



**United Nations
Conference
on Trade and
Development**

Distr.
GENERAL

TD/B/WP/193
19 February 2007

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Working Party on the Medium-term Plan
and the Programme Budget
Forty-eighth session
Geneva, 29–31 January 2007

**REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM PLAN
AND THE PROGRAMME BUDGET ON ITS FORTY-EIGHTH SESSION**

Held at the Palais des Nations, Geneva,
from 29 to 31 January 2007

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Chapter I

AGREED CONCLUSIONS

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

Having considered the draft proposal of the work programme for UNCTAD for the biennium 2008–2009, taking into account the possible need to revise the work programme after, inter alia, the twelfth session of the Conference, scheduled to be held in April 2008,

1. *Notes* document TD/B/WP/L.123 and *requests* the Secretary-General of UNCTAD to transmit the revisions proposed by the Working Party, contained in document TD/B/WP/L.123/Rev.1, to the Secretary-General of the United Nations for his consideration;

2. *Requests* that the Secretary-General of UNCTAD take into account the comments of delegations made during the session in implementing the programme;

3. *Requests* that the secretariat make the utmost effort to ensure the timely issuance of the pre-sessional documentation and its timely translation into all UN official languages to facilitate adequate consideration at future intergovernmental meetings;

4. *Further requests* the secretariat to make the utmost effort to ensure that UNCTAD's main publications, in particular those to be discussed by the Trade and Development Board and its subsidiary bodies, are translated into UN official languages as early as possible, taking into account the interests of member States;

5. *Recalls* paragraph 3 of the agreed conclusions in document TD/B/WP/179 and paragraph 2 of the agreed conclusions in document TD/B/WP/183 and *reiterates its request* to the secretariat to provide in a timely manner a user-friendly explanatory note, drawn from the budget fascicle, including cross-references among subprogrammes with regard to types of activities performed, clear indications of new activities planned, and information about outputs under each subprogramme indicating how those outputs support the subprogrammes' accomplishments;

6. *Requests* the secretariat to make further efforts to improve the development and use of indicators of achievement, using well established results-based management tools consistent with UN norms and practices, so as to measure more effectively the performance in respect of implementation of UNCTAD's activities in the different subprogrammes, and to improve the draft programme budget itself to make it clearer and more user-friendly so as to be able to measure properly the impact of UNCTAD's activities;

7. *Requests* the secretariat to provide with the draft programme and budget an explanatory note on the methodologies and processes used to establish indicators of achievement and other important units of measurement;

8. *Requests* that the secretariat provide adequate quantitative information pertaining to the draft work programme, including estimates on technical assistance activities as well as identification of their sources of funding;

9. *Stresses* the importance of respecting previous agreed outcomes and reflecting them faithfully in the draft programme budget;

10. *Requests* the secretariat to explicitly and consistently highlight to member States for their consideration any proposals to move to the regular budget any activities specifically earmarked for funding through voluntary contributions;

11. *Looks forward* to the discussion at the resumed session to review the UNCTAD section of the proposed programme budget of the United Nations, with all the relevant and accurate information required for such a purpose within the relevant UN rules and regulations;

12. *Urges* UNCTAD to further explore modalities for financing participation in UNCTAD intergovernmental meetings of experts from developing countries and countries with economies in transition on a predictable and sustainable basis, and *agrees* to discuss this issue further;

13. *Requests* the secretariat to organize information sessions prior to Working Party meetings in order to assist member States to gain a better understanding of the UN and UNCTAD budgetary processes, as well as the documents presented to the Working Party;

14. In view of the recent transfer of the programme on Africa into the subprogramme on Africa, least developed countries and special programmes, *requests* the secretariat to ensure that its ability to produce the required outputs is not diminished;

15. *Stresses* that all activities, programmes and projects contained in the programme budget for the new biennium should be developed and implemented based on needs and the principle of equitable geographical distribution of resources among all developing country regions as well as countries with economies in transition.

Chapter II

REVIEW OF THE WORK PROGRAMME: DRAFT PROGRAMME BUDGET FOR THE BIENNIUM 2008–2009

Opening statements

1. The **Secretary-General of UNCTAD** said that, following a successful Mid-term Review in 2006, member States now had a chance to further guide UNCTAD's work programme for the coming biennium, both at the present session and in the resumed session in May, when the Working Party would discuss the programme budget in its entirety. The conclusions of the present session would be conveyed to the Secretary-General of the United Nations in order to provide the basis for the budget requests to be presented subsequently to member States and to the relevant subsidiary bodies of the General Assembly. In the 2008-2009 programme budget to be considered by the Working Party (TD/B/WP/L.123), outputs had been proposed under generic headings in order to allow flexibility for revisions after UNCTAD XII in April 2008.

2. Each Division had ensured that its programme of work reflected concerns and outcomes of the Mid-term Review. Programmes covered such issues as the development dimension of intellectual property; the integration of commodity-sector issues into national, regional and international development strategies; non-tariff barriers; and cross-cutting issues of trade and poverty. They also dealt with policy space, economic governance and policy coherence; South-South cooperation; and debt and debt sustainability. Other areas of emphasis included corporate responsibility and positive corporate contributions; transfer and diffusion of technology; follow-up to the World Summit on the Information Society; and trade and sustainable development, including the use of bio resources.

3. This was the first programme budget in many years to include a separate subprogramme for the special needs of small, vulnerable economies, small island developing States, and landlocked and transit developing countries, and it put the resources for the subprogramme on Africa, least developed countries and other countries in special situations on a more solid footing.

4. Finally, with regard to the late submission of documents, he assured delegations that every effort would be made to improve the situation.

5. The representative of **Honduras**, speaking on behalf of the **Group of 77 and China**, expressed concern at the late circulation of the documentation for the Working Party's session, which had prevented his Group from considering it fully. With regard to the contents of the work programme, his Group was concerned that the proposed programme anticipated implementation of some recommendations of the Eminent Persons Panel before member States had had the opportunity to consult on specific recommendations. This prejudged the results of those consultations, and the Group would prefer that the secretariat make provision for implementation of all recommendations, while retaining the flexibility to realign resources at a later stage. The Group recalled that, in the Mid-term Review, agreement had been reached on the urgent need to resolve the issue of financing of experts, and it considered that the only sustainable solution involved the use of regular budget resources. Concerning the follow-up to the major United Nations summits and conferences on development, including the follow-up Conference to the International Conference on Financing for

Development in 2008, the Group urged UNCTAD to introduce a more robust provision in its work programme to enable it to contribute fully to that follow-up.

6. The Group viewed the 2008-2009 work programme as a 'maintenance budget' that continued the mandates of the São Paulo Consensus and as an important element in the context of preparing for UNCTAD XII. The Mid-term Review had resulted in consensus among member States on areas relevant to enhancing the development role of UNCTAD: analysis of the impact of international policies and processes relative to national development strategies; analyses of means of achieving an appropriate balance between national policy space and international disciplines and commitments; strengthening and disseminating analytical and research work; focusing on the development-orientation of FDI and technology transfer; continuing to act as an advocate for development and retaining a strong development focus; working on corporate responsibility; increasing support for South-South cooperation; contributing to global consensus building on trade and trade-related issues; and contributing to the outcomes of the UN reform process and global conferences.

7. The Group welcomed the fact that Subprogramme 1 included two issues central to its members – policy space and policy coherence – but queried how the expected accomplishment of better policy choices was being translated into concrete activities and issues for intergovernmental deliberations. Also, at the Mid-term Review the Group had strongly urged the establishment of an UNCTAD Commission on Globalization, and while aware that the establishment of the proposed Commission would require an intergovernmental decision at UNCTAD XII, it nevertheless felt that the proposed Commission should be budgeted for in the same way that some of the recommendations from the Eminent Persons Panel had been budgeted for.

8. With regard to Subprogrammes 2 and 3, the Group expressed its satisfaction that its concerns had been accommodated in each work programme, with Subprogramme 2 addressing development issues highlighted in the outcomes of the São Paulo Consensus and the Mid-term Review through ad hoc expert groups and publications. On Subprogramme 4, the Group encouraged the secretariat to continue its good work on development, trade efficiency and human resources development. On Subprogramme 5, the Group noted a need for more commitment from trading partners of LDCs to ensure that the Brussels Programme of Action for LDCs was implemented in full, as well as the need to address the continuing commodity problems in Africa as a matter of urgency.

9. The Group was concerned about conserving the sanctity of UNCTAD as a pre-eminent development institution and a subsidiary organ of the UN, and it wished to send a message to the Secretary-General of the United Nations that UNCTAD's financial envelope should not be reduced. Budget cuts came at the expense of services to developing countries, and the Group asked to be kept informed of developments in this regard with the Controller. It would endeavour to secure a growth in the financial envelope for UNCTAD.

10. The Group anticipated that UNCTAD XII would mainstream key development challenges and opportunities, and it wanted to see a major change in the way globalization distributed the prosperity accruing from it, particularly to developing countries. The Conference could reinforce UNCTAD's relevance, re-establish the organization as one of the UN's premier bodies on trade and development, and restore its negotiating role on development issues, in addition to strengthening the three pillars of UNCTAD's work. The Group expected UNCTAD to produce substantive work that was innovative, independent, and ahead of the curve on hard development issues.

11. The representative of **Nicaragua**, speaking on behalf of the **Latin American and Caribbean Group**, noted that the late receipt of the documentation for the session and its availability in English only limited the ability of her Group to make meaningful contributions. The draft work programme took into consideration some recommendations of the Eminent Persons Panel, and her Group was concerned that this prejudged the outcome of the informal consultations that were to take place on this issue. The work programme should include recommendations from the Eminent Persons Panel in a non-discriminatory fashion.

12. The subprogrammes incorporated objectives of interest to developing countries, but they needed to be linked to capacity building, and solutions for predictable funding need to be identified. Subprogramme 1 was vital for its treatment of globalization, interdependence and development issues, and the Group requested more information on specific activities. Work on interdependence needed to cover all regions, and she urged proper consultations with the Director of the Division in order to ensure that these concerns would be taken into account. She noted that the Spanish version of the 2006 Trade and Development Report had been circulated a year after the English original, and she requested that the necessary steps be taken to solve the problem.

13. Her Group considered it necessary to strengthen subprogrammes 2 and 3. On Subprogramme 2, the Group noted the importance of interregional programmes related to capacity-building for SMEs, science and technology, investment policies, competition policies, consumer protection, and competition policies. With regard to Subprogramme 3, the Group's interest centred on work related to creative industries, biotrade, biofuel, and renewable energy. On cross-cutting issues, the Group stressed the importance of a fair geographical balance in all subprogrammes except for Subprogramme 5, which was devoted to LDCs. This geographical balance needed to be reflected not only in the programme of work but also in UNCTAD itself and consequently in its strategies. The draft programme did not define how this aim would be achieved, and she urged the elaboration of specific measures in that connection. With regard to the considerable number of expert meetings planned, the Group highlighted the need to examine the criteria and policies guiding the selection of experts, and only those experts who could yield the greatest benefit should be selected so that resources could be used effectively. Fair geographical representation of panellists was also urged.

14. In June 2006, her Group had stressed the need to create links between the different technical assistance programmes aimed at training and capacity building. It suggested that courses organized further to paragraph 166 of the Bangkok Plan of Action could be linked to the TrainForTrade programme and also the Virtual Institute in order to maximize opportunities and garner long-term, tangible results. The Group sought confirmation that the necessary resources for a forthcoming workshop in Latin America had been put in place to ensure that the course would be a success. The Group also sought clarification on the geographical coverage of work under each subprogramme, the performance measures presented, and the sources of funding for activities.

15. The representative of **Angola**, speaking on behalf of the **African Group**, called for timely receipt of meeting documents to facilitate more meaningful interactions, as member States would then have the time to consult with their national authorities. The Group welcomed the inclusion of a subprogramme that addressed Africa's needs. The implementation of the São Paulo consensus was fundamental for the African Group, and key Mid-term Review outcomes on commodities (paragraphs 18, 42 and 46 of the outcome) must

be incorporated into the 2008-2009 work programme under all relevant subprogrammes, especially subprogrammes 1, 3 and 5. UNCTAD had a role to play in enhancing the performance of the insurance sector in Africa, and his Group sought clarification on where this was reflected in the draft work programme.

16. He recalled the assurance given to the African Group that the administrative relocation of the African subprogramme would not affect its mandates or diminish its status, and he hoped that the integrity of the staff and financial resources available to the subprogramme would be maintained, if not enhanced. The subprogramme should in particular continue its work on the Economic Development in Africa series, which was awaited with anticipation each year. He sought clarifications on whether the draft programme budget made provision for regional preparatory meetings for UNCTAD XII, as well as for other preparatory activities pertaining to logistics, training of personnel, and financing of experts.

17. The representative of **Thailand**, speaking on behalf of the **Asian Group**, said that the Working Party's session would make it possible to evaluate the implementation of priority activities emanating from the São Paulo Consensus, as well as to look ahead to political and policy commitments that would arise from UNCTAD XII. Flexibility of the work programme would be necessary to enable UNCTAD XII outcomes to be incorporated.

18. His Group continued to attach great importance to several issues: strengthening UNCTAD's three pillars, mainstreaming the concept of policy space, coherence in the global economic system, broadening the scope of UNCTAD's work on debt and development financing, good governance, assuring the development dimension of the international trading system, and responding to the special needs of LDCs and landlocked developing countries. The Group appreciated the incorporation of policy space and policy coherence issues in subprogramme 1, and in that connection it welcomed the fact that the thrust of the 2006 *Trade and Development Report* had been on that issue. However, the issue was a cross-cutting one and should permeate all subprogrammes.

19. Efforts to enhance the development role and impact of UNCTAD through the Eminent Persons Panel were commendable, but budgeting for the implementation of specific recommendations prejudged the outcome of member States' consultations. The Group urged that provision should be made to fund all recommendations or none. The generous contributions of donor countries for the financing of experts from developing countries were appreciated, as those experts' participation was crucial to the success of future meetings. However, only the use of regular budget resources to finance participation of experts would provide a sustainable solution to this issue.

20. The representative of **Germany**, speaking on behalf of the **European Union**, asked the secretariat to address the problem of the late submission of documents, as it was essential to receive working documents in a timely fashion in order to prepare for meetings appropriately. In addition, the EU recalled a request made at the 2005 session of the Working Party to provide a user-friendly explanatory note drawn from the budget fascicle that contained information on the substantive rationale for the allocation of resources, the manner in which the actual allocation of resources responded to that rationale, and various components of budgetary allocations.

21. The European Union reiterated that substantive streamlining, effective project management and organizational adjustments within the existing budget should be considered

to further convince beneficiaries and donors of UNCTAD's merits. The creation of the Division on Africa, LDCs and Special Programmes was an important step by the secretariat to better focus its work on Africa and LDCs, and sufficient human resources should be allocated to that Division.

22. The draft work programme should elucidate project beneficiaries, timelines and expected results. Further, the document should reflect decisions taken, or recommendations adopted, in a balanced manner. The Working Party should not anticipate major substantive outcomes of UNCTAD XII.

23. The work programme provided a satisfactory list of proposed activities, but lacked a cross-cutting thematic overview. Moreover, an explanatory note was called for on the methodologies used to quantify UNCTAD's work and select performance indicators. Finally, the EU called for greater transparency of output quantities.

24. The representative of **Indonesia** noted that the draft work programme did not fully reflect the outcomes of the Mid-term Review. The programme must also be sufficiently flexible to allow adjustments after UNCTAD XII. This was particularly important in light of ongoing UN discussions on such issues as the work of the open-ended group on the follow-up to major UN conferences and UN system-wide coherence. UNCTAD should, through its programme of work, play a more proactive role in the implementation of internationally agreed development goals, in particular the Millennium Development Goals.

25. UNCTAD expert meetings were the foundation of intergovernmental work and fed into its three pillars, and the work programme should therefore provide for the participation of experts from developing countries. As the focal point within the UN for the integrated treatment of trade and development issues, UNCTAD was eminently placed to address broader issues related to coherence and systemic issues, as well as policy space and good governance at all levels, in addition to its work on trade and investment, thus allowing for impact at the country level.

26. The representative of **Argentina** noted that there had been insufficient time to review the documentation, but his delegation would be seeking clarification on publications and expert groups. The budget process was an important exercise in better guiding UNCTAD's work and ensuring proper participation of members in its work.

27. The representative of the **Russian Federation** noted that the Working Party's discussion was taking place amidst broader discussions about the future role of UNCTAD, and the Working Party thus had a responsibility to enhance the effectiveness of the organization's activities. Continued work was welcomed in such areas as WTO accession, export diversification, investment capacity-building, boosting the competitiveness of small and medium-size enterprises, developing linkages between SMEs and TNCs, developing corporate legislation, introducing principles of corporate transparency and international accounting standards. He also stressed the importance of furthering research on issues like globalization, interdependence, international trade, particularly in energy and other commodities, and monitoring trends in global and regional investment flows. The Russian delegation supported planned programmes for the Virtual Institute, TrainForTrade and the development of ICTs, and highlighted the importance of paying increased attention to African and LDC programmes. He noted the continuing downward trend in regular budget financing for UNCTAD, and said it was important to use current resources rationally and enhance UNCTAD's attractiveness in terms of extrabudgetary funding. Clearly formulated

concrete plans would ensure that proper information about UNCTAD was made available to the international media. Finally, he stressed the importance of providing timely translation of UNCTAD documents into other languages.

28. The representative of **Bangladesh**, referring to Executive Direction and Management, expressed concern over the lack of information provided in the documentation, particularly concerning the geographical representation and gender balance of staff, and he requested more information on geographical and country-wise representation for both regular budget and extrabudgetary staff. He also said that decisions taken by the Secretary-General should be considered by members prior to being implemented. Making provision for specific recommendations at the present time would amount to prejudging the outcomes of the consultations. In that connection, he expressed concern over the use of the Eminent Persons Panel's report to implement change in the secretariat.

29. The representative of **China** said that economic globalization and regional integration had increased development challenges for developing countries. As the responsible body for trade and development within the UN system, UNCTAD must help developing countries deal with those development challenges. The São Paulo Consensus and the Mid-term Review represented the basis and set the future direction for UNCTAD's work on trade and development. In anticipation of UNCTAD XII and the UN reform processes, UNCTAD's 2008-2009 work programme should continue to strengthen its three pillars and help developing countries not only meet their development challenges but also share the benefits of globalization. Areas of work that should receive particular attention included: promoting coordination between national development strategies and international economic processes; and addressing requests from developing countries, especially the LDCs, for policy flexibility; and actively promoting resumption of negotiations on the multilateral trading system in order to help developing countries truly benefit from it. Resources should be allocated in such a way as to allow the smooth implementation of the draft programme of work.

30. The representative of **Peru** said that improvements were called for in the translation and distribution of documents, and information on the budget should be sent to New York and Geneva delegates at the same time. She sought clarification as to which of the proposed activities focused on Latin American and Caribbean countries and whether they were funded by regular budget or extrabudgetary resources. Clarification was also sought on the staff recruitment process, especially concerning the deadlines for submission of candidatures, as well as on the indicator pertaining to geographical representation. Information on the execution of the budget should be provided periodically. Finally, it was not clear what progress had been made on seeking solutions for participation of experts at expert meetings.

31. The representative of **Canada** called for an integrated document for the next programme budget meeting that incorporated the work programme and extracts from the budget for the prior biennium. He commended UNCTAD for adopting a results-based approach, but was concerned about the quantitative nature of performance indicators. Qualitative descriptions would enhance the clarity of results achieved. He queried whether, under Executive Direction and Management, expected accomplishment (d)(ii) – Full and effective utilization of resources – was an appropriate performance measure for the secretariat.

32. The representative of **Senegal** raised concern over the performance indicators, calling for more objective and qualitative information. Insufficient qualitative information in the

current draft proposal made it hard to determine what UNCTAD would be achieving, and more meaningful alternatives needed to be developed. He recalled the importance of both the insurance and the commodities sector for the African continent. Looking ahead to UNCTAD XII, the progress made in the commodities sector was questionable, and this must be addressed. With regard to meetings documents, he requested that they be made more readable in order to generate richer debates.

Informal meetings

33. The Working Party pursued its discussions in informal meetings.

Action by the Working Party

34. At its closing meeting, on 31 January 2007, the Working Party approved the draft proposed work programme for 2008–2009 as amended (TD/B/WP/L.123/Rev.1). It also adopted agreed conclusions (see chapter I above).

Chapter III

ORGANIZATIONAL MATTERS

A. Election of officers

(Agenda item 1)

35. 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)

36. 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

37. 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.

Annex
ATTENDANCE*

1. Representatives from the following States members of the Working Party attended the session:

Angola	Japan
Argentina	Peru
Bangladesh	Russian Federation
Belarus	Switzerland
Belgium	Ukraine
Benin	United Kingdom of Great Britain and Northern Ireland
China	United States of America
El Salvador	Zimbabwe
France	
Iran (Islamic Republic of)	

2. Representatives from the following States members of UNCTAD not members of the Working Party attended the session:

Albania	Madagascar
Austria	Mauritania
Botswana	Mexico
Bulgaria	Nicaragua
Burkina Faso	Nigeria
Canada	Norway
Czech Republic	Pakistan
Ecuador	Philippines
Egypt	Poland
Finland	Portugal
Gabon	Republic of Korea
Germany	Rwanda
Ghana	Senegal
Greece	Slovakia
Guatemala	Slovenia
Haiti	South Africa
Holy See	Spain
Honduras	Syrian Arab Republic
India	Thailand
Indonesia	Timor-Leste
Israel	Uganda
Italy	Venezuela
Lesotho	Zambia

* For the list of participants, see TD/B/WP(48)/INF.1.

3. The following observer was represented at the session:

Palestine

4. The following intergovernmental organizations were represented at the session:

African Union

League of Arab States

European Community

Organisation internationale de la francophonie

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