

Distr.: Restricted
15 August 2013

English only

Trade and Development Board

Working Party on the Strategic Framework and the Programme Budget

Sixty-fifth session

Geneva, 2–4 September 2013

Item 4(b) of the provisional agenda

External evaluation of UNCTAD subprogramme 1: Globalization, interdependence and development

Management response to the external evaluation of UNCTAD subprogramme 1: Globalization, interdependence and development

Note by the UNCTAD secretariat

Executive summary

The UNCTAD secretariat wishes at the outset to express its deep appreciation for the in-depth examination of subprogramme 1 (SP1) that the evaluation team undertook in the context of this evaluation, the first of its kind in UNCTAD. The professional, intensive and collegial approach of the team, working under the pressure of an exceptionally short duration of assignment, and facing the intricacies of this subprogramme on globalization and interdependence, itself a complex topic, is to be commended. Furthermore, this exercise provided a useful opportunity for programme managers to be introspective under the probing of the team and to open their files and minds to facilitate the team's challenging task of comprehending the history, position and role of this multifaceted subprogramme.

This management response consists of two sections. The first addresses the recommendations set out in paragraphs 86–89 of the evaluation, including a set of proposed implementation steps. The second section reviews specific paragraphs that call for further clarification so as to be accurately understood and useful in the process of assessing the report and its recommendations.

I. Recommendations

1. **Paragraph 86.** This paragraph proposes to “develop a meaningful results-based management approach to guide SP1’s work”.
2. The secretariat fully accepts this proposal.
3. The evaluation has noted that the strategic framework clusters four expected accomplishments, which relate to the overall goal, but derive from distinct mandates asserted over several bienniums, indeed well before the temporal coverage of this evaluation. This may be a common feature of the UNCTAD strategic plan such that over time incremental adjustments without fundamental review have resulted in an uneven marriage between mandates spread across subprogrammes and divisional work units.
4. While the overall objectives and expected accomplishments of SP1 reflect wording derived largely from the mandates conferred since UNCTAD X, the evaluation proposes that further reflection is warranted with regard to the SP1 component of the UNCTAD Biennial Programme Plan. This should aim to ensure greater coherence between different expected accomplishments and the overall goal of the subprogramme and of the Organization. It would also render the logical framework for this and other subprogrammes (in the light of future evaluations) more “results-based friendly”.
5. Furthermore, the evaluation has highlighted that designing appropriate indicators of achievement is a difficult task when attempting to measure the impact of qualitative research and policy analysis activities. In some of the expected accomplishments indicators have been changed by member States over the past few bienniums, reflecting dissatisfaction with the usefulness of the existing indicators, although in the context of a negotiating process, which has not been conducive to smooth results-based management over time.
6. The secretariat would be ready to cooperate with any approach that member States may consider adopting to engage SP1 programme managers in reviewing possible options for reformulating its logical framework, and to make specific recommendations to the Working Party, bearing in mind the following parameters:
 - (a) The need to comply with the rules, regulations and processes governing programme planning in the United Nations Secretariat and the ultimate decision-making role of the Committee for Programme and Coordination and the General Assembly in New York;
 - (b) The upcoming opportunity presented before the end of 2013 for formulating the 2016–2017 UNCTAD Biennial Programme Plan;
 - (c) The need to ensure consistency of the objective and the expected accomplishments with the core mandates and activities undertaken by the different work units/branches/divisions responsible for implementing the subprogramme;
 - (d) The possibility of delineating and assigning more clearly the expected accomplishments and related indicators assigned to the six distinct work programmes clustered within SP1 (macroeconomics, debt, statistics, economic cooperation and integration among developing countries, assistance to the Palestinian people and the Virtual Institute);
 - (e) The desirability of designing indicators to monitor achievements that are at the same time concrete and measurable, challenging yet attainable, relevant to the purposes of the Biennial Programme Plan and efficient in terms of resources required to collect information and report to member States.

7. **Paragraph 87.** Paragraph 87 calls for, first, an integrated, shared UNCTAD research agenda around development-centred globalization, and, second, that this be coordinated by a steering committee or else by a special coordination/editorial panel.

8. The secretariat partially accepts this recommendation, based on the following reasoning:

(a) The UNCTAD secretariat fully supports the first part of this recommendation, bearing in mind that this will entail a cross-divisional effort that concerns research under other subprogrammes as much as under SP1. Activation of this recommendation and managing its follow-up must be led by strategic management, on the basis of an assessment of the strengths and weaknesses of research and policy analysis in all areas of UNCTAD, the allocation of resources and overall substantive coherence. SP1 can usefully contribute substantively to this assessment and to the definition of such an agenda as its part of this collaborative intellectual effort. Over time the fruits of such synergies should find expression through both the Trade and Development Report (TDR) and other research-intensive reports prepared by the secretariat.

(b) Creating an interdivisional committee to produce the TDR (or any other UNCTAD report) would most likely be inefficient and inconclusive, especially as there are more effective ways to foster interdivisional contributions to it (as proposed below). Such an approach risks diluting or confusing messages and would most likely complicate the process of preparation. Interdivisional substantive exchanges through peer reviews are already practiced under this and other subprogrammes. It would not be reasonable to expect the TDR, in addition to providing high-quality research and sensible policy recommendations, to be the vehicle for addressing any perceived incoherence in UNCTAD research.

(c) Indeed, the necessary instruments to elaborate a research agenda are already effectively in place. The Secretary-General of UNCTAD in 2012 entrusted the Doha Mandate Coordinating Committee (at the Director level) with pursuing cross-divisional efforts on joint topics for research. Furthermore, it is unclear what value added an editorial panel could provide that the Office of the Secretary General does not already through approving the topic well in advance in the light of other annual report topics and by providing intensive policy clearance of the draft report. In between the conception and finalization stages, an internal and external peer review process is adopted in preparing the report to further enhance coherence with related work underway inside or outside UNCTAD. However, the secretariat acknowledges that existing mechanisms can be more vigorously utilized in order to contribute to a shared research agenda.

9. **Paragraph 88.** This paragraph recommends that the TDR needs to reflect a rebalancing in research focus and that future TDRs could have two parts.

10. The secretariat partially accepts this recommendation, based on the following reasoning:

(a) On the one hand, the secretariat fully accepts the need stressed in paragraph 88(b) for more deeply articulated research in UNCTAD as a whole, which would indeed be a boon to enhancing coherence. However, as explained above it does not accept that to do so an “interdivisional process for the TDR” is required;

(b) On the other hand, the TDR has for many years had two parts: chapter 1 monitors trends and issues in the global economic environment and the other chapters have focused on comparative analysis of trade and interrelated issues on sustainable development. Themes have changed along with the main global economic development issues of pertinence to developing countries in particular. Indeed, the discussion of the TDR at the Board is divided under two items along precisely those lines: interdependence

(chapter 1) and “Development strategies in a globalizing world economy” (other TDR chapters). So it is not clear that rebalancing along the lines mentioned would have any effect on “bridging the gap between [analysis of] global macro-trends and microeconomic policy adjustments”, as the evaluation suggests is needed in the preceding paragraph;

(c) Yet there are ways to achieve the broad intention of the recommendation for greater cross-subprogramme fertilization and balance in coverage, as well as to address the proposal in paragraph 87 for a common research agenda. One approach both managerially feasible and intellectually stimulating would be to draw on individual experts in other divisions to work for a full TDR cycle with the Division on Globalization and Development Strategies (usually 12 months). Through lateral transfer arrangements that would be beneficial in terms of mobility and learning opportunities, staff from other divisions could join the TDR team, depending on the substantive focus of that cycle (trade, investment, commodities, and the like). Such flexibility would impart knowledge and analytical skills in both directions and encourage more deeply articulated research and greater overall coherence in research. More specific modalities would need to be explored for the implementation of such arrangements. This is the case since there is a need to ensure that they are undertaken in line with the United Nations Secretariat’s human resources policies and practices, while avoiding any significant effect on the allocation of resources between the different subprogrammes approved by member States.

11. **Paragraph 89.** This paragraph calls for a reinforcement of UNCTAD’s participation in the work on the future United Nations development agenda and its institutional links with the rest of the United Nations system.

12. The secretariat fully accepts this recommendation.

13. More active participation in initiatives such as One United Nations and the future post-2015 development agenda should be beneficial for achieving the objectives of the subprogramme. However, the strategy for how such participation evolves, and the resource implications it entails, rests with UNCTAD senior management and should not be assigned to any specific subprogramme, let alone SP1, which already works with overstretched resources. More technical assistance cooperation projects on development-centred globalization could also be conceptualized, funded and implemented with these initiatives in mind, including for example the projects that UNCTAD presents for consideration under the United Nations Development Account. Meanwhile, greater outreach and dissemination of research findings by SP1 at the national level would allow for more feedback from policymakers and practitioners to enrich subsequent TDR and other report preparation processes. However, as noted in the evaluation, greater impact at the national level would require additional dedication of staff resources to round-the-year outreach, something currently beyond the means of the subprogramme alone.

14. Furthermore, the secretariat agrees with the part of this recommendation that SP1 should monitor and guide global efforts on development-centred globalization, and that the TDR should “play a positive role to reignite substantive discussions on globalization and development concerns in the intergovernmental process” and become more relevant to member States, as called for in paragraph 31. For example, the TDR could serve as a background report for other United Nations-system processes addressing globalization and development, under the respective agenda items at the Second Committee of the General Assembly (macroeconomic policy questions or trade and development). In addition to its consideration at the level of the Board, this could address some of the perceived shortcomings in the subprogramme achievements in the area of consensus-building, as well as the “poor attendance and subdued participation” referred to in paragraph 13.

15. Implementation steps based on the above set of recommendations and the management response to them could include the following elements over the coming year:

(a) The Working Party may wish to request the secretariat to prepare a self-assessment of the current strategic framework for SP1 prior to introducing revised formulations in time for consideration by member States in the context of the preparation of the 2016–2017 framework;

(b) The UNCTAD secretariat could conduct a review of the coherence of the current UNCTAD research agenda and assess resource allocation, with a view to better using existing mechanisms to strengthen the research pillar and to elaborate an integrated and shared research agenda;

(c) Managers of SP1, in addition to cooperating with the proposed revision of the SP1 component of the UNCTAD Biennial Programme Plan, will intensify their cross-divisional consultation and collaboration within existing channels, it being understood that more deeply articulated research under this subprogramme could benefit from more flexible team-work arrangements and increased lateral staff mobility;

(d) SP1 managers will also more fully exploit available opportunities, subject to resource availabilities, to disseminate and advocate the substantive outcomes of their research work within the appropriate United Nations and multilateral global economic governance processes, and at the national level (through TDR outreach and training courses, and the like). The proposed multi-year, multi-donor trust fund could be a useful source for such steps to enhance effectiveness and relevance at the national levels.

II. Clarifications and further information on specific findings of the evaluation

16. **Paragraph 4.** This states that the evaluation is focused on the period 2008 to 2012. However, the report also appears to be an assessment covering a much longer period of work under this subprogramme (see, for example, footnote 14, but also throughout the text). This is probably unavoidable in such an exercise, but it is not clear how the evaluators factored pre-2008 work as part of this exercise. Moreover, accepting that this is the focus period, then it should be recalled that it has been one dominated by the financial crisis and its impact on the global economy. These issues have, unavoidably, driven much of the research undertaken under SP1 since 2008, particularly that of the TDR, as well as in the area of debt and finance, and will continue to do so in light of paragraphs 18(c) and 31(c) of the Doha Mandate.

17. **Paragraph 7.** This paragraph does not take account of a principle purpose of the work on interdependence under SP1, namely to identify gaps, biases and asymmetries in the global economy that could stymie development prospects. Indeed, the work of SP1 was agreed in the Accra Accord and Doha Mandate under the sub-themes of enhancing “coherence at all levels for sustainable economic development” and “the enabling environment at all levels in support of inclusive and sustainable development”, respectively. This work entails precisely the sort of analysis of systemic asymmetries and gaps with which SP1 is entrusted, of course with the goal of alleviating them. This includes examining the impact of actions and policies taken by the systemically important advanced economies on developing countries. Consequently, subsequent statements such as “globalization is a major driving force of growth and development” (paragraph 29) are partial, as globalization is also a major source of shocks and crises. SP1 has to take a balanced perspective on the costs as well as the benefits of the globalization process as these are evolving from year to year.

18. **Paragraph 9.** This paragraph attributes primary responsibility for managing the subprogramme to the Division on Globalization and Development Strategies, although the Division is fully responsible and accountable for managing the subprogramme. In fact,

paragraph 12.38 of the programme budget for 2012–2013 stresses that “substantive responsibility for this subprogramme is vested in the Division on Globalization and Development Strategies”. Furthermore, the list of activities presented in the paragraph is exclusively from this Division; this list should be completed, as it omits reference to the work of the Macroeconomic and Development Policies Branch, the Debt and Development Finance Branch and the Virtual Institute in the listing of the Division’s organizational units. A more precise description of responsibilities would have helped to assess the contribution of other divisions to SP1 and better situate the evaluation, and especially its recommendations.

19. **Paragraph 17.** This paragraph on the alternative narrative suggests that UNCTAD has had to “gain” allies in the developing world by adopting a nonconformist viewpoint. In fact, its development perspective has been hard-wired into that narrative since 1964 and the TDR is certainly recognized by developing countries as carrying that legacy forward. References (for example, in paragraph 18) to some member States being unhappy with the “abstract” level of analysis or the general nature of the policy advice associated with the alternative narrative during the recent period (2008–2012) appear at odds with the evaluation’s findings that the alternative narrative has provided guidance to policy measures in developing countries (paragraph 19) and has stimulated debate (paragraph 20).

20. **Paragraph 18.** This paragraph goes on to suggest that the lack of satisfaction with policy recommendations might be due to the unduly macroeconomic orientation of the chosen narrative. However, the use of the term macroeconomic here and elsewhere is not clearly defined. It appears as a catch-all phrase for the lack of country specificity, a high degree of analytical abstraction, examining issues from a “global” perspective, being too general or ideological (that is, non-pragmatic). None of these are actually relevant to the usual notion of macroeconomics. Elsewhere the term seems to be understood to identify an area distinct from “sectoral” research on trade, foreign direct investment, commodities, and the like; but again this is a false dichotomy. There is a macroeconomic component to trade or foreign direct investment flows that the research undertaken by the Division on Globalization and Development Strategies has been careful to explore.

21. References in paragraphs 18 and 19 to the strong focus of SP1 on macroeconomics could be misconstrued as a reason for limited collaboration with other divisions and for difficulties to adapt policy recommendations to specific situations. Such a misconception appears to underlie the recommendation in paragraph 87 to “bridge the gap between macro-trends and microeconomic policy adjustments” with the implication that the TDR should be the vehicle to achieve this. It would be near impossible for SP1 to engage in extensive microeconomic, sectoral or country-by-country research with the resources at its disposal and the global focus of the subprogramme. In its research, SP1 consistently incorporates sectoral studies and country experiences, but never at a level of detail that could allow delivery of the specific policy recommendations that international financial institutions have the resources to provide.

22. **Paragraph 19.** This does not refer to the fact that the list of TDR topics since 2008 includes climate change, commodity prices, capital flows and the financing of investment, employment, post-crisis policy challenges and policies for inclusive and balanced growth. These have a strong macroeconomic dimension but they are not confined to that dimension and this confirms that TDR is not simply about macroeconomics but also addresses specialized topics. Hence, it is not the “distance between the analysis of macroeconomic policy and more specialized topics” that “led to the rise of separate identities within UNCTAD”, but rather the diminishing centrality of TDR as “the flagship” compared to the significant effort devoted to unsynchronized, more specialized reports.

23. **Paragraph 20 and also 30, 64 and 81.** It is argued in these paragraphs that SP1 at times sparks controversy within the Trade and Development Board, that it addresses issues

not easily subject to consensus at UNCTAD, and that the TDR did not always facilitate reaching out effectively to member States. As it is a “bone of contention” it does not successfully serve consensus-building within the intergovernmental process. Such a line of reasoning does not acknowledge that SP1 could not have delivered valuable research (which is recognized in paragraphs 17, 21, 29, 62 and 81) if its analysis had been limited to non-controversial topics (as if such a thing might exist in economics!). In such an eventuality, the subprogramme would not have been able to meet what is expected of it under UNCTAD’s research pillar of work. Furthermore, the best way in which SP1 can contribute with its analytical work to creating consensus is by analysing issues where, precisely, there is no consensus. Only by accurately identifying such problems can they be addressed and consensus sought.

24. **Paragraph 30.** The idea expressed, that “the subprogramme [1] itself, and more particularly the TDR...is challenging the international economic order with its analysis”, is hard to reconcile with the fact that this order has barely shifted in many years. Also, the difficulty of reaching consensus on some issues at Doha (referred to in paragraph 13) should not be attributed to UNCTAD’s challenging research so much as to global policy divergences that extend beyond SP1’s mandate.

25. **Paragraph 31.** This repeats a line on the perceived lack of relevance of the TDR, which is not explained, except insofar as “relevance” is understood in terms of some countries’ needs for specific national-level policy advice. It is understandable that some developing countries need from UNCTAD economic policies, programmes and projects more than they need a deep understanding of the workings of global finance and trade. Similarly, many developed countries believe they do not need a second opinion from the United Nations on such subjects when the Bretton Woods Institutions, the Organization for Economic Cooperation and Development and the World Trade Organization are available to consult. Throughout the text it is recognized that the TDR has a record of addressing topical and interdependent issues at the global level, and it would seem that that should be the main criterion for determining the relevance of the TDR or the work of SP1 as a whole.

26. **Paragraph 35.** The text does not reflect that the work of the Unit on Economic Cooperation and Integration among Developing Countries has contributed to that of the Macroeconomic and Development Policies Branch and to that of the Virtual Institute, and that its integration into SP1 has imparted benefits to other areas of the division as well.

27. **Paragraph 41.** This paragraph referring to the work of UNCTAD on debt issues also covers global systemic issues, in particular their impact on developing countries. In fact, UNCTAD has a long history of working on global systemic issues. For instance, UNCTAD contributed to the coming into being of the Highly Indebted Poorer Countries Initiative and the Multilateral Debt Relief Initiative. More recently, UNCTAD has been devoting a lot of efforts to debt workout mechanisms and has a multi-million dollar project ongoing on the subject, which is as systemic as debt issues can be.

28. **Paragraph 49.** The assertion that “due to limitations in effective governance of the subprogramme, the work of the subprogramme is essentially self-directed” is hard to reconcile with the governance and management structure of UNCTAD and the United Nations. Conference mandates and biennial work programmes define and serve as direction for its work. However, the research programme on a year-to-year basis is normally self-directed insofar as the secretariat exists precisely to follow economic developments and indeed stay ahead of the curve so as to be able to best brief member States on the issues that it is entrusted with examining. The product of this research is of course subjected to scrutiny and feedback through the intergovernmental process. Research, when it is done properly, should be a cumulative process building on previous work to create a coherent body of analysis and recommendations, and as such it does not depend on being anchored in negotiated texts for its usefulness or legitimacy.

29. **Paragraph 53 (and 54).** These paragraphs accurately note that SP1 works with a small, overstretched team. The position of the secretariat is thus that any supplementary tasks would need to be considered from the view point of their budgetary and resource-allocation implications.

30. **Paragraph 82.** With the crisis, economic mainstream came closer to confirming the policies regularly advocated by the work of SP1, not the other way around, as shown in the shifts of much mainstream media financial opinion by 2012 (compared to 2008). If anything, this should encourage SP1 to avoid complacency and continue to push up to the curve and beyond.
