



**United Nations Conference  
on Trade and Development**

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**United Nations Conference on Trade and Development  
Preparatory Committee for the fifteenth session of UNCTAD**

**Chair's draft negotiating text**

**Submitted by the Chair of the Preparatory Committee**



# **The Bridgetown Covenant: From vulnerabilities and inequality to prosperity for all**

## **Introduction**

1. Nearly six decades ago, the international community came together in Geneva in the firm conviction that trade could make a difference to the world and do more to connect nations and peoples and enhance their economic opportunities. In a spirit of solidarity and cooperation, the world came together to ensure that progress achieved became prosperity shared. The phrase “prosperity for all” captured the ideals and objectives of the first session of the United Nations Conference on Trade and Development (UNCTAD) and its realization became the *raison d’être* of UNCTAD and subsequently, its creed.

2. Now the Conference meets again, for the fifteenth time, in the most unprecedented of circumstances: a health and economic crisis that has shaken everyone, individually and collectively. Notwithstanding the situation, the Conference will take place, as it has every four years, with a relentless belief and commitment to the foundational creed of UNCTAD and the power of collective action to address the development challenges of the time.

3. Since the outbreak of the coronavirus disease (COVID-19) pandemic, more than 1.5 million people have lost their lives. Global gross domestic product contracted severely in 2020. Millions of people have already lost their jobs, and millions more have had their livelihoods compromised. Most disturbingly, 150 million people are expected to join the ranks of extreme poverty by the end of 2021, depending on the severity of the economic contraction. These grim figures reflect the profound human suffering and immense challenges ahead. The end of the pandemic may be in sight with the arrival of a vaccine, but the scale and scope of the crisis and its consequences are likely to be long-lasting and are yet to be fully appreciated.

4. This was expected to be the decade of action to accelerate the global pace to achieve the Sustainable Development Goals. Instead, the challenge is to avert another lost decade of development, with the world on the brink of a major developmental setback that threatens to reverse the hard-fought progress of recent years.

5. Despite this dire situation, what happens next does not depend on the behaviour of a virus, but rather on the decisions and actions taken by the global community. These decisions and actions will determine to what extent and how fast the recovery from the crisis will be.

6. The COVID-19 pandemic is the crisis of a century, and its disruptive power has been a bold reminder of the fault lines along the path to development, the vulnerability that is faced by all and the inequalities that have so far been tolerated.

7. The pandemic has unmasked the uneven resilience and capacities of countries to deal with crises. In response to the pandemic, for example, the fiscal and monetary measures in the developed world were equivalent to 20 per cent of their gross domestic product in 2020. In middle-income countries, the response accounted for 6 to 7 per cent of their gross domestic product. In the poorest countries of the world, however, these measures represented only 2 per cent of a much smaller national output.

8. The speed at which the pandemic has spread has also been a reminder that this is an age of unprecedented interdependence where every person’s destiny is more than ever tied to the destiny of others, regardless of the level of development.

9. The fifteenth session of the Conference is an opportunity to embrace interdependence, recover better as one and propel much-needed global progress. Not since the end of the Second World War has there been an opportunity such as this to envision and shape a new path where trade, investment, technology and finance, together and individually, can be harnessed to heal nations and build a more resilient, inclusive and sustainable world.

## I. Learning from experience: Looking back to move forward

10. The pandemic came on top of an unfinished and ambitious agenda. In Nairobi, in 2016, the fourteenth session of the Conference celebrated the adoption of the Sustainable Development Goals. Today, unfortunately, their accomplishment is not much closer than at the previous Conference. Overcoming this situation requires learning from recent experience in dealing with emerging and persistent challenges as well as charting more effective development paths.

11. Since the inception of UNCTAD, one of its goals has been the better and more meaningful integration of developing countries into the global trading system. But this remains an elusive goal, despite the massive expansion of trade and investment in the last decades.

12. Since the first session of the Conference, the expansion of trade has enabled a profound geopolitical and economic transformation marked by the emancipation of the developing world, the emergence of some nations from the periphery of the world economy onto the global spotlight and a concomitant and significant reduction of poverty around the globe.

13. The story, however, varies across regions and countries. While Asia has seen its share of global trade grow substantially, that of Africa and Latin America has remained nearly static. In the last decade, the least developed countries were expected to double their share of global trade, but this has hardly increased. The global trade pie got bigger, but the individual slices remained the same for many.

14. While some countries and people have been able to jump onto the fast train of globalization, many have only managed to catch it by riding on the wagons of commodity dependence or lower value added manufacturing. Others – far too many – have simply been left behind. The train has left a trail of greenhouse gas emissions and waste that has triggered a climate and environmental emergency that compromises development today and tomorrow, as well. A better globalization is therefore urgently needed.

15. Technological advancements continue to transform the way people produce, work, interact and live. By any measure, the digital transformation is well under way. The number of new broadband connections is soaring, and mobile phone usage continues to climb. And the pandemic has induced a “new normal,” where teleworking and changes in consumer behaviour are trends that accelerate the digitalization of the world, with the opportunities it implies. Yet a deep digital divide remains. This threatens to perpetuate, if not widen, the inequalities already present in the world. In the absence of action on this front, the world is likely to become more unequal.

16. The spread of the Internet has made it possible for people to connect in an unprecedented way and degree. Across vast oceans, cultures and continents have been rapidly brought together, further increasing interconnectedness. Hopes that a more interconnected world would lead to a more multilateral world, however, have crashed against the mirror of reality. Since the fourteenth session of the Conference, trade tensions have increased, and some nations have left either economic blocs or major international agreements. This has contributed to an erosion of multilateralism. Despite positive experiences, such as the historic Agreement Establishing the African Continental Free Trade Area and the Regional Comprehensive Economic Partnership, regional and international cooperation still needs to rise to the challenge ahead.

17. The sobering reality is that today many Sustainable Development Goals are behind schedule; integration efforts have fallen short of expectations and, despite remarkable progress, many people and places have been untouched by the march of prosperity. The globalization with which the world is familiar has not necessarily translated into a more inclusive and resilient world. The tools of trade, investment, technology and finance can do more to change this reality and shift the recent emphasis on more globalization to a focus on a better one.

## II. Three major global challenges

18. Attempts to put the global economy back on track and accelerate the pace towards the timely accomplishment of the Sustainable Development Goals take place in a context of a global crisis that has highlighted three main global challenges that have become more acute since the fourteenth session of the Conference: inequality, a climate and environmental crisis, and the breathtaking speed of digital transformation.

### *Inequality*

19. For decades, the gap has been widening between the rich and the poor. Even before the pandemic, nearly 700 million people remained in extreme poverty, with the indignity and vulnerability this implies. Billions of people have no access to modern technologies, including some that are now considered essential, such as access to the Internet. Women around the world continue to struggle to claim their rightful place in society and in the economy, remaining, on average, poorer and more vulnerable than men, regardless of their country of origin. The impressive expansion of global trade, investment and technology has been a blessing for some, but remains a dim, lingering hope for others.

20. These inequalities have contributed to the erosion of social contracts, fuelling a discontent with globalization, which in turn erodes multilateralism, hindering the collective ability to achieve the Sustainable Development Goals and realize prosperity for all.

### *Climate and environmental crisis*

21. The material affluence the world enjoys today has led to a massive carbon footprint and mountains of waste that compromise prosperity, both present and future. Decoupling development from emissions and environmental degradation is the big challenge of this decade; it also is a prerequisite to reduce the vulnerability of countries and peoples and avert a global catastrophe. In the absence of concrete, coordinated actions, irreversible changes will compromise the development ambitions of future generations and the very existence of humanity.

### *Speed of digital transformation*

22. Digitalization has truly been revolutionary, fundamentally altering many aspects of modern life and all levels of the economy. It has been at the centre of a formidable economic transformation with vast opportunities, changing what is consumed, produced and traded. But this also comes with challenges. The digital divide is real, and it may hinder the possibility of less developed countries to benefit from this transformation.

### **Three trends and the path to prosperity**

23. These three trends will have important effects on development aspirations and thus will need to be fully incorporated in any attempts to rebuild the path to prosperity, including achieving the Sustainable Development Goals by 2030.

## III. Transformations for a more resilient, inclusive and sustainable world

24. A recovery that brings the world back to the development paradigm that existed before the pandemic will be insufficient to enable the world economy to bounce back, let alone keep development on track. Indeed, many Sustainable Development Goals were off track even before the pandemic struck. The crisis has highlighted the fault lines and the improvised imperfect solutions used along the development path; the tendency to move between boom-and-bust cycles; propensities to overlook the fact that the remarkable progress of recent years remains a distant hope for many; and the tendency to forget that the vulnerability of some will eventually become the vulnerability of all.

25. Four major transformations are needed to move to a more resilient and inclusive world of shared prosperity: to diversify economies, make them greener and more resilient, improve the way development is financed and revitalize multilateralism for development.

## **A. Transforming economies through diversification**

26. Structural transformation and economic diversification are at the heart of economic development. They are at the base of faster economic growth, greater productivity, higher value added, more and better jobs, and a stronger resilience to external shocks. The advances resulting from the needed economic transformations are necessary to reduce vulnerability to economic shocks and inequality across and within countries. From graduating from the least developed country category to escaping the middle-income trap, structural transformation matters.

27. However, this transformation has been an elusive goal for many developing countries. Despite the impressive expansion of trade and the emergence of global value chains, most developing countries remain commodity-dependent,<sup>1</sup> and those in manufacturing or services remain tied to lower value added activities. Moreover, improved market access has not always translated into wider access to technology and the intellectual and financial resources needed to diversify economic activity.

28. Structural transformation has been a moving target that shifts further away with technological progress, making transformation an even more elusive goal. Digitalization has changed the way that people produce, consume, trade and live, moving the goal further at an amazing speed.

29. The COVID-19 pandemic has accelerated some trends, such as the growing relevance of the digital dimension of the economy and the reshoring or the shortening of global value chains. This will change the landscape of international trade and how countries can be affected or benefit from it. Helping countries to catch up and transform their economies based on the challenges and opportunities of new realities and swift technological change must be a priority.

30. Foreign direct investment has been a powerful channel for technology and knowledge transfer. It has enabled an impressive economic diversification in some developing countries. However, not everyone has been able to benefit from these flows. In some cases, the flows have been insufficient; in others, they have reinforced previous production patterns. Attracting more and better foreign direct investment, in line with a country's development priorities, is critical to support economic diversification in goods, and also in services, which have proven to be a powerful engine of economic growth and offer employment opportunities for women.

31. As countries attempt to scale the ladders of value addition, emphasis must be placed on ensuring that trade measures do not become barriers. Disturbingly, the least developed countries lose up to \$23 billion a year because they cannot comply with non-tariff measures in countries of the Group of 20. Thus, supporting countries to ensure that they can meet international standards and benefit from agreements and waivers is crucial to facilitate and incentivize an economic transformation.

32. Producing more goods or more diversified ones will be insufficient to harness trade as an engine for development if developing countries cannot exchange goods. Trade infrastructure and trade facilitation are indispensable ingredients of a country's trade capabilities. Care should be taken, however, to ensure that measures to facilitate trade promote flows and do not inadvertently become bottlenecks.

33. The importance of services in the global and national economy has been increasing. To ensure that developing countries can benefit from this trend, policies are needed to

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<sup>1</sup> About 67 per cent of developing countries and 80 per cent of the least developed countries remain commodity-dependent, a proportion that has hardly changed in the last few decades.

strengthen their services sectors, including financial services, transport, tourism, information and communications technology, energy and other emerging sectors.

34. No transformation is possible without adequate levels of productive capacity, which determine the ability of countries to produce goods and services that in turn allow them to grow and prosper. Productive capacity is also fundamental in the absorption and utilization of new technologies and processes and thus they condition each country's ability to innovate and increase value added. Strengthening these capabilities must continue to be at the centre of any transformation effort.

35. For an economic transformation to be inclusive, it must incorporate micro-, small and medium-sized enterprises, which represent most of the employment in developing countries. However, many of these firms have been unable to benefit from the expansion of trade – ensuring their inclusion would also ensure a better distribution of the benefits of globalization.

36. Never in history have so many people lived outside their country of origin. Regardless of the cause of migration, migrants can be a powerful force of structural transformation in destination and home countries. Appropriate policies, such as entrepreneurial support, are needed to allow migrants to thrive and harness their vigour to the economy of their host country. Remittances have been an important means of financing for millions of families in home countries and have contributed to structural transformation. Thus, policies are needed to ensure that the home and host countries – and the migrants themselves – benefit from the opportunities opened up by migration.

37. In the process of transformation, it is fundamental for effective competition policy to maintain a level playing field for all participants, so that market access is based on merit, not on anticompetitive practices. Ensuring effective competition in the market will help foster economic efficiency, resulting in more and better products at lower prices for consumers.

38. For a structural transformation to be truly inclusive, it cannot leave behind half of the world's population. Women must be included. Gender considerations cannot be an afterthought of public policy but rather an inherent part of it. Policies that look at structural transformation need to go beyond encompassing a gender perspective to actively promoting the inclusion and empowerment of women.

39. In the context of swift technological change, special attention must be placed on the development implications of the fast digitalization of the economy and the fourth industrial revolution. The rapid development and diffusion of digital technologies presents new opportunities and challenges for achieving the Sustainable Development Goals. These technologies hold promise for structural transformation, as well as for inclusive and sustainable development. However, they also threaten to disrupt labour markets, exacerbate existing inequalities or create new ones, raising ethical questions that need to be proactively addressed.

40. The benefits of digital technologies, for example, have not been evenly spread across countries. The digital divide spans several domains, including infrastructure, regulations, policies, enforcement capabilities and institutions. The Internet and digital platforms enable many firms and entrepreneurs in developing countries to access international markets, yet the role of developing countries in the digital value chains remains marginal.

41. Bridging the digital divide between and within countries is of critical importance. Special attention should be given to those furthest behind, including disadvantaged groups and populations. A substantial mobilization of public–private and multilateral resources is necessary to support enterprises to effectively leverage the opportunities created by the digital economy and to build the required digital infrastructure.

42. Digital issues should not be addressed in isolation, but within the context of trade, financing and investment, competition, consumer protection, innovation and enterprise development. Technical changes often outpace policy and regulatory responses. Developing countries require support to design and implement appropriate policies, as well as legal and regulatory frameworks that foster innovation, support and enable these countries to effectively participate in the digital economy, reap the developmental benefits of

digitalization and mitigate risks. Special attention should be given to supporting micro-, small and medium-sized enterprises, including those engaged in creative goods and services.

43. Multilateral dialogue and cooperation are crucial in areas such as the governance of new and emerging technologies, including those related to data management, competition and consumer protection. Intensified international cooperation is required in framework rules on digital platforms to ensure trust and confidence in their use.

44. International arrangements and measures, including the Technology Facilitation Mechanism and the full operationalization of the Technology Bank for the Least Developed Countries should be prioritized and reinforced.

## **B. Transforming to a greener and more resilient economy**

45. In 1964, when UNCTAD was created, the risk of ecological disaster was hardly on the political radar. Today, at the fifteenth session of the Conference, the climate and environmental crisis is an existential threat.

46. The economic progress achieved in the last decades has been remarkable, yet unsustainable. The overexploitation of resources and expansion of economic activities have resulted in the degradation of habitats, the accelerated extinction of plants and animals, and the potential destruction of entire ecosystems. The progress achieved has been at a high cost, including a trail of greenhouse gas emissions causing the Earth's climate to change at a frightening pace. Both climate change and environmental degradation compromise the progress achieved in the field of development and the opportunities for future generations.

47. This situation has given rise to a prosperity paradox: when the growth in prosperity – so dependent on greenhouse gas emissions – is coupled with rapid population growth, it threatens to undermine the very prosperity for which humanity has worked so hard.

48. As the world has prospered in the last decades, yearly emissions of carbon dioxide have increased dramatically. Although emissions per capita in the developed world are declining, the levels are two to eight times higher than the main emitters in the developing world.

49. As developing countries prosper and their populations join the ranks of the middle class, their carbon-dioxide emissions are likely to increase. There is only one way out of the prosperity paradox: by decoupling prosperity from greenhouse gas and environmental degradation everywhere, in developed and developing countries alike.

50. This transformation requires enormous political will and coordination efforts, because when it comes to climate, no one is an island. People are affected not only by their own actions, but by those of others, even if they are far away. Political will is therefore crucial in terms of making the very difficult choices that lie ahead, choices that can no longer be avoided. Echoing transformational initiatives in the past, now is therefore the time for a green new deal.

51. Achieving this transformation also requires the solidarity to ensure universal access to the right resources, knowledge and technology to engage in the green transition that is vital to all. This also implies acknowledging that some countries are more vulnerable than others to the climate and environmental emergency. The fight against climate change and environmental degradation needs to recognize the different levels and development conditions of countries and thus acknowledge that there is a common but differentiated responsibility. To achieve a green transformation, all available tools need to be deployed. Trade, investment and technology are powerful means to achieve that goal.

52. As the climate and environmental emergency unfolds, the need for trade policy tools to pursue environmental objectives will only increase. Trade can be a powerful mechanism to allow the flow of environmental goods and services to help countries decouple growth from greenhouse gas emissions. In addition, trade policy can be a forceful mechanism to internationalize greener policies, for instance applying standards and taxes on carbon.

53. To prevent certain trade policies from contributing to the erosion of the competitiveness of developing countries, great emphasis should be placed on assisting these countries in complying with public or private standards in big consumer markets. This will help ensure that the decoupling of economic growth from emissions does not come at the expense of some countries.

54. In many countries, the effects of climate change, such as sea-level rise or the increased frequency of extreme weather events, compromise infrastructure that is necessary for production and trade. Investment in appropriate infrastructure is vital to ensure the resilience of a country's trade capacity.

55. Transitioning towards a greener economy implies being able to produce goods and services that enable this transformation. Technology and innovation are two critical, related elements. Thus, technology transfer mechanisms, other than trade and foreign direct investment, must be explored and facilitated to ensure that every country has a real opportunity to decouple its economy from emissions and waste.

56. Reducing waste also implies moving away from the traditional linear economy of production, consumption and disposal towards a circular economy. A circular economy offers more opportunities to recycle material and reduce waste, as well as to lessen the pressure on strained ecosystems.

57. Providing incentives to protect the planet is one of the best available tools to effect the needed transformation towards greater sustainability. The loss of biodiversity is a serious problem that compromises the availability of ecosystem essentials that make civilization possible, such as the availability of clean water, clean air and food. Trade can contribute to alleviate the prevailing situation by expanding the market of sustainably sourced products. Trade can also increase the economic value of living species for local communities, giving them incentives to protect species rather than driving them to extinction.

58. Likewise, reporting and accounting tools that consider actual economic cost while encouraging corporate social responsibility allow investors to reward those firms that protect communities and the planet. This can provide incentives for firms to engage in business practices that are environmentally friendly and sustainable.

59. Transforming to a greener economy requires enhancing the ability of countries and economies to adapt to higher temperatures, thus necessitating a better understanding of how trade and development will be affected by a warmer world. Mitigation and adaptation are two sides of the same coin in the fight against global warming.

60. Efforts to preserve the planet do not only take place on land, but also on sea. The world needs a healthy ocean to save the planet and a sustainable exploitation of marine resources to protect the livelihoods of the millions of people concerned, from those working in fisheries to those in transport or tourism services.

61. Lastly, as trade expanded in the last decades, so did illicit trade. This poses a challenge to all of the Sustainable Development Goals, including the ones related to the environment. It has contributed to the overexploitation of the seas and deforestation and has helped push endangered species towards extinction. As illicit trade is not dealt with at the World Trade Organization, other international institutions and forums should be fully utilized to propose solutions to this pervasive problem.

62. The endeavour to preserve the planet must be inclusive. And this requires nurturing and cultivating a most valuable asset: the biggest and the most educated, climate-conscious and digitally fluent generation in history. A concerted effort is needed to prepare this new generation to be true global citizens to further the cause of development and save the planet.

### **C. Transforming how development is financed**

63. Financing development is intricately linked to poverty eradication, an essential ingredient of inclusion, and an overarching goal of the 2030 Agenda for Sustainable Development. Recovering better as one from the current crisis depends on the world's ability to effectively mobilize and deploy the needed financial resources. The pandemic has placed



a great strain on Governments' finances and their abilities to finance their countries' development. Under the circumstances, accelerating the implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development is therefore urgent.

64. Official development assistance is one of the main forms of international cooperation. Such assistance has grown since 2016, partly due to increases in funds towards responding to and rebuilding from humanitarian and crisis situations. However, more funds are required to support long-term economic transformation and the achievement of the Sustainable Development Goals. It is therefore important that official development assistance partners reaffirm their commitments to reach the target of 0.7 per cent of official development assistance/gross national income to developing countries and 0.15 to 0.20 per cent of official development assistance/gross national income to the least developed countries, as outlined in the Addis Ababa Action Agenda. And where there is the willingness and capacity to do so, to do even more.

65. The current pandemic has exposed the multidimensional nature of vulnerability of developing countries to external shocks, from financial and economic crises, to climate change, natural disasters and global pandemics. Current economic vulnerability indices should be broadened to reflect the impact of climate change, natural disasters and global pandemics. This will allow vulnerable nations to access on a concessional basis the resources they require to recover from and build resilience to these shocks.

66. Climate finance is fundamental to ensure a transition towards a greener economy while avoiding a loss of competitiveness by some developing countries. Special consideration should be given to those countries that are particularly vulnerable to the adverse effects of climate change and that have significant capacity constraints, in keeping with the key principle of common but differentiated responsibilities.

67. The success of national development efforts depends on private international capital flows, particularly foreign direct investment, along with a stable international financial system. It is paramount to create an enabling domestic environment and guide private sector investment towards the Sustainable Development Goals. This requires a robust legal framework for investments, with independent and effective enforcement mechanisms on a domestic and international level aimed at guiding capital flows towards productive investment.

68. Domestic resource mobilization is also of crucial importance. Of great concern is the negative impact of illicit financial flows on sustainable development, especially in developing countries. Global cooperation is needed to tackle illicit trade and financial flows and the activities that underlie their occurrence, such as tax evasion, the illegal exploitation of natural resources, corruption, embezzlement and fraud.

69. Open and equitable cooperation is key in tax matters, including the fight against tax evasion. Unilateral and coercive blacklisting of countries as non-cooperative tax jurisdictions and as having strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks has long-lasting and detrimental effects on the countries concerned. There is a need for a global inclusive forum for international tax cooperation at the intergovernmental level with the full and meaningful participation of developing countries.

70. The accumulation of debt by developing countries has reached a record high. Work in multilateral forums has raised the alarm on the continuous deterioration of the composition of debt of developing countries towards more non-guaranteed private and short-term borrowing, at both the sovereign level and by firms and consumers. Proposals for addressing this, such as the long-standing recommendation of UNCTAD for stronger and reformed international monetary and financial governance, remain relevant.

71. Dealing with debt vulnerabilities will be a central issue in the post-pandemic world. Timely, orderly, efficient and equitable external debt relief is important, such as the initiative launched in the spring of 2020 by the Group of 20 to suspend debt servicing by the poorest countries.

72. Sovereign debt management continues to be a crucial issue for developing countries. Debt crises have seen the emergence of highly speculative funds, run by non-cooperative or

holdout bondholders, which aggressively pursue debt repayments, making them more expensive and possibly disruptive. Such funds pose a risk to all future debt-restructuring processes, both for developing and developed countries.

73. The process of sovereign debt restructuring is becoming more concentrated, costly and cumbersome for sovereign States. Further, an increasing complexity in sovereign debt instruments, a growing diversity of creditors and a mounting expectation of financial rewards have incentivized the litigation of sovereign States by creditors.

74. Debt sustainability and predictability are critical to guarantee the long-term economic stability and sustainability of development policies. At the national level, developing countries require assistance in designing coordinated policies aimed at fostering debt financing, relief and restructuring, as well as sound debt management.

75. At the global level, concerted efforts are required towards long-term and durable solutions of debt in developing countries. In this regard, recent General Assembly resolutions on debt are welcome steps in this direction. In resolution 68/304, the General Assembly decided to adopt a multilateral legal framework for sovereign debt-restructuring processes. Its resolution 69/319 further established that sovereign debt-restructuring processes should be guided by basic international principles of law, such as sovereignty, good faith, transparency, legitimacy, equitable treatment and sustainability. Further discussion is required on a new mechanism and approaches to deal with sovereign debt crises and neutralize the effects of an anticipated external debt crisis on the ability of developing countries to achieve the Sustainable Development Goals by 2030.

76. There is a need to further consider how initiatives such as the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing can contribute to initiatives and processes in the relevant forums to build global consensus on guidelines for responsible borrowing and lending in accordance with the Addis Ababa Action Agenda. Due attention should be given to the responsibilities of lenders and borrowers for taking measures to minimize the risks of a new debt crisis.

#### **D. Transforming multilateralism**

77. The COVID-19 pandemic has served as a stark reminder that this is indeed an interdependent world. Tackling the common challenges facing humanity requires collective action. Inclusive and development-oriented multilateral cooperation is of central importance.

78. This calls for a broad-based and constructive dialogue on strengthening multilateralism, starting with a frank reflection on how globalization has impacted inclusive and sustainable development. Globalization has severely reduced the ability of developing countries to build the institutions necessary for pursuing vital development objectives, such as addressing inequality and vulnerability.

79. New approaches to development are required to achieve certain key objectives, such as fostering an enabling international environment accompanied by relevant policy frameworks; effective and robust rules that can lead to increasing flows of development finance and foreign direct investment to developing countries; technology upgrading and transfer that bolster productivity; a fair, open, transparent, inclusive, rules-based and development-oriented international trading system to ensure market access; and the enhanced participation of developing countries in global economic governance. These must be supported and enabled by an effective developmental State.

80. Sustainable development should be at the centre of all negotiation processes at the multilateral, regional and bilateral levels. The United Nations is the appropriate forum for this dialogue, given the universality of membership, the impartiality and the credibility that ensure the legitimacy and viability of a reformed system of global economic governance recognizing the pivotal role that the United Nations can play.

81. The fifteenth session of the Conference reaffirms its commitment to a transparent, inclusive, non-discriminatory, rules-based, multilateral trading system, consistent with the

principle of special and differential treatment for developing countries, which provides for an effective mechanism to address trade differences and levels of development and capacity.

82. Protectionism and unilateral economic, financial or trade measures or any other measures of a punitive or coercive nature not in accordance with international law and the United Nations Charter impede the achievement of inclusive and sustainable development.

83. In addressing the pandemic, potential emergency trade measures must be targeted, proportionate, transparent and time-limited in nature, and they must be properly notified to the World Trade Organization. It is important to keep trade flows open and ensure the continued flow of vital medical supplies and equipment, critical agricultural products and other essential goods and services to meet basic needs.

84. The World Trade Organization plays a central role in the multilateral trading system and should continue to facilitate the removal of trade barriers and enhance the participation of all developing countries in international trade, while ensuring a level playing field for all. Further research is therefore needed to better understand the impact of the multilateral trading system on the sustainable development of developing countries. The issues of concern to developing countries should be addressed in the reform of the multilateral trading system, especially as related to sectors of special interest in raising finance for development and diversifying their economies. Breathing new life into the development-related negotiations in the World Trade Organization would be a step in the right direction.

85. More attention should be paid to multilateral solutions that address the vulnerability faced by developing countries, especially the most vulnerable among them. Many of these countries, which have a much higher dependence on international trade, are often exposed to trade shocks. They therefore need more predictable and stable market access conditions and are often graduated out of the scheme of generalized preferences by virtue of their per capita gross domestic product or gross national income. There is a need for a more customized differentiation and the maintenance of benefits of such a scheme for these countries.

86. The increase in non-tariff barriers to trade is a growing concern for developing countries. These include, *inter alia*, technical barriers to trade, sanitary and phytosanitary standards and other regulations affecting market access rules for goods, services and intellectual property; therefore, the focus of analysis should be widened to include all aspects of market access.

87. In the area of investment, international investment relations are governed by a myriad of bilateral, regional and mega-regional rules. There is an urgent need to update and modernize the international investment system for it to integrate sustainable development, better safeguard the right to regulate in the public interest and improve on investment promotion, investment facilitation and corporate social responsibility.

88. Regional cooperation has proven to be of vital importance to advance cooperation in functional areas with the hope of greater integration. Interregional forums and mechanisms have also served as important means of strengthening cooperation and promoting greater understanding. Greater interaction between regional integration processes and groups and the United Nations and its various processes is beneficial, including through dialogue, experience sharing and consensus-building.

89. North–South cooperation remains the primary vehicle of international cooperation complemented – but not substituted – by South–South and triangular cooperation. South–South cooperation is a partnership among equals guided by principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit. In this regard, there is great scope for cooperation on trade, investment and sharing experiences and for these to enrich the multilateralism of the future.

90. Ultimately, given the realities of the day and the inextricable link between development, peace and security, embarking on the transformations necessary to realize prosperity for all is more than a choice to achieve a long-cherished ideal; it is a pragmatic choice for humanity to survive and thrive.

## IV. UNCTAD in a world in transformation

91. As the focal point of the United Nations for the integrated treatment of trade and interrelated issues in the areas of finance, investment, technology and sustainable development, UNCTAD must continue to monitor global trends that could affect or foster the ability of countries to build a fairer, more resilient and sustainable world – a world of shared prosperity.

92. The work of UNCTAD is universal and covers all countries, but special focus should be made on the most vulnerable: the least developed countries, landlocked developing countries and small island developing States.

93. Special consideration should be also given to the long-standing occupation of the Palestinian territory. Such conditions impose important constraints on the Palestinian people and their development aspirations. UNCTAD must take into account these particular circumstances all across its mandate. A lasting and peaceful settlement of the Israeli–Palestinian conflict, in accordance with the internationally recognized basis of the two-State solution, is necessary for the Palestinian people to make tangible progress towards achieving the Sustainable Development Goals.

94. Reaffirming the Nairobi Maafikiano, this document therefore reflects upon this momentous period in history so that UNCTAD may better position itself by translating into practice the following criteria: comparative advantage, differentiation of its work with respect to other organizations and complementarity, so as to put the organization’s strengths to best use in addressing the needs and priorities of developing countries for sustainable development and strengthening their role in the global economy.

95. As the world changes and responds to a new reality, and as the international community strives to effect the necessary transformations, so, too, must UNCTAD become a more agile organization that can adapt to the spirit of the times and better respond to the needs of member States. This includes building on the experiences and lessons learned during the COVID-19 pandemic to ensure that the intergovernmental machinery will continue to embrace innovation and adapt to changing conditions and that this will also be reflected in its working methods.

### A. The analytical work of UNCTAD

96. UNCTAD will continue to monitor global trends and policies that could affect the ability of countries to trade and better harness it as an engine for development. This includes monitoring developments in investment, technology finance and sustainable development. The importance of the analytical pillar of UNCTAD is underscored, especially the intellectual independence of the secretariat to conduct ahead of the curve analytical work with policy recommendations to inform the consensus-building pillar.

### B. Revitalizing the intergovernmental machinery

#### *Trade and Development Board*

97. Building on the commitment of the Nairobi Maafikiano to revitalize the intergovernmental machinery of UNCTAD, the importance of continuing to improve and strengthen the consensus-building pillar is emphasized. To that end, the outcome of each session of the Trade and Development Board, regardless of its format,<sup>2</sup> shall be one set of agreed conclusions covering all the substantive items on the agenda.

98. The Trade and Development Board could build on this and consider making a more direct and focused contribution to the work of the United Nations General Assembly.

99. The nature of UNCTAD consensus-building should be to build consensus on key trade and development issues in the quadrennium to reflect comprehensive agreement at the

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<sup>2</sup> Regular session, executive session, special session.

Conference. To better track the evolution of the consensus-building process, as well as to promote better a follow-up of decisions taken by the Trade and Development Board, a register of decisions and outcomes shall be established.<sup>3</sup> This register would include decisions taken by the Trade and Development Board, as well as issues and elements on which consensus could not yet be reached, so that work could continue until consensus is reached.

#### *Commissions*

100. The work of the existing commissions shall be incorporated into the Trade and Development Board, which shall absorb the various elements of their agendas. The Trade and Development Board shall consider the resulting agenda items in executive session.<sup>4</sup>

#### *Intergovernmental groups of experts*

101. The work of the intergovernmental groups of experts established at the fourteenth session of the Conference has proven useful in many ways and has demonstrated clearly that these groups of experts are important vehicles for transforming the priorities of the quadrennial conference into intergovernmental action. To that end, the Trade and Development Board shall take the necessary steps to ensure that these groups of experts shall evolve to consider the key issues of the day, including as reflected in this conference.

#### *Multi-year and single-year expert meetings*

102. The Trade and Development Board should determine the topics and terms of reference of the multi-year and single-year expert meetings within three months of the adoption of this document. If consensus is not reached within this period, the existing topics agreed upon after the fourteenth session of the Conference would continue to be valid.

103. For UNCTAD to truly deliver on its mandate, member States must be fully engaged, and this includes effectively exercising their responsibilities for oversight. The Working Party on the Programme Plan and Programme Performance shall therefore report to the Trade and Development Board on its consideration of management issues.<sup>5</sup>

104. In keeping with the principles of results-based management, the Working Party on the Programme Plan and Programme Performance shall also consider, on an annual basis, the ongoing implementation of programme of work of UNCTAD and shall report to the Trade and Development Board thereon.

### **C. Work programme of UNCTAD**

105. The work programme and mandated activities of UNCTAD elaborated in the Nairobi Maafikiano remain valid and shall be updated by the Trade and Development Board to reflect the outcomes of the fifteenth session of the Conference.

106. In that update, the Trade and Development Board shall therefore limit itself solely to those aspects of the existing work programme where a change or reorientation is needed in the areas of UNCTAD contribution to addressing the trade and development impact of the COVID-19 pandemic, the follow-up to and implementation of the Sustainable Development Goals and the strengthening of multilateralism in the area of trade and development. In preparation for that consideration, the secretariat shall prepare a list of suggested adjustments for the consideration of the Trade and Development Board.

107. In its programme of work, UNCTAD should maintain its support for the least developed countries, landlocked developing countries, small island developing States, African countries and other structurally weak, vulnerable and small economies, while also

<sup>3</sup> Idea taken and modified from the position paper of the European Union, para. 35.

<sup>4</sup> The European Union and the JUSCANZ group (Japan, United States, Canada, Australia and New Zealand) have proposed merging the commissions into one "super commission".

<sup>5</sup> Modified from the position paper of the European Union, para. 30.

taking account of the challenges of middle-income countries and countries with economies in transition.

108. In this regard, to better provide for the graduation of the least developed countries, UNCTAD should conduct work on the challenges facing middle-income countries to better understand the safe landing zone for graduating least developed countries and those in post-graduation transition.

109. UNCTAD should support a coordinated international dialogue on COVID-19 response and recovery measures to counter the negative impact of the pandemic on the global economy and trade. In doing so, it should bring together the various stakeholders in development, such as State, private and non-governmental organization sector experts, to explore new, resilient, sustainable and inclusive routes for effective recovery.

110. The work of UNCTAD through its three pillars should place particular emphasis on the economics of recovery and consequently present policy options to this end. Policy options and proposals should take into consideration the context of climate change, inequality and rapid digitalization.

111. Recognizing that the next quadrennial conference, to take place in 2024, will coincide with the sixtieth anniversary of UNCTAD, the Trade and Development Board will strive to ensure that the forthcoming conference will also take stock of the work and accomplishments of UNCTAD over the preceding six decades, including through appropriate activities and initiatives, with a view to further ensuring that it will help deliver prosperity for all.

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