

## **Trade and Development Board**

### **Working Party on the Strategic Framework and the Programme Budget**

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Evaluation of UNCTAD activities: an in-depth external  
evaluation of UNCTAD's commodities programme

# **Management response to the in-depth external evaluation of UNCTAD's commodities programme**

## **Introduction**

1. The secretariat welcomes the in-depth evaluation of UNCTAD's commodities programme and wishes to thank the evaluation team for its work.<sup>1</sup>
2. The secretariat concurs with the independent evaluators that UNCTAD has a central role to play as a platform to discuss commodity issues and is acutely aware of "...the enormous significance of Commodities in developing countries" (para. 56). To maintain such a role the evaluators suggest that "the Commodities Unit needs to draw its credibility on the strength of its analytical rigour as much as on its convening power as a United Nations body" (para. 63).
3. The UNCTAD secretariat recognizes that its work in this area needs considerable strengthening in order to deliver better results on this front. Indeed, some initiatives have already commenced since 2008, when the secretariat took important steps to restructure its commodity work programme as a follow-up of the recommendations made in the Accra Accord. The Commodities Branch of the Division on International Trade in Goods and Services, and Commodities (DITC) has been transformed into the Special Unit on Commodities, which started to report directly to the Secretary-General of UNCTAD. Further, since July 2008, the Unit has successfully conducted the first meeting of the Multi-year Expert Meeting on Commodities, and the Multi-stakeholder Consultations on cotton and coffee, among other activities.

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<sup>1</sup> The two documents are "In-depth external evaluation of UNCTAD's commodities programme" (TD/B/WP/213) and "In-depth external evaluation of UNCTAD's commodities programme: supporting materials" (TD/B/WP/214), presented by the external evaluation team. All references in the text will be related to the document TD/B/WP/213.

4. The secretariat acknowledges that it is necessary to take further steps to enable UNCTAD to regain its key role in the area of commodities. Broadly, measures will need to be undertaken to strengthen research and analysis, coupled with a more proactive role in consensus building through both the intergovernmental machinery and multi-stakeholder forums. And finally, more focused technical assistance that is underpinned by our analytical work would equally be part of such re-tooling.

5. The secretariat agrees with the evaluators that better cooperation of the Special Unit on Commodities with other parts of UNCTAD will allow the secretariat to leverage internal expertise in the area of commodities and enhance delivery of joint publications, forums and other activities as appropriate. Indeed, reports produced by the UNCTAD Secretary-General's task forces on food security and energy were a direct result of such cooperation.

6. The external evaluators also rightfully stressed the importance of cooperation with external stakeholders and partners. The UNCTAD secretariat has actually been taking steps to strengthen its cooperation with partners such as the Common Fund for Commodities, the United Nations Development Programme, the African, Caribbean and Pacific Group of States (ACP) secretariat and others to revive the common initiatives and engage in new partnerships. For instance, discussions have commenced with the above-mentioned partners to launch a Global Commodity Forum as a follow-up to the Global Initiative on Commodities. Such cooperation with other commodity-related international organizations and, in particular, international commodity bodies will allow UNCTAD to contribute better to consensus-building in the area of commodities.

7. The evaluators have proposed actions that the secretariat should adopt in order to implement the recommendations of the Accra Accord, and ultimately, to better serve member States. For instance, the evaluators proposed that "...commodities work should be more upstream – focusing more on research and analysis, and the Unit should critically review its technical cooperation thrust, and focus on projects to field-test new ideas and innovative approaches (based on such research) to solve commodities challenges, rather than pursue conventional field projects with external expertise..." (para. 64).

8. The secretariat will give full attention to the recommendations of the external evaluators and the Working Party, and will accordingly identify an optimal approach forward. The following chapters outline the secretariat's preliminary proposals with regard to the three pillars of work, and are aimed at laying the ground for important, positive change in the long term.

## **I. Research and analysis**

9. The independent evaluators noted in their report that UNCTAD had a central role to play as a platform to discuss commodity issues, and called on the Secretariat to take serious measures to improve the performance of the Special Unit on Commodities, particularly in the area of research and analysis.

10. It is important to highlight that while the evaluators' recommendations concerning analytical work are confined to the outputs of the Unit, other parts of UNCTAD also regularly publish on commodities issues. For example, three forthcoming UNCTAD reports address issues of the commodity economy: the *Trade and Development Report, 2009* contains a chapter devoted to the financialization of commodity markets, while the *World Investment Report 2009* and the *Technology and Innovation Report 2009* focus respectively on foreign direct investments and technology and innovations in the agricultural sector.

11. Furthermore, the secretariat wishes to note that an important pillar of analytical work is the preparation of background notes for expert meetings on commodities. Although the

external evaluators mentioned the Multi-year Expert Meeting on Commodities and Development, their assessment does not appear to consider the three background analytical notes prepared by the Special Unit on Commodities for the first session of that meeting, as well as the reports for the first annual session of the Trade and Development Commission in May 2009 that were also produced by or with the contribution of Special Unit on Commodities. The secretariat is pleased to report that the analytical quality of the background notes has been appreciated by experts.

12. Nonetheless, the Secretariat is cognizant of the fact that, to be at the forefront of analytical work on commodities as proposed by the independent evaluators, UNCTAD will need to develop a clearer strategy that will reflect the main concerns of member countries on commodity-related issues. The secretariat welcomes the evaluators' proposal that it should revive publications such as the *World Commodity Survey*, and in fact is planning to launch just such a publication that will not only review and analyse developments in the commodity markets, but also analyse such key issues as the instability of markets, commodity trade arrangements and trade regimes, commodity finance and risk management and other commodity-related issues.

13. Furthermore, the secretariat is also considering how the interrelationship between analytical and technical assistance work can be further enhanced. For instance, it is envisioned that regularly updated information and analysis on individual commodity markets would be posted online as a key element of the Infocomm project, thus complementing – yet also providing inputs to – the World Commodity Survey. In addition, the evaluators noted in their report that the training content on commodities that was jointly delivered by the Commodities Branch and the Virtual Institute has yielded positive results, and called for commodities related training to be increased. Accordingly, the Special Unit on Commodities stands ready to further support the Virtual Institute by enriching its menu of training materials on commodities in order to broaden its impact on this front.

14. In accordance with the established mandate,<sup>2</sup> the Special Unit on Commodities will also continue to prepare the United Nations Secretary-General's note on commodity trends and prospects, backstop deliberations on commodities at the General Assembly, contribute to the chapters on commodities issues in the annual United Nations reports – the World Economic Situation and Prospects and the World Economic and Social Survey – as well as produce ad hoc analytical papers on contemporary issues relevant to our beneficiaries. A strategy to broaden the reach of our policy messages will likely include the dissemination of short non-technical policy and research notes through the Unit's e-mail distribution list and the Special Unit on Commodities webpage.

15. Within the framework of the Global Commodity Forum (GCF), the development of a Global Commodity E-Forum is being discussed, which will lead to the creation of a network of research centres and leading academics on commodities, who will contribute discussion papers and blogs on key commodity issues and problems. This will permit UNCTAD to develop "...research partnerships with the leading think tanks in all regions..." (para. 69 (b)).

## II. Technical assistance

16. The evaluators' review of technical assistance carried out by the Unit shows that UNCTAD became a knowledge centre for beneficiaries on such cross-cutting issues as

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<sup>2</sup> As contained in A/62/6 (Sect. 12), the programme budget for the biennium 2008–2009 approved by the General Assembly.

commodity information, commodity finance, commodity exchanges and commodity standards. The evaluators noted that UNCTAD was instrumental in helping some developing countries to create local commodity exchanges and develop other risk management and commodity finance mechanisms. Such a record of results delivered through technical assistance activities stresses the importance of maintaining, and in the longer term, further developing the accumulated knowledge and skills in these, and other areas within the Unit.

17. To better coordinate the technical cooperation activities it implements, the Unit needs to better define its strategy on this front, taking into consideration the comparative advantage of the Unit and the benefits of ensuring better linkages between its technical cooperation and the other two pillars of UNCTAD's work. Within such a strategy, successful activities highlighted by the evaluators such as the annual African Oil and Gas Trade and Finance conferences, and the facilitation of commodity exchanges, finance and risk management, will continue to be part of Special Unit on Commodities technical assistance activities.

18. However, recalling the evaluators' recommendation to UNCTAD to develop new, collaborative approaches (and for donors to support these new initiatives<sup>3</sup>), the Unit stands ready to launch a new Global Commodity Forum, as mentioned previously, as well as undertake "Commodity Policy Reviews". This new project will be aimed at assisting commodity-dependent economies to adopt optimal regulatory and institutional framework and good practices to turn commodity sector into an engine for development.

19. The secretariat recognizes that it is imperative to find ways to attract additional funding to successfully fulfil its mandate on commodities. To this end, the secretariat gratefully acknowledges the financial support of Switzerland for the new GCF initiative. The Unit is also grateful for funds received from the European Commission in the framework of the All ACP Agricultural Programme (AAACP). This project will re-establish our comparative advantage in commodity information, commodity finance, commodity exchanges and commodity standards. To ensure timely and efficient delivery of results on this project, clear responsibilities have been outlined to team leaders in the above-mentioned areas to ensure high quality deliverables both within the AAACP project as well as in the framework of other projects under implementation in the Special Unit on Commodities.

### **III. Consensus-building**

20. The evaluators concluded in their report that a key strength of UNCTAD lay in its convening power as a forum for intergovernmental and multi-stakeholder discussions.

21. Within the framework of the intergovernmental machinery, UNCTAD facilitates high-level discussions of commodity issues at the sessions of the Trade and Development Board, the Trade and Development Commission, and backstops the meetings of the Second Committee of the General Assembly on commodities. Moreover, the secretariat would like to recall that its Multi-year Expert Meeting on Commodities and Development is contributing towards achieving better dialogue among member States on the key commodity issues. The first session of the expert meeting, on 6–7 April 2009 – which had three secretariat background notes at its disposal and leading commodity sector experts participating in it – proved to be a very successful meeting with rich content and discussions. The secretariat welcomes the recommendations of the evaluators regarding

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<sup>3</sup> Paragraph 75 of TD/B/WP/213.

changes to the structure of the expert meetings and their organization, and intends to improve subsequent meetings in order to allow more fruitful deliberations and outcomes.

22. With regard to multi-stakeholder meetings, the secretariat will continue to deliver on its mandate through new activities such as the Secretary-General's multi-stakeholder consultations on individual commodities and the planned Global Commodity Forum. The secretariat acknowledges that more importance should be attached to the follow-up of these consensus-building activities, and welcomes the practicable suggestions presented by the evaluators.

#### **IV. Conclusion**

23. UNCTAD's pivotal role in the commodities domain is no less important now than it was when UNCTAD was created and when commodities were one of the organization's key focus areas. Commodities have not lost their importance; if anything, the current economic and financial crisis – and, indeed, the Millennium Development Goals – have brought the importance of the commodities sector to the fore.

24. Therefore, it is important for UNCTAD to move fast in terms of improving its performance as a thought leader and a key platform for addressing the commodity *problematique*. The UNCTAD secretariat intends to regain its comparative advantages in the field of commodities by continuing to build up a high value added and knowledge-intensive work programme. At the same time, a careful reading of the evaluators' report makes it clear that to achieve such ambitious goals, due consideration should be given not only to better organization of the work, but also to the availability of adequate resources.

25. In this respect, the secretariat considers the independent evaluators' report a very important contribution towards strengthening the programme, and looks forward to implementing the recommendations contained in the report, in the light of the guidance and final outcomes of the fifty-third session of the Working Party.

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