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Working Party on the Medium-term Plan
and the Programme Budget
Forty-fourth session
Geneva, 31 January – 2 February 2005

**Report of the Working Party on the Medium-term Plan and the
Programme Budget on its forty-fourth session**
Held at the Palais des Nations, Geneva, from 31 January to 2 February 2005

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Chapter I AGREED CONCLUSIONS

Review of the work programme: Draft programme budget for the biennium 2006-2007

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

Having considered the proposals for the draft work programme for UNCTAD for the biennium 2006-2007, taking into account UNCTAD XI, the São Paulo Consensus and the Spirit of São Paulo,

1. *Takes note* of the text set out in document UNCTAD/EDM/MISC/2004/5/Rev.2 and *looks forward* to further discussions;
2. *Reaffirms* the role of the Working Party in defining the work programme of UNCTAD and that the content of the work programme adopted by the Working Party should be duly taken into account in the finalization of the UNCTAD section of the proposed programme budget for 2006-2007;
3. *Considers* that the review by the Working Party of the draft work programme could be much more effective, pragmatic and transparent, bringing more value-added for members, if the Working Party were to be provided with as detailed information on financial and resource distribution as possible in order to better understand the possible budget implications of any programme decisions; in this respect, *requests* the UNCTAD secretariat to consult with the competent authorities in New York with a view to sharing information needed to make the process more comprehensive and enhancing the proceedings of the Working Party in accordance with the Charter of the United Nations and relevant decisions of the General Assembly;
4. *Invites* the secretariat to enhance its contributions towards the implementation of the international development goals, including those contained in the Millennium Declaration, the follow-up to the High-level Plenary Meeting of the General Assembly on the Millennium Declaration to be held in September 2005, and the follow-up to major United Nations conferences and summits;
5. *Calls upon* UNCTAD, as focal point in the United Nations for the integrated treatment of trade and development, to continue to explore on an urgent basis ways in which UNCTAD, within its mandate, can help countries affected by the earthquake and the tsunami in the Indian Ocean area in their recovery and rehabilitation efforts in coordination with the international community;
6. *Urges* UNCTAD to further explore modalities for financing participation in UNCTAD intergovernmental meetings of experts from developing countries on a predictable and sustainable basis.

Chapter II

REVIEW OF THE WORK PROGRAMME: DRAFT PROGRAMME BUDGET FOR THE BIENNIUM 2006-2007

(Agenda item 3)

1. For its consideration of this item, the Working Party had before it the following documentation:

“Proposals for the draft programme of work for the biennium 2006-2007” (UNCTAD/EDM/MISC/2004/5).

A. Opening statements

2. The **Officer-in-Charge of UNCTAD** expressed the secretariat’s deepest sympathy to the Governments and the peoples of the countries affected by the tsunami disaster, as well as UNCTAD’s determination to assist relief and reconstruction efforts in any way possible, within the purview of its work. The previous year, the Working Party had met several times to consider the integration of the outcome of UNCTAD XI into the UNCTAD section of the Strategic Framework of the United Nations for 2006-2007, as well as into the work programme for the current biennium. At its current session, the Working Party was expected to bring its contribution to the preparation of the new programme budget for the period 2006-2007. As in the past, the consultations with member States on the content of the draft work programme for the new biennium would enable the UNCTAD secretariat to bring to the attention of New York the comments of UNCTAD’s member States before the Secretary-General of the United Nations finalized his budget proposal for submission to the General Assembly.

3. In accordance with past practice, the review by the Working Party would focus on the programmatic content of the new budget. The final decision on the content of the programme budget lay with the Secretary-General of the United Nations, who would submit it, together with resources estimates and proposals, to the General Assembly and its review bodies in New York. It was for this reason that resource aspects were not officially discussed by the Working Party at the present stage. Such discussions would take place in May/June once the Secretary-General of the United Nations had submitted his budget proposal to the ACABQ and the General Assembly.

4. The work programme contained a number of new elements that drew on the Conference outcomes. On policy space, a specific output had been included under subprogramme 2 relating to “space for development policies, especially to enhance productive capacity and competitiveness”. This was, however, a cross-cutting issue that would be integrated into other research and analysis undertaken by the secretariat. On economic governance at the national and international levels, UNCTAD had undertaken related work for many years in the areas of customs reform (ASYCUDA), debt management (DMFAS), competition law and policies, corporate accounting and reporting, and analysis of policy coherence in the context of globalization and development strategies. A specific output had been included in subprogramme 4 (economic governance at the national and international levels), as well in the other subprogrammes dealing with these issues. The new geography of international economic relations, with special reference to trade and South-South cooperation, was included in subprogramme 3, together with other relevant concepts arising from paragraph 95 of the São Paulo Consensus. Support for GSTP was also included. For cross-cutting issues such as trade and poverty, trade and gender (paragraphs 105 and 106 of the São Paulo Consensus), a special “series on trade, poverty and related cross-cutting development issues” had been programmed in subprogramme 3, and inter-divisional task forces would be created for that purpose. The *LDC Report* was included as an annual publication, in line with

paragraph 34 of the São Paulo Consensus, and activities relating to landlocked and transit developing countries and small island developing States had been expanded in response to São Paulo Consensus paragraphs 33, 66 and 84, under subprogramme 5 in particular. More emphasis had been placed on UNCTAD's support for NEPAD under subprogramme 1B, and in the case of both subprogrammes 5 and 1B, efforts had been made to expand delivery capacity. Corporate responsibility was reflected under subprogramme 2, in response to paragraph 58 of the São Paulo Consensus. Implementation of paragraph 166 of the Bangkok Plan of Action would continue to be treated in subprogramme 4, with an output "preparation and coordination of, and contribution to, training courses on key issues on the international economic agenda". UNCTAD's *Annual Report*, provided for under Executive Direction and Management, bore the same title as before but its contents would reflect the provisions of paragraph 9 of the São Paulo Consensus. With respect to insurance and transport and security, specific proposals would be made by the secretariat during the Working Party's session.

5. He believed that the text reflected the focuses stemming from the Conference, but the decision on that matter belonged to member States, as reiterated by the General Assembly in resolution 58/269 of March 2004 on "Strengthening of the United Nations: An agenda for further change". Finally, he informed the Working Party that discussions were going on with the Budget Division to address the question of the financing of developing country experts' participation in UNCTAD expert meetings.

6. The views of member States as reflected in the outcome of the Working Party's session would be conveyed by the secretariat to New York Headquarters. At the next meeting of the Working Party in May/June, the official fascicle of the UNCTAD section of the proposed programme budget would be made available to the Working Party for its consideration, and the outcome of the Working Party's deliberations would be brought directly to the attention of the central reviewing bodies, namely ACABQ and the General Assembly.

7. The representative of the **Democratic Republic of the Congo**, speaking on behalf of the **Group of 77 and China**, expressed his heartfelt sympathy and solidarity with the tsunami-affected member States within the Group and acknowledged his deep gratitude to all donor countries that had contributed so generously to relief efforts. The adoption of the Spirit of São Paulo and the São Paulo Consensus represented a major milestone for UNCTAD in terms of integrating development concerns into major international economic processes. It was incumbent upon members of the Working Party to ensure that the political and policy commitments made by their Heads of State and Ministers in São Paulo were fully translated into the work programme of UNCTAD. The Group of 77 and China attached particular importance to a number of issues: on policy space, while the inclusion of an output in subprogramme 2 was welcomed, neither the formulation nor the scope of the activity, which was limited to productive capacity and competitiveness, corresponded to the meaning or the spirit of paragraph 8 of the São Paulo Consensus; on good governance, it was important to address not only the national dimension but also the international dimension of good economic governance; and on the new geography of international economic relations, a major concept launched at UNCTAD XI, it should include not only South-South trade but also South-South cooperation. In this respect, he noted the outputs included under subprogramme 3 and hoped that contributions would not be limited to the Trade Division but that other components of the secretariat would contribute in their respective areas of competence. With regard to the GSTP, the Group of 77 and China expected UNCTAD to play a major role in supporting the GSTP process. He was pleased to see that cross-cutting issues such as the special concerns of LDCs, small island developing States, and landlocked and transit countries were addressed, as were those of the African countries. Arrangements should be put

in place to enhance the benefits of improved coordination and complementarity with other aspects of UNCTAD's work. In the area of technical cooperation, technical assistance activities should be demand-driven and based on the needs and priorities defined by recipient developing countries. Expedious solutions must be found to the issue of financing of experts to allow all developing-country members of UNCTAD to participate fully and effectively in UNCTAD's activities. Finally, he emphasized the need for UNCTAD to pursue measures in support of the tsunami affected countries.

8. The representative of **Costa Rica**, speaking on behalf of the **Latin American and Caribbean Group**, expressed satisfaction with the work programme submitted by the secretariat, as it reflected the policy directions and policy content of the São Paulo Consensus. He highlighted several points that required attention. First was the decline in activities in favour of Latin America and the Caribbean and in the share of the region in the overall technical cooperation activities of UNCTAD. In this respect, every programme manager should indicate in detailed terms the activities relating to Latin America and the Caribbean, whether regular or extrabudgetary. He highlighted the need to find a viable solution to finance experts from all developing countries on a predictable and long-term basis. He hoped that the evaluation of paragraph 166 would reveal its practical importance for capacity building in developing countries and reiterated the need for member States and the secretariat to work together to find means whereby this programme would continue in the best possible conditions. He was satisfied with the fact that major issues such as biotrade, the new geography of international economic relations, debt, trade and commodities were properly reflected in the proposed work programme, and it was his understanding that the concept of policy space would be integrated into the research and analysis work of the secretariat as a whole. He requested clarification with respect to: the treatment of innovative sources of financing, support for GSTP, activities relating to STIPs and science and technology, as well as the coverage of the international dimension of economic governance. The outcomes of the Mauritius International Meeting for the 10-year Review of the Barbados Programme of Action should be duly reflected in the work programme, along with work on landlocked developing countries and transit developing countries. He hoped that UNCTAD's *Annual Report* would provide information on the activities undertaken to the benefit of the Latin American and Caribbean countries.

9. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, expressed concern about certain aspects of the draft programme of work. The issue of policy space had not received adequate treatment, and it was important to keep a careful balance in order to apply the concept in a manner consistent with members' common development agenda. On economic governance, there was a need to see a concerted effort to address good economic governance at the global level and good corporate governance. It would also be important to pay attention to the development needs of LDCs and countries with special concerns. The allocation of posts and resources to improve the functioning of certain subprogrammes should represent truly additional resources, and where work had been expanded, UNCTAD should receive the resources required. He called for a meaningful contribution by the Trade and Development Board to the review of the Millennium Development Goals and the substantive preparatory processes associated with it. He appreciated secretariat efforts to include elements to address the aftermath of the tsunami in its work. Developing countries must be afforded the opportunity to participate fully in UNCTAD's various activities, and he underscored the pressing need to find a means of ensuring predictable, long-term financing of experts from developing countries. Finally, in accordance with the principle of geographic rotation, the new Secretary-General of UNCTAD should be selected from the pool of Asian talent available.

10. The representative of **Nigeria**, speaking on behalf of the **African Group**, welcomed the objectives and expected accomplishments outlined in subprogramme 1 on globalization, poverty reduction, debt management and relief, development finance, statistics, and activities undertaken in favour of the Palestinian people. He expressed his appreciation for the continued work on policy issues of particular interest to African countries, as well as various initiatives related to NEPAD. He welcomed the proposal for promoting a better understanding of international investment issues and noted the plan to facilitate and enhance positive corporate social contributions. However, he urged the secretariat to incorporate elements on the insurance sector in the work programme. He reiterated the need for UNCTAD to continue to help developing countries enhance their negotiating capacities at the bilateral, regional and multilateral levels. UNCTAD's work should continue in the areas of competition policy and GSTP, especially in support of the third round of GSTP negotiations. The proposed work programme in the area of trade facilitation reflected the July package of the WTO. With regard to subprogramme 5, it was important to take into consideration the expansion of the mandate to include matters relating to least developed countries, small island developing States, landlocked developing countries and related special problems faced by transit developing countries. He was satisfied that the publication of the *LDC Report* on an annual basis and the increased workload had been given due consideration. Technical cooperation activities were an important pillar of UNCTAD's work and, while they should be demand-driven, it was important to strike the right balance with the priorities of donor countries and improve technical assistance activities for African countries, while also finding a prompt solution for the financing of experts.

11. The representative of **Luxembourg**, speaking on behalf of the **European Union, the acceding countries Bulgaria and Romania and the candidate countries Turkey and Croatia**, stressed that, for the Working Party to deliberate effectively, it must have a first indication of the overall budgetary trend and possible staff reallocations in relation to the existing budget. It was regretted that the changes made in relation to the previous work programme and budget had not been highlighted. With regard to new elements in the proposed programme budget for 2006-2007, adequate resources should be reallocated to UNCTAD's activities in favour of the LDCs, particularly in view of the annual publication of the *LDC Report*. Elements to which the European Union attached great importance included regional integration, South-South trade, commodities, Africa, and good governance, which should occupy a prime place in the work programme. It was important for UNCTAD to take into consideration the Millennium Declaration so as to contribute to the attainment of its objectives. Pending the appointment of a new Secretary-General, the current management of UNCTAD should pursue its efforts to optimize the functioning of the organization, including through transparency in human-resource and financial management.

12. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the proposed programme budget centred around two fundamental axes: analysis and policy formulation, and cooperation for the promotion of trade and development. He stressed the need to pursue action in follow-up to the São Paulo Consensus, the Bangkok Plan of Action, the Millennium Declaration, the Programme of Action for the Least Developed Countries, the Monterrey Consensus and the Doha work programme. He emphasized that it was desirable to integrate the concept of policy space into all subjects. He invited the development partners, both bilateral and multilateral, to continue their support for activities, projects and programmes for the LDCs. With regard to the question of the financing of experts, he reiterated the interest of the developing countries, in particular of the least developed countries, in finding a solution to the problem. He welcomed the progress made with regard to the annual publication of the *LDC Report*, as well as strengthening the activities of the special programme for LDCs in respect of the Integrated Framework.

13. The representative of **Ireland**, speaking on behalf of **Group B**, expressed sympathy for the victims of the tsunami; the disaster had global implications, and there would be a role for UNCTAD in the medium to longer term. With regard to the work programme, he warned about reinterpreting or renegotiating what appeared in the São Paulo Consensus. Policy space was mentioned in the chapeau, and reference was subsequently made to the role of Governments in relation to the concept, but there was no reference to policy space in the context of the role of UNCTAD. It was important to establish a balance in relation to this concept and other issues discussed in São Paulo. He emphasized that it was difficult to work on a programme with absolutely no information on its budgetary implications, and the proposed date to examine the budgetary implications was untimely. He further stressed that there was a structural defect in discussing the strategic framework, the work programme and then the budget in total isolation from one another. He hoped to get some indicative figures on whether UNCTAD anticipated the same level of regular budget resources for 2006-2007 as in previous biennia. He voiced the need to indicate elements that were new and those that were not new in the work programme. He noticed that a number of performance measures had been added to the matrices and asked for clarification on when these had been introduced and on what basis. It would have been helpful to have some feedback on discussions that had taken place within the UNCTAD secretariat on the allocation of the overall budget provided from New York. It would also have been useful to know if any savings had been identified within the secretariat or if any surplus might have been redirected to priorities emanating from UNCTAD XI. He hoped that the discussions in relation to the work programme would reflect the member States' decisions. Finally, he recalled, in response to views expressed about donor funding, that, in 2004, 82 per cent of UNCTAD's US\$ 22 million in net voluntary contributions had been received from Group B, while Group B comprised only 31 of the 192 member States of UNCTAD. Year on year, Group B's delivered commitment represented around 80 per cent of UNCTAD's regular budget and the same portion of its voluntary funding. This pointed clearly to the scope for greater burden-sharing across other groups in their funding of UNCTAD as well.

14. The representative of **Ethiopia** said that the proposed work programme made it clear that what was required was the availability of resources to carry out all the activities. He recalled that, in the lead up to the São Paulo Conference, the discussion on resource requirements had been deferred to a later stage. Given the importance of the issue, he sincerely hoped that development partners would continue to enhance their efforts to meet the resource requirements for the activities outlined by the secretariat so that UNCTAD could carry out its mandate successfully.

15. The representative of **Japan** said that Japan was one of the major contributors to the UN regularly budget, and hence it was paying particular attention to the proposed programme budget for 2006-2007, especially how it reflected the ministerial decisions taken in São Paulo. It was essential to see how a balance could be achieved within the framework of the limited resources available, and there must therefore be discussions on which programmes should be given priority and which programmes should be done away with or downsized. In this light, he highlighted two points: the need for the programme to reflect important factors contained in the São Paulo Consensus, including the enhancement of support for African countries, LDCs, landlocked developing countries and small island developing States; and the need to reflect the MDGs in concrete activities. He requested the secretariat to provide concrete figures on the work programme proposals for 2006-2007 so that a comparison could be made with the 2004-2005 budget. Finally, he expressed his condolences to the tsunami-affected countries, and said that his Government would be making substantial contributions for emergency assistance as well as for recovery in the affected countries. In that connection,

he would support the idea of allocating resources to programmes relevant to the tsunami-affected countries.

16. The representative of **Switzerland** expressed his condolences and sympathy to the countries and regions affected by the tsunami. He would be prepared to see to what extent UNCTAD could contribute to reconstruction efforts. The Working Party must make readjustments to the work programme to take into account the decisions taken in São Paulo, examining how new activities should be reflected and their importance vis-à-vis available budgetary resources. In that connection, new elements in the work programme should be clearly identified. On the issue of policy space, while recognizing that some activities by the organization might be needed, he did not see a specific mandate to undertake comprehensive work in that area, as claimed by some regional groups. On good governance, the concept was universally accepted and was not limited to economic aspects. He drew the attention of the secretariat to the need to improve coordination within the organization, as well as with other fora in the UN system.

17. The representative of the **United States of America** expressed her delegation's deep condolences to the victims of the tsunami. Like others, she would be interested in entertaining proposals for relevant work by UNCTAD in that regard. With respect to the work programme, she appreciated the efforts made to incorporate result-based budgeting mechanisms. It would be important to ensure that the São Paulo Consensus was fully translated into the work programme for 2006-2007. However, it was difficult to deliberate efficiently on the work programme in isolation from the budget, and it would therefore have been useful to have figures and resource data. She recalled that governance at the international and national levels had been a theme at São Paulo and a major theme in Monterrey and Bangkok. Her Government continued to have major concerns about the concept of policy space, which had been discussed exhaustively in the context of UNCTAD XI and finally translated into a carefully worded paragraph in the chapeau. She failed to see any mandate for UNCTAD's work in this area, and there was no need to include the concept in the proposed work programme.

18. The representative of **Canada** emphasized the need to have further information on new items in the proposed work programme, as well as the importance of maintaining the balance of the São Paulo outcomes and not revisiting various concepts. All delegations should adhere to the compromise painstakingly reached in São Paulo. Lastly, he attached great importance to the UN reform process, which should be reflected in the work programme.

B. Informal meetings

19. The Working Party pursued its deliberations in informal meetings.

C. Action by the Working Party

20. At its 166th plenary meeting, on 2 February 2005, the Working Party adopted agreed conclusions (see chapter I above) and requested that they be transmitted to United Nations Headquarters in New York.

Chapter III
ORGANIZATIONAL MATTERS

A. Election of officers

(Agenda item 1)

1. At its 165th plenary meeting, on 31 January 2005, the Working Party elected Mr. Enrique Manalo (Philippines) as its Chairperson and Ms. Carmen Fratita (Romania) as its Vice-Chairperson-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

2. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/177). 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 2006–2007
4. Provisional agenda for the forty-fifth session of the Working Party
5. Other business
6. Adoption of the report of the Working Party to the Trade and Development Board

C. Provisional agenda for the forty-fifth session of the Working Party

(Agenda item 4)

3. At its 166th plenary meeting, on 2 February 2005, the Working Party decided to postpone consideration of agenda item 3 until its resumed forty-fourth session.

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

(Agenda item 6)

4. At the same meeting, the Working Party authorized the Vice-Chairperson-cum-Rapporteur to finalize the report on its session.

Annex

ATTENDANCE *

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

Bangladesh	Philippines
Bulgaria	Romania
China	Russian Federation
Cuba	Senegal
Finland	South Africa
Indonesia	Switzerland
Italy	United Kingdom of Great Britain and Northern Ireland
Japan	United States of America
Morocco	Venezuela
Peru	

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

Algeria	Ireland
Angola	Israel
Austria	Jamaica
Bahrain	Luxembourg
Belgium	Malaysia
Benin	Malta
Brazil	Mauritius
Canada	Mexico
Colombia	Nepal
Costa Rica	Netherlands
Democratic Republic of the Congo	Nigeria
Denmark	Norway
Dominican Republic	Oman
Egypt	Paraguay
El Salvador	Poland
Ethiopia	Portugal
France	Spain
Germany	Sri Lanka
Ghana	Sudan
Greece	Thailand
Holy See	Turkey
Honduras	Uruguay
India	Viet Nam
Iran (Islamic Republic of)	Zimbabwe

3. The following intergovernmental organization was represented at the session:
European Community

* For the list of participants, see TD/B/WP/INF.52.