda and the timetable for the Conference for consideration by the Trade and Development Board in the first quarter of 2003;

28. Requests the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution and on developments in the multilateral trading system, under the sub-item entitled “International trade and development”.

Trade policy

Trade in goods and services, and commodities

The Commission on Trade in Goods and Services, and Commodities held its sixth session in Geneva from 4 to 8 February [TD/B/EX(28)/4].

At its twenty-eighth executive session in March [A/57/15], the UNCTAD Trade and Development Board (TDB) took note of the Commission’s report and endorsed its recommendations and agreed conclusions.

Biological resources. For its consideration of the sustainable use of biological resources: ways to enhance the production and export capacities of developing countries of agriculture and food products, including niche products, such as environmentally preferable products, the Commission had before it the report of the 2001 Expert Meeting on the subject [YUN 2001, p. 876] and an UNCTAD secretariat note on the Expert Meeting’s recommendations [TD/B/COM.1/45].

The Commission recommended that Governments and the business sector should support agricultural development in developing countries, in particular the production and export of high-value products, quality improvement, strengthening local linkages and enhancement of their participation in global value chains. Governments, farmers’ associations, civil society and other stakeholders should play a proactive role in promoting organic agriculture and trading opportunities for developing countries, particularly by designing, implementing and enforcing national and regional standards. The international community should support developing countries’ efforts, particularly those of LDCs, to enhance supply capacities, participate effectively in...
international supply chains and derive economic, social and environmental benefits from organic agriculture and trade. UNCTAD, in cooperation with all relevant organizations and institutions, should play a key role in ensuring the implementation of the Commission’s recommendations. It should also examine new trading opportunities that might arise from the reduction or elimination of tariff and non-tariff barriers to environmental goods and services, and assist developing countries to participate effectively in the corresponding WTO negotiations.

Services. For its consideration of the ways to enhance the contribution of specific services sectors to the development perspectives of developing countries: energy services in international trade: development implications, the Commission had before it the report of the 2001 Expert Meeting on the subject [YUN 2001, p. 876] and an UNCTAD secretariat note on the Expert Meeting’s discussions [TD/B/COM.1/46].

The Commission recommended that Governments enact regulations to facilitate energy sources development and improve energy distribution; establish an institutional framework to achieve national policy objectives for liberalized energy markets and establish fair competition conditions; create a favourable environment to attract national and foreign investors and to increase the competitiveness of energy services suppliers, particularly in developing countries; and evaluate the possibility of making wider use of renewable energies, in particular to address the problem of rural area access to energy. The Commission recommended to the international community that the WTO negotiations on services, aimed at further liberalizing the energy services sector, should reflect the development needs of developing countries. It should support developing countries’ efforts to improve universal access to energy, including reform and institution-building, and establish and/or strengthen cooperation amongst stakeholders and agencies involved in energy services, both on a North-South and on a South-South basis. UNCTAD should deepen its analytical and capacity-building work in energy services and its cooperation with WTO and other relevant bodies.

Market access. For its analysis of market access issues facing developing countries: consumer interests, competitiveness, competition and development, the Commission had before it the report of the 2001 Expert Meeting on the subject [YUN 2001, p. 876], and the comments of the United States thereon [TD/B/COM.1/CRP.2], as well as an UNCTAD note on the Expert Meeting’s recommendations [TD/B/COM.1/47].

In agreed recommendations, the Commission encouraged Governments to implement the UN Guidelines for Consumer Protection, adopted by the General Assembly in resolution 54/449 [YUN 1999, p. 885], develop and maintain mutually reinforcing competition and consumer protection laws and policies; create specific channels and mechanisms for dialogue, including delegating to civil society certain reconciliation and consumer arbitration powers; ensure that measures benefited all sections of the population; combat anti-competitive practices and production, and marketing of poor-quality and unsafe products; promote conformity by enterprises with the provisions of the UN Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices [YUN 1980, p. 626]; and encourage the private sector to adopt codes of conduct to promote ethics. Consumer associations, both national and international, should be proactive in their interaction with government and intergovernmental agencies and with businesses, and develop joint regional training and information programmes. UNCTAD should provide technical assistance to help in the adoption and enforcement of consumer and competition laws and policies; create and maintain a web site containing legal information on consumer-related provisions; and report in 2003 on protection of consumers and regulation of public services, international cooperation mechanisms and ways to better integrate the informal sector.

Capacity-building and technical cooperation. The Commission had before it UNCTAD’s plan for capacity-building and technical cooperation for developing countries, especially LDCs and economies in transition, in support of their participation in the WTO Doha work programme (see p. 933) [UNCTAD/RMS/TCS/1]. In agreed conclusions, it welcomed the UNCTAD plan and called on UNCTAD to provide enhanced technical assistance in the areas of trade negotiations, human and institutional capacity-building, and policy analysis and development. It urged donors and countries in a position to do so to provide the necessary means and assistance for the plan’s implementation, taking into account the Doha Ministerial Declaration’s agreed deadlines. It invited the UNCTAD Secretary-General to continue consultations with regional and subregional groups on identifying their specific immediate and longer-term needs and to pursue consultations with potential donors. The secretariat was asked to monitor progress on the Doha work programme in terms of development issues and to provide support to WTO members and bodies. The Commission recommended that TDB review developments and issues in the post-Doha work pro-
The Meeting recommended that commodity-dependent developing countries (CDDCs) should use the commodity sector as the basis for diversifying the production and export of commodities into areas of comparative advantage, using options available through WTO agreements. The experts also recommended that UNCTAD should continue its work on technical assistance to developing countries. In addition, UNCTAD should mobilize support for establishing information centres on packaging and technology. The experts saw a need to examine alternative means of financing commodity diversification, including the simplification of access to investment promotion agencies and donors.

The Meeting recommended the United Nations Educational, Scientific and Cultural Organization (UNESCO) and UNCTAD continue to collaborate in analysing market structure and behaviour, the relationship between audio-visual services and education, and opportunities provided to developing countries by regional and preferential trade arrangements for fostering their integration into global audio-visual markets; provide a forum to discuss the link between trade and audio-visual services; facilitate dialogue between experts and Governments on culture and trade; and provide policy advice and technical assistance to developing countries. In addition, UNCTAD should continue its work on potential trade-related areas of audio-visual services.
Interdependence and global economic issues

TDB, at its forty-ninth session (Geneva, 7-18 October) [A/57/15], considered interdependence and global economic issues from a trade and development perspective: developing countries in world trade. Although there was general agreement that a rule-based multilateral trading system was in the interest of all countries, the current system was considered flawed. Similarly, while there was agreement on international trade’s potential contribution to economic development, there was extensive debate on the limited extent to which the promise was being realized.

Attention focused on the statement contained in the Trade and Development Report, 2002 [Sales No. E.02.II.D.2] that the increase in the developing countries’ share in manufacturing value added had fallen short of that in their share of manufactured exports, a phenomenon linked to their involvement in import-dependent and labour-intensive processes of international production chains. For many developing countries, low commodity prices continued to restrict the gains from trade, and while there were benefits from trade due to technology transfer, there was a lack of consensus as to its effectiveness. Participants cited several policy measures capable of enhancing the contribution of trade to economic development, and noted that a trading system beneficial to economic development required increased developing-country access to industrial countries’ markets.

Participants emphasized the need for flexibility in the trading system’s rules, regarded as biased against developing countries, to accommodate the growing diversity of its membership. Redressing such failings would require a standstill or slowdown in integrating developing countries into the global trading system and involve reform of WTO procedures and governance, especially in dispute settlement and democratic functioning. However, other participants held the view that too much flexibility in the application of WTO rules and obligations to different categories of countries could jeopardize the progress of the negotiations. Attention was drawn to the tendency for agreements among Quad countries (Canada, the European Union (EU), Japan, United States) to become binding on all WTO members.

Trade promotion and facilitation

In 2002, UN bodies continued to assist developing countries and transition economies in promoting their exports and facilitating their integration into the multilateral trading system. The International Trade Centre was the main originator of technical cooperation projects in that area.

International Trade Centre

During 2002, the International Trade Centre (ITC), under the joint sponsorship of UNCTAD and WTO, increased its delivery of technical cooperation programmes by 21 per cent to $16.9 million from $12.6 million in 2001 [ITC/AG/XXXVI/193].

ITC focus during the year was on Africa and LDCs, and proactive programme development ensured that its support to those two priority groups would be maintained over the medium term, principally under multi-country projects. Priority was given to reinforcing the link between trade and development. ITC launched the new Export-led Poverty Reduction Programme and an E-Trade Unit, while the Global Trust Fund-financed E-Trade Bridge Programme became operational. The two programmes dealt specifically with the integration of developing and transition economies into the multilateral trading system—the World Trade Net Programme and the Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected LDCs and Other African Countries (JITAP)—were strengthened. Greater emphasis was placed on increasing support to strategic planning of the export effort, primarily at the sectoral level. Assistance was also provided in the preparation of sector strategies, principally in LDCs.

ITC added two new Internet-based tools to the ITC Competitive Tool Kit—the “Product Market Analysis Portal” and the “Market Access Map”. In conjunction with the Southern Africa Trade Week (Muldersdrift, South Africa, 24-26 November), ITC held its first Competitiveness Tools Fair. Field-level activities expanded and intensified under ITC’s three-track approach: upgrading its specialized Internet sub-sites and developing new competitiveness enhancement products; participation in multi-agency, regional initiatives; and proactivity in needs assessment, programme design and donor relations.

In Africa, ITC undertook trade capacity-building programmes in nine countries in conjunction with the Agence intergouvernementale de la francophonie; partnered with the Trade Facilitation Office Canada to implement the programme “Building African Capacity for Trade”, funded by the Canada Fund for Africa; and provided support for strategy development, export-led poverty reduction programmes and public procurement in a number of African countries. Under the South-South Trade Promotion Programme, ITC organized seven buyers-sellers meetings and networking events in Africa. It es-
tablished, at the request of the NEPAD secretariat, a task force to assist in articulating Africa’s needs in market access and export diversification. An expert meeting (Johannesburg, South Africa, November) adopted the elements of an action plan.

In the Arab region, the Centre delivered an integrated training programme in Egypt, encompassing tourism, trade, export quality management, trade information and e-trade; provided technical cooperation on trade information and legal aspects of foreign trade to Algeria; supported the export competitiveness of companies in Morocco; undertook needs assessment and programme design missions in Egypt and the United Arab Emirates; launched two capacity-building projects in Mauritania; and developed a regional programme for upgrading standardization and conformity assessment infrastructure.

In Asia, ITC launched the first phase of a regional trade promotion programme covering Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. In Viet Nam, it completed a preparatory assistance project for strengthening the trade support network. ITC assisted Mongolia in identifying options for reinforcing the trade support network and aided China in the construction of the main building for the international flower auction in Kunming. It also conducted feasibility studies for projects in export-led poverty reduction in China, reviewed community-based tourism in Viet Nam, completed export-capability surveys and took steps to develop export-led poverty reduction projects in Nepal, and initiated an integrated project in agriculture, fisheries and handicrafts.

In Latin America and the Caribbean, ITC initiated export-led poverty reduction programmes in Bolivia, Ecuador and El Salvador, prepared export strategies for Haiti and continued to support training and business counselling services in Central America. Under its South-South Trade Promotion Programme, ITC organized Latin-Pharma, a series of events to strengthen the pharmaceutical sector of five Central American countries.

In Central Europe, ITC continued to support the Romanian Foreign Trade Centre and the wooden furniture and garments sectors and through an ICT round table in Lithuania, generated interest in subregional export development collaboration.

ITC co-hosted, with the China Council for the Promotion of International Trade, the Fourth World Conference of Trade Promotion Organizations (TPOs) (Beijing, May), which explored the theme “TPOs in a Turbulent New Business Environment”.

**JAG action.** The ITC Joint Advisory Group (JAG) held its thirty-fifth session in Geneva from 15 to 19 April [ITC/AG(XXXV)/189]. It had before it reports on ITC activities in 2001 [YUN 2000, p. 856] and technical cooperation projects operational in 2001 [ITC/AG(XXXV)/189/Add.12] and the report of the ITC Global Trust Fund’s Consultative Committee [ITC/AG(XXXV)/190].

The Group endorsed ITC’s future technical cooperation activities. It urged ITC management to maintain its focus on working with and through ITC’s national networks rather than individual institutions and emphasized that ITC should continue to work towards full coordination of its technical cooperation activities with those of UNCTAD and WTO. JAG called for the continuation and expansion of the World Trade Net programme, particularly in the light of its positive evaluation in 2001. It noted ITC’s work in trade in services and stressed the increasing importance of technical support in that area. JAG saw the launching of the E-Trade Bridge programme as highly relevant to the future of international competitiveness of developing and transition economies, and emphasized the importance of ITC securing resources to introduce “the bridge” in a large number of countries. The Group agreed that ITC had an increasing role to play in delivering trade-related technical support but noted that it had not put forward a new technical assistance programme to support the Doha work programme. ITC’s plan to maintain a balance between its traditional areas of support and newer areas, such as e-facilitated trade development, was endorsed.

Pledges of trust fund contributions to ITC were announced by Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, the Netherlands, Norway, Sweden and Switzerland.

TDB, at its twenty-ninth executive session on 13 September [TD/B/EX(29)/3 & Corr.1], noted that the question of the translation of ITC documentation into six languages would be taken up in the context of the budget.

**ITC administrative arrangements**

In response to an Advisory Committee on Administrative and Budgetary Questions (ACABQ) request, endorsed by the General Assembly in decision 55/483 [YUN 2000, p. 876], the Secretary-General submitted an October report [A/C.5/57/14] on the experience in applying the revised administrative arrangements between the United Nations and WTO, approved by the Assembly in decision 55/411 B [YUN 1998, p. 888]. The Secretary-General concluded that the application of the new arrangements, owing to the different requirements of each parent organization,
had resulted in an additional workload for the secretariats of ITC, the United Nations and WTO. He recommended that the arrangements be reviewed and joint proposals submitted to the Assembly, through ACABQ and the WTO General Council, for reducing the number of budget documents and simplifying the budgetary approval process for the Centre.

ACABQ, in October [A/57/7/Add.10], recommended that the Assembly approve the Secretary-General’s proposal to initiate consultations with ITC and WTO for a joint review of the arrangements.

By decision 57/572 of 20 December, the Assembly took note of the Secretary-General’s report and endorsed ACABQ’s recommendations.

**Enterprise, business facilitation and development**

The Commission on Enterprise, Business Facilitation and Development held its sixth session in Geneva from 18 to 21 February [TD/B/EN/2001/5 & Corr.1].

At its twenty-eighth executive session in March [A/57/15], TDB took note of the Commission’s report and endorsed its recommendations and agreed conclusions.

**Electronic commerce.** For its consideration of electronic commerce and international transport services: best practices for enhancing the competitiveness of developing countries, the Commission had before it an UNCTAD secretariat note on the subject [TD/B/COM.3/42], which discussed policy questions and made proposals for UNCTAD’s future work. It also considered the report of the 2001 Expert Meeting on Electronic Commerce and International Transport Services [YUN 2001, p. 879].

The Commission agreed that developing countries faced a number of obstacles in using electronic commerce as a vehicle for improving transport services and promoting their participation in global trade, including lack of transport and telecommunication infrastructure, an appropriate legal framework, and skilled traders and providers of transport services. It recommended that Governments promote investment in transport, telecommunications and information technology infrastructure and adapt their legal infrastructure to the requirements of electronic transactions; simplify administrative regulations and practices; establish port community systems and logistics platforms to facilitate the exchange of information; and revise commercial practices with respect to the use of traditional negotiable transport documents and limit their use whenever possible. It encouraged the international community to assist developing countries in bridging the digital divide and to coordinate their activities to improve those countries’ competitiveness. The Commission recommended that UNCTAD should review, monitor and analyse electronic commerce developments and disseminate that information to member countries; study the use of traditional transport documents in international trade; develop and deliver training materials and disseminate information on best practices in electronic commerce; and prepare guidelines for the establishment of model port community systems and logistics platforms in developing countries.

**Small and medium-sized enterprises.** For its consideration of improving the competitiveness of SMEs in developing countries: access to finance and e-finance, the Commission had before it an UNCTAD secretariat note on the subject [TD/B/COM.3/45], which discussed policy issues, presented the main outcomes of the 2001 Expert Meeting on the subject [YUN 2001, p. 879] and made proposals for UNCTAD’s future work.

The Commission recommended that Governments establish the legal and regulatory framework to facilitate finance and e-finance development for SMEs; encourage commercial banks to disclose the composition of their loan portfolios by size of enterprise and client gender; improve the reliability of financial information provided to SMEs; and support public/private sector partnerships for SME venture capital. The international community was urged to consider debt swaps as a means of strengthening local financial institutions; disseminate information on financial innovations and undertake capacity-building; and support the efforts of developing and transition countries in the development of e-finance infrastructure. UNCTAD should complete its work on a user-friendly accounting framework for SMEs; incorporate e-finance and e-commerce into its technical cooperation programmes; strengthen its technical cooperation programmes for entrepreneurship; and monitor new product development and innovative financial mechanisms. It should continue its work on business linkages, and ensure coordination and synergies with relevant international organizations.

**Mainstreaming gender.** For its consideration of mainstreaming gender to promote opportunities through the increased contribution of women to competitiveness, the Commission had before it an UNCTAD secretariat note on the subject [TD/B/COM.3/44], which outlined the policy issues at the national level examined by the 2001 Expert Meeting on Mainstreaming Gender to Promote Opportunities [YUN 2001, p. 879], and offered proposals for UNCTAD’s future work.
The Commission invited Governments, the international community and UNCTAD to consider the Group of Experts’ recommendations in the five areas of commodities, trade in services, foreign direct investment (FDI) policy, enterprise development and ICT policy, taking into account the special needs of LDCs. The Commission recommended that Governments adapt laws and commercial regulations to enhance women’s access to ownership and use of economic resources, take measures to ensure that domestic financial institutions reached underserved women entrepreneurs and ensure their access to the Internet and ICT. Governments and the international community were urged to collect gender-disaggregated statistics on entrepreneurship and promote training programmes. UNCTAD was asked to mainstream gender in all areas of work and review its capacity-building programmes. It was also urged, in cooperation with the International Telecommunication Union (ITU), to carry out analytical and case-study-based work on gender and ICT; develop sex-disaggregated indicators; identify policies for mainstreaming gender in national ICT policy-making; and develop recommendations on mainstreaming gender in ICT policy.

**Subsidiary bodies.** In 2002, a number of expert meetings took place, all in Geneva, on issues to be considered by the Commission in 2003.

The Expert Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity (28-30 October) [TD/B/COM.3/50] considered national policies and programmes in the private and public sectors to finance technology needed by SMEs to compete in the global economy. It had before it an UNCTAD secretariat note on the subject [TD/B/COM.3/EM.16/2 & Corr.1]. The Meeting, among its recommendations and conclusions, stated that future policy measures needed to encourage SME lending included tax incentives, the removal of interest rate caps, a legal system that allowed financial institutions to obtain and enforce security, and partial loan guarantee programmes in which Governments and banks shared the risk.

The Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade: Problems and Potential for the Application of Current Trade Facilitation Measures by Developing Countries (25-27 November) [TD/B/COM.3/52] had before it an UNCTAD secretariat note on the subject [TD/B/COM.3/EM.15/2]. The Meeting agreed that trade facilitation was a clear priority for both developing and developed countries but the former would require extensive assistance to implement efficient systems. Attention was drawn to the need for the involvement of all stakeholders in the definition and implementation of trade facilitation measures and for support at the policy level. Although ICT was an important element for implementing those measures, the experts agreed that procedures needed to be simplified and harmonized using internationally agreed standards, rules and instruments. Although the quantification of the benefits of comprehensive trade facilitation programmes was difficult, there were substantial gains to be achieved from assessing specific and well-defined measures.

The Expert Meeting on Electronic Commerce Strategies for Development (10-12 July) [TD/B/COM.3/47] had before it an UNCTAD secretariat background paper on the basic elements of an enabling environment for e-commerce [TD/B/COM.3/EM.15/2], which identified awareness building, training and education, access and infrastructure, legal and regulatory reform, sector-specific policies to promote e-business, and e-government as key areas that developing countries needed to consider in their e-strategies. The Meeting agreed on the importance of e-commerce and ICT for socio-economic development, and that the factors constraining development should be addressed through concerted policy actions. Governments should establish an enabling environment for e-commerce and ICT, and lead by adopting e-government practices. The experts called for internationally comparable indicators for measuring the success of e-strategies so as to evaluate effectiveness and plan future strategies. Governments and the private sector were called on to invest in education and training for e-commerce and ICT, and formulate human resources development policies and adapt education systems and curricula to take them fully into account. Policy makers should address the need for a supportive legal and policy infrastructure when defining an e-commerce strategy. National policy priorities should be reflected in the legal framework. The need for technical assistance to developing countries wishing to adapt their national laws to accommodate e-commerce was considered a priority and the international community was requested to strengthen its activities in that regard.

**Commodities**

The *Trade and Development Report, 2002* [Sales No. E.02.II.D.2] stated that in 2001 commodity prices were especially hard hit by the events of 11 September [YUN 2001, p. 60]. The recovery in 2000 of some food commodity prices slowed down in 2001 as the prices of tropical beverages fell by more than 20 per cent, with large declines
in coffee and tea. Cocoa prices showed marked improvement, due largely to temporary supply factors. Grain prices improved, except for rice. Sugar prices recovered as weather-related production shortfalls in Australia and Cuba offset the unexpectedly rapid recovery of production in Brazil. The performance of various oil seeds was mixed: soybean and sunflower oils maintained earlier increases, while copra, coconut and palm oil prices fell by the end of the year.

Agricultural raw materials and minerals, ores and metals were hard hit by global industrial production decline, although the metals group showed signs of recovery by the end of 2001. Copper prices fell by over 10 per cent. Cotton prices fell by over 20 per cent in 2001, and natural rubber declined by a range of 5 per cent to more than 10 per cent, depending on the producer.

Oil prices remained stable and resilient between $24 and $30 a barrel from the first quarter of 2000 to the third quarter of 2001, due to adherence by the Organization of the Petroleum Exporting Countries (OPEC) to individual production quotas and their coordination, along with other key oil exporters, of global oil production cuts. In the aftermath of the events of 11 September 2001, oil prices dropped from $24 in August to about $18 a barrel at year’s end. Prices then rose slightly in January and February 2002 as new supply cuts took effect.

A joint UNCTAD/DESA report on the world economic situation and outlook [Sales No. E.03.II.C.2], prepared on the basis of information available as at 30 November 2002, stated that there was a modest recovery in international commodity prices in 2002. The price for Brent crude oil averaged around $25 per barrel for the year. Oil prices progressed faster than anticipated, under pressure from reduced oil production and low world stocks in the first half of the year, and geopolitical developments during the second half, particularly the possibility of military action in Iraq, plans by several Governments to increase their strategic oil stocks and the general strike in Venezuela that affected that country’s oil exports.

Much of the increase in non-fuel commodity prices was due to the weakening of the United States dollar. For many agricultural commodities, recent supply increases contributed to even lower prices.

**UNCTAD report.** In response to General Assembly resolution 55/183 [YUN 2000, p. 903], the Secretary-General submitted a September report [A/57/388], prepared by UNCTAD, on world commodity trends and prospects. The report stated that world exports of non-fuel commodities increased at a slower rate than total exports during the decade 1990-2000. Developing countries’ share of world commodity exports increased slightly, except for African countries, but a large number of them continued to depend on exports of a few commodities. Commodity prices maintained their downward trend to levels, in current United States dollars, comparable with those of the early 1970s. The fall in prices of some commodities, including coffee, cotton and sugar, had been dramatic.

The report reviewed recent developments in the world commodity economy, international commodity markets and recent developments in international cooperation on commodities. It concluded that two major problems required urgent attention: the catastrophic price falls for some commodities and the continuation of agricultural support policies by developed countries. In addition, oversupply, which led to dramatic price falls, had to be eliminated. In the long term, developing countries needed assistance to improve their supply capacities and participation in international value chains. In that regard, the international community should mobilize resources to finance the withdrawal of productive capacity for commodities experiencing catastrophic price falls and economic rehabilitation, diversification and transformation in the countries concerned. Export shortfall compensatory financing schemes would provide a temporary safety net for developing-country producers that were heavily dependent on the export of a few commodities. Also, support schemes to developed-country competitors should be radically reduced or eliminated. In addition, measures, including subsidy reduction, tariff cuts and the elimination of trade barriers, should be taken to improve the market access of developing-country agricultural exports to developed-country markets. The burden of liberalization on net food-importing countries and specialized importers depending on one or two key commodities should also be addressed.

The report also stated that international trade negotiations should allow for more flexibility in deciding what products should be subject to tariff reductions and non-tariff measures, while trade-related technical assistance should support diversification efforts and the development of supply capacities to take advantage of the opportunities offered by the new international trading framework. Commodity-exporting developing countries should, in addition to improving infrastructure, improve access to market information, enhance skills and knowledge, and improve legal frameworks. International producer-consumer cooperation should be supported, the activities of the Second Account of the Common Fund for
Commodities (see p. 947) expanded, and increased funding made available to the Fund.

GENERAL ASSEMBLY ACTION

On 20 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/57/392/Add.2], adopted resolution 57/236 without vote [agenda item 84 (b)].

The General Assembly,

Recalling its resolution 55/138 of 20 December 2000, and stressing the urgent need to ensure its full implementation,

Recalling also the United Nations Millennium Development Goals of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),

Taking note of the relevant provisions of the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),

Taking note also of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 and The Least Developed Countries Report, 2002,

Taking note further of the Monterrey Consensus of the International Conference on Financing for Development,

Taking note of the targets set out in the Rome Declaration on World Food Security and the Plan of Action of the World Food Summit and the outcome document of the World Food Summit: five years later, which reaffirms the pledge to end hunger,

Taking note also of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 14 November 2001,

Taking note with concern of the report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects, which examines the downward trend of most commodity prices,

Reiterating the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, especially commodity-dependent countries, and bearing in mind paragraph 6 of resolution 55/183.

Recognizing that commodity-dependent developing countries, in particular African countries and the least developed countries, are highly dependent on primary commodities as their principal source of export revenues, employment, income-generation and domestic savings, and as the driving force of investment, economic growth and social development,

Recognizing also that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for commodity producers and exporters in developing countries,

Recognizing further that agriculture plays a crucial role in addressing the needs of a growing global population and is inextricably linked to poverty eradication, especially in developing countries, and recognizing also that enhancing the role of women at all levels and in all aspects of rural development, agriculture, nutrition and food security is imperative and, furthermore, that sustainable agriculture and rural development are essential for the implementation of an integrated approach to increasing food production and enhancing food security and food safety in an environmentally sustainable way,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply side of most commodity-dependent developing countries, the continuing depressed levels of most commodity prices and the dramatic falls in recent years in prices of commodities of particular interest to developing countries, which adversely affect the economic growth of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as small island developing States and landlocked developing countries,

Expressing its concern about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes, which are essential for sustainable development and for attaining access to markets for their commodities,

Emphasizing the need for a domestic industrial transformation of commodity production in the developing countries, in particular African countries and the least developed countries, with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries and their integration into the global economy,

Recognizing that commodity prices are an important element for heavily indebted poor countries that are commodity-dependent in maintaining long-term debt sustainability,

1. Emphasizes the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

2. Expresses the urgent need for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price-formation mechanisms, including commodity price risk management instruments;

3. Expresses its concern at the declining terms of trade for most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in achieving diversification, and in this regard strongly emphasizes the need for actions at both the national and international levels, inter alia, to improve market access conditions, address supply-side constraints and provide support for capacity-building, including in areas that actively involve women;

4. Urges Governments and invites international financial institutions to continue to assess the effectiveness of the systems for compensatory financing of export-earnings shortfalls, and in this regard stresses the importance of empowering developing country commodity producers to insure themselves against risk, including natural disasters;

5. Urges the developed countries to continue to support the commodity diversification and liberaliza-
tion efforts of commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, in a spirit conducive to promoting a common purpose and efficiency, inter alia, by providing technical and financial assistance for their commodity diversification programmes;

6. Urge producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

7. Reiterates the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, in particular commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, and, in this respect, stresses that:
   (a) International support for efforts by developing countries in the industrial transformation of their commodities is required to increase their export revenues and improve their competitiveness, with a view to facilitating their integration into the global economy;
   (b) In the area of agriculture, it is important to fulfill, without prejudging the outcome of the negotiations, the commitment for comprehensive negotiations initiated under article 20 of the Agreement on Agriculture, referred to in the Ministerial Declaration adopted at Doha, and aimed at substantial improvements in market access; reductions of all forms of export subsidies, with a view to phasing them out; substantial reductions in trade-distorting domestic support; pursuing negotiations on market access for non-agricultural products aimed at reducing or, as appropriate, eliminating tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries; and implementing other relevant areas of the World Trade Organization work programme;
   (c) In line with the Johannesburg Plan of Implementation, mutual supportiveness between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, should be promoted in support of the work programme agreed through the World Trade Organization, while recognizing the importance of maintaining the integrity of both sets of instruments;
   (d) In the light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address that diminution, in particular by strengthening technical assistance, by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by these countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;
   (e) Timely and effective financial cooperation should be maintained and further pursued to facilitate the management by commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, of excessive fluctuations in commodity export earnings, and in this regard stresses that it is important to pursue diversification as part of a long-term solution;
   (f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff in developing countries is of paramount importance for quality improvements in the commodity sector;
   (g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;
   (h) There is a need to promote, expand and intensify research and development, to provide infrastructure, enterprise development, technology and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

8. Underlines the need to strengthen the Common Fund for Commodities, and encourages it, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to strengthen the activities covered by its Second Account in developing countries with its supply chain concept of improving access to markets and reliability of supply, enhancing diversification and value addition, improving competitiveness of commodities, strengthening the market chain, improving market structures, broadening the export base and ensuring the effective participation of all stakeholders;

9. Invites the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in promoting commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in respect of their effective participation in multilateral trade negotiations;

10. Encourages efforts to promote cooperation between relevant international organizations on commodity issues;

11. Calls upon the Secretary-General of the United Nations Conference on Trade and Development, within existing budgetary resources, supplemented by voluntary contributions as appropriate, to designate independent eminent persons to examine and report on commodity issues, including the volatility in commodity prices and declining terms of trade and the impact these have on the development efforts of commodity-dependent developing countries, for consideration by the Trade and Development Board at its executive session and, subsequently, by the General Assembly at its fifty-eighth session;

12. Requests the Secretary-General of the United Nations Conference on Trade and Development to report to the General Assembly at its fifty-ninth session on world commodity trends and prospects, taking into account, inter alia, the current report thereon and the subsequent consideration requested in paragraph 11 above;

13. Decide to include in the provisional agenda of its fifty-ninth session, under the item entitled “Macro-
economic policy questions”, the sub-item entitled “Commodities”.

Individual commodities

Cocoa. As at 31 December, the International Cocoa Agreement, 2001 [YUN 2001, p. 880], which remained open for signature until 31 December 2002, had 9 signatories and 5 parties. During the year, Côte d’Ivoire, the European Community (EC) and the Russian Federation became parties to the Agreement and Malaysia applied it provisionally.

Jute. As at 31 December, the Agreement establishing the Terms of Reference of the International Jute Study Group, 2001 [YUN 2001, p. 880], had 4 parties. The EC, India and Switzerland became parties in 2002.

Common Fund for Commodities

The 1980 Agreement establishing the Common Fund for Commodities [YUN 1980, p. 621], a mechanism intended to stabilize the commodities market by helping to finance buffer stocks of specific commodities, as well as commodity development activities such as research and marketing, entered into force in 1980 and the Fund became operational later that year. As at 31 December 2002, the number of parties to the Agreement stood at 110.

Finance

Financial policy

The Trade and Development Report, 2002 [Sales No. E.02.II.D.2] stated that the global economic slowdown had pointed to the difficulty in achieving a coordinated macroeconomic policy response. In the euro area, the response was constrained by the fiscal guidelines of the EU’s Stability and Growth Pact, which forced Governments to pursue deficit targets with insufficient regard to their cyclical positions, and by the reluctance of the European Central Bank to stimulate demand. In the United States, on the other hand, the monetary authorities acted quickly and forcefully to limit the impact of the slowdown on employment and real income. Japan, which re-entered a period of economic recession in the second quarter of 2001, returned to its zero-interest-rate policy and injected more liquidity into the financial markets. The Government and the central bank also seemed to have been leaning towards the policy of a weak yen against the United States dollar to avoid a sharp recession.

For the developing countries, lower incomes due to the slowdown in exports and falling petroleum prices reduced fiscal receipts; by cutting expenditures to keep their budgets in balance they aggravated the downturn in economic activity. Although declining inflation paved the way for more aggressive anti-cyclical policy, most developing countries had little scope for autonomous action because of balance-of-payments constraints. However, some Asian countries loosened their fiscal stance and continued to pursue interest rate reductions to support domestic spending, resulting in better growth performance. Volatility in developing countries’ exchange rates was largely absent during 2001. After the repeal of Argentina’s Convertibility Law, a floating exchange-rate regime became the most common feature in emerging market economies. In Asia, Malaysia maintained a fixed dollar exchange rate, eased rules for property ownership by foreigners and removed the 10 per cent levy on profits from portfolio investments repatriated within a year, while China continued to pursue a quasi-fixed exchange rate band of plus or minus 0.3 per cent and tightened controls over domestic borrowings. Among Eastern Europe’s emerging market economies, only Hungary maintained an exchange rate band, which was made increasingly flexible, accompanied by a wide-ranging liberalization of capital-account transactions. By contrast, South Africa responded to the large depreciation of the rand through a rigorous enforcement of existing exchange controls.

The World Economic and Social Survey 2002 [Sales No. E.02.II.C.1] stated that developed countries adopted a variety of fiscal stimuli in 2001, with some reducing taxes and others raising expenditures. In the United States, tax cuts and increased spending on homeland security boosted gross domestic product (GDP), while in Western Europe fiscal stimuli were constrained by fears that a more expansionary policy would lead to budget deficits. Nevertheless, some discretionary spending was maintained and automatic stabilizers were allowed to run their full course in the EU. In Japan, fiscal policy became restrictive owing to concerns about increasing the already high levels of public debt. The policy stimuli adopted by many developing countries played an important role in reducing the depth and duration of the global economic slowdown and launching the recovery. In developing countries and economies in transition, government actions to counter the slowdown were less homogeneous, as a multitude of factors constrained the scope for policy manoeuvre. Unlike the developed economies, very few of those economies were able to enact monetary easing and fiscal stimuli simulta-
neously. Their policy interest rates continued to be substantially higher than those of the major developed countries, even after allowance was made for inflation differentials.

A joint DESA/UNCTAD report on the world economic situation and prospects [Sales No. E.05.II.C.2], based on information available as at 30 November 2002, stated that monetary policy in the world economy had remained accommodative since the substantial easing in 2001, as the majority of central banks left interest rates at low levels in 2002, with such exceptions as Australia, Canada, New Zealand and Sweden, which raised interest rates in the first half of that year.

Common weaknesses and the synchronized downturn of the global economy had raised questions about reviving concerted macro-economic policy coordination, as was seen in the 1980s among major developed countries. It was suggested that such a coordinated effort, though it would involve risks and costs, would benefit the developed countries, as well as the developing countries and economies in transition.

Financial flows

The joint DESA/UNCTAD report on the world economic situation and prospects [Sales No. E.05.II.C.2], stated that the net financial transfer of financial resources from developing countries and economies in transition was, respectively, 1.5 and 1 per cent of GDP in 2002. Transfers from Latin America and the Caribbean reflected the sharp contraction in imports by several economies, especially Argentina, while those from Asia, in particular the newly industrialized countries, were accompanied by significant growth in imports and continuing economic growth. By contrast, Africa experienced a net inward transfer of financial resources as its trade deficit was financed by additional official and private financial flows. FDI and official loans and grants provided the only net inflows in 2002, while financial markets and international banking operations continued to withdraw funds from developing countries overall. Private financial flows to developing and transition economies deteriorated in 2002, after a brief upturn in the first three months of the year, due to investor concern about the weaker-than-expected global economic recovery and weaknesses in corporate governance, especially in the United States. Concerns were also acute about the economic problems in Latin America. FDI, the largest component of external resource flows, was estimated to have declined by slightly more than a quarter in 2002. The decline was larger in developed countries than in developing countries and countries in transition. Nevertheless, resources available for financing development were reduced. Official flows to developing countries rose in 2002, due largely to the substantial disbursements by the International Monetary Fund (IMF) and other multilateral institutions in support of economic programmes in countries in financial distress.

International financial system

Report of Secretary-General. In response to General Assembly resolution 56/181 [YUN 2001, p. 884], the Secretary-General submitted a July report on the international financial system and development [A/57/53]. He described recent developments in the international financial system that had special relevance to development, bearing in mind the outcome of the International Conference on Financing for Development (see p. 953). He provided estimates of the mainly negative net transfer of financial resources of groups of developing countries in 2001 and updated developments in international financial reform, including international standards and codes and their implementation, cooperation to combat corruption, money-laundering and terrorist financing, the review of surveillance and conditionality in the Bretton Woods institutions, new thinking about sovereign debt restructuring and official financing for crisis resolution.

In his conclusions, the Secretary-General stated that one insight in the financing for development process that was embedded in the Monterrey Consensus, adopted by the International Conference on Financing for Development, was that neither financial issues, nor trade, nor development cooperation should be considered in isolation. At the country level, the importance of consistency between financial sector development and the degree of capital-account openness was widely recognized. Equally important was the balance between external financing and trading opportunities. He noted that even if a developing country absorbed foreign capital inflows, the situation could become difficult if export opportunities did not also expand adequately. Consequently, open trade, especially of developed-country trading partners, was of vital importance to open finance. The Secretary-General, noting that international trade officials were in favour of global trade liberalization and against the protection that countries, particularly developed countries, afforded specific sectors, such as agriculture, textiles and steel, suggested that enlarging market access for developing countries and phasing out trade-distorting subsidies, especially in agriculture, would be beneficial for both rich and poor countries and should be a global priority. He also noted their prefer-
ence for robust financial flows to increase investment and economic growth and facilitate trade, which would allow countries to have surpluses or deficits in their balance of trade instead of having to match the total value of imports and exports every year. The Secretary-General stated that trade officials should welcome the trade smoothing and investment increasing opportunities from net financial transfers, although they might be concerned about premature negative net transfers of developing countries, and even unsustainably large inward transfers, which had implications for excessive growth of external debt relative to the capacity to service it. Sustainable financing of trade and investment in developing countries should also be a global priority. Noting the commitment of Governments in the Monterrey Consensus (see p. 953) to build bridges between development, finance, and trade organizations and initiatives, the Secretary-General expressed his conviction that the international community could meet that challenge and pledged UN support in that regard.

The IMF/World Bank Development Committee, in a joint communiqué issued following its meeting on 28 September, referred to the importance expressed in the Monterrey Consensus of strengthening the participation of developing countries and countries with economies in transition in international decision-making and norm-setting and its encouragement to both organizations to find pragmatic ways of doing so. The Committee requested the Bank and the Fund to prepare a background document to facilitate consideration of the issue.

GENERAL ASSEMBLY ACTION

On 20 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/57/329/Add.5], adopted resolution 57/241 without vote [agenda item 84 (e)].

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled “Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity”,

Recalling also the United Nations Millennium Declaration adopted by the heads of State and Government on 8 September 2000,

Recalling further its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, which was adopted by the Conference on 22 March 2002, as well as the Plan of Implementation of the World Summit on Sustainable Development (“Johannesburg Plan of Implementation”), which was adopted on 4 September 2002,

Reiterating that success in meeting the objectives of development and poverty eradication depends on good governance within each country and at the international level, and stressing that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation, and that transparency in the financial, monetary and trading systems and the commitment to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system are equally essential,

Emphasizing that the international financial system should support sustainable development, sustained economic growth and poverty reduction and allow for the mobilization, in a coherent manner, of all sources of financing for development, including the mobilization of domestic resources, international flows, trade, official development assistance and external debt relief,

Expressing its concern about the fact that developing countries have made net outward transfers of financial resources over the last five years, and underlining the need for measures at the national and international levels to reverse this trend, while taking note of efforts to this end that have been made thus far,

Taking note of the report of the Secretary-General,

1. Expresses its concern about the difficulties of the present world economic situation, stresses the importance of confronting it through strong cooperative efforts by all countries and institutions, and underlines the importance of continued efforts to improve global economic governance and strengthen the United Nations leadership role in promoting development;

2. Stresses the importance of strong domestic institutions to promote business activities and financial stability for the achievement of growth and development, inter alia, through sound macroeconomic policies and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors;

3. Stresses also the special importance of creating an enabling international economic environment through strong cooperative efforts by all countries and institutions to promote equitable economic development in a world economy that benefits all people, and in this context invites developed countries, in particular major industrialized countries, which have significant weight in influencing world economic growth, when formulating their macroeconomic policies, to take into account their effects in terms of an external economic environment favourable to growth and development;

4. Underlines the importance of promoting financial stability, and reiterates that measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered;

5. Notes that important international efforts are under way to reform the international financial architecture, emphasizes that those efforts need to be sustained with greater transparency and with the effective participation of developing countries and countries
with economies in transition, and that one major objective of the reform is to enhance financing for development and poverty eradication, and underscores further the commitment, set forth in paragraph 53 of the Monterrey Consensus, to sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development;

6. Takes note of the communiqué of the joint International Monetary Fund/World Bank Development Committee of 28 September 2002, in particular its paragraph 10, on the need to identify pragmatic and innovative ways to enhance further the participation of developing countries and countries with economies in transition in international decision-making and norm-setting, and encourages all relevant international financial institutions to take concrete measures to this end;

7. Invites the International Monetary Fund to continue its work on quotas, and welcomes the continuing consideration by the Fund of its quota review and the reiteration by the International Monetary and Financial Committee that the Fund should have adequate resources to fulfil its financial responsibilities and that quotas should reflect developments in the international economy;

8. Underlines the importance of adopting effective measures, including new financial mechanisms, as appropriate, to support the efforts of developing countries to achieve sustainable economic growth, sustainable development, poverty reduction and the strengthening of their democratic systems, while reaffirming that each country has primary responsibility for its own economic and social development, and that national policies have the leading role in the development process;

9. Stresses the need for multilateral financial institutions, in providing policy advice and financial support, to work on the basis of sound, nationally-owned paths of reform that take into account the needs of the poor and efforts to reduce poverty, and to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition, aiming at economic growth and sustainable development, and that the advice should take into account social costs of adjustment programmes, which should be designed to minimize negative impacts on the vulnerable segments of society, and underscores the importance in this regard of gender-sensitive employment and poverty eradication policies and strategies;

10. Invites the multilateral, regional and subregional development institutions to complement national efforts to strengthen domestic financial and regulatory systems with a view to creating a transparent, stable and predictable investment climate, thus attracting and enhancing inflows of productive capital, thereby contributing to increasing economic growth and eradicating poverty;

11. Invites the multilateral and regional development banks to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, to contribute to providing an adequate supply of finance to countries that are challenged by poverty, follow sound economic policies and may lack adequate access to capital markets, and to mitigate the impact of excessive volatility of financial markets, and underlines that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, enhancing ownership and overall efficiency, and that they serve as a vital source of knowledge and expertise on economic growth and development for their developing member countries;

12. Stresses the need for structural reforms to strengthen corporate governance, accounting and auditing, in particular when inadequate policies can have systemic consequences;

13. Emphasizes that it is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes, and in this regard underscores that it is also essential to ensure implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion, and stresses the need for the International Monetary Fund to strengthen further its surveillance of all economies, with particular attention to short-term capital flows and their impact;

14. Notes the impact of financial crisis or risk of contagion in developing countries and countries with economies in transition, regardless of their size, and in this regard underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way in accordance with their policies;

15. Stresses, in the consideration of any new debt resolution mechanism, the importance of a broad discussion in the appropriate forums, with the participation of all interested actors, welcomes the steps taken by the international financial institutions to take into account social aspects and the borrowing costs for developing countries, encourages them to continue their efforts in that regard, and reiterates that the adoption of such a mechanism should not preclude emergency financing in times of crisis;

16. Encourages the exploration of ways of generating new public and private innovative sources of finance for development purposes, provided that those sources do not unduly burden developing countries, and takes note of the proposal of using special drawing rights allocations for development purposes, set forth in paragraph 44 of the Monterrey Consensus;

17. Requests the Secretary-General to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution;

18. Decides to include in the provisional agenda of its fifty-eighth session, under the item entitled “Macroeconomic policy questions”, the sub-item entitled “International financial system and development”.

Debt problems of developing countries

In response to General Assembly resolution 56/184 [YUN 2001, p. 885], the Secretary-General submitted a July report on the external debt crisis and development [A/57/255], which examined issues deserving consideration in the light of the
outcome of the International Conference on Financing for Development (see p. 959) and the relationship between external debt and national and international efforts to attain the Millennium Development Goals (MDGs), set out in the United Nations Millennium Declaration [YUN 2000, p. 51]. It described recent developments in the external debt situation of developing countries; debt owed to official creditors, in particular outstanding issues in the implementation of the Heavily Indebted Poor Countries (HIPC) Initiative and the Paris Club (group of creditor countries) contributions to that implementation; and developing countries’ obligations to private creditors.

The Secretary-General stated that the external debt situation of developing countries showed some improvement at the end of 2001, as did debt indicators, despite the world economic slowdown. The total stock of debt of developing countries and economies in transition at the end of 2001 was estimated at $2,442 billion or 38.2 per cent of their gross national income (GNI). However, although long- and short-term debt fell, there was a notable increase in IMF credit.

The amount of total debt service fell from $399 billion in 2000 to $382 billion in 2001, while arrears on interest and principal payments were reduced from $33 billion to $31 billion. In sub-Saharan Africa, debt service rose as a ratio of both GNI and exports, reflecting the worsening external environment. As the region with the most HIPCs, Africa continued to have the highest relative debt burden. Its ratio of external debt to GNI remained above 70 per cent and exceeded 100 per cent when South Africa was excluded. Latin America was the only region where the stock of total debt increased in 2001 in absolute terms and where international reserves fell. In the East Asia and Pacific region and in the group of developing and transition economies of Europe and Central Asia, debt service increased as a percentage of exports compared to 2000, but remained below the late-1990s levels.

The Secretary-General concluded that much progress remained to be made towards finding a lasting solution to the debt problems of different groups of developing countries, even though bilateral creditors continued to write off official debt of several low-income countries and the debate on procedures for the resolution of international debt to private creditors had advanced. Given its slow implementation, he suggested that HIPC Initiative procedures be simplified and the content of conditionality be reviewed, including consideration of criteria that were closely linked to poverty reduction targets and measures that placed growth at the centre of reform. Measures to accelerate the development of poverty and social impact analysis and to equip countries to conduct it on their own should be developed. HIPCs should have faster access to adequate external financing to set up social safety nets, as well as to public and private investment. He proposed that consideration be given to a moratorium on debt-service payments by all HIPCs at their decision point (entitled to interim assistance), and that efforts to secure poverty reduction strategies include the creation of a safety margin to protect against future shocks and the introduction of contingency financing mechanisms. Donor countries should increase efforts to comply with agreed official development assistance (ODA) targets and raise such flows to HIPCs and other poor countries. Consideration should also be given to greater flexibility in the eligibility criteria for debt relief to economies that faced external debt exceeding the threshold level for sustainability in the HIPC framework. In the light of the Argentine default in servicing its debt in 2001, the Secretary-General suggested the formulation of mechanisms for the restructuring and write-off of international sovereign debt of developing countries owed to private creditors, based on principles similar to those that governed national bankruptcy legislation in developed countries.

**General Assembly Action**

On 20 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/55/329/Add.4], adopted resolution 57/240 without vote [agenda item 84 (d)].

**Enhancing international cooperation towards a durable solution to the external debt problems of developing countries**

The General Assembly,


Taking note of the report of the Secretary-General on external debt crisis and development,

Recalling the United Nations Millennium Declaration adopted by heads of State and Government on 8 September 2000,

Reaffirming the Monterrey Consensus of the International Conference on Financing for Development, which recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

Noting with great concern that the continuing debt and debt-servicing problems of the heavily indebted poor developing countries constitutes an element that adversely affects their sustainable development efforts, and noting in this regard that the total debt stock of the developing countries rose from 1,458 billion dollars in 1990 to 2,442 billion dollars in 2001,
Noting with concern that some highly indebted, middle-income developing countries are facing serious difficulties in meeting their external debt-servicing obligations,

Welcoming the progress made on the Heavily Indebted Poor Countries Initiative designed to provide deeper, broader and faster relief, while recognizing that significant challenges remain to ensure that countries achieve a lasting exit from unsustainable debt,

Welcoming also the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation of bilateral debts, and urging all creditor countries to participate in efforts to remedy the external debt and debt-servicing problem of developing countries,

1. Reaffirms the determination, as expressed in the United Nations Millennium Declaration, to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, that debt relief measures vigorously and expeditiously, by designed to make their debt sustainable in the long term;

2. Recognizes that creditors and debtors must share the responsibility for preventing and resolvin unsustainabike debt situations and that debt relief can play a key role in liberating resources that should be directed towards activities consistent with attaining sustainable growth and development, including poverty reduction and the achievement of the development goals set out in the Millennium Declaration, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

3. Stresses that sustainable debt financing is an important element for mobilizing resources for public and private investment, and that national comprehensive strategies to monitor and manage the external liabilities embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities;

4. Recalls the call on industrialized countries, as expressed in the Millennium Declaration, to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction, including through poverty reduction strategy papers, where appropriate, and in this regard welcomes the decision of those countries to increase debt relief measures vigorously and expeditiously, by designed to make their debt sustainable in the long term;

5. Calls upon the heavily indebted poor countries to take, as soon as possible, the policy measures necessary to become eligible for the enhanced Heavily Indebted Poor Countries Initiative and to reach the decision point;

6. Stresses the need to pursue, where appropriate, debt relief measures vigorously and expeditiously, by all creditors, including within the Paris and London Clubs and other relevant forums, so as to contribute to debt sustainability and facilitate sustainable development;

7. Welcomes initiatives that have been undertaken to reduce outstanding indebtedness;

8. Calls upon the international community, including the United Nations system, and invites the Bretton Woods institutions as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those relating to the question of the external debt problem of developing countries, and in this regard stresses the need:

(a) To implement speedily, effectively and fully the enhanced Heavily Indebted Poor Countries Initiative, which should be fully financed through additional resources, while stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries, and take into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those developing countries that have an unsustainable debt burden caused by natural catastrophes, severe terms-of-trade shocks or conflict, taking into account initiatives that have been undertaken to reduce outstanding indebtedness;

(b) To bring about a sustained commitment on the part of the heavily indebted poor countries to improve in domestic policies and economic management, to support capacity-building for the management of financial assets and liabilities, to ensure full participation and delivery of relief by all affected creditors, to ensure adequate and sufficiently concessional financing by international financing institutions and the donor community, and to consider an early review of the difficult issues of HIPCs and HIPCs debt relief and creditor litigation;

(c) To bring international debtors and creditors together in relevant international forums to restructure unsustainable debt in a timely and efficient manner, taking into account the need to involve the private sector in the resolution of crises due to indebtedness, where appropriate;

(d) To acknowledge the problems of the debt sustainability of some low-income countries that are not heavily indebted, in particular those facing exceptional circumstances;

(e) To reduce the unsustainable debt burden of developing countries through such actions as debt relief and, as appropriate, debt cancellation and other innovative mechanisms geared to comprehensively addressing the debt problems of developing countries, in particular the poorest and most heavily indebted ones;

(f) To encourage exploring innovative mechanisms to comprehensively address the debt problems of developing countries, including middle-income countries, and countries with economies in transition; such mechanisms may include debt-for-sustainable-development swaps, or multi-creditor debt swap arrangements, as appropriate;

(g) To establish effective debt-tracking mechanisms in developing countries and strengthen technical assistance for external debt management and debt tracking, including through enhanced cooperation and coordination between organizations providing assistance in this regard;

(h) To take steps to ensure that resources provided for debt relief do not detract from official development assistance resources intended to be available for developing countries and that the debt relief arrange-
ments seek to avoid imposing any unfair burden on other developing countries;

(i) To welcome consideration by all relevant stakeholders of an international debt-work-out mechanism, in the appropriate forums, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

(j) To establish a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between the public and private sectors and among debtors, creditors and investors, while recognizing that a flexible mix of instruments is needed to respond appropriately to the varying economic circumstances and capacities of different countries;

9. Stresses the importance of continued flexibility with a view to meeting the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative, in particular for countries in post-conflict situations, and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

10. Emphasizes the need to help bring about initial recovery in heavily indebted poor post-conflict countries, in coordination with the international financial institutions, to help clear, as appropriate, the arrears of those countries vis-à-vis international financial institutions;

11. Reaffirms that reviews of debt sustainability should also bear in mind the impact of debt relief on progress towards the achievement of the development goals set out in the Millennium Declaration and the fact that debt sustainability analysis at the completion point needs to take into account any worsening global growth prospects and declining terms of trade;

12. Notes that it is important for the International Monetary Fund and the World Bank to continue their efforts to strengthen the transparency and integrity of debt sustainability analysis and to consider any fundamental changes in countries’ debt sustainability caused by natural catastrophes, severe terms-of-trade shocks or conflict when making policy recommendations, including for debt relief, as appropriate;

13. Stresses the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts made towards this end, and in this regard stresses the importance of such initiatives as the Debt Management and Financial Analysis System, the International Monetary Fund and World Bank guidelines for public debt management, and the debt-management capacity-building programmes.

14. Requests the Secretary-General to submit a report to the General Assembly at its fifty-eighth session on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries, inter alia, those resulting from global financial instability;

15. Decides to include in the provisional agenda of its fifty-eighth session, under the item entitled “Macroeconomic policy questions”, the sub-item entitled “External debt crisis and development”.

Financing for development

International Conference on Financing for Development

The International Conference on Financing for Development was held in Monterrey, Mexico, from 18 to 22 March 2002 [A/CONF.199/1], in accordance with General Assembly resolutions 55/245 A [YUN 2001, p. 886] and 55/245 B [ibid., p. 887]. It culminated in the adoption of the Monterrey Consensus (see below). The Conference held a high-level officials segment (18 March); a ministerial segment (18-20 March), which included several round tables on issues before the Conference; and the summit segment (21-22 March).

The Conference was preceded by the Non-Governmental Organizations (NGO) Global Forum: Financing the right to sustainable and equitable development (Monterrey, 14-16 March) and a Parliamentarians Forum, which analysed the main issues of financing for development and defined a common position (Mexico City, 14 March). During the Conference, a variety of special events took place, including an International Business Forum.

In his statement at the Conference’s opening session, the President of the Conference, the President of Mexico, Vicente Fox, said that the Conference was a historic opportunity for developed and developing countries to work together to build bridges between economic growth and human development, between opening up and local development, and between an efficient economy and citizens’ well-being.

Addressing the Conference, the Secretary-General said that developing countries were asking for the chance to make their own voices heard and ensure that their countries’ interests were taken into account when the management of the global economy was being discussed. They also wanted a chance to trade their way out of poverty, and a helping hand in the form of a significant increase in ODA. The MDGs [YUN 2001, p. 51] could not be achieved without at least $50 billion a year in official aid, and the clearest and most immediate test of the Monterrey spirit was whether donor countries would provide that aid.

Monterrey Consensus. The Monterrey Consensus outlined the challenges of financing for development and set out proposals for a global response, including the leading actions required and measures for ensuring proper follow-up.

In the Consensus, heads of State and Government resolved to address the challenges of financing for development, with the goal of eradicating poverty and promoting sustainable development. The first step would be to mobilize and increase the effective use of financial resources.
and achieve the national and international economic conditions needed to fulfil internationally agreed development goals, including the MDGs. Noting that achieving those goals required a new partnership between developed and developing countries, the heads of State and Government committed themselves to mobilizing domestic resources, attracting international flows, promoting international trade, increasing international financial and technical cooperation for development, sustainable debt financing and external debt relief, and enhancing the coherence and consistency of the international monetary, financial and trading systems. The Conference supported a holistic approach to the interconnected national, international and systematic challenges of financing for development in all parts of the globe to open up opportunities for all, and ensure that resources were used effectively and that strong, accountable institutions were established at all levels. To that end, collective and coherent action was needed in each interrelated area, involving all stakeholders.

Among the leading actions required was the mobilization of domestic financial resources for development. In that regard, the international community should support efforts to ensure the necessary internal conditions for mobilizing public and private domestic savings, sustaining adequate levels of productive investment and increasing human capacity. National policy and regulatory frameworks should encourage public and private initiatives and foster a dynamic and well-functioning business sector, while improving income growth and distribution. At the same time, sound macroeconomic policies should be pursued to sustain, among other objectives, high rates of economic growth. An efficient, transparent and accountable system for mobilizing public resources and managing their use by Governments was essential. The domestic financial sector should be strengthened to encourage the orderly development of capital markets aimed at addressing development financing needs that encouraged and channelled savings and fostered productive investments. Microfinance and credit for micro-, small and medium-sized enterprises, as well as national savings schemes, were also important. The promotion of private sector financial innovations and public-private partnerships could deepen domestic financial markets and further develop the domestic financial sector. Pension schemes could also be a source of savings. All those efforts should be reinforced by national capacity-building efforts in finance.

In mobilizing international resources for development, the central challenge was to create the domestic and international conditions to facilitate direct investment flows to developing countries and countries with economies in transition. That would require a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights. Policy and regulatory frameworks for promoting and protecting investments were also needed, and those efforts should be complemented by increased international support for private foreign investment in infrastructure development and other priority areas. Banks and other financial institutions in developing and developed countries were invited to foster innovative developmental financing approaches. Support was expressed for new public/private sector financing mechanisms, both debt and equity, to benefit in particular small entrepreneurs and SMEs in developing and transition economies.

The Conference reaffirmed its commitment not only to trade liberalization but also to ensuring that trade played its full part in promoting economic growth, employment and development for all. It welcomed WTO’s decision to place the needs and interests of developing countries at the heart of its work programme. The Conference acknowledged the issues of particular concern to developing countries and countries with economies in transition in international trade, including trade barriers and trade-distorting subsidies and measures. It encouraged WTO members to implement the outcome of the WTO Fourth Ministerial Conference [YUN 2001, p. 1432] and undertook to facilitate the accession of all developing countries to WTO membership. The Conference also committed itself to addressing the marginalization of LDCs in international trade, to examining the issues related to the trade of small economies and to enhancing the role of regional and subregional agreements and free trade areas. The Conference called on developed countries that had not yet done so to work towards duty-free and quota-free access for LDCs’ exports. It invited multilateral and bilateral financial and development institutions to expand and coordinate their efforts to gradually remove supply-side constraints, improve trade infrastructure, diversify export capacity, strengthen institutional development and enhance overall productivity and competitiveness. Bilateral donors and multilateral aid agencies were invited to strengthen their support to export diversification programmes in commodity-export-dependent countries.

As to international financial and technical cooperation for development, the Conference recognized that a substantial increase in ODA and other resources would be required if developing countries were to achieve the internationally
agreed development goals and objectives, including the MDGs, and pledged to build support for ODA and cooperate to improve policies and development strategies to enhance aid effectiveness. In that context, developed countries that had not done so were urged to make concrete efforts towards the target of 0.7 per cent of gross national product (GNP) as ODA to developing countries and 0.15 to 0.20 per cent of GNP of developed countries to LDCs. Developing countries were encouraged to build on progress achieved in ensuring that ODA was used effectively to help achieve development goals and targets. The Conference recommended a number of measures to be implemented by multilateral, bilateral and development institutions in order to make ODA more effective. It agreed to study the results of the analysis requested of the Secretary-General on possible innovative sources of finance, noting the proposal to use special drawing rights (SDR) allocations for development purposes. The Conference also undertook to ensure that long-term resources at the disposal of the international financial system, including regional and sub-regional institutions and funds, allowed them to adequately support sustained economic and social development, technical assistance for capacity-building and social and environmental protection schemes, and to enhance their overall lending effectiveness.

With regard to external debt, the Conference stated that debt relief measures should be vigorously and expeditiously pursued, including within the Paris and London Clubs (groups of creditors) and other relevant forums. It invited further national and international measures to reduce outstanding indebtedness in that regard, including debt cancellation and other arrangements. The Conference observed that it was critical for the implementation of the HIPC Initiative to be fully financed through additional resources, stressed the importance of continued flexibility with regard to the eligibility criteria and suggested that the computational procedures and assumptions underlying debt sustainability analysis should be kept under review. It called on the World Bank to allow it to consider fundamental changes in countries’ debt sustainability caused by natural catastrophes, severe terms-of-trade shocks or conflict when making policy recommendations, including debt relief. The Conference stressed the need for a set of clear principles for the management and resolution of financial crises that provided for fair burden-sharing between public and private sectors and among debtors, creditors and investors. It encouraged donors to ensure that resources provided for debt relief did not detract from ODA resources and encouraged exploring innovative mechanisms to address the debt problems of developing countries comprehensively.

The Conference also addressed a number of systemic issues. It recognized the urgent need to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development, and the importance of continuing to improve global economic governance and strengthen the UN leadership role in that regard. It was critical to have strong coordination of macroeconomic policies among the leading industrial countries. Multilateral financial institutions, in particular IMF, needed to continue to give high priority to identifying and preventing potential crises and to strengthening the underpinnings of international financial stability. The Fund should strengthen its surveillance of all economies and facilitate the timely detection of external vulnerability through well-designed surveillance and early warning systems. International financial institutions, including IMF, should have suitable financial facilities and resources to respond in a timely and appropriate way to financial crises or risk of contagion in developing countries and countries with economies in transition. It was essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes, and to ensure their implementation. Good governance was essential for sustained economic growth, poverty eradication and sustainable development. Economic governance needed to be developed in two areas: broadening the base for decision-making on development issues and filling organizational gaps. The Conference recommended a number of measures to broaden decision-making to strengthen the effectiveness of the global economic system’s support for development. The Conference committed itself to negotiating and finalizing a UN convention against corruption in all its aspects, including the question of repatriation of funds illicitly acquired to countries of origin, and to promoting stronger cooperation to eliminate money-laundering. States that had not done so were encouraged to sign and ratify the United Nations Convention against Transnational Organized Crime and its two supplementary protocols, adopted by the General Assembly in resolution 55/25 [YUN 2000, p. 1058], and to become parties to the International Convention for the Suppression of the Financing of Terrorism, adopted by Assembly resolution 54/109 [YUN 1999, p. 1235].

In the section of the Monterrey Consensus entitled “Staying engaged”, participants pledged to stay fully engaged, to ensure proper follow-up to
the implementation of the agreements and commitments reached at the Conference and to continue to build bridges among development, finance, and trade organizations and initiatives. For the purposes of conference follow-up and coordination, they pledged to strengthen and make fuller use of the Assembly and the Economic and Social Council and relevant intergovernmental/governing bodies of other institutional stakeholders. They requested the Secretary-General to provide sustained follow-up within the UN system to the agreements and commitments reached and to submit an annual report on those efforts. Participants also called for a follow-up international conference to review the implementation of the Monterrey Consensus, the modalities of which should be decided no later than 2005.

**GENERAL ASSEMBLY ACTION**

On 9 July [meeting 107], the General Assembly adopted resolution 56/210 B [draft: A/56/L.81 & Add.1] without vote [agenda item 107].

**International Conference on Financing for Development**

*The General Assembly,*


**Recalling also** its resolutions 55/245 A of 21 March 2001 and 55/245 B of 25 July 2001 on convening the International Conference on Financing for Development, in which it accepted the offer of Mexico to host the Conference and decided that the Conference would be held in Monterrey, Mexico, from 18 to 22 March 2002,

**Recalling further** its resolution 56/210 A of 21 December 2001 on the International Conference on Financing for Development, in which it stressed the importance of continued substantive consideration of the item on financing for development,

1. **Expresses its profound gratitude** to the Government of Mexico for having made it possible for the International Conference on Financing for Development to be held in Monterrey and for the support placed at the disposal of the Conference;
2. **Takes note** of the report of the Conference;
3. **Endorses** the Monterrey Consensus as adopted by the Conference on 22 March 2002;
4. **Stresses** the importance of keeping fully engaged, nationally, regionally and internationally, ensuring proper follow-up to the implementation of agreements and commitments reached at the Conference, and continuing to build bridges between development, finance, and trade organizations and initiatives, within the framework of the holistic agenda of the Conference;
5. **Requests** the Secretary-General to include in his report to the General Assembly at its fifty-seventh session on the outcome of the Conference, as mandated in paragraph 3 of its resolution 56/210 A, measures taken as well as his proposals for ensuring effective secretariat support, in pursuance of paragraph 72 of the Monterrey Consensus, building on the innovative and participatory modalities and related coordination arrangements utilized in the preparations of the Conference.

**Other action.** In other action, the Conference expressed its gratitude to the President, Government and people of Mexico and the city of Monterrey for their hospitality. It also approved the report of the Credentials Committee.

**Documentation.** The Conference had before it a note by the Secretary-General transmitting the draft outcome of the Conference [A/CONF.198/3] as approved by the Preparatory Committee (see below); the report of the Preparatory Committee for the Conference on its fourth session [A/CONF.198/5]; notes by the Secretariat [A/CONF.198/8 & Add.1-12] conveying the summaries of the multi-stakeholder round tables; a report, transmitted to the Secretary-General on 5 March [A/CONF.198/6], of a conference co-sponsored by Mexico, Norway, the Inter-American Development Bank and the Group of 24 (an intergovernmental body on international monetary affairs) on the theme “Financing for development: regional challenges and the regional development banks” and a round table on the theme “New proposals on financing for development” (Washington, D.C., 19-20 February); a proposal submitted by Venezuela on 22 March entitled “Post-Monterrey Plan” [A/CONF.198/9]; and a working paper submitted on the same date by Oman [A/CONF.198/10]. Also before the Conference were the report of the Credentials Committee [A/CONF.198/7]; the provisional agenda [A/CONF.198/1/Rev.1]; the provisional rules of procedure [A/CONF.198/2]; and a Secretariat note dealing with organizational and procedural matters [A/CONF.198/4/Rev.1].

**Preparations for the Conference**

The Preparatory Committee for the International Conference on Financing for Development held its fourth and final session (New York, 14-25 January; 15 February) [A/CONF.198/5], in accordance with General Assembly resolution 55/213 [YUN 2000, p. 997]. It had before it, in addition to technical notes by the Secretary-General [YUN 2001, p. 889], the revised draft outcome document, prepared by the Facilitator [A/AC.257/32] and a conference room paper containing comments thereon; the fifth report of the Committee’s Bureau on Preparations for the Conference [A/AC.257/55]; and a note [A/AC.257/34] drawing attention to a 19 November 2001 letter from Qatar [YUN 2004, p. 874], annexed to which was the Minis-
The World Bank Group and IMF, and the WTO, took place in two round tables, “Partnerships in financing for development” and “Coherence for development” (decision 4/4). In addition, it adopted several decisions on organizational and institutional matters.

The Preparatory Committee’s organizational and first sessions were held in 2000 [UN 2000, p. 916] and its second, third and resumed third sessions in 2001 [UN 2001, p. 886].

Follow-up to the International Conference on Financing for Development

High-level meeting of Economic and Social Council, Bretton Woods institutions and WTO.

In accordance with General Assembly resolution 56/181 [UN 2001, p. 884] and Economic and Social Council decision 2002/205 of 13 February, the fifth special high-level meeting of the Economic and Social Council, the Bretton Woods institutions, and the WTO took place in New York from 22 to 23 April [A/57/3/Rev.1]. The meeting, which split into two round tables, had as its overall theme: “Dialogue on the outcome of the International Conference on Financing for Development and of the meetings of the Development Committee and the International Monetary and Financial Committee”. It had before it a note by the Secretary-General on the theme [E/2002/15], which provided background information and raised questions for the meeting’s consideration.

The Council President, in his summary of the high-level meeting [E/2002/67], highlighted the salient points and main aspects of the statements made and the exchanges of views that took place, and provided a synopsis of the discussions on the following subjects: development and the world economic situation; current issues; the financing for development process and the Monterrey Consensus; implementing the Monterrey Consensus; and specific proposals.

The President noted that the Monterrey Consensus had assigned a specific role to the high-level meetings of the Council with the Bretton Woods institutions in the follow-up process to the International Conference on Financing for Development, and the current meeting offered the first opportunity to lay the foundation for “staying engaged” as called for in the Consensus. It had been pointed out in the meeting’s discussions that the main challenge was to translate the spirit of Monterrey into meaningful implementation, which would require both effective national and international policies and operational effectiveness of economic cooperation strategies and programmes. Specific proposals advanced included modalities to make the outcome of future Council meetings with the Bretton Woods institutions and WTO more effective and results-oriented, including the establishment of a contact group or a series of intergovernmental working groups, and for those meetings to focus on the follow-up of the Monterrey Conference, covering two of the six themes of financing for development each year; and the establishment of a coordinating mechanism to ensure coherence of agendas at the intergovernmental and inter-agency levels.

Economic and Social Council Action

On 26 July [meeting 41], the Economic and Social Council adopted resolution 2002/34 [draft: E/2002/L.36] without vote [agenda item 7].

International Conference on Financing for Development

The Economic and Social Council, Recalling General Assembly resolution 56/280 B of 9 July 2002, in which the Assembly endorsed the Monterrey Consensus of the International Conference on Financing for Development, which was adopted on 22 March 2002,

Recalling also the contents of chapter III of the Monterrey Consensus, in particular paragraph 69 regarding the commitment to strengthen and make fuller use of the General Assembly and the Economic and Social Council, as well as the relevant intergovernmental/governing bodies of other institutional stakeholders, for the purposes of conference follow-up and coordination,

Taking note of the summary prepared by the President of the Council of its annual spring meeting with the Bretton Woods institutions and the World Trade Organization, which was held on 22 April 2002,

Recognizing the link between financing for development and attaining internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration, as well as
as sustained economic growth and sustainable development,

Cognizant of the importance of staying fully engaged, nationally, regionally and internationally, to ensure proper follow-up to the implementation of agreements and commitments reached at the International Conference on Financing for Development, and to continue to build bridges between development, finance, and trade organizations and initiatives, within the framework of the holistic agenda of the Conference,

1. Expresses its satisfaction with the holding of the International Conference on Financing for Development;

2. Affirms its commitment to contribute to the implementation of the Monterrey Consensus of the International Conference on Financing for Development, both in the context of its general mandate to follow up and support the implementation of commitments adopted by all major United Nations conferences, including the Millennium Summit, and as an important process in its own right. In that regard, priority will be attached to four broad tasks related to follow-up activities: (a) to promote coherence and an integrated approach within the United Nations; (b) to intensify interactions with the World Bank, the International Monetary Fund and the World Trade Organization, as well as other institutional stakeholders; (c) to continue involving other relevant stakeholders, including civil society organizations and the private sector; and (d) to prepare inputs for consideration by the General Assembly.

3. Decides, in carrying out its coordinating role in the economic and social sectors within the United Nations, to promote a coherent and integrated response on the part of the different departments, units, funds, programmes and specialized agencies, each in its specific area of competence. To that end, at a resumed substantive session of 2002 or, at the latest, at its organizational session for 2003, the Secretary-General is called upon to provide information on the different components of the Monterrey Consensus, with the understanding that those reports will be essential inputs to the preparation of the meeting;

4. Affirms its commitment, in its role of interacting with other institutional stakeholders, to make full use of the dialogue that takes place during its annual spring meeting with the Bretton Woods institutions and the World Trade Organization to address, in addition to general matters of common interest, the issues of coherence, coordination and cooperation related to the follow-up to the International Conference on Financing for Development; and in that regard:

(a) Underlines the need for a well-prepared and focused agenda for a meeting geared to advancing implementation, as well as examining further steps to be taken by each of the stakeholders to move the Monterrey process forward;

(b) Recommends that the agenda reflect the holistic approach to the interconnected national, regional, international and systemic challenges of financing for development;

(c) Decides to invite all institutional stakeholders to provide the Secretary-General with interim reports during the first quarter of 2003 on the work undertaken and planned in their respective areas of competence regarding implementation of the different components of the Monterrey Consensus, with the understanding that those reports will be essential inputs to the preparation of the meeting;

(d) Stresses the need for continued contacts between representatives of the United Nations, the World Bank, the International Monetary Fund and the World Trade Organization, both at the intergovernmental level and at the level of management/secretariats;

5. Expresses its readiness to continue the innovative and participatory nature that characterized the International Conference on Financing for Development, strengthening the role of the Council in its interaction with non-governmental organizations and the business sector in its annual spring meetings with the Bretton Woods institutions and the World Trade Organization. The specific modalities and formats to give concrete expression to that commitment will be decided by the Council, in accordance with its rules of procedure and the accreditation procedures and modalities of participation utilized at the Conference and its preparatory process;

6. Affirms its readiness to report to the General Assembly, and to provide inputs to the biennial General Assembly high-level dialogue on strengthening international cooperation for development through partnership, on all efforts made by the Council in support of the Monterrey process, including the results of its annual spring meetings with the Bretton Woods institutions and the World Trade Organization;

7. Invites all other stakeholders of the Monterrey process, in particular the Bretton Woods institutions, the World Trade Organization and regional development banks, to place the implementation of the Monterrey Consensus at the top of their respective agendas, and invites all major institutional stakeholders to cooperate fully in the provision of effective support, in accordance with paragraph 72 of the Monterrey Consensus and paragraph 5 of General Assembly resolution 56/210 B.

Reports of Secretary-General. In response to General Assembly resolution 56/210 B (see p. 956) and Economic and Social Council resolution 2002/34 (see p. 957), the Secretary-General submitted an August report on follow-up efforts to the International Conference on Financing for Development [A/57/38-E/2002/85], covering the period from March to June 2002.

The Secretary-General reported that the EU heads of State and Government, at their summit meeting (Barcelona, Spain, 15-16 March), committed themselves to increasing their ODA from the current 0.33 per cent to an average of 0.39 per cent of their GNP by 2006. That would translate into an extra $7 billion per year by 2006 and an extra $20 billion over the period 2000 to 2006. In addition, the EU had agreed on a number of other measures, including immediate implementation of the recommendations of the Development Assistance Committee of the Organisation for Eco-
nomic Co-operation and Development on untying aid to LDCs and promoting the establishment of an international task force to move forward discussions on global public goods and further explore innovative sources of financing for development. On 14 March, the United States President proposed a new compact for global development, which would link greater contributions by developed countries to greater responsibility by developing countries. As part of the new compact, the United States pledged a 50 per cent increase in its core assistance to developing countries over the next three years, to a running rate of $15 billion per year by 2006. The additional funds would go to a new Millennium Challenge Account to support initiatives to improve the economy and standard of living in developing countries. The United States also proposed a performance-based financing framework for its contributions to the replenishment of multilateral development banks for promoting economic growth and poverty reduction in the poorest countries. In that context, it announced a 18 per cent increase in its contribution to the International Development Association over the next three years and a similar level of increase to the African Development Bank's fund to assist the poorest countries. It reiterated its proposal to convert up to 50 per cent of multilateral concessional loans into grants. At the Monterrey Conference, Canada's Prime Minister pledged to increase its budget for ODA by at least 8 per cent in the coming years, while Norway pledged, among other initiatives, to increase its ODA assistance from 0.92 per cent of GDP to 1 per cent by 2005 and to forgive all debt to recognized HIPC's.

At the institutional level, the World Bank and IMF intended to scale up and intensify efforts in a number of areas, focusing in particular on helping to implement the policy, governance, aid and trade agendas. That would include working within the Poverty Reduction Strategy Papers/comprehensive development framework to help countries establish the macroeconomic, governance and structural foundations for accelerated poverty reduction and to promote improved market access and the most effective use of aid resources for the maximum development impact. IMF would, among other actions, strengthen crisis prevention and resolution through enhanced surveillance; improve debt sustainability assessments; consider innovative proposals to improve the foreign debt restructuring process; and continue the work on the nineteenth general review of IMF quotas.

Action at the United Nations was directed by DESA, which was continuing to collaborate closely with all relevant stakeholders to help steer their engagement in the financing for development follow-up process and to ensure systematic reporting to the concerned intergovernmental bodies on follow-up activities. DESA was also seeking to encourage the development of policy measures that could advance follow-up to the Monterrey Consensus and was reviewing its advisory services and technical cooperation activities in areas ranging from statistics to public administration and tax policy, with a view to maximizing their contribution to an effective follow-up.

The Secretary-General recommended that the Assembly take into account the information contained in his report in preparing for the next high-level dialogue on strengthening international economic cooperation through partnership and invited the Council to do likewise in preparing for its 2003 meeting with the Bretton Woods institutions and WTO. The Assembly might wish to invite the Council to consider modalities for further strengthening its contribution to promoting an effective, coordinated follow-up to the Monterrey Consensus, including enhanced arrangements for cooperation on tax matters.

As requested by the Assembly in resolution 56/210 A [YUN 2001, p. 889], the Secretary-General submitted, also in August, a report on the outcome of the International Conference on Financing for Development [A/57/944], which presented highlights of the Monterrey Consensus and provided an account of key issues addressed in the 12 multi-stakeholder round tables convened during the ministerial and summit segments of the Conference. Also, in accordance with Assembly resolution 56/210 B (see p. 956), the report discussed follow-up modalities and Secretariat arrangements for follow-up support. The arrangements in DESA to support the follow-up to the Conference would be patterned after the modalities that were followed during the Conference preparation stages, involving broad inter-agency participation and close collaboration. They would comprise a small core staff to address the finance/development nexus, complemented by agency secondments and utilizing modalities for continuous inter-agency collaboration, including those available through the UN System Chief Executives Board for Coordination. Among its specific tasks, the Secretariat would serve as a focal point for overall financing for development follow-up and monitoring of the implementation of the Monterrey Consensus; assist in monitoring implementation of finance-related aspects of the outcomes of major UN conferences and summits, in particular the Millennium Declaration; coordinate substantive Secretariat support to the intergovernmental process entrusted with financing for development;
and keep under review and support actions at the national, subregional and regional levels related to Conference follow-up and the commitments made at the Monterrey Conference.

The Secretary-General recommended that the Assembly consider providing further guidance to ensure an effective and sustained follow-up to the Conference, with regard to the intergovernmental process and Secretariat support, in the light of the approaches outlined in his report.

By decision 2002/306 of 25 October, the Economic and Social Council deferred its consideration of the Secretary-General’s report on follow-up efforts to the International Conference on Financing for Development to its 2003 substantive session.

The Committee for Programme and Coordination (10 June–5 July; 9 July) [A/57/16] had recommended that, following the endorsement of the Monterrey Consensus by the Assembly, the Secretary-General should prepare a new subprogramme on financing for development under programme 7, Economic and social affairs, of the 2002-2005 medium-term plan.

The Secretary-General, in a December statement [A/C.5/57/32] on the programme budget implications of draft resolution A/C.2/57/L.62 on ensuring effective Secretariat support for sustained follow-up to the outcome of the International Conference on Financing for Development (see resolution 57/273 below), stated that the additional financial requirements would amount to $203,200 (gross) for the 2002-2003 biennium. ACABQ, in a December report [A/57/7/Add.24], stated that it had no objection to the proposal that the Financing for Development Office be headed by an official at the D-2 level and recommended that the Secretary-General fill the position. It noted that the Fifth (Administrative and Budgetary) Committee might wish to inform the Assembly that should it adopt draft resolution A/C.2/57/L.62, additional expenditures of $203,200 would arise under the programme budget for 2002-2003.

By decision 57/583 of 20 December, the Assembly endorsed ACABQ’s recommendations, and noted that the adoption of that draft resolution would give rise to additional requirements of up to $95,500 under section 9, Economic and social affairs; $85,700 under section 27, Management and central support services; and a related amount of $22,000 under income section 1, Income from staff assessment, of the programme budget for the 2002-2003 biennium.

**Economic and social questions**

**GENERAL ASSEMBLY ACTION**

On 20 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/57/398], adopted resolution 57/273 without vote [agenda item 95].

**Ensuring effective secretariat support for sustained follow-up to the outcome of the International Conference on Financing for Development**

The General Assembly,

Recalling its resolution 56/230 B of 9 July 2002, by which it endorsed the Monterrey Consensus of the International Conference on Financing for Development and requested the Secretary-General to include in his report on the outcome of the Conference, to be submitted to it at its fifty-seventh session, measures taken as well as his proposals for ensuring effective secretariat support to the follow-up efforts to the Conference,

Stressing the importance of providing sustained follow-up within the United Nations, the agreements and commitments reached at the Conference and ensuring effective secretariat support, with collaboration from the secretariats of the major stakeholders concerned, fully utilizing the United Nations System Chief Executives Board for Coordination mechanism, pursuant to paragraph 72 of the Monterrey Consensus, and building on the innovative and participatory modalities and related coordination arrangements utilized in the preparations for the Conference,

Taking note of Economic and Social Council resolution 2002/34 of 26 July 2002, in which the Council, inter alia, decided to promote a coherent and integrated response within the United Nations system to the follow-up efforts to the Conference, as well as his proposals for ensuring effective secretariat support to the follow-up efforts to the Conference,

Recalling the report of the Committee for Programme and Coordination on the work of its forty-second session, in which the Committee recommended that, following the endorsement of the Monterrey Consensus by the General Assembly, the Secretary-General should prepare a proposal for a new subprogramme on financing for development under programme 7, Economic and social affairs, of the medium-term plan for the period 2002-2005, for consideration by the General Assembly at its fifty-seventh session,

1. Takes note with appreciation of the reports of the Secretary-General on the outcome of the International Conference on Financing for Development and on follow-up efforts to the Conference;
2. Reaffirms that the Conference constituted a new approach by the international community and that its implementation and follow-up should be given a very high priority in the economic and social work of the United Nations;
3. Requests the Secretary-General to establish, as soon as possible, from within the existing resources of the United Nations Secretariat, appropriate secretariat support arrangements along the lines envisioned in paragraph 48 of the report of the Secretary-General on the outcome of the Conference, with collaboration from other agencies and institutional stakeholders and with a distinctive function to provide effective substantive secretariat support for sustained follow-up within
the United Nations to the agreements and commitments reached at the Conference;

4. **Decides** that the functions of the new secretariat support structure should be of an integrating, cross-cutting and holistic nature and that it should, inter alia, serve as a focal point in the United Nations Secretariat for overall follow-up to the implementation of the outcome of the Conference, provide secretariat support to the intergovernmental process entrusted with the follow-up to the Conference, support and facilitate the participation of all stakeholders, follow closely the issues and policies related to international economic, financial and development cooperation, and keep under review actions taken at all levels in the follow-up to the Conference, as well as within the framework of international economic, financial and development cooperation, in general;

5. **Requests** the Secretary-General to accord priority to the following main tasks related to follow-up activities: (a) promoting coherence and an integrated approach within the United Nations to issues related to financing for development, fully utilizing the United Nations System Chief Executives Board for Coordination mechanism; (b) intensifying interactions with the secretariats of the World Bank, the International Monetary Fund and the World Trade Organization, as well as other institutional stakeholders; (c) continuing the involvement of other relevant stakeholders, including civil society organizations and the private sector; and (d) preparing inputs for consideration by the intergovernmental bodies concerned;

6. **Invites** Member States and all institutional and non-institutional stakeholders in the financing for development process to extend their full support to and cooperate fully with the new secretariat support structure in fulfilling its tasks;

7. **Decides** that the provisions of the present resolution should be implemented, utilizing existing resources, starting at the beginning of 2005;

8. **Requests** the Secretary-General to seek voluntary contributions to support the follow-up to the Conference;

9. Also **requests** the Secretary-General, as a part of his consolidated report on financing for development, to report to the General Assembly at its fifty-eighth session on the implementation of the present resolution.

**High-level consideration of financing for development**

As requested by the General Assembly in resolution 56/190 (YUN 2001, p. 743), the Secretary-General submitted a September report on the high-level dialogue on strengthening international cooperation for development through partnership [A/57/388]. The Secretary-General said that the next high-level dialogue was scheduled to be held as part of the follow-up to the International Conference on Financing for Development, the first having been held in 1998 [YUN 1998, p. 772] and the second in 2001 [YUN 2001, p. 742]. As the Monterrey Consensus had stated that the high-level dialogue should serve as the intergovernmental focal point for the general follow-up to the Conference and related issues, the Assembly would have to decide on the nature, timing and modalities of the next dialogue. It should also consider how best the follow-up to the Conference could be addressed in relation to the integrated follow-up to UN conferences and summits. The Secretary-General, having taken into account the views of Member States and UN system organizations, proposed that the third high-level dialogue, to take place in 2005, should maintain the broad, holistic and all-encompassing approach of the financing for development process in addressing a comprehensive set of national, international and systemic issues relating to financing for development. He outlined a series of modalities to ensure a dynamic and participatory follow-up and effective implementation by stakeholders.

The Secretariat, by an October note [A/C.2/57/4], drew the Assembly’s attention to Economic and Social Council resolution 2002/34 (see p. 957).

**GENERAL ASSEMBLY ACTION**

On 20 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/57/331/Add.4], adopted **resolution 57/250** without vote [agenda item 86 (d)].

**High-Level Dialogue on strengthening international economic cooperation for development through partnership**

The General Assembly,


Taking note of the report of the Secretary-General entitled "High-level dialogue on strengthening international economic cooperation for development through partnership”,

Recalling its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, which was adopted on 22 March 2002,

Recalling also the commitment to strengthen and make fuller use of the General Assembly and the Economic and Social Council for the purposes of conference follow-up and coordination,

Reaffirming the importance of continuing the dialogue to be conducted in response to the imperative of solidarity, mutual interests and benefits, genuine interdependence and partnership in promoting international economic cooperation for development, and that the United Nations system should reinforce its activities in order to facilitate such a dialogue,

Stressing the importance of staying fully engaged, nationally, regionally and internationally, to ensure proper follow-up to the implementation of agreements
and commitments reached at the International Conference on Financing for Development and to continue to build bridges between development, finance and trade organizations and initiatives, within the framework of the holistic agenda of the Conference.

Stressing also the importance of substantively connecting, in ascending order, the spring high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization, which will address the issue of coherence, coordination and cooperation, and the reconstituted High-Level Dialogue in the General Assembly, which will serve as the focal point for the follow-up to the International Conference on Financing for Development and will explore a policy dialogue on the implementation of the results of the Conference, including the theme of coherence and consistency of the international monetary, financial and trading systems in support of development;

Recognizing the link between financing for development and attaining internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration, in measuring development progress and helping to guide development priorities, as well as achieving sustained economic growth and sustainable development, bearing in mind the Plan of Implementation of the World Summit on Sustainable Development (‘Johannesburg Plan of Implementation’);

1. Stresses that the High-Level Dialogue, as the intergovernmental focal point for the general follow-up to the International Conference on Financing for Development and related issues, should contribute to promoting coherence among policies of development, finance and monetary and trade organizations within the framework of the holistic agenda of the Conference with respect to eradicating poverty and achieving sustained economic growth and sustainable development and an equitable global economic system;

2. Decides to reconstitute the current high-level dialogue on strengthening international cooperation for development through partnership as the High-Level Dialogue on financing for development so that it may become the intergovernmental focal point for the general follow-up to the International Conference on Financing for Development and related issues;

3. Also decides to hold the High-Level Dialogue biennially at the ministerial level;

4. Agrees to hold the High-Level Dialogue at the end of October 2003 on a specific date to be determined by the President of the General Assembly, after consultations with relevant stakeholders, so as to facilitate ministerial participation and the participation of heads of international financial and trade institutions and other relevant organizations;

5. Decides that the overall theme of the High-Level Dialogue will be “The Monterrey Consensus: status of implementation and tasks ahead”;

6. Also decides that the duration of the High-Level Dialogue will be two days and that it will consist of an innovative series of plenary and informal meetings to constitute a policy dialogue and interactive round tables with the participation of the relevant stakeholders. The Dialogue should be well prepared, including through appropriate intergovernmental consultations. The two days will consist of:

(a) The first day, devoted to informal meetings for eight interactive round tables, with the participation of all relevant stakeholders, following the format applied for the Monterrey Conference round tables as applicable, divided into two sessions, each comprising four round tables of thirty-five participants with the following two themes:

- One for consideration of the regional dimensions of the implementation of the results of the International Conference on Financing for Development, with participation of the heads of regional commissions and regional development banks, and other stakeholders;
- The other to explore the link between the progress in the implementation of the agreements and commitments reached at the International Conference on Financing for Development and the achievement of the internationally agreed development goals, in particular those contained in the United Nations Millennium Declaration, and the promotion of sustainable development, sustained economic growth and the eradication of poverty with a view to achieving an equitable global economic system;

(b) The second day, consisting of formal and informal meetings, constituting a policy dialogue with the participation of all relevant stakeholders, chaired by the President of the General Assembly, on the implementation of the results of the International Conference on Financing for Development and the theme of coherence and consistency of the international monetary, financial and trading systems in support of development, which will also consider the collaborative tasks ahead. The Secretary-General and the heads of the World Bank, the International Monetary Fund, the World Trade Organization and the United Nations Conference on Trade and Development, and the Administrator of the United Nations Development Programme as the Chairman of the United Nations Development Group, as well as one representative of the regional development banks, will be invited to make introductory statements. An interactive dialogue will follow during an informal meeting, on the understanding that the principle of precedence will be strictly applied, allowing participation at the ministerial level. The heads of regional and international intergovernmental organs that participated in the Monterrey Conference will be able to intervene. One representative from civil society and one representative from the business sector, selected by accredited participants among themselves, will also be able to intervene;

7. Further decides to hold, prior to the High-Level Dialogue, one day of informal hearings with representatives of civil society and the business sector accredited to the Dialogue, and requests the Secretariat to submit a summary of those hearings as an input to the discussions to be held at the Dialogue;

8. Decides that a resolution on the implementation of the outcome of the International Conference on Financing for Development will be adopted by the General Assembly based, inter alia, on the outcome of the High-Level Dialogue and its preparatory process, and in this regard, as inputs to the resolution, requests the President of the General Assembly to issue a summary of the policy dialogue and the co-Chairpersons of indi-
individual round tables to issue summaries of each round-table discussion;
9. Requests the Secretary-General to submit, prior to the High-Level Dialogue, an issues paper containing an annotated agenda and programme of work to assist in organizing the Dialogue;
10. Also requests the Secretary-General to make available at the High-Level Dialogue relevant inputs related to financing for development from all stakeholders, including the documents of the Economic and Social Council covering its annual spring high-level meeting with the Bretton Woods institutions and the World Trade Organization and relevant work at its substantive session, the annual report of the Secretary-General, decisions of the Committee of 21 April and 28 September 2002, the report of the Secretary-General on the follow-up efforts to the commitments of the International Conference on Financing for Development and the report of the Secretary-General on the implementation of the Millennium Declaration;
11. Encourages Governments, the United Nations system and all other relevant stakeholders at all levels to support adequate preparations for the High-Level Dialogue on financing for development;
12. Invites the Bretton Woods institutions and the World Trade Organization as well as relevant organizations of the United Nations system to participate in the High-Level Dialogue, including in the preparatory phase, and invites the President of the Economic and Social Council, the President of the World Bank, the Managing Director of the International Monetary Fund, the Director-General of the World Trade Organization and the heads of other relevant regional and international intergovernmental organs to participate actively in the Dialogue;
13. Requests the Secretary-General, in close cooperation with all relevant entities of the United Nations, including the regional commissions, the United Nations Conference on Trade and Development and the United Nations Development Programme, in consultation with the regional development banks, other relevant regional entities, the Bretton Woods institutions and the World Trade Organization, to support regional consultations in preparations for the High-Level Dialogue;
14. Invites Governments to enhance coordination among ministries of foreign affairs, finance, development cooperation and trade, as well as central banks and all other national stakeholders, for the implementation of the Monterrey Consensus and related issues and the follow-up thereto, including preparations for the High-Level Dialogue;
15. Encourages greater participation of non-governmental organizations and business sector entities at the interactive round tables and informal meetings of the plenary of the High-Level Dialogue in accordance with the rules of procedure of the General Assembly, and decides that:
(a) Accreditation will be open to:

(i) All non-governmental organizations that are in consultative status with the Economic and Social Council;
(ii) All non-governmental organizations and business sector entities that were accredited to the International Conference on Financing for Development;
(b) Interested non-governmental organizations and business sector entities that are not in consultative status with the Economic and Social Council or were not accredited to the International Conference on Financing for Development shall apply to the General Assembly for accreditation following the accreditation procedure established during the International Conference on Financing for Development;
(c) The above arrangements concerning participation of non-governmental organizations and business sector entities in the High-Level Dialogue will in no way create a precedent for other meetings of the General Assembly;
16. Notes that the successfully reconstituted High-Level Dialogue may provide useful experiences for the integrated and coordinated follow-up to conferences;
17. Decides to include in the provisional agenda of its fifty-eighth session, under an item entitled “Follow-up to the International Conference on Financing for Development”, a sub-item entitled “High-Level Dialogue for the implementation of the outcome of the International Conference on Financing for Development”;
18. Requests the Secretary-General to submit to it, before the end of its fifty-eighth session, a report on the implementation of the present resolution.

On the same date [meeting 78], the Assembly, also on the recommendation of the Second Committee [A/57/538], adopted resolution 57/272 without vote [agenda item 93].

High-level international intergovernmental consideration of financing for development

The General Assembly,
Recalling its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development, which was adopted on 22 March 2002,
Welcoming the initiatives and efforts, on the part of relevant actors in the financing for development process from the public and private sectors and from civil society, to stay fully engaged, nationally, regionally and internationally, so as to ensure proper follow-up to the implementation of agreements and commitments reached at the Conference, and to continue to build bridges between development, finance and trade organizations and initiatives, within the framework of the holistic agenda of the Conference,
Recognizing the link between financing for development and attaining internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration, in measuring development progress and helping to guide development priorities, as well as achieving sustained economic growth and sustainable development,
Emphasizing that the international financial system should support sustainable development, sustained economic growth and poverty eradication and should allow for the mobilization, in a coherent manner, of all sources of financing for development, including the mobilization of domestic resources, international flows, trade, official development assistance and external debt relief,
Taking note of the communiqués of the joint International Monetary Fund/World Bank Development Committee of 21 April and 28 September 2002 and the communiqué of the International Monetary and Fi-
1. **Underscores its firm commitment** to the full and effective implementation of the Monterrey Consensus of the International Conference on Financing for Development, and, in that regard, to promoting a holistic approach to the interconnected national, international and systemic challenges of financing for development, in active partnership with the Bretton Woods institutions, the World Trade Organization and other relevant institutional stakeholders, civil society and the private sector, including through collective and coherent action in every area of the Consensus;

2. **Reiterates** that success in meeting the objectives of development and poverty eradication depends, inter alia, on good governance within each country and at the international level. Sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation. Transparency in the financial, monetary and trading systems and the commitment to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial systems are equally essential;

3. **Expresses its concern** about the difficulties of the present world economic situation, stresses the importance of confronting it through strong cooperative efforts by all countries and institutions, and underlines the importance of continued efforts to improve global economic governance and strengthen the United Nations leadership role in promoting development;

4. **Calls for** the integrated consideration of trade, finance, investment, technology transfer and development issues, and, to that end, re-emphasizes the urgency of coherent action by the United Nations, the Bretton Woods institutions and the World Trade Organization, as appropriate, along with the action of Governments, to promote equitable and broad sharing in the benefits of globalization, taking into account the specific vulnerabilities, concerns and needs of developing countries;

5. **Recognizes** that an enabling domestic environment is vital for mobilizing domestic resources, increasing productivity, reducing capital flight, encouraging the private sector, and attracting and making effective use of international investment and assistance. Efforts to create such an environment should be supported by the international community;

6. **Encourages** all Governments to combat corruption, bribery, money-laundering and the transfer of illicitly acquired funds and assets and to work for the return of such funds and assets to the countries of origin, and welcomes actions taken in that regard at the national and international levels;

7. **Stresses** the need for structural reforms to strengthen corporate governance, accounting and auditing, in particular when inadequate policies can have systemic consequences;

8. **Stresses also** the importance of strong domestic institutions that promote business activities and financial stability for the achievement of growth and development, inter alia, through sound macroeconomic policies and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors;

9. **Considers** that, in the context of the current world economic situation, the multilateral trading system should be reinforced by achieving a balanced outcome of the Doha negotiations which responds to the interests of all the members of the World Trade Organization, in particular the developing countries, by giving concrete shape to the development-related provisions of the work programme of the World Trade Organization and by working to ensure that the concerns of developing countries, in particular in terms of implementation issues and special and differential treatment, are properly and effectively addressed in accordance with the Ministerial Declaration adopted at Doha, as amended by the action of the General Council of the World Trade Organization;

10. **Recognizes** that trade rules and issues in the post-Doha framework should have a clear development content;

11. **Expresses its concern** about the adoption of a number of unilateral actions that are not consistent with World Trade Organization rules, that harm the exports of all countries, in particular those of developing countries, and that have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement and further enhancement of the development dimension of the trade negotiations;

12. **Welcomes the commitments announced at the International Conference on Financing for Development** to increase the levels and effectiveness of official development assistance, looks forward to the early availability of the resources committed in keeping with the announced time frames, urges developed countries that have not done so to make concrete efforts to achieve the target of 0.7 per cent of gross national product as official development assistance to developing countries and 0.15 per cent to 0.20 per cent of gross national product to least developed countries, and encourages developing countries to build on progress achieved in ensuring that official development assistance is used effectively to help achieve development goals and targets;

13. **Reaffirms** the determination, as expressed in the United Nations Millennium Declaration, to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

14. **Reaffirms also** that reviews of debt sustainability should also bear in mind the impact of debt relief on progress made towards the achievement of the development goals contained in the Millennium Declaration and that debt sustainability analysis at the completion point needs to take into account any worsening global growth prospects and declining terms of trade; in addition, efforts to strengthen the transparency and integrity of debt sustainability analysis should continue;

15. **Stresses**, in the consideration of any new debt resolution mechanism, the importance of a broad discussion in the appropriate forums, with the participation of all interested actors, welcomes the steps taken by the international financial institutions to take into account social aspects and the borrowing costs for de-
developing countries, encourages them to continue their efforts in that regard, and reiterates that the adoption of such a mechanism should not preclude emergency financing in times of crisis;

16. *Stresses also* the special importance of creating an enabling international economic environment through strong cooperative efforts by all countries and institutions to promote equitable economic development in a world economy that benefits all people, and in this context invites developed countries, in particular major industrialized countries, which have significant weight in influencing world economic growth, when formulating their macroeconomic policies, to take into account whether their effects in terms of the external economic environment would be favourable to growth and development;

17. *Notes* the impact of a financial crisis or risk of contagion in developing countries and countries with economies in transition, regardless of their size, and in the context underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way, in accordance with their policies;

18. *Takes note* of the communique of the Development Committee of 28 September 2002, in particular paragraph 10, on the need to identify pragmatic and innovative ways to further enhance the participation of developing countries and countries with economies in transition in international decision-making and norm-setting, and encourages all relevant international financial institutions to take concrete measures towards this end;

19. *Invites* the International Monetary Fund to continue its work on quotas, and welcomes the continuing consideration by the Fund of its quota review and the reiteration by the International Monetary and Financial Committee that the Fund should have adequate resources to fulfil its financial responsibilities and that quotas should reflect developments in the international economy;

20. *Requests* the Secretary-General, in collaboration with the secretariats of relevant institutional stakeholders, fully utilizing the mechanisms of the United Nations System Chief Executives Board for Coordination, with the effective support of the United Nations Secretariat and building on the successful experience in the preparations for the International Conference on Financing for Development, to prepare a comprehensive report on the implementation of and follow-up to commitments and agreements made at the Conference, focusing on progress achieved in all areas covered by the Monterrey Consensus;

21. *Decides* that the preparatory work and reports of the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization, as well as the preparatory process of the General Assembly high-level dialogue, should serve as inputs in the preparation of the comprehensive report, which would be submitted on an annual basis to the General Assembly, under the agenda item on follow-up to the International Conference on Financing for Development, as well as to the biennial high-level dialogue of the General Assembly;

22. *Stresses the importance* of making progress on all fronts and enhancing the coherence and synergies of all development efforts, and, in the spirit of the strategic partnership launched at Monterrey, requests the President of the General Assembly to bring the present resolution to the attention of the Board of Executive Directors of the World Bank and the Executive Board of the International Monetary Fund before the 2003 spring meetings of the International Monetary and Financial Committee and the Development Committee, as well as to the attention of the General Council of the World Trade Organization, as an input to the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization to be held in April 2003 and the subsequent high-level dialogue of the General Assembly on financing for development to be held in the second half of 2003.

**Investment, technology and related financial issues**

The UNCTAD Commission on Investment, Technology and Related Financial Issues held its sixth session in Geneva from 21 to 25 January [TD/B/EX(28)/1].

At its twenty-eighth executive session in March [A/57/15], TDB took note of the Commission’s report and endorsed its recommendations and agreed conclusions.

**Foreign direct investment.** For its consideration of the impact of international investment flows on development: the impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular LDCs, the Commission had before it an UNCTAD note on the issue [YUN 2001, p. 891], which had been considered by a 2001 Expert Meeting on the subject; the report of that Meeting [ibid., p. 890]; an UNCTAD secretariat note [TD/B/COM.2/38], which identified and commented on policy questions posed by the experts; and the report of the Expert Meeting on Mainstreaming Gender in order to promote opportunities [YUN 2001, p. 879].

In a series of recommendations to Governments, the international community and UNCTAD, the Commission stated that, in addition to setting up transparent national investment frameworks, host Governments should consider cost-efficient ways to promote FDI policies consistent with their development objectives and industrialization strategies. They should provide an efficient institutional and administrative framework, including a lead agency; consider a targeted approach to FDI promotion policies; promote linkages between foreign affiliates and local suppliers and service providers; and assess how FDI policies impacted on gender equality and support women entrepreneurs. The international community should assist developing countries and transition economies in setting up an appropriate institu-
tional framework and identify measures to encourage the formation of clusters and linkage promotion. It should also assist in establishing financial frameworks and instruments to help local enterprises benefit from foreign investments and promotion linkages with transnational corporations. LDCs should receive assistance in building and improving the infrastructure for attracting FDI. UNCTAD should assist developing countries to design, implement and monitor FDI targeting and improving the infrastructure for attracting FDI, in developing countries, especially through FDI, in developing countries, particularly LDCs. The international community should support the establishment of a special trust fund for capacity-building in developing countries, especially in LDCs, the Commission had before it an UNCTAD secretariat issues note [YUN 2001, p. 890], which had been considered by a 2001 Expert Meeting on the subject; the report of that Meeting [ibid.]; and another note summarizing the outcome of the Meeting [TD/B/COM.2/37].

In recommendations to Governments, the international community and UNCTAD, the Commission stated that Governments should focus on technological capacity-building to enable beneficiary countries to use intellectual property rights to advance national systems of innovation, and set up coordination committees at the national/regional levels with regard to the interface between commitments in the TRIPS Agreement and national implementation requirements. They should promote the transfer of technology, especially through FDI, in developing countries, and support capacity-building by establishing scientific and technological infrastructure, particularly in LDCs. The international community should support the establishment of a special trust fund for activities in the area of science and technology, as recommended by the Economic and Social Council in resolution 2001/32 [YUN 2001, p. 761]. The Commission encouraged UNCTAD to assist developing countries in strengthening their capacity to examine technology transfer issues and negotiate technology transfer provisions in international instruments, to make inputs available to the WTO work programme on trade and transfer of technology and to continue to support the work of the Commission on Science and Technology for Development.

Subsidiary bodies. In 2002, two expert meetings took place, both in Geneva. The Expert Meeting on Experiences with Bilateral and Regional Approaches to Multilateral Cooperation in the Area of Long-term Cross-border Investment, particularly FDI (12-14 June) [TD/B/COM.2/41], had before it an UNCTAD secretariat note on the subject [TD/B/COM.2/EM.11/2]. The Expert Meeting focused on three main areas: the role of host country policy measures, home country measures (HCMs), and the right to regulate and safeguards. The experts suggested that government policies were needed to enhance the benefits from inflows of FDI to recipient countries and to minimize the negative effects in such areas as market structure and balance of payments. It was increasingly important for countries to consider the best policy approach for attracting and benefiting from FDI in accordance with their development objectives. They should also attach importance not just to the size of FDI but also to its qualitative aspects. Concerning HCMs, there was no consensus among experts on the effectiveness and efficiency of the various measures used. Some experts stated that there was a need for careful assessment and more analysis on how they complemented or disrupted one another and suggested that greater attention to their role in future investment agreements might be appropriate. As to corporate social responsibility issues, the experts said that social responsibility standards should be applied with sensitivity to local realities in developing countries and should not be used for protectionist purposes. On the right to regulate, the experts agreed that it was not always possible to transpose concepts and provisions in trade to the broader area of investment, but that a right balance should be struck between protecting investors and promoting development. Standards for treatment of investors should be applied in such a way as to provide policy space for host Governments.
Competition law and policy

The Intergovernmental Group of Experts on Competition Law and Policy held its fourth session in Geneva from 3 to 5 July [TD/B/COM.2/42]. It considered consultations on competition law and policy, including the model law and studies related to the provisions of the 1980 Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (known as the Set) [YUN 1980, p. 626]; and the UNCTAD work programme on competition law and policy, including capacity-building, technical assistance, and advisory and training programmes. It had before it UNCTAD secretariat reports on: the model law [TD/B/COM.2/CLP/31]; experiences gained so far on international cooperation on competition policy issues and the mechanisms used [TD/B/COM.2/CLP/2/Rev.1]; competition policy and the exercise of intellectual property rights [TD/B/COM.2/CLP/22/Rev.1]; recent important competition cases in developing countries [TD/B/COM.2/CLP/26]; a review of technical assistance, advisory and training programmes on competition law and policy [TD/B/COM.2/CLP/29]; and the relationship between competition, competitiveness and development [TD/B/COM.2/CLP/30].

In agreed conclusions, the Group of Experts recommended that UNCTAD strengthen its work programme in competition law and policy issues. It invited member States to assist UNCTAD on a voluntary basis in its capacity-building and technical cooperation activities and requested UNCTAD to expand those activities (including training) in all regions. UNCTAD should also continue its Doha Declaration [YUN 2001, p. 1432] implementation efforts and prepare studies and reports for the Group’s next session.

The Group recommended that for better implementation of the Set, it would consider at its next session the interface between competition policy and industrial policy, and the optimal design and implementation of competition law in developing countries, including the desirability of a phased approach.

The Commission, at its sixth session [TD/B/EX(28)/3], endorsed the report of the third (2001) session of the Intergovernmental Group of Experts [ibid., p. 891].

Taxation

In accordance with decision 2001/325 [YUN 2001, p. 892], the Economic and Social Council considered the Secretary-General’s report on the tenth meeting (2001) of the Ad Hoc Group of Experts on International Cooperation in Tax Matters [ibid., p. 891].

By decision 2002/231 of 23 July, the Council took note of the report, agreed that the eleventh meeting be held in 2003 and approved the provisional agenda.

Transport

Maritime transport

The Review of Maritime Transport 2002 [Sales No. E.02.II.D.23 & Corr.1] stated that world seaborne trade contracted in 2001, after 15 consecutive years of annual increases reaching 5.8 billion tons. The annual growth rate was a negative 1 per cent compared to the 3.9 per cent increase of 2000. Global maritime trade growth was expected to stay flat in 2002. Total maritime activities measured in ton-miles decreased to 22,682 billion in 2001, from 23,016 billion in 2000.

The world merchant fleet expanded to 825.6 million deadweight tons (dwt) at the end of 2001, a 2.1 per cent increase over 2000. New building deliveries were up by 1.8 per cent to 45.2 million dwt, and tonnage broken up and lost
increased by 25.2 per cent to 27.8 million dwt, leaving a net gain of 17.4 dwt. The fleet of oil tankers and dry bulk carriers together made up 70.3 per cent of the total world fleet. The fleet of oil tankers remained steady, while the dry bulk carriers increased by 4.6 per cent. There was an 11.4 per cent increase to 77.1 million dwt in the container ship fleet and a 3 per cent increase to 19.1 million dwt in the liquefied gas carriers fleet. Registration of ships by developed market-economy countries and major open-registry countries accounted for 25.1 and 48.7 per cent, respectively, of the world fleet. Open registries increased their tonnage by 2.6 per cent and two thirds of that beneficially owned fleet was owned by market economies and developing countries. Developing countries' share reached 19.3 per cent, or 159 million dwt, 117 million of which was registered in Asia.

Transport of dangerous goods


The Committee endorsed the reports of the Transport of Dangerous Goods Subcommittee, including the amendments to the existing recommendations on the transport of dangerous goods (Model Regulations and the Manual of Tests and Criteria), and the new recommendations proposed. It also endorsed the reports of the Globally Harmonized System Subcommittee, which included the text on the classification and labelling of chemicals, on which consensus had been reached. The Committee approved the Subcommittees’ work programmes and their meeting schedules for 2003-2005. It also adopted a draft resolution for consideration by the Economic and Social Council in 2003.

In 2002, the Trade and Development Board (TDB)—the executive body of UNCTAD—held its twenty-eighth (12 March) executive session, its nineteenth (29 April–2 May) special session and its forty-ninth (7-18 October) session [A/57/15]. It also held its twenty-ninth (13 September) executive session [TD/B/EX(29)/3 & Corr.1] and the first part of its thirtieth (2-4 December) executive session [A/58/15]. All sessions but the nineteenth special session, which was held in Bangkok, took place in Geneva.

In March, the Board took note of the reports of its substantive subsidiary bodies (see above) and of the Working Party on the Medium-term Plan and the Programme Budget on its resumed thirty-eighth (17-18 January) session (see p. 970). At its nineteenth special session, TDB carried out the midterm review of UNCTAD (see p. 971). It also welcomed Brazil’s offer to host UNCTAD XI (2004) and requested UNCTAD’s Secretary-General to draft a provisional agenda and timetable for that Conference for the Board’s consideration in 2003.

In September, TDB considered UNCTAD’s contribution to the United Nations New Agenda for the Development of Africa in the 1990s: UNCTAD’s activities in favour of Africa (see p. 908); the report of the Joint Advisory Group on ITC on its thirty-fifth session (see p. 941); and information on the activities of the Advisory Board established in accordance with paragraph 166 (on training courses) of the Bangkok Plan of Action adopted by UNCTAD X [YUN 2000, p. 891]. In October, the Board adopted agreed conclusions on the Programme of Action for LDCs for the Decade 2001-2010 [agreed conclusions 470(XLIX)] (see p. 846); and on UNCTAD’s contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: structural adjustment and poverty reduction in Africa (agreed conclusions 471(XLIX)) (see p. 909). It also adopted a decision on UNCTAD’s technical cooperation activities [decision 472(XLIX)] (see p. 969). In addition, the Board held a high-level segment on how the post-Doha process could work best for development (see p. 934); reviewed developments and issues in the post-Doha work programme of particular concern to developing countries (see p. 934); and discussed interdependence and global economic issues from a trade and development perspective: developing countries in world
trade (see p. 940). In December, TDB adopted agreed conclusions [A/58/15 (Part I)/agreed conclusions 473(EX-30)] on escaping the poverty trap: national and international policies for more effective poverty reduction in LDCs.

By decision 57/541 of 20 December, the General Assembly took note of TDB’s reports on its twenty-eighth executive, nineteenth special and forty-ninth sessions.

Technical cooperation

In a June report [TD/B/49/4 & Corr.1,2 & Add.1,2], the UNCTAD Secretary-General provided an overview of technical cooperation activities in 2001, which continued to emphasize capacity-building. The technical cooperation activities addressed trade, investment and development issues in four main areas: globalization and development; investment, technology and enterprise development; international trade in goods, services and commodities; and services infrastructure for development and trade efficiency. During the year, UNCTAD took measures to enhance its technical cooperation management, found solutions to the financial sustainability of selected programmes, and continued to give priority to LDCs. Expenditures totalled $25.2 million in 2001, a 3.7 per cent decrease in delivery compared with 2000, largely due to the 22.4 per cent contraction in expenditure on UNDP-supported projects. Of the total, $4.5 million was financed by UNDP, $16.3 million from trust fund contributions and $2.4 million from the programme budget.

By region, approximately $4.2 million went to Africa, $3.7 million to Asia and the Pacific, $1.8 million to Latin America and the Caribbean, $0.9 million to Europe and $12.6 million to inter-regional programmes. The LDCs’ share of technical cooperation expenditures remained at 43 per cent.

By programme, services infrastructure for development and trade efficiency accounted for 37.2 per cent of total expenditures; international trade in goods and services, and commodities (20.8 per cent); investment, technology and enterprise development (14.1 per cent); and globalization and development strategies (9.9 per cent). The balance (18 per cent) was represented by the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries (9.8 per cent) and by activities reported for the secretariat as a whole (8.1 per cent).

In accordance with the Plan of Action adopted at UNCTAD X [YUN 2000, p. 891], the UNCTAD secretariat in a July note [TD/B/49/5 & Corr.1] submitted the indicative plan of technical cooperation programmes for 2003. All projects included in the plan placed emphasis on capacity-building, in accordance with paragraph 166 of the Plan of Action, and priority was expected to be given to the post-Doha-related technical cooperation activities (see p. 934).

In an October decision [A/57/15 (dec. 472(6lX))], TDB requested the UNCTAD secretariat to consult with member States on the implementation of the recommendations of the internal review of technical cooperation activities and decided to review progress in that regard within the Working Party on the Medium-term Plan and Programme Budget. TDB asked the secretariat to support debt and finance programmes related to international trade in goods and services, to deepen its work on WTO-related activities and to strengthen both its cooperation with other providers of trade-related technical cooperation and its activities and programmes to meet the needs of developing countries. TDB requested the secretariat to include in its annual report on technical cooperation information about its anticipated activities and its strategic goals and objectives for the coming year, and on linkages between the various technical cooperation activities. It should also prepare an analytical report on the Commercial Diplomacy Programme, including results achieved, and a note on a possible UNCTAD approach to capacity-building for consideration by the Working Party.

Evaluations

A June progress report [TD/B/WP/155] on UNCTAD’s implementation of the recommendations arising from the in-depth evaluation of the Trainmar programme [YUN 2001, p. 894] addressed the integration of Trainmar, TrainForTrade and the Port Certificate programmes, and the consolidation and further enhancement of human resources development activities. Most recommendations had already been implemented, and a new strategy for training and capacity-building focused on providing technical assistance, particularly to LDCs; increasing cooperation with other UNCTAD divisions and programmes; promoting modern techniques; and designing a new website.

A July progress report [TD/B/WP/154] addressed the implementation of the three-year Trade Point Programme Strategy approved in 1999 [YUN 1999, p. 91]. A formal agreement on the Programme’s transfer from UNCTAD to the World Trade Point Federation would be signed at the Federation’s Third General Assembly Meeting (Beirut, Lebanon, 4-6 November), thus completing the implementation of the Strategy.
In July, an independent team submitted an evaluation of capacity-building in UNCTAD’s technical cooperation activities [TD/B/WP/155]. It stated that while capacity-building was well recognized, it was vulnerable to capacity gaps that might not have been adequately considered in programme implementation. Programme effectiveness varied considerably and efficiency did not receive the attention it merited. Sustainability could be improved and programme impact had not been adequately assessed. Suggestions were offered on how UNCTAD’s work in capacity-building could be enhanced.

A July progress report on the implementation of recommendations arising from an in-depth evaluation of the Empretec programme [TD/B/WP/156] stated that considerable progress had been made, many recommendations had been implemented and others were in the process of being implemented. Additional funds ($70,000) were needed to implement the remaining recommendations for activities, important for determining the best practices and monitoring the performance of Empretec National Centres. In addition, substantial extrabudgetary support was needed for UNCTAD to play a greater leadership and monitoring role, to expand the programme to other countries and geographical regions, and to build on it with a view to UNCTAD XI (2004).

Medium-term plan and programme budget

The UNCTAD Working Party on the Medium-term Plan and Programme Budget held three sessions in 2002, all in Geneva.

At its resumed thirty-eighth session (17-18 January) [TD/B/49/2], the Working Party reviewed the UNCTAD work programme: draft programme budget for the 2002-2003 biennium. It had before it proposed revisions to subprogramme 5: Landlocked countries and Small Island Developing States [TD/B/WP/L.103]. The Working Party, in agreed conclusions, drew attention to the serious implications for those countries resulting from the reduction or discontinuance of programme budget activities, and underscored the need to explore possibilities of minimizing their negative impact. It expressed concern about the negative impact of the transfer of posts from UNCTAD to the newly created UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States had on UNCTAD’s analytical and technical work and about the reduced overall level of resources allocated to UNCTAD for 2002-2003. The Working Party stated that consideration should be given to UNCTAD activities arising from the outcomes of the fourth WTO Ministerial Meeting [YUN 2001, p. 1432] and General Assembly resolution 56/180 on the problems of landlocked countries [ibid., p. 777], including the holding of a ministerial meeting in 2003. It also stated that the contribution of consultants for UNCTAD’s technical work should receive special attention in the allocation of funds, and welcomed the UN Secretary-General’s call to Member States to continue contributing generously to the UNCTAD Trust Fund on LDCs.

The Working Party also discussed the financing of the participation of experts from developing countries and economies in transition in UNCTAD’s expert meetings (see p. 971).


The Working Party, at its second resumed thirty-eighth session in May [TD/B/49/5], continued discussion of the financing of the participation of experts from developing countries and economies in transition in UNCTAD’s expert meetings.

At its thirty-ninth session (16-20 September) [TD/B/49/1 and Corr.1], the Working Party approved a draft decision for adoption by TDB on the review of UNCTAD’s technical cooperation activities and their financing (see p. 969). In another action, the Working Party adopted agreed conclusions on the evaluation of technical cooperation activities. It invited the secretariat to intensify the examination of concepts in the evaluation report on capacity-building (see above) and to share its reflections with the Working Party. The secretariat should consult with member States on integrating appropriate elements from the capacity-building evaluation into its technical cooperation strategy and present the outcome, including proposals, to the Working Party in May 2003. The Working Party invited donors to contribute to the trust fund for financing future in-depth evaluations, and decided to consider an in-depth evaluation of the technical assistance programme on trade, environment and development in 2003. The Working Party concurred with the call for follow-up action on the implementation of the recommendations contained in the in-depth evaluations of the Empretec and TRAINMAR programmes, and encouraged the secretariat to complete the implementation process. It recommended the secretariat on the Trade Point Programme Strategy evaluation implementation.

The Working Party also adopted a draft decision on financing the participation of experts from developing countries and countries with economies in transition in UNCTAD’s expert meetings (see p. 971).
At its resumed thirty-ninth session (20 November and 13 December) [TD/B/EX(30)/3], the Working Party continued its consideration of the financing of the participation of experts from developing countries and countries with economies in transition in UNCTAD’s expert meetings (below).

**Participation in expert meetings**

The Working Party on the Medium-term Plan and the Programme Budget, at its resumed thirty-eighth session (17-18 January) [TD/B/49/2], held informal consultations on the financing of the participation of experts from developing countries and countries with economies in transition in UNCTAD’s intergovernmental expert meetings and decided to hold another resumed thirty-eighth session in mid-February to discuss the issue further. It asked the Chairperson to prepare a summary of the consultations and requested the secretariat to make available information provided during the informal meetings on other organizations’ practices with regard to the financing of experts and on the status of the trust fund set up for that purpose.

TDB, at its nineteenth special session in April/May [A/57/15], adopted guidelines for the functioning of UNCTAD’s intergovernmental machinery. In an annex on the financing of the participation of experts from countries and countries with economies in transition in UNCTAD’s intergovernmental expert meetings, TDB agreed to find by the end of 2002 a long-term solution for the predictable financing of that participation and to continue consultations within the Working Party. It would hold a special session of the Board if a solution for resolving the matter was not reached.

The Working Party, at its second resumed thirty-eighth session (15 May) [TD/B/49/3], noted the secretariat’s assurances on the availability of funds for the financing of 10 experts per expert meeting for all expert meetings held in 2002 and for some in 2003. It invited contributions from donors to fill the funding gap of $176,300 for 2003. The Working Party decided to continue consultations to find, by the end of 2002, a long-term solution for predictable financing of the participation of experts, and to consider the issue at its thirty-ninth session. It called on the Chairman of the Working Party to continue the consultations and to report the outcome to the thirty-ninth session.

At its thirty-ninth session (16-20 September) [TD/B/49/14 & Corr.1], the Working Party decided, in accordance with the work programme proposed by Egypt on behalf of the Group of 77 and China on 16 September, and annexed to its decision, to conduct consultations on the financing of experts.

Midterm review of UNCTAD X

TDB, at its nineteenth special session (Bangkok, Thailand, 29 April-2 May) [A/57/15], launched the midterm review process of UNCTAD X, held in 2000 [YUN 2000, p. 890], pursuant to its 2001 decision [YUN 2001, p. 896] and as welcomed by the General Assembly in resolution 56/178 [ibid., p. 874]. The review consisted of three pillars: a review of the efficiency and functioning of UNCTAD’s intergovernmental machinery; stocktaking in respect of the commitments and work programme agreed to in the Bangkok Plan of Action, adopted at UNCTAD X [ibid., p. 891]; and a forward-looking statement on major developments of relevance to UNCTAD’s work, based on interactive debates and policy dialogue during the review. It had before it papers on the first two pillars [TD/B(S-XIX)/4; TD/B(S-XIX)/2], as well as papers on the interactive debates and policy dialogue in the context of opportunities and challenges of new policy developments of importance since UNCTAD X [TD/B(S-XIX)/2] and on trade and investment in Asia and the Pacific: recent trends and emerging issues [TD/B(S-XIX)/5].

As part of the review process and prior to the Bangkok sessions, TDB held three consultative meetings, all in Geneva (28 January-1 February; 25 February-1 March; and 25-28 March), on the intergovernmental machinery and stocktaking. During the Bangkok session, two high-level interactive debates and policy dialogues were held, one on the assessment of global economic developments and their impact since UNCTAD X; economic policy and challenges after Bangkok; and
the other on development challenges of the future: rethinking development strategies, reshaping globalization.

On 2 May, TDB adopted guidelines for the functioning of UNCTAD’s intergovernmental machinery. It took note of the stocktaking in respect of the implementation of the commitments and work programme agreed to in the Bangkok Plan of Action, the summary presented by Thailand’s Minister for Foreign Affairs on the interactive debates and policy dialogue, and the conclusions on the midterm review presented by the UNCTAD Secretary-General. It adopted a resolution expressing gratitude to the Government and people of Thailand for hosting the midterm review.

Concerning pillar I, it was stated in the Chairperson’s summary that the objective of the review was to improve the intergovernmental machinery to enhance the efficiency and effectiveness of the implementation of the Bangkok Plan of Action, the UNCTAD work programme and the follow-up of the results. Six cycles of meetings had been completed since the current structure of the intergovernmental machinery was established [YUN 1996, p. 846], and expert meetings, as well as UNCTAD’s intergovernmental work as a whole, had benefited from the participation of experts from all countries. Provision for the financing of experts had facilitated the participation of experts from developing countries. However, the overall impact of expert meetings had still not fully met the expectations of the reforms set out in the Midrand Declaration adopted by UNCTAD IX [ibid., p. 845]. The guidelines adopted by TDB to improve the intergovernmental machinery provided, among other things, that TDB’s agenda should be more varied and flexible. The high-level segment during the regular session would be discontinued and the executive sessions would be used for substantive discussions and analysis of new challenges facing developing countries. More attention would be devoted to addressing the concerns of LDCs. In an annex to the guidelines, TDB set out its action in respect of the issue of the financing of the participation of experts from developing countries and countries with economies in transition in UNCTAD’s intergovernmental expert meetings (see p. 971).

As to pillar II, it was reported that progress in the implementation of the Bangkok Plan of Action, based on the indicators of achievement contained in it, was generally satisfactory, save for a few areas. The Plan itself had withstood the test of time. UNCTAD had been able to carry out a meaningful and useful programme of work based upon it, and there was no suggestion during the review process that the Bangkok Plan of Action could not continue to provide the basis for an effective programme of work until UNCTAD XI. However, the breadth of the Plan and the prevailing limitations on resources gave urgency to defining areas of emphasis and to fund-raising for priority activities. The review identified the direction and a number of areas of emphasis towards UNCTAD XI. They included further efforts to develop UNCTAD’s integrated treatment of development and trade, finance, technology and investment; supporting developing countries in the current and forthcoming WTO negotiations by encompassing research and analysis, consensus-building and technical cooperation, as well as integrating capacity-building activities into the organization’s overall framework to maximize their effectiveness; ensuring that developing countries were able to take advantage of existing and future opportunities by enhancing their productive capacity and improving their competitiveness; ensuring follow-up to the outcomes of the Third UN Conference on the LDCs [YUN 2001, p. 770]; enhancing the delivery and cost-effectiveness of training and the capacity-building effects for developing countries; and discussion of the new impetus given to UNCTAD’s work from the outcome of the International Conference on Financing for Development (see p. 953).

As to pillar III, Thailand’s Minister for Foreign Affairs, in his summary of the high-level interactive debates, addressed issues raised by participants in the areas of global economic trends, international trade and the multilateral trading system, financing for development, enhancing supply capacities, poverty alleviation and grassroots development, governance and coherence, and the role of UNCTAD.

The UNCTAD Secretary-General, in his conclusions on the midterm review, stated that two key questions should occupy endeavours in the run-up to UNCTAD XI: the kind of arrangements that would be needed to give developing countries the policy space and trade opportunities to address the basic issues of poverty alleviation and closing the income gap; and the kind of domestic policies and institutions that would be needed in each country to generate the capacity to meet those challenges.

On 20 December, the General Assembly, in resolution 57/235 (see p. 934), endorsed the outcome of the midterm review.