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and the Programme Budget  
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Agenda item 7

**DRAFT REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM  
PLAN AND THE PROGRAMME BUDGET ON ITS FORTY-SEVENTH  
SESSION**

Held at the Palais des Nations, Geneva, from 11 to 15 September 2006

**Rapporteur: Ms. Fatima Majzoub El Majzoub (Venezuela)**

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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, 20 September 2006** to: UNCTAD Editorial Section, Room E.8106, fax no. 022 917 0056, tel. no. 022 917 1437.

## Chapter I

### OPENING STATEMENTS

1. The **Deputy Secretary-General of UNCTAD** outlined the purposes of the annual review of UNCTAD's technical cooperation activities and their interface with secretariat research and analytical work and the work of intergovernmental machinery. UNCTAD technical cooperation was shaped by triangular dynamics that involved beneficiaries, donors and the secretariat. The current review was of particular importance in the light of the Mid-term Review on UNCTAD XI and the UN-wide reform process. The secretariat had taken steps to strengthen the management of UNCTAD's operational activities, but the main source of concern remained the unpredictability of resources. The deliberations of the Working Party, the results of the Mid-term Review, and the outcome of the work of the Coherence Panel of the Secretary-General of the United Nations should enable the UNCTAD secretariat to draw up guidelines for the overall orientation and management of UNCTAD's technical cooperation. It was in UNCTAD's long-term interest to ensure that the concerns of its traditional donors were addressed so that they maintained their leading position in funding UNCTAD technical cooperation activities. Effective management of technical cooperation resources required a simplification of their structure; multi-year and multi-donor instruments, thematic clustering and coherence, and predictability of resources would all be necessary to ensure efficiency.
2. With regard to agenda item 4, he thanked the external evaluation team, as well as the Government of Norway for its generous financial support for the evaluation. The in-depth evaluation would be followed by a progress report on the implementation of the recommendations from the previous year's evaluation of courses conducted in furtherance of paragraph 166 of the Bangkok Plan of Action in order for the Working Party to see whether that programme had been moving in the right direction.
3. Three more activities had been evaluated since the previous year's Working Party session on technical cooperation: the Joint Integrated Technical Assistance Programme (JITAP), conducted jointly by the three executing agencies—WTO, ITC and UNCTAD; the Advisory Services on Investment and Training, financed through the Quick Response Window Trust Fund; and two country programmes (Lao People's Democratic Republic and Cambodia) under the TrainForTrade programme. These evaluations had been conducted in accordance with the terms of the respective project agreements, and the results would be submitted to those who were party to those agreements.
4. With regard to Aid for Trade, UNCTAD was totally prepared to play its role in that connection. However, it would require member States' support in the process.
5. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, said that the current session of the Working Party was taking place at a critical time when UNCTAD's future as the principal organization within the United Nations system for the integrated treatment of trade and development and other related areas of investment, finance, and technology was under discussion. Her Group believed that the intergovernmental machinery of UNCTAD had the singular competence and authority to ensure that the work of each of the three pillars of UNCTAD, namely research and analysis, consensus building and technical cooperation, was carried out strictly in accordance with UNCTAD's mandate. Technical cooperation activities of UNCTAD must be firmly anchored in research and analytical work and consensus building.

6. As the main beneficiary of UNCTAD technical assistance programmes, her Group wished to emphasize the importance of their being development-focused and demand-driven. Predictability of funding, transparency, efficiency and independence were the essential elements in that respect.

7. She noted with satisfaction the 30 per cent increase in contributions to UNCTAD trust funds. Her Group was encouraged that contributions by developing countries made up for the major part of that increase. That signified the trust of donors in UNCTAD's work. In conclusion, she drew attention to what had been agreed at the second part of the Mid-term Review on UNCTAD XI for enhancing the efficiency of UNCTAD's technical cooperation.

8. The representative of **Argentina**, speaking on behalf of the **Latin American and Caribbean Group**, said that technical cooperation had to be based on demand-driven, coherent and geographically balanced delivery. His Group had significant needs and expectations in terms of UNCTAD assistance, and the secretariat should take into account the main interests and concerns of the region when implementing its activities. Reaffirming his Group's support for the UNCTAD technical cooperation Strategy adopted by the Board, he particularly emphasized the need for equitable distribution, a clear focus on developing endogenous capacity in developing countries, the establishment of a multi-year and multi-donor structure for voluntary contributions, the identification of thematic priorities, and more interdivisional operations. He expressed his concern over the small share of his Group in overall UNCTAD operational activities, which was in contrast with the sharp increase in voluntary contributions, and hoped that resources would henceforth be allocated on a more equitable geographical basis.

9. His Group had a great interest in interregional projects and hoped that their role would be preserved. Technical cooperation activities of UNCTAD should take due consideration of the development of the region and in particular its experience in the areas of regional and subregional integration and South-South cooperation. In that connection, he noted with appreciation the secretariat's initiative in implementing the ALADI-UNCTAD work programme. Areas of special interest to the region included: energy, biotrade, competition policies, trade and services, investment policies, creative industries, support for SMEs, and science and technology and innovation policies. He reiterated the importance his Group attached to the training courses implemented in the framework of paragraph 166 of the Bangkok Plan of Action and called on donors to provide resources for the continuation of these courses. The previous year's evaluation of the courses had concluded that they were one of the most useful of UNCTAD's capacity development activities and had recommended that predictable funding for the courses be secured through the regular budget. Assistance provided by the Virtual Institute deserved further attention because of its multiplier effect in enhancing the endogenous and sustainable capacity of developing countries.

10. The deliberations of the Working Party and subsequently the Trade and Development Board should provide an opportunity to clarify the role to be played by UNCTAD with respect to the Aid for Trade process. It was difficult to envisage the implementation of the initiative without a clear role for UNCTAD.

11. The representative of **Angola**, speaking on behalf of the **African Group**, recalled that UNCTAD technical cooperation represented crucial value-added in the implementation and achievement of development objectives set by national strategic plans of African countries. His Group continued to attach importance to UNCTAD's assistance aimed at enhancing the capacity of developing countries to participate in trade- and investment-related negotiations. The importance of South-South economic flows and the proliferation of regional, subregional

and bilateral agreements should be reflected in the allocation of resources for technical cooperation. It was satisfying to note that delivery of technical assistance to Africa had increased in 2005 as compared with previous years, but the level of assistance was nevertheless not commensurate with the needs of the continent. He urged Africa's development partners to further intensify their support with a view to enabling UNCTAD to expand its capacity building activities in Africa and its support for African subregional and regional processes.

12. With regard to agenda item 4, his Group highly valued the evaluation programme of UNCTAD, and it welcomed the fact that three more evaluations had been conducted. Finally, he stressed the importance of the paragraph 166 courses and strongly urged the secretariat and donors to ensure a predictable financial basis for the programme. He welcomed the increased academic assistance being provided to Africa through the Virtual Institute; the Institute was a good example of how UNCTAD's analytical inputs could be disseminated in developing countries, in line with the target of enhancing local academic capacities. He called for other donors to support this promising programme.

13. The representative of **Finland** said that UNCTAD had received a substantial part of Finnish trade-related cooperation aid over the past few years. UNCTAD's past history of success, the yearly evaluations and the process of reform were important factors in ensuring the continuity of such support. He noted with satisfaction the increase in contributions from developing countries and the European Union, as well as the increased attention devoted to customization of UNCTAD's knowledge in order to adapt its research to specific national and regional needs. He also welcomed the efforts being made towards increased interdivisional coordination. Finally, he noted the increase in the share of LDCs in total delivery of UNCTAD technical cooperation and hoped that this trend would continue.

14. The representative of **Switzerland** said that the 30 per cent increase in the level of contributions for UNCTAD technical cooperation confirmed the relevance of UNCTAD's programmes, in particular in the areas of ASYCUDA, DMFAS and transport, and UNCTAD should identify the factors that contributed to the success of these programmes. UNCTAD should continue to increase its technical cooperation activities at the national level to ensure its impact, but he had some doubts about the large proportion of UNCTAD technical cooperation activities channeled through interregional projects, since that approach seemed to contradict the objective of meeting the specific needs of beneficiary countries. An evaluation should be undertaken to determine the impact of such projects. While he expressed interest in the idea of establishing further multi-donor projects, he underlined the complexity of its implementation. Particular attention should be given to the human resources devoted to technical cooperation at the divisional level.

15. The representative of the **Russian Federation** said that UNCTAD had always provided high-quality technical assistance to his country, in particular in the context of its accession to WTO. He valued the training courses provided by UNCTAD, including the forthcoming course to be held in implementation of paragraph 166 of the Bangkok Plan of Action. He called for a continuation of UNCTAD activities in this area, with due regard being given to equitable geographical distribution. UNCTAD should intensify its activities in the areas of investment, customs modernization, information and communication technologies, SMEs and the Virtual Institute.

16. The representative of the **Islamic Republic of Iran** said that technical cooperation should be seen in the context of UNCTAD's role as the UN focal point for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology,

investment and sustainable development. UNCTAD's technical cooperation should cover all areas of its mandate, and it should be linked more closely to the other two pillars of UNCTAD's work. It should also be demand-driven and focus on the priorities of developing countries. The increase in financial contributions was a positive indication of the quality of the activities delivered by UNCTAD, but funding arrangements would nevertheless have to be strengthened further in order to ensure continuity and predictability. In his view, however, the fragmented nature of funding arrangements responded to the need to provide flexible support tailored to the needs of developing countries. He welcomed evaluations, since they ensured that the priorities of beneficiaries were met and also strengthened accountability.

17. The representative of **Belarus** stressed the importance of UNCTAD technical cooperation and its unique potential to offer assistance to economies in transition. UNCTAD was a key organization within the UN system in terms of helping economies in transition to integrate into the world economy. He expressed concern at the low level of assistance provided by UNCTAD to the European region, which included countries with economies in transition, some of them with very low economic indicators. Finally, evaluations would help ensure assistance was more effective.

18. The representative of **Norway** said that, as the largest contributor to UNCTAD's operational activities, his country was particularly interested in the management of UNCTAD's extrabudgetary resources. He welcomed the establishment of an interdivisional review committee to monitor technical cooperation activities and hoped this would help enhance the efficiency and impact of those activities. In particular, it should provide more coherence and streamline funding arrangements, as well reducing the problems associated with the fragmentation of projects. At its current session, the Working Party had a unique opportunity to enhance UNCTAD's relevance as a provider of trade-related technical assistance. With regard to the Aid for Trade initiative, his country would be willing to help secure a role for UNCTAD in the process. His delegation was encouraged by the increased contributions from developing countries to UNCTAD trust funds, which reflected the high priority countries attached to the programmes in question.

19. The representative of the **African Union** noted with satisfaction the increased contributions from donors, including developing countries, and the particular efforts being made in favour of the African region. He hoped that contributions would be further increased to respond to the needs of the African continent and that Africa could benefit from the Aid for Trade initiative.

20. The representative of **Italy** welcomed the increased contributions from developing countries. He looked forward to receiving information regarding the reduction of the number of projects and ways to reduce fragmentation. He hoped to see a greater role for UNCTAD in the Aid for Trade initiative and in the revamped Integrated Framework.

21. The **Deputy Secretary-General of UNCTAD** welcomed the broad support expressed by both developed and developing countries for UNCTAD participation in the Aid for Trade initiative. With regard to funding arrangements, member States might wish to consider the establishment of single thematic funds. He also took note of the importance attached by member States to customization of projects.

## **Chapter II**

### **ORGANIZATIONAL MATTERS**

#### **A. Election of officers**

(Agenda item 1)

22. At its opening plenary meeting, on 11 September 2006, the Working Party elected Mr. Naïm Akibou (Benin) as its Chairperson and Ms. Fatima Majzoub El Majzoub (Venezuela) as its Vice-Chairperson-cum-Rapporteur.

#### **B. Adoption of the agenda and organization of work**

(Agenda item 2)

23. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/187). 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 technical cooperation programme on accession to WTO
5. Provisional agenda for the forty-eighth session of the Working Party
6. Other business
7. Adoption of the report of the Working Party to the Trade and Development Board

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