



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/WP/L.85
20 January 1999

Original : ENGLISH

TRADE AND DEVELOPMENT BOARD
Working Party on the Medium-term Plan
and the Programme Budget
Thirty-third session
Geneva, 25 January 1999
Item 4 of the provisional agenda

REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES
OF UNCTAD AND THEIR FINANCING

Financial sustainability of selected technical cooperation programmes

**Agreed conclusions submitted by the Chairman of the
thirty-second session of the Working Party ***

In accordance with paragraph 13 of decision 455 (XLV) of the Trade and Development Board, the Working Party reviewed proposals for partial cost recovery for selected UNCTAD technical cooperation programmes (ACIS, ASYUDA and DMFAS) and reached the following conclusions:

1. It recalled that in "A Partnership for Growth and Development", adopted at UNCTAD IX, the secretariat was "requested to explore means to make [various] programmes financially self-sustainable". The Board, in its decision 444 (XLIV) requested the secretariat, in the light of its proposals in this regard, to report to the thirty-third session of the Working Party with "details of alternative cost-recovery options which might be applied, as well as the possibility of special arrangements for least developed countries". In its mid-term review of the implementation of "A Partnership for Growth and Development", the Board at its eighteenth executive session agreed that cost recovery should be examined for certain technical cooperation programmes involving updating, maintenance and continuing servicing, account being taken of the situation of the least developed countries and low-income countries.

* Agreed at the informal consultations (14-15 January 1999) of the Chairman of the Working Party at its thirty-second session.

2. The ACIS, ASYCUDA and DMFAS programmes provide management information systems for cargo tracking, customs administration and debt management, respectively, together with associated advice, training and ongoing maintenance support from the secretariat. Members of the Working Party agreed that each of the three programmes make a valuable and essential contribution towards enhancing institutional capacities and generating economic and financial benefits in developing countries and in countries with economies in transition. They noted the large number of new requests from member States for technical cooperation in those areas. Given that demand, and the fact that existing users are requesting continuous support from the UNCTAD secretariat in post-project use and maintenance, the Working Party agreed that appropriate arrangements to ensure the programmes' financial sustainability were necessary.

3. Each programme is managed by a central support team linked to the related analytical work of the secretariat. The functions of each team include: software development; post-installation maintenance and hotline service to users; training; and general programme management. As a major undertaking, the teams prepare, negotiate and backstop the implementation of country-specific or regional technical cooperation projects that install the software and provide the related advice and training.

4. Members of the Working Party were concerned at the precarious financial situation facing each of the central support teams: that situation has arisen in part from a lack of capacity to meet the continued growth in demand for all the services of each programme and in part from constraints on the existing sources of funding for the programmes.

5. The Working Party agreed that the financial sustainability of the three programmes will be based on: (i) programme budget resources; (ii) programme support resources; (iii) extrabudgetary resources from donors; and (iv) annual maintenance fees.¹

6. The Working Party also agreed that the precise arrangements for annual maintenance fees require further consideration, prior to their introduction. To this end, the Working Party requested the secretariat to refine the calculations on which the level of maintenance fees would be based, by undertaking, on a pilot basis, cost accounting for each programme, in order to assess the actual level and composition of central costs incurred by the secretariat, including in the provision of maintenance services. The results of that exercise should be communicated to the twenty-first executive session of the Trade and Development Board in June 1999, in order to arrive at an early decision on the matter.

¹ i.e. contributions by beneficiaries to the actual cost of maintenance services provided by the central teams, in accordance with the provisions of para.6.

7. The Working Party requested the Secretary-General of UNCTAD to provide to the Trade and Development Board at the same time: (i) an evaluation of possibilities for increasing the budgetary resources allocated to these programmes, including the financing of additional staff members; and (ii) information on the percentage of programme support resources that will be allocated to these programmes.

8. The Working Party agreed that it should review arrangements for annual maintenance fees three years after their introduction. On the basis of the results achieved after the first year of implementation, the possibility of any exemption from the system could be taken up by the Working Party. The Working Party also agreed that such arrangements should not create any precedent for other technical cooperation activities of UNCTAD.

9. The Working Party expressed its appreciation to those donors which had supported the central support teams. It appealed to them to continue such support and invited other potential donors to consider providing similar support.

10. The Working Party noted that developing countries already contribute to technical cooperation projects involving the installation of the software and associated advice and training. Some countries are borrowing from the international financial institutions for this purpose. It noted that least developed countries, given their precarious financial situation, may find it difficult to finance the cost of maintenance fees. It also noted that other countries with structurally weak and vulnerable economies may face a similar situation in this regard. The Working Party therefore agreed that the partial cost recovery contributions on behalf of such countries could be made by donors invited to do so.