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**Draft report of the Working Party on the Medium-term Plan and the
Programme Budget on its forty-fifth session**

Held at the Palais des Nations, Geneva, from 12 to 16 September 2005

Rapporteur: Mr. Ait Amor (Morocco)

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Note for delegations

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to individual statements should be communicated by **Wednesday, 21 September 2005**, to: UNCTAD Editorial Section, Room E.8108, Fax No. 022 917 0056, Tel. No. 022 917 5656.

Chapter I

OPENING STATEMENTS

1. The **Deputy Secretary-General of UNCTAD** said that the documentation for the current session of the Working Party highlighted the components of the financial structure of UNCTAD's extrabudgetary resources and the thematic and geographical allocation of member States' contributions, as well as the implications of the São Paulo Consensus for technical cooperation activities. He hoped that the Working Party would agree on the introduction of a greater thematic concentration of trust funds around the four main areas of UNCTAD's work, as called for in UNCTAD's technical cooperation strategy adopted by the Trade and Development Board in 2003. That was necessary in order to avoid the fragmentation of trust funds among a variety of projects. Thanking bilateral and multilateral donors, he said that four elements would be pivotal in UNCTAD's technical cooperation in the forthcoming months and years: (a) the extent to which technical cooperation activities could shape the operationalization of the São Paulo Consensus; (b) the implications of the ongoing reforms of UN development operations; (c) the increased attention given to the concepts of ownership, sustainability and predictability of operations; and (d) the implications of the variety of providers of trade-related technical assistance from the point of view of quality, dispersion of scarce resources and coherence with the development strategies of beneficiary countries.

2. On agenda item 4, the in-depth evaluation this year concerned the training courses on "Key issues of the international economic agenda", mandated by paragraph 166 of the Bangkok Plan of Action. These courses had now covered all regions. The two main features of the in-depth evaluation exercise in UNCTAD were the independence of the external evaluation team, which had complete freedom on the substantive content of the evaluation and its recommendations, and the participatory approach, whereby in addition to a professional evaluator, two evaluators, one from a beneficiary and one from a donor country, participated in their personal capacity. He thanked the Government of Norway for its financial support for the evaluation. The evaluation team would present its report to the Working Party under its own responsibility, and the Working Party would make its judgment as to whether or not the secretariat should follow its recommendations. Another in-depth evaluation had just been conducted on the capacity building programme on issues in international investment agreements, and the results could be made available shortly to interested delegations.

3. The representative of the **Democratic Republic of the Congo**, speaking on behalf of the **Group of 77 and China**, said that the secretariat's report on technical cooperation carried out in 2004 showed the three main features of UNCTAD's extrabudgetary resources, which together determined the quality, quantity and scope of UNCTAD's technical cooperation activities. While he expressed the appreciation of his Group to all donors for their financial support, he felt that there was a need for reflection on the implications of individual and voluntary contributions. Such contributions had to ensure that assistance programmes responded fully to the needs of beneficiary countries. A right balance therefore needed to be found between the development plans and policies of beneficiary countries and the priority areas of donors' development assistance programmes. The predictability and availability of extra-budgetary resources were closely linked to that balance. A multi-year funding

mechanism focused on thematic priorities should be the basis for donors' decisions on allocation of funds. He noted with satisfaction that more than half of the technical assistance provided by UNCTAD was through interregional activities, and he hoped that donors would continue to provide support for such activities.

4. Three specific features of UNCTAD's technical assistance deserved the special attention of the Working Party. Firstly UNCTAD's assistance was deeply rooted in its research work and benefited from its deliberative activities. An enhanced interface between the three main functions of UNCTAD and a larger number of interdivisional technical assistance projects and programmes should be envisaged. The Technical Cooperation Service should assume an enhanced role with a view to ensuring coherence and coordination among all divisions of UNCTAD. Secondly, UNCTAD's technical assistance should continue to be flexible enough to respond to the changing needs arising from the evolving trade and development agenda, consistent with the São Paulo Consensus. Thirdly, assistance had to take into account the changes that were taking place in the UN system, including the current reform process, and in respect of country-intensive operations. It was important for UNCTAD to contribute to those debates and processes in order to nurture its rightful prominent role in development.

5. On agenda item 4, the programme on "Key issues of the international economic agenda" was the result of the strong wish of member States expressed at UNCTAD X, and he welcomed its positive impact on many developing countries, as well as on UNCTAD as an institution. His Group agreed with the general thrust of the evaluation report. The programme should be enhanced as a flagship activity of UNCTAD and must have a solid and predictable financial basis. Regional events and activities provided the best opportunity for increasing the number of beneficiaries of UNCTAD's technical assistance and for expanding South-South cooperation. The regional training courses should follow the current regional sequencing. The model of the Institute of Trade and Development established in Bangkok could be replicated in other regions. His Group supported the evaluation process in its current format, involving representatives of both donor and beneficiary countries in the evaluation team, and underlined the need to provide the necessary support for the evaluators and the secretariat for future evaluations.

6. The representative of **El Salvador**, speaking on behalf of the **Latin American and Caribbean Group**, said that the development needs of his region had differences as well as similarities with other developing regions, and UNCTAD technical assistance had to take this into account. Three main issues were very important for his region: first, the articulation between economic growth and social policies in a context of macroeconomic equilibrium; second, assistance for trade negotiations, particularly in light of the simultaneous negotiating processes taking place at the bilateral, regional and multilateral levels; and finally, operational activities regarding investment policies and competition policies.

7. On the evaluation of the courses on key issues of the international economic agenda, he recalled that his Group had taken the initiative at UNCTAD X with regard to creating such courses, and it welcomed the fact that the initiative had borne such fruits. The need to enhance the programme, as well as to make further improvements in its coordination with regional partners, was quite evident from the evaluation report, and his Group therefore strongly supported the recommendations contained in the report; their implementation should be followed up the next year. The evaluation

process in UNCTAD was contributing to maximizing the benefit from UNCTAD's technical cooperation for developing countries, and the process should be continued and further strengthened.

8. The representative of the **Philippines**, speaking on behalf of the **Asian Group and China**, said that, at the Working Party's forty-third session, his Group had identified seven points in the São Paulo Consensus to which it attached particular importance, namely: the role and relevance of UNCTAD's three pillars; strengthening UNCTAD's work on macroeconomic issues; mainstreaming the concept of policy space in the secretariat's substantive work; the need for continuing work on fostering greater coherence in the global economic system; broadening the scope of UNCTAD's work on debt and development financing; implementing the roadmap provided by the São Paulo Consensus on the multilateral trading system, including concepts such as development benchmarks, dynamic sectors, and the development dimension of the trading system; and addressing the special needs of transit developing countries. The current session of the Working Party provided an opportunity to address the implementation of these priorities and to examine how UNCTAD could contribute to ongoing multilateral processes, including the outcome of the sixtieth session of the General Assembly and its High-Level Plenary Meeting, as well as other important regional initiatives. UNCTAD could contribute in particular to the implementation of the results of the Asia-Pacific regional meeting on MDGs and the resulting Jakarta Declaration and of the New Asian-African Strategic Partnership.

9. The Working Party's session was the first major UNCTAD event under the new Secretary-General, and it would provide an opportunity to refine the relationship and synergies between UNCTAD and the WTO, particularly on key aspects of UNCTAD assistance such as the links between research, training activities, policy advice and field operations. It would also provide an opportunity to begin reflecting on next year's mid-term review in the follow-up to UNCTAD XI.

10. UNCTAD technical assistance projects must be demand-driven, owned by all participants, and based on balanced regional distribution, resources must be predictable, and the needs of countries with special concerns must be addressed, while at the same time UNCTAD must continue working to the benefit of all its members. He noted with satisfaction that 16.3 per cent of total expenditures in 2004 corresponded to assistance specifically provided to Asia and Pacific countries, and he welcomed the increase of the share of resources allocated to the LDCs.

11. On the evaluation of the programme on key issues of the international economic agenda, the experience in Asia with this programme had been generally positive, although the opportunities to participate had been somewhat limited. It would therefore be useful to consider ways to secure wider participation by increasing opportunities, and his Group therefore strongly supported the recommendation to improve the financial and budgetary basis of the programme.

12. The representative of **Egypt**, speaking on behalf of the **African Group**, said that UNCTAD's technical cooperation was instrumental in achieving the development objectives set in its members' national plans. He particularly valued the integrated vision of trade, development and related issues that UNCTAD analytical capacity could provide. The Working Party's session was an opportunity to identify new areas of UNCTAD operations in the context of the São Paulo Consensus. He particularly stressed the importance of UNCTAD's assistance aimed at enhancing the capacity of developing countries to participate meaningfully in multilateral economic

negotiations, especially in the area of trade. In that regard, UNCTAD should benefit from the increasing funding available to enhance the capacity of developing countries in multilateral trade negotiations, and make full use of the MOU signed with WTO. There were also many issues relating to development that were not yet part of the negotiating agenda of the WTO where UNCTAD could provide assistance, such as the interlinkages between trade, debt and finance, and between trade and the transfer of technology. These innovative themes needed to be included in UNCTAD's training activities. Moreover, UNCTAD should continue to provide support for the enhancement of South-South cooperation, including through the ongoing third round of GSTP negotiations and the new Asian-African Strategic Partnership.

13. The capacity of UNCTAD to deliver country projects must be strengthened through increased cooperation with agencies that had permanent presence in developing countries, so as to ensure that UNCTAD's expertise on trade and development contributed effectively to overall national plans. He hoped to see new initiatives designed to enlarge the impact of UNCTAD assistance at the country and regional level, in cooperation with other organizations.

14. He stressed the need to ensure equitable distribution of technical cooperation activities, with particular attention given to Africa. While the volume of technical assistance provided to Africa in 2004 had increased, its level was not commensurate with the needs of the continent, and he urged donors to further intensify their generous support. He greatly valued country-level assistance in areas such as customs reforms, debt management, and trade- and investment-related technical assistance. He called upon donors to provide adequate funding to allow the secretariat to further intensify activities in the area of insurance.

15. On the evaluation of courses on key issues of the international economic agenda, he regretted that the implementation of the regional courses scheduled for 2005 for the Arab States and African countries had not materialized due to lack of funding. He hoped to see a more solid financial basis for the programme, with due regard to the need to finance the participation of LDCs, and trusted that priority would be given to organizing courses for the regions concerned in the next cycle of the programme. The African Group supported the recommendations of the evaluation report in general, and in particular the recommendation to improve financial and budgetary planning, as well as to strengthen the evaluation process.

16. The representative of **Benin**, speaking on behalf of the **least developed countries**, noted with satisfaction that more than half of UNCTAD operations were implemented at the interregional level, thus allowing all developing countries to benefit from UNCTAD's support. He called upon donors to continue to support interregional activities, and stressed the importance of continuing to give particular attention to assistance for LDCs. Without voluntary contributions, which constituted 80 per cent of total technical cooperation resources, UNCTAD's activities would be very limited. He thanked donors and appealed to them to further strengthen their contributions.

17. A balanced approach should be maintained between UNCTAD's analytical and operational work. In that respect a close link should be kept between research and technical cooperation activities in order to avoid dispersion in the allocation of resources in favour of LDCs. Particular attention should be given to coordinating analytical work and to redefining the distribution of tasks with regard to the assistance provided to LDCs by the various Divisions of UNCTAD. Finally, the objective was

to ensure adequate financial support and sustainability for those activities that represented value added for LDCs.

18. The representative of **Japan** said that technical cooperation was one of the three main functions of UNCTAD and that it was important to have a strategic review of technical cooperation activities in light of the São Paulo Consensus, keeping in mind the interests of all partners involved. On agenda item 4, she stressed the importance that her delegation attached to evaluation, and in fact her Government had financed UNCTAD evaluations in the past. Evaluation would allow UNCTAD to extend technical cooperation most effectively within the framework of its limited resources, and the unit responsible for evaluation in UNCTAD should be properly strengthened.

19. The representative of **Pakistan** said that UNCTAD's technical cooperation was distinct from the technical cooperation provided by other agencies, as it was descriptive rather than prescriptive, covering a range of trade and development issues based on the analytical work undertaken by the organization. He stressed the need for demand-driven as opposed to donor-driven activities to ensure that UNCTAD continued addressing the challenges facing developing countries, as in the past four decades. The three pillars of UNCTAD's work should be geared towards assisting developing countries in the current context of increasing oil prices. He also considered it important, from his experience in the evaluation process, for UNCTAD to enhance the visibility of its technical cooperation programmes to an extent commensurate with their value and achievements. UNCTAD's operational work would be needed to enable developing countries to deal with other international financial and development organizations in the context of global economic governance.

20. The representative of **Switzerland** commended the secretariat for the presentation of the documentation on technical cooperation. He particularly stressed the priority given to LDCs, South-South cooperation, country projects and enhanced inter-divisional and inter-agency cooperation. He noted with satisfaction that the provisions of the technical cooperation strategy were in conformity with the priorities set out by the São Paulo Consensus. He welcomed the increase in resources available for technical cooperation and noted that the focus on interregional projects was not in contradiction with the need for tailor-made activities at the country level. His delegation sought further information on the evolution of interregional activities as opposed to country projects. He noted with satisfaction the increased integration between the three main pillars of UNCTAD's activities and called for further coordination efforts between providers of trade-related technical cooperation. Finally, he requested further improvements in the presentation of the programme-by-programme review regarding the objectives of individual projects.

21. Activities undertaken in the context of the implementation of paragraph 166 of the Bangkok Plan of Action represented a good example of interaction between research and operational work. In that respect he underlined the need to strengthen the role of the Advisory Body established to oversee the implementation of paragraph 166. Concerning the evaluation of paragraph 166 courses, the programme was an excellent example of internal coordination within the secretariat, and it thereby reflected the comparative advantage of UNCTAD – the integrated treatment of development issues across different sectoral areas – and offered an innovative and unique product. The efforts made by the secretariat to constantly improve the programme should also be commended. The follow up to the evaluation was now important.

22. The representative of **Indonesia** associated himself with the statements made on behalf of the Group of 77 and China and on behalf of the Asian Group and China.

23. The representative of **Cuba** recalled the importance attached by UNCTAD XI to technical cooperation as one of the main activities of UNCTAD. She expressed concern about the trend towards bilateralism and about the low level of assistance directed to her region. In order to be effective, assistance should be demand-driven. Activities should be prioritized and be consistent with the specific requirements of countries and regions. She called for a focus on new sectors, and she appealed for adequate resources to be devoted to work in the area of creative industries. Adequate resources should also be made available for the continuation of the activities related to the implementation of paragraph 166 of the Bangkok Plan of Action. She expressed satisfaction with the evaluation of courses on key issues of the international economic agenda, since her country, having recently hosted a regional seminar, knew the theoretical and practical insights the programme had given to participating trainees. She agreed with the recommendation on the need for a predictable financial basis for the programme, and urged the Working Party to adopt the recommendations made in the evaluation report.

24. The representative of **Ethiopia** commended UNCTAD for its technical assistance programmes; his country had benefited greatly from these activities and looked forward to enhanced cooperation. UNCTAD should further intensify its activities within its mandate, in particular its activities directed towards the huge task of assisting African countries and LDCs. In that context, he welcomed the increased allocation of resources to LDCs and requested donors to intensify their efforts in this regard.

25. The representative of **Honduras** called for a balanced distribution of technical cooperation resources. He stressed the importance of capacity building activities through the implementation of paragraph 166 of the Bangkok Plan of Action, as well as through UNCTAD's Virtual Institute. He also drew attention to the need to put the concept of policy space into operation. UNCTAD's work should be supportive of development goals, taking into account commitments undertaken by member States. He expressed appreciation to the evaluation team and the secretariat for the evaluation report, and underscored that evaluation was an important tool to help UNCTAD to do its work properly and effectively.

26. The representative of **Sudan** called for further financial contributions for UNCTAD's technical cooperation and expressed the wish to be kept informed of available resources that could benefit his country.

27. The representative of **Senegal** expressed appreciation for the inclusion of two important projects in the next tranche of the Development Account, i.e. developing local capacities for growth towards attaining the MDGs in Africa, and enhancing national capacities through the Virtual Institute university network. He also stressed the importance of the work undertaken by UNCTAD in the field of insurance, and urged that adequate human and financial resources be made available in that area.

28. The representative of **Brazil** expressed support for activities in the area of creative industries.

29. The representative of **Norway** noted that the financial resources available for technical assistance had remained stable in 2004; that reflected the confidence of member States in UNCTAD's technical cooperation activities. While he welcomed the

increased share of LDCs in overall UNCTAD expenditures, he felt that this share should increase further to reach 40 per cent. UNCTAD could benefit from increased coordination and harmonization in the implementation of its technical cooperation activities, in particular by reducing the number of small projects and adopting broader and thematically oriented trust funds.

Chapter II

ORGANIZATIONAL MATTERS

A. Election of officers

(Agenda item 1)

30. At its 169th plenary meeting, on 12 September 2005, the Working Party elected Mr. Dmitri Godunov (Russian Federation) as its Chairperson and Mr. El Mostafa Ait Amor (Morocco) as its Vice-Chairperson-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

31. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/180). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the technical cooperation activities of UNCTAD and their financing
4. Evaluation of technical cooperation activities
 - In-depth evaluation of the training courses on key issues on the international economic agenda
5. Provisional agenda for the forty-sixth session of the Working Party
6. Other business
7. Adoption of the report of the Working Party to the Trade and Development Board