

# ECOSOC

## STUDY GUIDE

**AGENDA : Economic and Technical Cooperation  
Among Developing Countries**

## ECOSOC

The agenda for Economic and Social Council (ECOSOC) is:

**“Economic and Technical Cooperation Among Developing Countries.”**

The topic takes into account the different levels of economic and technical development among the developing countries and is meant to take up for discussion, issues relating to the desirous of achieving a more dynamic, commercial and economic relationship among the countries.

In the past three decades, with the emergence of a large number of newly independent developing countries with undeveloped economies, the global concern for developmental problems has resulted in the corresponding expansion of international economic and social cooperation.

The council's focus will be to encourage investments by the nationals in each other's territories, inter-alia, the consideration of investment-promotion activities and the exchange of information on investment opportunities. It will further go on to discuss the promotion of cooperation in the areas such as human resource development, institution building, science and technology, research and development etc. It will also be focussing on priority issues such as, trade and investment, debt, production and employment, macro-economic policy coordination etc which are likely to have a major role in the development of the developing countries.

In conjunction with this, the council will also track down the history of the various bilateral and multilateral agreements and pacts among various countries and will go on to analyse their present operational scenario, finally continuing on with their scope in the future.

# **Economic Cooperation among Developing Countries**

## **A Brief History**

### **Phase 1: The 1950s and 1960s**

Economic Cooperation and Integration among Developing Countries (ECIDC) has a long history going back to the Asian-African Conference (Bandung Conference) held in Indonesia in 1955.

A number of groupings emerged over the coming decades boosting political, cultural, economic and technical cooperation. Coordination of these countries at a multilateral level was advanced with the establishment of the Non Aligned Movement (NAM) in 1961 and through the **Cairo Conference in 1962** on the Problems of Economic Development which led to the creation of the so-called Group of Seventy Seven (G77) and **UNCTAD** in 1964. UNCTAD was the first agency to recognize the need to promote ECDC as part of its regular work programme.

### **Phase 2: The 1970s and 1980s**

Subsequent work by UNCTAD focused on a global system of trade preferences among developing (GSTP), financial and monetary cooperation (with the G24), as well as technical support for interregional cooperation programmes.

The **UNCTAD III held in 1972 in Santiago de Chile**, prompted the transformation of the Working Programme on Trade Expansion and Economic Integration among Developing Countries into a Division status. From 1974, much of this work was linked to the efforts to establish a New International Economic Order (NIEO) adopted in the United Nations General Assembly resolution A/RES/S-6/3201.

In 1978, the **UN Conference on Technical Cooperation among Developing Countries (TCDC)** was held in Buenos Aires adopting the Buenos Aires Plan of Action on TCDC a blueprint document boosting south-south technical cooperation. This effort was cut short by the debt crisis of the early 1980s. However, closer regional integration did continue, although in a very uneven fashion, raising new policy challenges for developing countries. The rapid development of the East Asian region involved particularly strong regional ties which have been extensively examined by UNCTAD. UNCTAD was also called upon to support a number of monetary cooperation schemes drawing lessons from experiences in other regions and prompting a platform for dialogue between delegations of different parties of the developing and developed world.

In 1983 the ECDC Committee re-formulated UNCTAD's ECDC programme securing that work on this project was approved.

### **Phase 3: The 1990s and 2000s**

Subsequent work on South-South cooperation has continued in UNCTAD albeit on a much more decentralized and ad hoc basis through the work programme of each division. UNCTAD IX in Midrand, South Africa led to a commensurate restructuring of the Secretariat and the abolition of the Division on ECDC. The Conference felt that this cross-sectoral issue could be best addressed by introducing an ECDC emphasis in the work of each of the substantive Divisions of UNCTAD with an overall coordination role given to the Development Policies Branch of the Division on Globalisation and Development Strategies.

UNCTAD XI held in Sao Paulo led to a new momentum in south-south cooperation which was later crystallized at UNCTAD XII in Ghana.

The Accra Accord of UNCTAD XII recognized the growing importance of South-South cooperation and the potential role that UNCTAD could play in supporting this trend.

In 1995, General Assembly with its resolution A/RES/50/119 on Economic and technical cooperation among developing countries had called for a United Nations conference on South-South cooperation which was only held in Nairobi in December 2009.

UNCTAD Secretary General Panitchpakdi decided to establish a unit on ECDC in July 2009 aiming to revitalise its work on this issue. The unit was implemented with posts provided by the development pillar endorsed by the General Assembly in its resolution A/RES/63/260 of December 2008.

### **Global Economic Outlook and Implications for Developing Countries**

The global economy is in the midst of a period of high uncertainty and increased risks. Turmoil in financial markets, slower growth in high-income countries, and the rise of oil and food prices have all adversely affected near-term growth prospects of developing countries. Policymakers in developing and high-income countries alike face the difficult challenge of managing the short-term slowing of their economies and potential financial stress on the one hand and the risks associated with rising inflation on the other.

Most developing countries have shown impressive resilience in this turbulent environment so far. Their resilience partly reflects the fact that, compared with past episodes of global financial turbulence, far fewer developing countries are burdened by large external imbalances or heavy short-term external financing requirements. Many countries have accumulated sizable foreign reserves and have reduced their external debt burdens significantly. And most countries have expanded and diversified their export base, a move that facilitates external adjustment. Nevertheless, as a result of the expected weaker high-income country growth and the energy and food price surges, developing countries' growth will slow. It is expected to moderate from 7.8 per cent in 2007 to a still relatively strong 6.5 per cent in 2008.



As usual, world trade is expected to show a more pronounced cyclical swing than GDP. Global export growth is projected to slow to 4.7 per cent in 2008, substantially lower than the 10 per cent expansion of just two years ago. At the same time, there are signs that private capital flows to developing countries are slowing.

The combination of lower export growth and capital flows may place particular stress and force significant adjustment on those developing countries with large current account deficits. In particular, the resilience of private corporate balance sheets in these countries will be tested, as the private sector was in many cases the main beneficiary of the surge in international lending in recent years. An additional challenge for the oil- and food-importing developing countries is the rise in energy and food prices, which has further increased import bills and financing requirements.

Moreover, partly due to the higher energy and food prices and partly due to strong domestic demand, inflation has risen in a number of countries. Median consumer price inflation in developing countries is now running above 9 per cent, compared with 5-6 per cent in recent years. Thus, if food and oil prices surge further, the favorable factors that have underpinned developing countries' resilience may weaken and the need to control inflation may jeopardize growth prospects.

The higher food and energy prices have also caused real incomes to decline, significantly increasing the hardships faced by the poor, particularly in urban areas. Preliminary World Bank estimates suggest that up to 105 million people could become poor due to the rising food prices. The rise in oil and related energy prices since January 2007 implies an estimated 1.8 per cent of GDP reduction in real incomes on average for low-income oil-importing countries.

In this context, governments face a daunting challenge of protecting the most vulnerable of their citizens in a fiscally responsible and sustainable manner. As much as possible, governments should use or expand social safety nets to provide targeted income support, instead of subsidizing prices generally that can be extremely expensive and ultimately unsustainable. However, they should avoid recourse to export bans, which would aggravate shortages and price surges in the global market and importing countries. They should also avoid imposition of price controls, which can jeopardize incentives to expand agricultural production to alleviate potential shortages in the future. The international community needs coordinated action to ensure countries' immediate humanitarian needs are met and to support the strengthening of their safety nets.

Longer term, actions must be taken to facilitate a strong agricultural supply response. Achieving an African Green Revolution should be a priority for countries in the region and their development partners. At the global level, there is a need for a sensible policy toward biofuels. On the energy front, efforts to improve energy efficiency, manage energy demand, and enhance supply, especially of cleaner, renewable energy, must be stepped up.

## **Financing for Development**

Donors must do their part and scale up aid in line with their commitments. Most of the increase in aid promised at Gleneagles in 2005 is yet to be delivered. Between 2004 and 2007, annual aid flows from the Development Assistance Committee of the Organisation for Economic Cooperation and Development donors increased by only one-fifth of the promised target for 2010, that is, by only \$11 billion in real terms against a 2010 target of \$50 billion. Delivering on the commitment to double aid to Africa over the same period has similarly been slow, with annual aid flows rising by only \$5 billion in real terms between 2004 and 2007 compared with a target increase of \$25 billion by 2010.

The global aid architecture is changing with the emergence of new sources and modalities of aid - including new donors such as China and India, global/vertical funds, and an increased role of private donors. The new sources and modalities of aid promise more resources and innovation, but they also pose new challenges for aid effectiveness and coherence. The High-Level Forum on Aid Effectiveness in Accra in September 2008 provides a timely opportunity to address the issues of scaling up aid and ensuring its effectiveness in a changing aid environment.

There is a need to catalyze and leverage more private capital in support of development, including through innovative public-private partnerships. This will be particularly important in meeting the large financing needs associated with the climate change agenda. Six years ago in Monterrey, the international community agreed on a mutual accountability framework for development cooperation. Pursuant to that framework, developing countries have taken important steps to strengthen governance and improve the quality of their economic policies and institutions. Thanks to reforms, a number of developing countries today are in a position to utilize increased resources productively. To meet their side of the bargain, developed countries agreed to support developing countries' efforts by increasing the quantity and quality of aid, providing more debt relief, and opening their markets further to trade. While there has been good progress on debt relief, actions have lagged commitments in aid and trade. As we enter the final phase of the MDG calendar, the Financing for Development conference in Doha represents a unique opportunity to re-energize the mutual accountability framework, by reaffirming and building on the commitments made in Monterrey.

## **Role of the World Bank**

The World Bank is actively engaged in supporting the agenda outlined, working closely with countries and in partnership with bilateral agencies and multilateral institutions. Future goals include:

- Scaling up International Development Association (IDA) programs in low- income countries, supported by a record IDA-15 replenishment;
- Bolstering support to Africa in priority development areas through our Africa Action Plan;
- Strengthening the framework of support to countries in fragile situations and for response to emergencies;
- Working with partners on both immediate and longer-term responses to the food crisis, along the lines of the New Deal for Global Food Policy proposed by the World Bank President;
- Enhancing responsiveness of the World Bank to the evolving needs of middle-income countries, many of which continue to face major development challenges; and
- Instituting a strategic framework and strengthening investment mechanisms to address the energy needs of developing countries and the broader climate change agenda.



# Technical Cooperation among Developing Countries

The International Development Strategy for the third UN Development Decade called for a renewed emphasis on technical cooperation and a significant increase in the resources provided for this purpose. It recognized that technical cooperation contributes to the efforts of developing countries to achieve self-reliance by facilitating and supporting investment, research, and training, among other things.

The objective of the council is to deal with technical cooperation to assist developing countries to integrate into the global economy by enhancing their capacity for their effective participation in the world economy, particularly in international trade, finance and investment.

This involves:

- Helping developing countries to better understand their economic problems and to find tailor made solutions;
- Enhancing the human and institutional capacities in developing countries for formulation and the implementation of development policies and creation of an environment conducive to sustainable development; and
- Enabling developing countries to become effective negotiators in the fields of international trade, finance and investment, as well as help them implement the results of those negotiations.

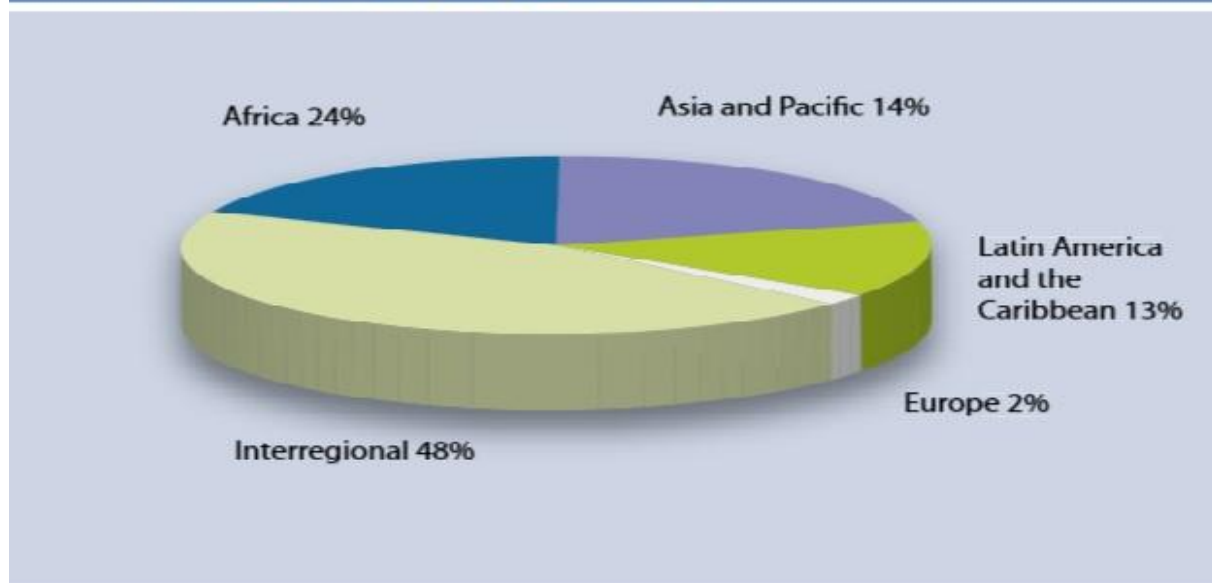
The population at large is the ultimate beneficiary of capacity-building and technical cooperation programmes. The main beneficiaries are usually officials in the relevant government departments. UNCTAD adopted the General System of Preferences (GSP) in 1968, giving preferential tariff treatment in developed countries to manufactured goods exported by developing countries.

By 1999, operating programs gave preferential treatment to more than US\$ 70 billion worth of exports a year from more than 100 developing countries. However, the conference recognized that the more advanced developing countries benefited most from the system, and in 1992 efforts were undertaken to include more agricultural products and some "sensitive" industrial products.

Through their governments, individual companies, both public and private, in particular small and medium-sized enterprises (SMEs), can benefit from numerous UNCTAD projects. Involving the private sector in technical cooperation activities helps to raise the business community's awareness of issues related to international trade and development, and alerts it to new trading opportunities, as well as to enhance the national policy dialogue.



**Chart 2: Technical cooperation expenditures, by region, 2011**  
(Percentage of total yearly expenditure)



## **DELIVERY OF TECHNICAL COOPERATION**

The main forms of delivery of technical cooperation are:

- Policy and technical advisory services
- In-depth policy reviews of particular subjects (e.g. investment, trade, science, technology and innovation)
- Training courses, seminars, simulation exercises, workshops or symposia on specific issues
- Computer-based technical cooperation packages involving the installation of management information systems and advice on how to use them
- Supply of trade- and investment-related data.

## **DIFFERENT TYPES OF PROJECTS UNDERTAKEN**

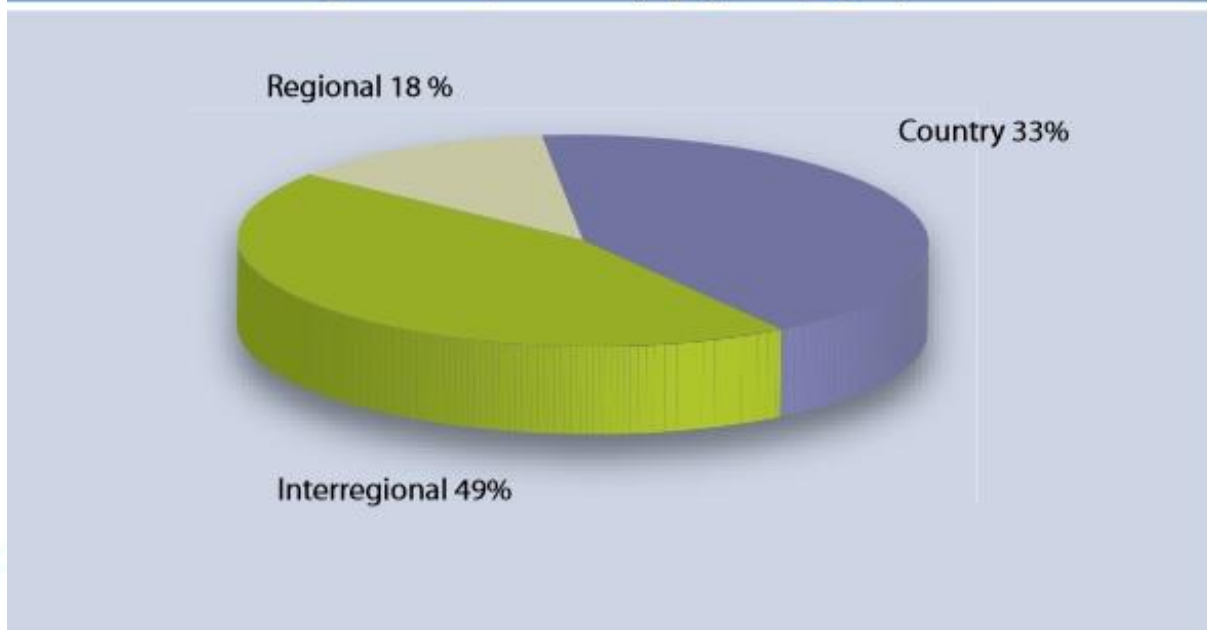
Technical cooperation activities are carried out on the basis of specific country, sub-regional, regional or interregional projects:

- Country projects address specific needs and requests from individual countries. Traditionally, they are financed at the country level, either from the national budget or from aid funds available from development assistance programmes funded by multilateral and bilateral donors, or by drawing on loans provided by international or regional financial institutions.
- Sub-regional and regional projects provide technical assistance to groups of countries, taking into consideration sub-regional and regional specificities.

- Interregional projects provide a standard service to all participating countries. They also include those projects that are more analytical in nature, designed to buttress UNCTAD policy research and analysis.

Some 260 projects are currently being implemented in more than 100 countries, with

**Chart 1: Technical cooperation expenditures, by type of project, 2011**



annual expenditures of about \$39 million, financed mostly through extra budgetary resources.

UN programs of technical cooperation may be grouped in three categories:

- The UN regular program, financed under the portion of the UN regular budget set aside for technical cooperation activities
- Activities funded by the UN Development Programme (UNDP)
- Extra budgetary activities financed by contributions provided directly to the executing agencies by multilateral funding organization within or outside the UN system, other than UNDP, and by contributions from governments and nongovernmental organizations.

The major source of trust funds is governments. Developed countries are important sources of financing of trust funds. The principal bilateral donors are: *Austria, Canada, Finland, France, Germany, Ireland, Luxemburg, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States.*

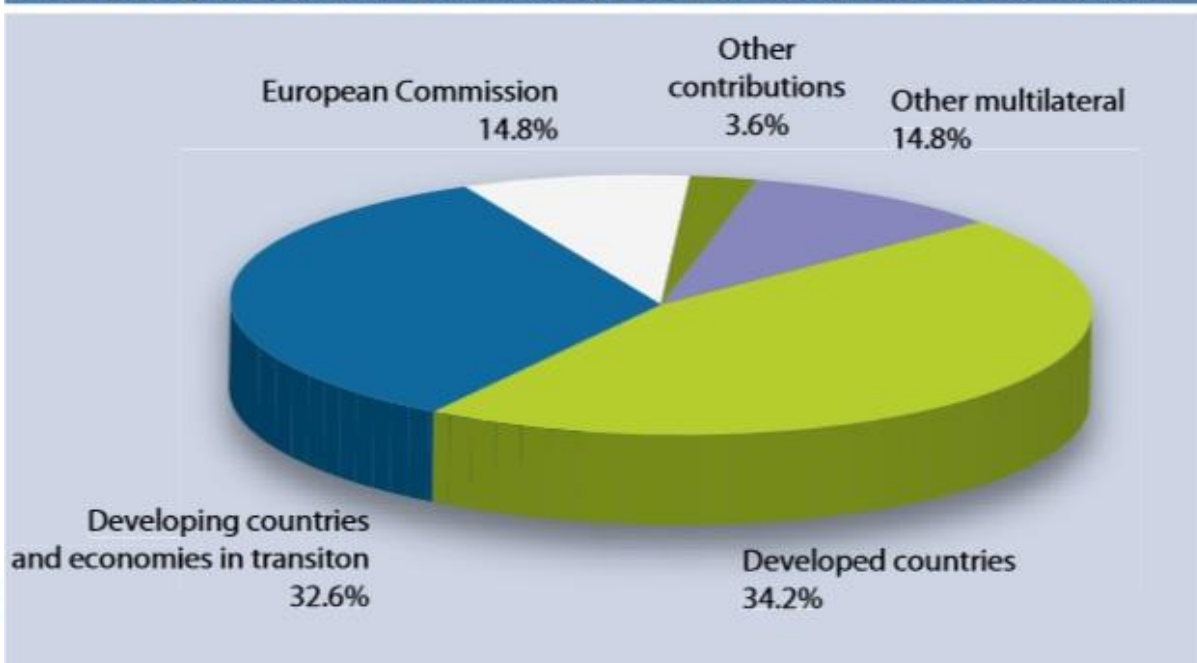
Developing countries are increasing their contributions to trust funds. These contributions take the form of either:

- General-purpose contributions for the benefit of other developing countries

- “Self-financing” arrangements involving the provision of specified services (e.g. in customs modernization or debt management) by UNCTAD in their countries.

The new funding mechanisms, the multi-donor trust funds and One United Nations funds are specifically designed for inter-agency operations. They are available at the country level

**Chart 3: Origin of trust fund contributions, 2011 (Percentage of total contributions)**



to fund joint programmes. This new funding amounts to about 3 per cent of UNCTAD’s technical cooperation programmes.

In the context of its mandate to promote cooperation among developing countries, UNCTAD encourages “triangular” cooperation, which involves the provision of technical services to the beneficiary country by another developing country, using finance provided by a third country.

## **TRADE NEGOTIATIONS AND COMMERCIAL DIPLOMACY**

UNCTAD implements trade-related technical cooperation and capacity-building activities that assist in the beneficial integration of developing countries, especially LDCs, into the international trading system, international trade and trade negotiations so as to ensure development gains and poverty reduction. This includes activities aimed at monitoring and assessing the evolution of the trading system from a development perspective, formulating national trade policies and analyses in relation to poverty reduction, and developing trade and trade-related capacities.

Support is provided through capacity-building, advisory services, workshops and training seminars for developing countries, especially LDCs, and countries with economies in transition in building human, institutional and regulatory capacities.

Activities include:

- Assistance to developing countries and countries with economies in transition in their accession to the WTO (the programme involves assistance prior to, during and after accession)
- Capacity-building activities, involving collaboration with the private sector, for the strengthening of policymaking in services and promotion of international trade in services
- Assistance with regional trade negotiations among developing countries and between them and developed countries
- Assistance in improving the utilization of the Generalized System of Preferences schemes and other preferential trade arrangements
- Commercial diplomacy training activities on trade negotiations
- Training activities on trade-related dispute settlement mechanisms

The main types of technical cooperation activities can be described as follows:

- Provision of information about anti-competitive practices, their existence and possible adverse effects on the economy. This may involve a study on these practices in a specific country.
- Introductory seminars directed at a wide audience, including government officials and academics, as well as business and consumer-oriented circles.
- Assistance to States or regional organizations which are in the process of drafting competition legislation in the form of provision of information on such legislation in other countries or advice on drafting.
- Advisory services for setting up competition authorities, and enforcement of competition policies. This usually includes training of officials responsible for the actual control of anti-competitive practices and may involve training workshops and/or on-the-job training with competition authorities in countries having experience in the field of competition.
- Seminars for States that have already adopted competition legislation, have experience in the control of anti-competitive practices and wish to enforce the implementation of competition legislation or consult each other on specific cases and exchange information.
- Voluntary peer review of competition law and policy and their enforcement institutions for interested countries, including assistance for follow-up activities on the recommendations of peer review.
- Assistance to States or regional organizations that wish to revise their competition legislation and seek expert advice from competition authorities in other States, so as to amend their laws in the most effective manner possible.

- Assistance to developing countries, including the LDCs as well as economies in transition, with a view to helping them better evaluate the implications of multilateral discussions on competition issues.

## **INVESTMENT AND ENTERPRISE DEVELOPMENT**

UNCTAD assists developing countries in strengthening their capacity to create and manage the policy and institutional framework for attracting and retaining foreign investment and in developing an operating climate in which FDI and international business can thrive. Assistance includes the following elements:

- The investment advisory series: pragmatic publications including toolkits and handbooks, dealing with issues related to investment promotion and facilitation, and the work of investment promotion agencies.
- Advisory services on investment promotion and retention strategies, effective policy advocacy, and the streamlining of investment facilitation and aftercare services.
- Capacity-building workshops based on UNCTAD's advisory and analytical work. These training activities are organized at the national and regional levels, often in cooperation with partner organization, including the World Association of Investment Promotion Agencies.
- Organization of biennial World Investment Forum as well as other international meetings and networking events.

## **BUSINESS FACILITATION**

Making administrative procedures transparent, swift and efficient is essential to establish an enabling environment for private sector development and to strengthen good governance and the rule of the law. UNCTAD has conceived a web-based e-government transparency system to help developing countries work towards business facilitation through transparency, simplification and automation of rules and procedures relating to enterprise creation and operation. The objectives of the system are to:

- Provide full transparency on rules and procedures.
- Help governments to simplify procedures.
- Promote good governance
- Set a basis for regional/international harmonization of rules.



## **TRADE LOGISTICS**

The objectives are to:

- Assist developing countries with the formulation and implementation of policies and programmes in the areas of transport and trade facilitation at national, regional and international levels.
- Develop long-term institutional and operational capacity to implement trade and transport facilitation actions.
- Assist developing countries in trade facilitation negotiations at WTO.
- Assist developing countries in the design and implementation of national legal frameworks in line with international legal instruments and standards.

### **Transport:**

Activities in the transport area include the creation of platforms to support the development of efficient transport systems and assistance in the design of solutions to overcome impediments to trade. Advice and operational support is given in the areas of port management, modernization and harmonization of national transport legislation and regulations. In addition institutional and individual capacity building is provided to help elaborate proposals to improve the efficiency of transit transport operations and transit agreements between landlocked countries and their neighbours.

### **Trade Facilitation:**

In order to help developing countries and LDCs to better understand the scope and implications of the negotiated trade facilitation measures at WTO, UNCTAD develops technical material and cooperates with Geneva- and capital-based negotiators, organizing training seminars and workshops. This is intended to strengthen national institutions in the areas of trade facilitation and help formulate modalities for an effective implementation of negotiated commitments, and coherent operational, technical assistance and capacity building in the field of trade facilitation.

### **Automated System for Customs Data (ASYCUDA):**

The ASYCUDA programme helps to facilitate trade through the modernization of customs by using information technology to speed up and simplify the clearance process of goods and reduction and simplification of documentation and procedures. An efficient and effective customs administration is essential to the welfare of all countries. It:

- benefits the national economy by collecting revenue
- assists the Government to implement national and international policies
- protects the country by combating fraud and illegal trafficking of prohibited and restricted goods

- provides statistical information on foreign trade transactions essential for economic planning and facilitates international trade.

### **Train for Trade:**

The Train For Trade programme produces and delivers training packages and implements training activities in the framework of technical cooperation projects. Based on a unique training method which emphasizes ownership of knowledge, Train For Trade helps countries to further develop their human resources. The approach includes tailor-made training in topics of importance to countries involved, and support to institutional capacity-building through the training of local trainers and tutors in order to ensure a wider dissemination of knowledge imparted.

## **SCIENCE TECHNOLOGY & INNOVATION FOR DEVELOPMENT**

The objectives of UNCTAD technical cooperation in the areas of science, technology and innovation (STI) are to:

- Enhance the scientific and technological capabilities of developing countries and countries with economies in transition.
- Facilitate their access to new and emerging technologies.

This is accomplished through a combination of:

- Policy advice on STI
- Assistance to countries for strengthening their human resources base through special training events
- Analysis and disseminating of information on international best practices in development and transfer of technology.

### **STIP REVIEWS**

The main technical cooperation programmes undertaken in the area are: Science, Technology and Innovation Policy Reviews (STIP Reviews), and the Network of Excellence.

A typical STIP Review includes an overall analysis of the country's strengths, weaknesses, opportunities and threats to development in the STI field. It identifies the different elements – legal instruments, policies, measures, and practices – that make up the current STI framework.

The recommendations are aimed at:

- Providing policy support to Governments in the design of their STI systems.
- Improving information and productive linkages among public research institutes, academe and private sector.

- Ensuring the training of present and future human capital.
- Enhancing STI-related coordination and cooperation among different public sectors.
- Identifying measures to promote national capacity for technology acquisition.
- Identifying and evaluating new and emerging science and technology sectors.

## **INFORMATION & COMMUNICATION TECHNOLOGIES**

Globalization and the increasing use of information and communication technologies (ICTs) in trade entail an important transformation of the business environment in developing countries.

Technical cooperation in the area of ICTs helps governments ensure that ICTs can be used as accessible and practical tools for economic growth and job creation. The main technical cooperation programmes on ICTs provide:

- Advisory services and reviews on ICT policies
- Capacity-building and advice on the establishment of legal frameworks related to e-commerce and ICTs
- Capacity-building in the production of information economy statistics and assistance in the analysis of the impact of ICTs.

## **ICT POLICY REVIEWS**

The ICT Policy Review assesses the implementation of the national ICT master plans, by reviewing ICT indicators, examining how ICT and e-business development issues have been made operational in country development strategies, identifying policies and programmes and implementation mechanisms favouring the development of information economy, and evaluating the telecommunications infrastructure, legal and regulatory issues, and related human resources.

To reap the benefits of the rapidly changing information society, governments need to monitor and benchmark progress in ICT indicators with a view to designing and reviewing national policies and strategies. UNCTAD assist countries in this endeavour through:

- Building the capacity of national statistics offices and other producers of official ICT data to generate and analyse information economy statistics through a training course and a manual
- Providing advisory services on the production and analysis of information economy statistics, including through country missions and regional workshops

- Developing and disseminating indicators, definitions and methodologies, in cooperation with the “International Partnership on Measuring ICT for Development”.

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