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and the Programme Budget
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**Draft report of the Working Party on the Medium-term Plan and the
Programme Budget on its forty-third session**

Held at the Palais des Nations, Geneva, from 13 to 17 September 2004

Rapporteur: Ms. Preeti Saran (India)

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Note for delegations

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to individual statements should be communicated by **Wednesday, 22 September 2004**, to: UNCTAD Editorial Section, Room E,8108, Fax No. 022 917 0056, Tel. No. 022 917 5656.

Chapter I

OPENING STATEMENTS

1. **The Deputy Secretary-General of UNCTAD** recalled the need to translate into action the decisions contained in the Spirit of São Paulo and in the São Paulo Consensus. The primary role of the Working Party in that process was to consider the implications of the decisions made at the Conference and their impact on the work programme of the organization. Concerning the structure of the programme budget, subprogramme 5 needed to retain the title that appeared in the medium-term plan and not the new title agreed upon by the Working Party in the context of the Strategic Framework for 2006-2007. On the content of the programme budget, there had been an evolution towards increased simplification so as to facilitate result-based budgeting. Document TD/B/WP/174 was designed to give the Working Party a clear indication of the impact of the outcome of UNCTAD XI on the work programme.

2. Regarding technical cooperation, the new UNCTAD technical cooperation strategy reiterated the general guidelines adopted in the UNCTAD X Plan of Action and endorsed the UNDP concept of capacity development, which entailed enhancing the endogenous capacities of developing countries in the design and implementation of home-grown trade and development policies. Document TD/B/WP/172 presented significant examples of UNCTAD's ongoing operations that illustrated the key components of the strategy. With regard to the way forward, the report emphasized the need to improve the coherence of UNCTAD technical cooperation, which was being delivered through approximately 300 individual projects. The possible establishment of thematic multi-donor and multi-year trust funds, one per division of the secretariat, would improve the predictability and sustainability of resources.

3. Under Item 5, with regard to the evaluation plan for the next three years, the following topics were being proposed: (a) in 2005, training courses on key issues on the international economic agenda (implementation of paragraph 166 of the Bangkok Plan of Action); (b) in 2006, accession to WTO; (c) and in 2007, investment advisory services.

4. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, stressed the need to translate certain important concepts into action in the subprogrammes. He placed particular emphasis on the following issues: (i) the concept of policy space; (ii) coherence and the identification of policy options, as well as issues relating to development in Africa; (iii) the improvement of supply capabilities in developing countries, investment, security-related measures, and the formulation and implementation of national ICT policies and strategies; (iv) monitoring and assessment of the international trading system, the elaboration of development benchmarks, and the revitalization of the Global System of Trade Preferences among Developing Countries (GSTP), as well as other initiatives to stimulate South-South trade; (v) the special needs of the LDCs, landlocked developing countries and small island developing States, and the problems and challenges facing transit developing countries. He welcomed the completeness and clarity of the actions to be undertaken by UNCTAD as a follow-up to the decisions adopted at the Conference, as set out in document TD/B/WP/174, and emphasized that the decisions adopted at UNCTAD XI, in addition to the Bangkok Plan of Action,

were essential instruments in member States' continued commitment to support UNCTAD in fulfilling its mandate.

5. He underlined the importance of technical cooperation as one of the three pillars of UNCTAD's work. The technical cooperation strategy provided a good framework for UNCTAD's operations in the field, it converged with the spirit of the mandates adopted at UNCTAD XI, and it must become the effective vehicle for the implementation of the outcomes of the Conference. He fully supported the emphasis on enhancing the developing countries' own capacities to formulate and to implement nationally rooted policies, and he thanked donors for their continued support. He underlined the three basic objectives that should orient the Working Party's debates: the need to improve the predictability and sustainability of UNCTAD's extra-budgetary resources; the importance of maximizing the impact in the field of UNCTAD's technical cooperation by emphasizing thematic and interregional approaches; and the need to continue to give priority to the LDCs, landlocked countries and small island developing States. Finally, he expressed the support of the beneficiary countries for UNCTAD' ongoing efforts to improve its technical cooperation programmes, and he concurred with the proposed evaluation plan.

6. The representative of **Pakistan**, speaking on behalf of the **Asian Group and China**, said that the three pillars of UNCTAD's mandate, comprising consensus building, research and analysis, and technical assistance, had been reaffirmed in São Paulo and continued to provide the framework for the work of the organization. The areas of work for which proper and timely delivery was paramount included macroeconomic issues, policy space, coherence, debt management and the multilateral trading system, as well as the special needs of transit developing countries. The document prepared by the secretariat (TD/B/WP/174) provided a solid basis for the integration of the São Paulo Consensus into the work programme for 2004-2005.

7. With regard to technical cooperation, UNCTAD should provide an optimum mix of capacity building activities at the national, subregional, regional and global levels from a trade and development perspective. The decisions taken at UNCTAD XI should be integrated into UNCTAD's programme of technical cooperation. It would be important to ensure more predictable and sustainable funding and to revisit the technical cooperation strategy with a view to ensuring that it was in consonance with the São Paulo Consensus. He reiterated his Group's continued support for evaluation of technical cooperation programmes, and took note of the evaluation plan and the nature and scope of the exercise.

8. The representative of **Nigeria**, speaking on behalf of the **African Group**, said that, in reviewing the programme of work for 2004-2005 so as to appropriately incorporate the outcome of UNCTAD XI, the Working Party should ensure that certain important issues were not overlooked, such as policy space, globalization, policy coherence and the financing of development, which required action, not just reports to the General Assembly. He recalled the need for UNCTAD to pursue its work on insurance matters, as domestic finance played a very important role in the development process; development financing, including insurance, which contributed up to 30 per cent of domestic savings, should therefore be incorporated into the revised work programme. Subprogramme 1B should be provided with the necessary resources, especially in view of its linkage with NEPAD. He welcomed the focus on corporate social responsibility, foreign direct investment, commercial diplomacy,

JITAP and WTO accession, and he endorsed the meaningful work on commodities. He further welcomed the continuation of activities such as ASYCUDA and TRAINFORTRADE, as well as the coverage of issues relating to information and telecommunications technologies and transport/trade facilitation. In particular, he endorsed the decision to publish the *LDC Report* annually, while emphasizing the need to provide the necessary additional resources for that purpose.

9. He welcomed the emphasis placed by the new technical cooperation strategy on the Millennium Development Goals. While a longer-term perspective was essential for sustainable capacity development, there was huge demand for shorter-term training courses, in particular in the context of ongoing international negotiations, and it was important to continue to strike a balance between the two. He called for a more concerted effort to get additional trust fund contributions, and expressed grave concern over the fact that the share of Africa in overall expenditures in both absolute and relative terms had declined since 2000. There was an inherent tension between the desire for a demand-driven technical cooperation process and the priorities determined by donor countries, but it should be possible to strike the right balance. There was a need for greater predictability and sustainability of extrabudgetary resources, and the secretariat's proposal on multi-donor and multi-year trust funds required closer study. Finally, his Group took note of the report on the follow-up to the evaluation of the programme on trade, environment and development, as well as the proposed evaluation plan.

10. The representative of **Bolivia**, speaking on behalf of the **Latin America and Caribbean Group**, said that the Conference had defined a conceptual framework and a vision of development that should make an impact if translated into concrete actions of support for developing countries, and it was therefore absolutely necessary to review the work programme proposed for the 2004-2005 biennium on the basis of the outcome of the Conference.

11. With regard to technical cooperation, his Group expressed concern at the decreasing trend in the share of Latin America in total technical cooperation expenditures. The share of the region had amounted to only 8.1 per cent of total expenditures in 2003. Striking a balance between the different regions should be a guiding principle of technical cooperation. Technical cooperation activities should also be closely linked to the other two main functions of the organization, namely research and consensus building. Contributions from multilateral donors such as UNDP and bilateral donors had been following opposite trends in recent years, with important consequences for the design and implementation of technical assistance. His Group considered the development of endogenous capacity in beneficiary countries to be of primary importance, and in that connection he noted with satisfaction the launching of the Virtual Institute on Trade and Development and commended the secretariat for its training courses and its activities aimed at strengthening institutional capacity in the region. Activities should put emphasis on national strategies and respond to different needs and conditions in beneficiary countries. There was also a need to give priority to the major themes that had emerged from the Conference.

12. One of UNCTAD's major comparative advantages lay in its systemic approach to trade, investment and related areas. Coherence, long-term vision and multidisciplinary approaches should be the main characteristics of UNCTAD's technical cooperation. Present activities lacked cohesion and resulted in dispersion of resources, in

contradiction with the principles set out in the technical cooperation strategy. The effectiveness of technical cooperation activities also depended greatly on the nature of the available financial resources. Finally, his Group stressed the importance it attached to the implementation of paragraph 166 of the Bangkok Plan of Action and to the BIOTRADE Programme.

13. The representative of the **Netherlands**, speaking on behalf of the **European Union**, welcomed UNCTAD' efforts to react swiftly to the conclusion of UNCTAD XI and its attempt to integrate the Conference outcomes into the work remaining to be done during the biennium 2004-2005. In this respect, the secretariat's note contained in document TD/B/WP174 was valuable. The European Union emphasized the relevance of a focused approach within a set of priorities relating directly to the intersection of trade and development, the opportunities to work fruitfully with other international organizations, the need to avoid duplication of work, and the necessity to be cost-effective.

14. The representative of the **United States of America** reiterated her concern and reservations with regard to the concept of policy space. She underscored that the reference to policy space in the São Paulo Consensus was contained in the chapeau, which meant that it represented a political statement and not an action-oriented issue. She emphasized the need to look into the issue very carefully before going any further.

15. The representative of **Benin**, speaking on behalf of the **least developed countries**, recalled that the São Paulo Consensus contained valuable decisions that confirmed UNCTAD' solidarity vis-à-vis the LDCs, and the Working Party should take LDCs' special needs into consideration to ensure that they received the attention they deserved. Thus, issues such as ensuring better coherence, debt problems that impeded development, and assistance in connection with trade facilitation were paramount in guaranteeing an adequate follow-up to the outcome of UNCTAD XI.

16. He reiterated the importance of UNCTAD's work on the Global System of Trade Preferences among Developing Countries and recalled that only seven LDCs had participated in the first round of negotiations. UNCTAD must endeavour to assist other countries in this area in the future. The least developed countries also supported UNCTAD's work on commodities.

17. The representative of **China** said that the issue of policy space needed to be understood more fully, and UNCTAD should serve as a forum to discuss it. The fact that reference had been made to the issue in the São Paulo Consensus demonstrated its importance. Concerning technical cooperation, he emphasized that it was one of the three main pillars of UNCTAD's work.

18. The representative of **Cuba** recalled that the São Paulo Consensus contained a number of cross-cutting issues, including in the chapeau. She considered that policy space was one such issue.

Chapter II

ORGANIZATIONAL MATTERS

A. Election of officers

(Agenda item 1)

19. At its 163rd plenary meeting, on 13 September 2004, the Working Party elected Mr. Mariano Payá (Spain) as its Chairperson and Ms. Preeti Saran (India) as its Vice-Chairperson-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

20. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/171). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the UNCTAD programme of work for the biennium 2004–2005, in the light of the outcomes of the eleventh session of the Conference
4. Review of the technical cooperation activities of UNCTAD and their financing
5. Evaluation of technical cooperation activities
6. Provisional agenda for the forty-fourth session of the Working Party
7. Other business
8. Adoption of the report of the Working Party to the Trade and Development Board