



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
LIMITED

TD/B/WP/L.111  
17 September 2003

Original: ENGLISH

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TRADE AND DEVELOPMENT BOARD  
Working Party on the Medium-term Plan  
and the Programme Budget  
Forty-first session  
Geneva, 15–19 September 2003

**DRAFT REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM PLAN  
AND THE PROGRAMME BUDGET**

**Note for delegations**

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to statements of individuals should be communicated by **Wednesday, 24 September 2003** to: The UNCTAD Editorial Section, Room E,8108, Fax No. 907 0056, Tel. No. 907 5656/1066.

## INTRODUCTORY STATEMENTS

1. The **Deputy Secretary-General of UNCTAD** expressed appreciation for donors' generous support for UNCTAD's technical cooperation. Technical cooperation activities continued to be financed from three main sources: trust funds, UNDP and the UN programme budget. In 2002, total expenditures from all three sources had amounted to \$21.8 million, of which 70 per cent came from trust funds. Overall expenditures had contracted by about 6 per cent from 2001, and the downward trend in UNDP's share in total expenditures that had started in 1990 had continued in 2002. Four projects financed under the third tranche of the Development Account had become operational in 2002, and four new projects involving a total amount of \$2.6 million had been proposed for the biennium 2004-2005. The share of country project expenditures had increased in 2002, while that of regional projects had dropped sharply.

2. Close cooperation with other agencies and entities providing trade-related technical cooperation continued to be a priority. In this regard UNCTAD had contributed to the preparation to the UN Secretary-General's report to the General Assembly to further clarify the technical cooperation roles and responsibilities of the various entities within the United Nations. A memorandum of understanding between UNCTAD and WTO had been signed in April 2003, and as a result of a financial and administrative agreement signed between the EU Commission and the United Nations, UNCTAD would be one of 10 organizations that would benefit from increased funding.

3. Concerning the implementation of the Integrated Framework, the major challenge had been the follow-up to the Diagnostic Trade Integration Study (DTIS) action plans through the implementation of concrete projects at the country level. Predictable and sustainable funding for priority areas of the DTIS actions plans was required for the medium and long term. The evaluation of the Integrated Framework, which was under way, should come up with recommendations in this regard. Concerning JITAP, a second phase had been launched in 2003 covering four years. The Programme had been extended to eight new countries.

4. With regard to the future orientation of technical cooperation, UNCTAD would continue to encourage the formulation of multi-donor, multi-beneficiary and multi-year programmes. Stronger emphasis would be placed on long-term capacity-building efforts, while at the same time short-term targeted assistance would continue to be provided in response to immediate needs. Modalities and forms of delivery would continue to seek the involvement of local entities. Support for capacity building continued to be the main objective of UNCTAD's technical cooperation programmes. Moreover, the interaction between research and analytical work and technical assistance activities would be further integrated with a view to ensuring coherence among the thematic areas of UNCTAD's particular expertise.

5. The evaluation of technical cooperation programmes had become a very effective tool for member States to provide substantive guidance for programmes. Two particular features of evaluation in UNCTAD were its independence and its participatory approach. This year's

evaluation on the technical cooperation programme on trade, environment and development put particular emphasis on capacity building and provided recommendations on how to strengthen capacity-building aspects of the programme.

6. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, expressed concern over the decreasing level of expenditures on UNCTAD's technical cooperation in the African region and in LDCs. He reaffirmed the importance that his Group attached to JITAP, which provided an excellent example of a holistic technical cooperation programme in which three agencies cooperated in an effective manner in accordance with their expertise and specificities. He encouraged UNCTAD to ensure that other regional and interregional projects and programmes benefited from that experience. He called for new consultations between donor countries, beneficiaries and the UNCTAD secretariat in the area of trade policies and negotiations in the post-Cancun period so as to ensure that UNCTAD's role in this area was maintained.

7. On the issue of coherence, he pointed out the importance for UNCTAD of building its own vision of what coherence meant for the fulfilment of its goals and mandates, taking into account its specific characteristics and expertise. In that connection, his Group welcomed the note on capacity development presented by the secretariat, which focused on enhancing local capacities for the formulation and implementation of home-grown trade and development policies. The Group emphasized the need to ensure holistic approaches that integrated the various aspects of trade, investment and development.

8. There were two basic requirements for any technical cooperation strategy in trade and development: first, objectives and instruments that matched development needs, and second, enough flexibility to allow for activities to be updated and adjusted as required by the evolving international economic environment. In addition, predictable funding was needed for UNCTAD programmes, as long-term programmes could not be designed with short-term and fragmented resources.

9. The Group of 77 and China appreciated the effort made by the secretariat in constantly trying to improve the management of technical cooperation for the benefit of developing countries by conducting evaluations.

10. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said that his region continued to benefit from UNCTAD's expertise through technical cooperation in different thematic areas, and he expressed satisfaction over the expansion of JITAP, which had proved to be one of the most effective operations implemented in recent years. He expressed concern over the reduced share of Africa in overall delivery of UNCTAD's technical cooperation, and hoped that the situation was an exceptional one that would be reversed in 2003.

11. The best results of technical cooperation were those that stayed in the beneficiary country, embedded in its own people and institutions and harmonized with its own economy and society. He welcomed the propositions in the note on capacity development regarding a

more integrated approach to technical cooperation linking different aspects of trade, investment and infrastructure.

12. The guidelines presented in the draft technical cooperation strategy reflected current trends in the organization's technical cooperation activities. Accordingly, they did not introduce changes in the overall orientation but rather placed emphasis on the most effective ways and means to achieve sustainable results.

13. The evaluation of the trade, environment and development programme placed emphasis on capacity development through a holistic approach. His Group supported the recommendations contained in the evaluation report.

14. The representative of **Mexico**, speaking on behalf of the **Latin American and Caribbean Group**, welcomed the increase in donors' contributions for UNCTAD technical cooperation, as well as the increase in operations in Latin America and the Caribbean, which represented 9.2% of the 2002 total. He hoped that that figure signalled the beginning of a positive trend. On the other hand, the drop in resources devoted to regional projects was a matter for concern.

15. UNCTAD's technical cooperation programmes must benefit all developing countries and economies in transition and must be consistent with the thematic structure underlying the secretariat's work. Likewise, it was important to take account of demand in all developing countries in all the regions, in view of the diversity of development problems.

16. He drew the attention of donor countries to the need to disseminate UNCTAD's work in Latin America and the Caribbean through technical cooperation, particularly in the context of UNCTAD XI. His region had an outstanding tradition of research on development policies, and UNCTAD expertise and its holistic vision could be a source of effective support for Governments, academia and the productive sectors. The region had significant human and institutional capacity needs in areas such as trade and poverty, financing for development, technology transfer and investment, trade in services, regionalism and multilateralism, and the impact of globalization.

17. The Group took note with interest of the secretariat's note on capacity development, the ideas of which matched UNCTAD's philosophy. Technical cooperation had to aim at building up developing countries' own capacity to design and implement policies in the light on the characteristics of their economies, and many UNCTAD operations respected that philosophy.

18. The representative of **India**, speaking on behalf of the **Asian Group and China**, said that technical cooperation was one of the main pillars of the organization, and she expressed satisfaction over her region's increased share in UNCTAD technical cooperation activities. Until recently, the main thrust of technical cooperation policies in the area of trade and development had been the transfer of ideas generated in developed countries and on the implementation of legal obligations deriving from international commitments. Likewise, project design had often been dominated by short-term operations, for example short training

activities, that did not have strong links with the national context. The proliferation of many small projects could not ensure proper development of local capacities. Her Group was confident that the debates generated by UNCTAD XI would provide inputs that could be fed into future UNCTAD technical cooperation. She invited development partners to continue their support for UNCTAD's work and to ensure that technical cooperation activities matched the needs of beneficiary countries.

19. The representative of **Benin**, speaking on behalf of the **least developed countries**, commended the secretariat's work for contributing to the effective and increased participation of least developed countries in international trade through the enhancement of their human and institutional capacities. That work had been carried out in the context of the implementation of the recommendations of the Brussels Programme of Action, as well as other recent global meetings. However, given the multifaceted needs of developing countries and in particular least developed countries, a lot remained to be done to attain the targets set. He called upon the donor community to intensify its financial support for activities in favour of least developed countries.

20. The decline in the level of technical cooperation expenditures in favour of least developed countries was a matter for concern, and in that connection he stressed the need for the rapid finalization of an UNCTAD technical cooperation strategy, a draft of which was before the current session of the Working Party. In the view of his Group, the strategy should take into account the real needs of beneficiaries and ensure their full involvement in the formulation, implementation and impact evaluation of programmes and projects; the extension to other countries of capacity development programmes initiated in partnership with other institutions and partner countries, such as the Integrated Framework, JITAP and the TrainForTrade programme; and the enhancement of local initiatives, with the creation of a mechanism for exchange of best practices. UNCTAD had a major role to play in contributing to capacity development in least developed countries in the areas of globalization and development, international trade in goods and services, commodities issues, investment, technology and enterprise development, and services infrastructure for development and trade efficiency. Finally his group reiterated its position on the importance of the yearly publication of the *Least Developed Countries Report*.

21. The representative of **Ethiopia** thanked development partners for their contribution to UNCTAD trust funds, which were the major source of financing for UNCTAD's technical cooperation activities. Contributions to trust funds were, however, subject to yearly fluctuations, and such fluctuations could in turn affect the delivery. Multi-year pledges for UNCTAD's technical cooperation could ensure steady delivery over the years. The commitment expressed by developing countries' development partners at recent global development conferences to increase the level of support to developing countries could be translated into action by providing increased and predictable resources for technical cooperation activities. Regarding the question of the provision of experts, his delegation encouraged the use of national rather than expatriate expertise.

22. He expressed concern over the reduced share of Africa and least developed countries in the overall technical cooperation activities of UNCTAD. The African region, which

accounted for the majority of least developed countries, was trapped in a vicious cycle of development problems. The least developed countries were encountering serious supply constraints in productive sectors, in economic infrastructure, and in human and institutional capacities. It was therefore encouraging to note that, in its future technical cooperation activities, UNCTAD would continue to focus on that vulnerable group of countries.

23. The representative of **Japan** said that the evaluation of the trade, environment and development technical assistance programme included constructive criticisms and comments aimed at making the programme more efficient. He stressed in particular the need for UNCTAD to continue to play an important role in this area, with particular focus on LDCs, as well as to find ways to optimize the secretariat's comparative advantage and further strengthen cooperative links with other organizations.

24. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries**, noted a number of positive aspects in the secretariat's documentation, in particular with regard to the commitment to continue to strengthen the interrelationship between research and analytical work and operational activities. He also welcomed the point concerning the need to have more intra-divisional and interdivisional interface in order to emphasize the links between different aspects of trade, investment and related development policies, as well as the assurance that better use would be made of different modalities and instruments in technical assistance delivery. He welcomed the importance given to cooperation with other international organizations and to ownership of technical cooperation programmes by beneficiary countries.

25. He expressed concern at the great variety of initiatives and projects, which tended to indicate a lack of vision and strategy. In that regard, he noted that, in 2002 despite the increase in financial contributions from bilateral donors, the share of expenditures in Africa and LDCs had declined. The European Union had frequently stressed the importance of UNCTAD activities in favour of Africa. He stressed that the funds made available by donor countries and their predictability could not be considered independently from the elaboration of a vision and a strategy that allowed for larger and longer-term commitments. Finally, since UNCTAD was one of the 10 pre-selected strategic partners of the European Union, it would be useful and important to know how UNCTAD envisaged the increased cooperation with the European Commission.

26. The representative of **Switzerland** commended the secretariat's efforts to improve the presentation of the documentation, in particular in respect to objectives and future actions. He noted with interest the increase in financial resources from bilateral donors and the initiative by the United Nations system to increase coherence in its technical cooperation activities. In that regard he noted that field presence was important when delivering technical cooperation, and the issue of project follow-up and ownership therefore needed to be discussed further. He also stressed the need to increase efforts on the dissemination of evaluation results. He emphasized the importance of having long-term goals in technical cooperation projects and of the need to strengthen cooperation with local partners.

27. In order to give secretariat divisions adequate resources, the administrative costs of 13 per cent charged to project trust funds should be allocated to the Divisions implementing the projects. With respect to capacity-development, he expressed concern that a global approach to technical cooperation that could lead to scattered efforts and lower impact. This question needed to be discussed at UNCTAD XI. He also expressed the view that small projects ran a higher risk of having a weak impact. Activities related to the training of individuals had demonstrated their limits, and they should rather be integrated into longer-term initiatives favouring institutional capacity development.

28. The representative of the **United States of America** expressed satisfaction over the continuing emphasis on capacity building activities and in particular those that fostered greater productive capacity and trade efficiency. She encouraged strengthening of assessment mechanisms and effective follow-up so as to ensure that capacity building remained targeted, flexible and relevant, and she hoped that the proposed holistic approach to UNCTAD technical cooperation would be made operational. Expressing concern over the reduced share of Africa and least developed countries in UNCTAD's technical cooperation expenditures, she called for the reversal of the situation.

29. The millennium development goals had never been negotiated, nor had they been endorsed by the Member States of the United Nations. They were rather the product of an annex to a report by the United Nations Secretary-General. The outcome of the meeting should therefore be worded appropriately.

## **Chapter II**

### **ORGANIZATIONAL MATTERS**

#### **A. Election of officers**

(Agenda item 1)

30. At its 158<sup>th</sup> (opening) plenary meeting, on 15 September, the Working Party elected Mr. José Antonio Fernandez Estevez (Cuba) as its Chairperson and Mr. Robert Fairweather (United Kingdom) as its Vice-Chairperson-cum-Rapporteur.

#### **B. Adoption of the agenda and organization of work**

(Agenda item 2)

31. Also at its 158<sup>th</sup> meeting, the Working Party adopted its provisional agenda (TD/B/WP/166). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the technical cooperation activities of UNCTAD and their financing
4. Evaluation of technical cooperation activities: In-depth evaluation of the technical assistance programme on trade, environment and development
5. Progress report on the implementation of the second phase of UNCTAD's web site
6. Provisional agenda for the forty-second session of the Working Party
7. Other business
8. Adoption of the report of the Working Party to the Trade and Development Board