

TD/B/48/7
TD/B/WP/140

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Working Party on the Medium-term Plan
and the Programme Budget on its resumed
thirty-seventh session**

held at the Palais des Nations, Geneva,
from 11 to 12 June 2001



UNITED NATIONS

Dist.
GENERAL

TD/B/48/7
TD/B/WP/140
13 July 2001

Original: ENGLISH

**Report of the Working Party on the Medium-term Plan
and the Programme Budget on its resumed
thirty-seventh session**

held at the Palais des Nations, Geneva,
from 11 to 12 June 2001

CONTENTS ¹

<u>Chapter</u>	<u>Page</u>
I. Agreed conclusions on the draft programme budget for the biennium 2002-2003.....	4
II. Review of the work programme: Draft programme budget of the biennium 2002-2003 (agenda item 3).....	6
 <u>Annex</u>	
Attendance	11

¹ The report on the first part of the Working Party's thirty-seventh session in document TD/B/48/2 – TD/B/WP/138.

**I. AGREED CONCLUSIONS ON THE REVIEW OF THE WORK PROGRAMME:
DRAFT PROGRAMME BUDGET FOR THE BIENNIUM 2002-2003**

The Working Party on the Medium-term Plan and the Programme Budget,

Having considered Section 11A “Trade and development” of the proposed programme budget for the biennium 2002-2003 (A/56/6 (Sect. 11A)),

1. *Concurs* with the programmatic content of Section 11A, which has taken into account many of the comments made by the Working Party at its January 2001 session during the preparatory process for the proposed programme budget for the biennium 2002-2003;
2. *Recalls* the assurances provided by the secretariat that the indicators of achievement contained in the Medium-term Plan for the period 2002-2005, including those referring to timeliness of documentation and assessment of technical cooperation projects, will be fully taken into account for the Mid-term Review scheduled for the second quarter of 2002;
3. *Expresses* appreciation for the information provided by the secretariat to the members of the Working Party, in particular for the presentations made on the mainstreaming of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (A/CONF.191/11);
4. *Emphasizes* the important role of UNCTAD, within its mandate, in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, and *welcomes* the assurances of the secretariat that it will proceed immediately with the full implementation of the Programme of Action, as relevant, and that the Office of the Special Coordinator will make full use in this regard of the substantive work on LDCs that is currently performed by various divisions in UNCTAD in contributing to the LDCs’ progressive and beneficial integration and participation in the global economy and international trading system;
5. *Recommends* the insertion at the end of paragraph 11A.2 of the “Overview” of the following text: “ In line with paragraph 113 of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, it is foreseen that the Trade and Development Board will mainstream the implementation of the Programme of Action within the work programme of UNCTAD, as well as in the UNCTAD intergovernmental process”;
6. *Attaches* importance to assistance to LDCs in the areas of trade and investment, in particular capacity-building for trade negotiations, and *requests* that this aspect be fully taken into consideration within the implementation of subprogramme 9.3;

7. *Decides* to review at a resumed thirty-eighth session, to be convened as soon as possible, the impact on the system-wide coordination aspects contained in subprogramme 9.5 of the decisions of the General Assembly based on the recommendations to be made by the Secretary-General of the United Nations to the fifty-sixth session of the General Assembly for an efficient and highly visible follow-up mechanism for the implementation of the Programme of Action adopted by the Third United Nations Conference on the Least Developed Countries, in line with paragraph 116 of the Programme of Action;

8. *Takes note* of the statement made by the Deputy Secretary-General of UNCTAD, reaffirming the secretariat's commitment to the effective functioning of the unit for landlocked developing countries and small island developing States within the Office of the Special Coordinator for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, and *reiterates* the importance of the work undertaken by UNCTAD in this area;

9. *Invites* the Secretary-General of UNCTAD to explore further possibilities for predictable and stable financing of participation of experts from developing countries and economies in transition in UNCTAD expert meetings and to provide proposals at the next session of the Working Party;

10. *Noting* the vacancy rate in UNCTAD, in particular at the senior level, *recommends* that the process of filling these vacancies be accelerated, while taking into account the need to improve geographical and gender representation;

11. *Recalls* its earlier request that the secretariat should enhance its coordinated approach in the launching of UNCTAD flagship reports;

12. *Reiterates* the importance it attaches to horizontal coordination within the secretariat, as well as to enhanced inter-divisional collaboration, in particular on cross-sectoral issues, *welcomes* the information provided by the secretariat on steps taken in meeting these objectives, and *encourages* the secretariat to continue with these coordination efforts;

13. *Notes* the detailed information provided by the secretariat in connection with the proposed Division of Management.

**II. REVIEW OF THE WORK PROGRAMME:
DRAFT PROGRAMME BUDGET FOR THE BIENNIUM 2002-2003**

(Agenda item 3)

14. For its consideration of this item at its resumed session, the Working Party had before it the following documentation:

Proposed programme budget for the biennium 2002-2003: Part IV – International cooperation for development: Section 11A – Trade and development (A/56/6(Sect. 11A))

15. The **Deputy Secretary-General of UNCTAD** said that the outcome of the Working Party's session would be communicated directly by its Chairman to the review bodies at Headquarters. While the narrative of the proposed programme budget largely reflected the text adopted by the Working Party at the first part of its session in January, some changes had been made, mainly in the logical framework part, for consistency throughout the United Nations secretariat. The proposed resource allocation in UNCTAD reflected the programmatic priorities established at UNCTAD X, including some increases for subprogrammes 2 and 3, a further strengthening of the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries, and two new posts for work on the development of Africa. The proposal to establish a Division of Management had been made pursuant to General Assembly resolution 55/182 of 20 December 2000 on trade and development, which requested the Secretary-General of the United Nations, in consultation with the Secretary-General of UNCTAD, to take necessary measures to strengthen the management and enhance the programme delivery capacity of UNCTAD in order to enable it to fully and effectively implement the outcome of UNCTAD X. In addition to various management instruments introduced for this purpose in recent years, this proposal was being made with a view to achieving a better balance between the work of the Deputy Secretary-General, who would focus on overall substantive programme coordination and supervision of programme delivery, and the Division of Management, which would be responsible for overall planning, coordination and direction of programme support.

16. The Working Party had decided to take into account at its resumed thirty-seventh session the outcome of the Third United Nations Conference on the Least Developed Countries and its implications for the programme of work of UNCTAD. The Programme of Action adopted at the Conference referred, firstly, to mutually supportive commitments made by the least developed countries and their development partners, secondly, in paragraph 113, to the need for mainstreaming work on least developed countries by international organizations, and thirdly, in the last two paragraphs, to the institutional follow-up mechanism, requesting the Secretary-General of the United Nations to make proposals thereon to the General Assembly at its fifty-sixth session. As regards mainstreaming work on LDCs, following UNCTAD IX in 1996, work on LDCs had been redefined to enable it to be incorporated into the work of all sectoral subprogrammes 1 to 4, with subprogramme 5 having a coordinating function to be implemented by a small Office of the Special Coordinator. Mainstreaming of activities in favour of LDCs was thus reflected in the current

programme budget, as well as in the Medium-term Plan as it related to UNCTAD. Implementation of this approach had been reported on to member States, *inter alia* through an informal paper on programme implementation distributed on 17 January 2000. Furthermore, the secretariat had already started to plan and execute activities within UNCTAD's mandate arising from the Brussels Conference, for example through: enhanced assistance to LDCs in their preparations for multilateral trade negotiations, particularly support for the forthcoming meeting of trade ministers of LDCs in preparation for the Fourth WTO Ministerial Conference at Doha; the next annual *Least Developed Countries Report*, which would analyse the dependence of LDCs' international trade on commodities; the first intensive programme for negotiators on international investment agreements, especially for francophone LDCs; the launching of the Investment Advisory Council to promote investment in LDCs; the multi-agency investment initiative for LDCs; and investment guides and investment policy reviews for five LDCs. As regards the follow-up mechanism, that issue would be dealt with in the report of the Secretary-General of the United Nations, as requested by the Brussels Programme of Action, and the Secretary-General of UNCTAD was currently consulting with the Secretary-General of the United Nations on the matter.

17. In implementation of General Assembly resolution 54/249, information on the functioning of the unit dealing with landlocked and small island developing countries would be submitted through the Working Party, as indicated in paragraph 103 of the fascicle. Work on landlocked developing countries had been intensified, particularly following the adoption of General Assembly resolution 54/249 in December 1999, and included: substantive and organizational support for the first and second negotiating meetings on a draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and the Russian Federation; a report entitled "Transit environment in the landlocked States of Central Asia and their transit neighbours" for the fifty-fifth session of the General Assembly; preparations for the Fifth Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions; a Consultative Group Meeting between the Lao People's Democratic Republic and its Transit Neighbours, as well as Representatives of Donor Countries in Financial and Development Institutions; and assistance to Zambia and the United Republic of Tanzania in establishing a Road Traffic Information System (RTIS) as part of SADC's programme to improve transport/transit systems in Southern Africa. Work in support of the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (SIDS) included: preparation of vulnerability profiles of four least developed SIDS near the threshold of graduation from LDC status, namely Cape Verde, Maldives, Samoa and Vanuatu; initiation and coordination of technical assistance to SIDS through trade efficiency projects, policy advice on new trading opportunities and investment, research and technical assistance on economic sectors of particular interest to SIDS, and assistance for the preparations for the WTO negotiations on agriculture; special support to the 10 least developed SIDS, namely Cape Verde, Comoros, Haiti, Kiribati, Maldives, Samoa, Sao Tomé and Príncipe, Solomon Islands, Tuvalu and Vanuatu, for the Third United Nations Conference on the Least Developed Countries; and coordination and substantive backstopping of various technical cooperation activities in the Caribbean (Haiti, St. Lucia) and the Pacific (Forum Secretariat and the five LDCs of the region).

18. The representative of **South Africa**, speaking on behalf of the **African Group**, recalled that the Working Party had decided to resume its session in particular to take into account the outcome of the Third United Nations Conference on LDCs and its impact on the programme budget. The African Group believed that the Conference had underscored the important challenges that faced LDCs and other developing countries in integrating into the world economy, as well as the important role of UNCTAD as the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in finance, investment and sustainable development. The outcome of the Conference indicated the need for active and efficient follow-up to the Conference, but it was beyond the mandate of the Working Party either to interpret the paragraph on the follow-up mechanism or to prejudge the Secretary-General's proposal in response to the request of the Conference. Once the decision of the General Assembly had been taken, the Working Party could revisit the relevant parts of the proposal on subprogramme 5. The African Group would continue to support the implementation of the Conference outcome at the national, regional and international levels in the most effective manner, and believed that it was important to retain the linkages between substantive work on the Programme of Action and any structure for follow-up.

19. The African Group was pleased with the proposed resource increase for UNCTAD of 0.3 per cent, which would enhance the programme delivery capacity and thereby assistance to developing countries. While the African Group welcomed contributions of extrabudgetary resources, it was concerned with the over-reliance of technical assistance on this type of resources, and believed that the predictability and reliability of resources needed to be enhanced. To this end, donor countries could consider multi-year budgetary contributions, which would allow long-term planning of technical assistance activities. The African Group was concerned that a long-term solution had not yet been found for financing the participation of developing country experts in UNCTAD's expert meetings, which would affect the quality of their deliberations, and reiterated its appeal to the secretariat and development partners to find a solution, including in the context of the programme budget. The African Group attached special importance to the subprogramme on the Development of Africa, commended the steps taken to increase its capacity, and called for further enhancement of the subprogramme, including increases in non-staff resources.

20. The representative of **Sweden**, speaking on behalf of the **European Union**, said that, in examining the draft programme budget, the Working Party should consider its role in a wider context and be aware that its conclusions would be fed into the review process in New York. The European Union was committed to improving the overall financing of the United Nations, and reiterated its position that all contributions had to be made in full, on time and without any conditions being attached. The overriding goal of the budget exercise should be to ensure that agreed programme objectives were implemented, while seeking possible gains in efficiency. To this end, the European Union attached particular importance to the use and further refinement of indicators of achievement. The proposed increase in resources for UNCTAD of 0.3 per cent should be considered in the context of the overall increase proposed for the United Nations as a whole, and the matter would be discussed in New York. Nevertheless, the Working Party could indicate priorities within the UNCTAD section of the budget. Concerning the narratives, the European Union was satisfied with the inclusion of

two cross-sectoral issues that it had been supporting, namely gender mainstreaming and sound public management.

21. The resumed session would also provide the first opportunity to ask programme managers how they intended to mainstream issues relating to LDCs following the conclusion of the Third United Nations Conference on LDCs. As regards the follow-up mechanism for the LDC Conference, the Working Party should not prejudge the outcome of the process initiated by the Conference. Nevertheless, the European Union took the position that any follow-up arrangement should be cost-neutral.

22. The proposed establishment of a Division of Management should be considered carefully. The former Division for Programme Support and Management Services had been abolished after UNCTAD IX, and she wondered why a reversal of that decision was being proposed. More explanations would be required, for example, on how the proposed establishment of the Division would enhance the management of the organization, and on its financial implications. Other general issues of concern to the European Union related to the vacancy rate, especially at the senior level; horizontal and vertical coordination, particularly on cross-cutting issues; and support for technical cooperation, for example through clustering of projects and introduction of umbrella projects.

23. The representative of the **United States of America** regretted that some details had been lost during the process of integrating the proposal by UNCTAD into the overall United Nations budget document. However, he was glad that UNCTAD had provided enhanced details to its member States. As regards the follow-up mechanism to the Third United Nations Conference on LDCs, he agreed that the Working Party should not prejudge the outcome of the process initiated by the Conference, but should concentrate on the need to work more intensively on LDC issues. On the proposal to establish a Division of Management, he shared the concern raised by the European Union. While the proposed merger of two services might produce some efficiencies, he doubted that it would lead to greater coordination or synergies which, in his view, must be achieved by improving coordination in the top management.

24. The representative of **Jamaica** welcomed the outcome of the Third United Nations Conference on LDCs and stressed the importance of implementing the activities of subprogramme 5, particularly those on small island developing States, as set out in expected accomplishment (c) of the subprogramme.

25. The representative of **Japan** considered that the Working Party's discussions were of particular significance, firstly in ensuring the implementation of the Bangkok Plan of Action in the lead-up to the Mid-term Review in 2002, and secondly in ensuring the follow-up to the Third United Nations Conference on LDCs. On the proposed resource increase of 0.3 per cent, he wanted to know what the implication would be for the overall United Nations budget, whether this increase would be sustained in the future, and what the concrete impact would be on programme implementation. On the proposal to establish a Division of Management, he wanted to know what would be strengthened as a result of the proposal and what concrete measures would be taken to this end.

Informal meetings

26. The Working Party pursued its consideration of this item in informal meetings.

Action by the Working Party

27. At its closing plenary meeting, on 12 June 2001, the Working Party adopted its agreed conclusions (TD/B/WP/L.100). (For the text of the agreed conclusions, see section I above.) It was informed that Chairman of the Working Party would transmit the conclusions to the relevant bodies at United Nations Headquarters in New York.

28. The Working Party further authorized the Rapporteur to complete the final report of the resumed session in the light of the proceedings of the final plenary.

Closing statements

29. The representative of **Sweden**, speaking on behalf of the **European Union**, said it was important, especially for developing countries and countries in transition, that meetings documentation be produced in all official languages.

30. The representative of **Uganda** said that it would be important to continue to pay close attention to the needs of the LDCs, and his delegation would be following closely the implementation by the secretariat of all its undertakings in that connection.

31. The representative of **Spain**, noting that interpretation was not available for the Working Party's closing plenary, said that interpretation must be provided for all plenary meetings of the Working Party.

Annex

ATTENDANCE *

1. The following States members of UNCTAD, members of the Working Party, attended the resumed session:

Barbados	Netherlands
China	Russian Federation
Ethiopia	Slovakia
Indonesia	Sri Lanka
Italy	Sweden
Japan	Switzerland
Mauritius	United States of America
Morocco	Venezuela

2. The following States members of UNCTAD, not members of the Working Party, attended as observers at the session:

Brazil	Nigeria
Canada	Portugal
Croatia	Republic of Korea
Egypt	Senegal
Finland	South Africa
France	Spain
Germany	Tunisia
Haiti	Turkey
India	Uganda
Indonesia	United Kingdom of Great Britain and Northern Ireland
Iran (Islamic Republic of)	Zambia
Jamaica	Zimbabwe
Lesotho	
Mexico	

3. The following intergovernmental organizations attended the session:

European Community
League of Arab States

* For the list of participants, see TD/B/WP/INF.45.

