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## Trade and Development Board

### Working Party on the Medium-term Plan and the Programme Budget

Forty-eighth (resumed) session

Geneva, 9–11 July 2007

## Draft report of the Working Party on the Medium-term Plan and the Programme Budget on its forty-eighth (resumed) session

Held at the Palais des Nations, Geneva, from 9 to 11 July 2007

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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, 18 July 2007 to: UNCTAD Editorial Section, Room E.8106, fax no. 022 917 0056, tel. no. 022 917 1437.

## II. Review of the work programme: Draft programme budget for the biennium 2008–2009

### Opening statements

1. The **Director of the Division on International Trade in Goods and Services, and Commodities**, speaking on behalf of the Secretary-General of UNCTAD, introduced Section 12 of the proposed programme budget for the biennium 2008–2009, as proposed by the United Nations Secretary-General. That section covered the regular work programme of UNCTAD, including those activities funded through extrabudgetary funds. She reported that all suggestions proposed by the working party in January were accepted by the United Nations Secretary-General in New York and were reflected in the current document. She outlined how the proposed programme budget was based on the mandates provided at UNCTAD XI and sought to emphasize issues that were especially relevant to member States in the current global context. These included South–South cooperation; the development dimension of intellectual property; the transfer and diffusion of technology; the use of bioresources; the integration of commodity-sector issues into national, regional and international development strategies; and non-tariff barriers. In addition, the budget addressed issues and concepts that arose in recent intergovernmental debates, as well as the work to be performed in following up on the World Summit on the Information Society (WSIS). She noted that UNCTAD XII would have implications on the work of the organization and accordingly, after the conference, the working party would have an opportunity to make adjustments to the programme of work.

2. She said that the proposed resource level of about \$117.3 million would allow UNCTAD to fully, efficiently and effectively implement all programmed activities. The 0.2 per cent increase in the budget over the current biennium was primarily attributable to the proposed establishment of a new P-3 post to strengthen the Investment Policy Review programme. The budget reflected the movement of the subprogramme on Development of Africa from subprogramme 1 to 5, and its further strengthening with an additional post from Programme Support. The budget also incorporated several internal realignments.

3. She flagged the proposed move of the section on Science and Technology from the Division on Investment, Technology and Enterprise Development to the Division for Services Infrastructure for Development and Trade Efficiency, which would consolidate all of UNCTAD's core activities on science and technology, including information and communication technologies. This proposal was based on a recommendation of the UNCTAD Science and Technology Board, which concluded that this proposed move could raise the visibility of UNCTAD's work in this area, enable a more comprehensive and integrated treatment of science and technology issues, and build synergy and coherence among the UNCTAD teams involved in WSIS implementation and follow-up. Furthermore, this move would respond to the requests of the Economic and Social Council for effective and adequate support of the Commission on Science and Technology for Development secretariat and for strengthening the role of UNCTAD as science and technology focal point within the United Nations system.

4. With regard to non-post resources, the resource level was largely unchanged, but incorporated a slight increase in expenditure on the travel of representatives for the expanded membership of the Commission on Science and Technology for Development. With regard to extrabudgetary resources, an approximate 10 per cent

decline from the current biennium was projected. However, the representative said that this decline must be viewed in the context of the 20 per cent increase in the current biennium, and thus brought the level back in line with the long-term trend. Current projections suggested that extrabudgetary funding represented around one third of total resources available to UNCTAD.

5. With regard to the financing of experts to attend UNCTAD expert meetings, she said that no sustainable funding method had been identified to date, as no consensus had been reached on the use of regular budget resources, and contributions to the trust fund set up for this purpose had been inadequate to meet the requirements. She proposed that this matter be discussed within the framework of preparations for UNCTAD XII in order to identify a permanent solution to this problem.

6. The representative of **Honduras**, speaking on behalf of the **Group of 77 and China**, expressed the wish of his group to focus its review on the relationship between the programme elements and resource allocations, since the programmatic review had already been undertaken in January. The representative noted with regret that no sustainable method for the financing of experts from developing countries had yet been identified. He stated that the present 0.2 per cent increase in the budget did not recover the \$2 million decrease in the budget of the current biennium from the 2004–2005 budget. In his view, this did not augur positively for UNCTAD, particularly in the light of an outcome from the mid-term review that called for a strengthening of UNCTAD's three pillars of work. He cautioned that the decline in temporary posts financed by extrabudgetary resources should not impose a substantial administrative burden to regular budget posts, particularly those pertaining to research and analysis. He noted with appreciation that the present draft budget did not contain major deviations from the programme of work which the working party reviewed in January.

7. The representative noted that the research and policy analysis activities of subprogramme 1 were an integral part of UNCTAD's mandate and, consequently, its work. Indeed, the mid-term review in 2006 placed particular emphasis on this pillar of work. He was pleased to see that the issue of policy space, to which the Group of 77 attached great importance, continued to be reflected in UNCTAD's programme of work. In addition, activities to help developing countries cope with emerging challenges were also properly reflected. His group noted with satisfaction that, after the conference, subprogramme 1 planned follow-up actions on financing for development, consistent with UNCTAD's mandates. His group expected the programme to continue in this direction in order to further reinforce UNCTAD's three pillars. For these reasons, the group wanted to see this programme supported.

8. On South–South cooperation, the representative stated that developing countries from the South hoped to receive strong support from UNCTAD through its facilitation of cooperation and institutional support from countries in the North to those in the South. However, he added that UNCTAD was a universal forum and, as such, South–South cooperation should not replace North–South cooperation. The group saw a need for a strengthened mandate from UNCTAD XII to support requests to the General Assembly of a revised, increased budget for UNCTAD.

9. The representative of **Brazil**, speaking on behalf of the **Latin American and Caribbean Group**, endorsed the statement of the representative of the Group of 77 and China. He asked to what extent the outcomes of the working party meeting in

January had been implemented. To this end, he welcomed the timely dissemination of sessional documents, the informal briefings organized by the secretariat and the provision of information of the type of funding for activities, as agreed at the January session of the working party. However, he noted that improved information on performance measurements was needed to enhance their transparency and quality, and reiterated a request for elaboration of the methodologies for determining the performance indicators. Also, he indicated that it would have been useful to have qualitative information on outcomes achieved.

10. The representative asked how the possible outcomes of UNCTAD XII had been included in the draft programme budget. He cautioned that the present forecasting of resources should not prejudice the outcomes of the conference, and said that, instead, these forecasts should be flexible enough to adapt the budget to the outcomes. He also asked if the marginal increase in the budget would allow UNCTAD to both adequately shoulder the costs of the conference and also to implement its outcomes.

11. The representative added that the group would have liked to have seen the paragraph 166 courses carried out as planned on an annual, rather than biennial, basis in Latin American and Caribbean countries. The group called for the strengthening of subprogrammes 2 and 3. On subprogramme 2, he noted the importance of interregional programmes with respect to activities pertaining to capacity-building in small to medium-sized enterprises, EMPRETEC, science and technology, investment policies, competition policy and consumer protection. Other areas his group wished to see strengthened included the promotion of organic agriculture, biotrade and biofuel; the analysis of the impact of foreign direct investment on development; development of entrepreneurship in the small business sector; development of linkages with small and medium-sized enterprises with transnational enterprises; enhancement of competitiveness through the use of information and communication technologies; and the diversification of economies and the training of governmental officials in trade negotiations, including trade in agricultural products. He also called for better support for the academic sector.

12. He noted with appreciation that some activities in the 2008–2009 budget could be seen to support paragraph 33 of the São Paulo consensus. The group urged that UNCTAD strategies and the composition of the secretariat reflect geographical balance, and sought further information on staff recruitment processes within UNCTAD, particularly with respect to the recruitment of personnel from unrepresented or under-represented countries. Finally, he suggested that regular budget resources present the solution for the funding of experts from developing countries to UNCTAD expert meetings.

13. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, noted that the theme and sub-themes of UNCTAD XII were clear indications for establishing a comprehensive mandate for UNCTAD. He expressed concern that the marginal increase in the regular budget and sharp decline in its extrabudgetary resources would not allow UNCTAD to meet its mandates, and was not in line with an outcome of the mid-term review to strengthen UNCTAD's three pillars. Furthermore, he expressed concern that the disproportionate decrease of temporary posts financed through extrabudgetary resources might pose an administrative and substantive burden to the regular budget posts, particularly those related to research and analysis.

14. The Asian Group considered the following issues important in the fields of globalization and interdependence: mainstreaming the concept of policy space; promoting economic good governance at the international level and enhancing coherence among trade, financial and monetary systems and arrangements; debt and development financing; and addressing the global imbalances which could have an adverse impact on the international economy. The group requested the secretariat to ensure that the move from subprogramme 1 to subprogramme 5 of the programme on the Development of Africa would not have any adverse impact on the resources and activities of subprogramme 1.

15. The Asian Group attached great importance to the development impact of the investment, science and technology, and enterprise development activities of subprogramme 2. The group hoped that the expected resources would be realized for the subprogramme in order to facilitate its undertakings.

16. The Asian Group emphasized the need to ensure the development dimensions of the trade-related activities proposed by subprogramme 3. The group's representative expressed concern that the decline in extrabudgetary resources of this subprogramme would adversely affect its capacity-building activities, and urged that actions be explored to mitigate the impact of this decline.

17. The representative of the Asian Group attached great importance to the activities undertaken by subprogramme 4. He noted that this subprogramme had addressed some of the needs and interests of the Asian countries, especially in the area of transport. He said it also addressed the concerns of landlocked and transit developing countries. The group was concerned that the decline of the financial and human resources of the subprogramme would have an adverse impact on the relevant activities and projects for Asian countries, and urged that actions be explored to mitigate the impact of this decline.

18. The Asian Group emphasized the importance of institutional and financial support from various sources for South-South cooperation. It encouraged strong support from UNCTAD for South-South cooperation and also in facilitating and promoting cooperation from the North. The group was concerned about making South-South cooperation a cross-cutting issue in UNCTAD, and stressed that, in a universal forum such as UNCTAD, it should be seen as complementary to North-South cooperation. The representative stated that there was a need to find an immediate, sustainable and permanent solution for the financing of experts from developing countries to participate in the various expert meetings and activities of UNCTAD, to ensure meaningful and development-oriented outcomes from these initiatives. The group urged the secretariat to fully consider the specific needs of landlocked and transit developing countries, least developed countries and small island developing States within the revamped configuration of subprogramme 5.

19. The representative of **Portugal**, speaking on behalf of the **European Union**, reiterated the Asian Group's concern about the separate consideration by the working party of UNCTAD's programme plan and the corresponding financial implications. The European Union welcomed the 0.2 per cent increase of the regular budget and expressed confidence that the secretariat would allocate the additional resources effectively for the preparation of UNCTAD XII. The European Union further stressed the importance of equitable geographical distribution of UNCTAD activities in order to optimize its resource use.

20. He noted with appreciation the provision of detailed information on the distribution of posts. However, he noted that information on the expected results, timelines and beneficiaries of specific activities was not easily extracted from the budget fascicle. The European Union noted with regret that, despite an Agreed Conclusion to this effect from the working party meeting in January, the indicators of achievement had not been adjusted to more effectively measure the results of UNCTAD's work. Also, the representative reiterated a request for an overview of interdivisional cooperation on cross-cutting themes. In view of these matters, the European Union stressed the importance of respecting previous agreed outcomes, as stated in paragraph 9 of the Agreed Conclusions of TD/B/WP/193.

21. The European Union emphasized that the working party should not anticipate major substantive outcomes of UNCTAD XII, including those related to the Report of the Panel of Eminent Persons, and noted that the budget might need to be revised after the conference.

22. The representative of **Belarus** supported the modest increase in the budget and urged the secretariat to ensure the equitable geographical distribution of its resources, not only to developing countries, but also to transitional economies, as agreed by the working party in January.

23. The representative of **Zimbabwe** noted that the African Group had previously outlined the issues of particular importance to Africa and wanted the secretariat to ensure that those issues were reflected in the current budget.

24. The representative of **Bangladesh** noted his country's particular interest in subprogramme 5B.

## **II. Organizational matters**

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

(Agenda item 1)

25. At its opening plenary meeting, on 29 January 2007, the Working Party elected Mr. Christophe Guilhou (France) as its Chairperson and Mr. Mohammad Ali Zarie Zare (Islamic Republic of Iran) as its Vice-Chairperson-cum-Rapporteur.

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

(Agenda item 2)

26. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/192). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the work programme: Draft programme budget for the biennium 2008–2009
4. Provisional agenda for the forty-ninth session of the Working Party
5. Other business
6. Adoption of the report of the Working Party to the Trade and Development Board

**C. Adoption of the report of the Working Party to the Trade and Development Board**

27. At its closing meeting, on 31 January 2007, the Working Party adopted its draft report, subject to amendments to summaries of statements, and authorized the Rapporteur to finalize the report.

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