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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD
ON ITS FORTY-FIFTH SESSION**

Rapporteur: Mr. Philippe Merlin (France)

ITEM 7 : REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Speakers:

Morocco
Tunisia (for African Group)
Uruguay (for GRULAC)
Indonesia (for Asian Group)
Austria (for European Union)
Madagascar
Norway
Ethiopia

Honduras
Yemen
Republic of Korea
Russian Federation
Egypt
Switzerland
Japan
UN Coordinator in Somalia

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements of individual delegations should be communicated by **Friday, 30 October 1998, at the latest** to:

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**REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF
UNCTAD IN ACCORDANCE WITH PARAGRAPH 96 OF
"A PARTNERSHIP FOR GROWTH AND DEVELOPMENT"**

(Agenda item 7)

1. For its consideration of this item, the Trade and Development Board had before it the following documentation:

"Review of technical cooperation activities of UNCTAD: report by the Secretary-General of UNCTAD" (TD/B/45/6 and Add.1 and 2);

"Agreed conclusions of the Working Party on the Medium-term Plan and the Programme Budget on its review of the technical cooperation activities of UNCTAD and their financing" (TD/B/WP/L.84).

2. The representative of Morocco, speaking in his capacity as Chairman of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-second session, reported to the Board on the outcome of the Working Party's deliberations (TD/B/WP/L.84). Among other things, the Working Party had discussed the secretariat's proposal concerning partial cost recovery for selected programmes, namely ASYCUDA, DMFAS and ACIS. The Working Party had expressed general agreement on the principle of ensuring the financial self-sustainability of these programmes, but different views had been expressed as regards the modalities for partial cost recovery. While a majority of developed countries had expressed sympathy for the secretariat project, many developing countries had been of the view that further thinking was needed on the proposals. Proposals had been made in that respect, in particular with a view to taking into consideration the situation of LDCs and low-income countries. Finally, the Working Party's agreed conclusions contained a draft decision which the Working Party transmitted and recommended for adoption to the Board. Particular attention was drawn to paragraph 13 of the draft decision, in connection with which it was the understanding of the Working Party that the secretariat would prepare revised proposals on partial cost recovery, taking account of the concerns expressed in the Working Party.

3. The spokesperson for the African Group (Tunisia) noted with satisfaction the continued growth of technical cooperation activities and in particular the increase in the share of the African region and of LDCs, in line with UNCTAD IX recommendations. She expressed the appreciation of her Group to all donors. She thanked the secretariat for the preparation of the Handbook on technical

cooperation, which provided information on how to request assistance, and she expressed appreciation for the efforts undertaken to enhance cooperation between UNCTAD and other organizations working in trade-related areas; at the same time, she urged the secretariat to further enhance cooperation with ECA and OAU. She noted in particular the partnership between UNCTAD, ITC and WTO in the implementation of the Joint Integrated Technical Assistance Programme in Least Developed and Other African Countries and the close cooperation between UNCTAD, ITC, UNDP, WTO, the World Bank and IMF with respect to activities mandated by the High Level Meeting on Integrated Initiatives for LDCs' Trade Development. With regard to the distribution of technical cooperation expenditures in the African region, she underlined the need to focus on country activities and capacity building; although important, regional integration could only be developed on the basis of sound national capacity. South-south cooperation could be further reinforced through "triangular cooperation", and she encouraged the UNCTAD secretariat to call more on experts from developing countries. With respect to the question of partial cost recovery, her Group considered that the implementation of such measures was premature, as the issue needed further discussion. In that connection, her Group supported the idea of a sliding scale and of a complete waiver for LDCs.

4. The spokesperson for the Latin American and Caribbean Group (Uruguay) stressed the importance of UNCTAD's technical cooperation activities for his region. He noted with great concern, however, that while total technical cooperation expenditures had increased in 1997, the share of his Group had continued to decrease to only 6 per cent in 1997, and it was expected to drop further to 4.6 per cent in 1998. This constituted the lowest share in relation to other regional groups. He called upon the secretariat, on the basis of paragraph 91 of "A Partnership for Growth and Development" and paragraph 25 of the outcome of the Mid-term Review, to take into consideration the specific needs of his region in the design and implementation of technical cooperation projects.

5. On the question of partial cost recovery, he expressed satisfaction with paragraph 13 of the draft decision submitted to the Board, whereby comments and proposals made at the Working Party would be taken into consideration by the secretariat in its further analysis of the question. He further expressed satisfaction at the resolution adopted by ACABQ and by the Fifth Committee of the General Assembly with respect to the savings made by UNCTAD as a result of the restructuring of its intergovernmental machinery and the reform of the secretariat. Paragraph 2 of that resolution agreed to use the amount of US\$ 1,088,000 to cover the costs of the participation of developing countries' experts at UNCTAD's meetings, and the Board was expected to take a final decision on the modalities for the implementation of that provision. Those modalities should be general and simple, they should ensure regional balance, and they

should accommodate the interests of developing countries. Finally, his Group considered that the General Assembly should request the UNCTAD secretariat to provide a report on the matter at its next session.

6. The spokesperson for the Asian Group (Indonesia) said that technical cooperation was one of the foremost components of UNCTAD's activities and she urged donors to continue to support these activities, and in particular the Trust Fund for LDCs. Though the Asian region's share of technical cooperation expenditures had increased in 1997, it remained at a relatively low level given the needs of the region, and the secretariat should seek to ensure a better relative balance in the share of technical cooperation activities of the various regions, taking into account their respective needs. With respect to the issue of partial cost recovery, it was vital to ensure the financial sustainability of the programmes under review, and she urged donors to continue to support them. A comprehensive evaluation should be made of the cost of installing and maintaining these programmes, so that a reasoned decision could be taken on the issue, taking due account of the specific situation of LDCs. Any resort to partial cost recovery should not be seen as a substitute for donors' support. Finally, she encouraged further cooperation between UNCTAD and other organizations involved in the area of trade and thanked the secretariat for the preparation of the Handbook on technical cooperation, which was a very useful tool.

7. The representative of Austria, speaking on behalf of the European Union, said that UNCTAD's technical cooperation activities were an essential tool for the full integration of developing countries into the world economic and trading system. She welcomed the increase in the delivery of technical cooperation activities, but noted that activities should be based on coherence, monitoring, evaluation and transparency of costs. Transparency had not improved since UNCTAD IX, and the three-year rolling plan had not fully met expectations. The Secretary-General of UNCTAD should present annually his views on the orientation and priorities for the coming year in the area of technical cooperation, and UNCTAD should continue to focus its activities on areas where it had a comparative advantage. She noted with satisfaction the increased cooperation between UNCTAD, ITC and WTO and welcomed the memoranda of understanding signed with UNDP, UNIDO and UNEP. With respect to the issue of partial cost recovery, it was hoped that the secretariat's revised proposals would facilitate further consultations and that agreement would be reached at the resumed session of the Working Party.

8. The European Union, the largest single contributor to UNCTAD's technical cooperation activities, noted with satisfaction the increase in the share of activities in support of LDCs and considered that this trend should continue. It regretted the decline in the share of expenditures in the Latin American and Caribbean region and subscribed to the concerns expressed by the Latin American and Caribbean Group in that respect. Finally, on the possible use of additional funds from the development dividend for the Trade Point programme, it would be advisable to await the results of the evaluation of that programme before a decision was taken.

9. The representative of Madagascar stressed the importance of the role of UNCTAD and in particular of its technical cooperation programmes in helping developing countries to integrate into the global economy. In view of the negative impact that globalization and liberalization were having on the majority of developing countries, these activities needed to be strengthened. It was a matter of concern that contributions to trust funds had declined, and a continuation of that trend would greatly jeopardize a number of important programmes such as ASYCUDA, ACIS, DMFAS, TRAINFORTRADE and TRAINMAR. It was hoped that the post of Special Coordinator for Least Developed, Land-locked and Island developing countries would soon be filled. Finally, he called on donors to continue to increase their contributions in favour of UNCTAD's technical cooperation activities.

10. The representative of Norway said that technical cooperation should be seen as a necessary and complementary extension of other core activities of UNCTAD, and he expressed satisfaction for the fact that this interlinkage was being enhanced. He also appreciated the enhanced cooperation between UNCTAD and other international organizations, which should lead to greater coordination and synergy, in particular at the country level. The concentration of a larger portion of UNCTAD's technical cooperation on LDCs was welcome. He noted that donor countries had provided less funding in 1997, and he hoped that this did not represent a new trend towards declining bilateral contributions. New ways to consolidate the financial basis of UNCTAD's technical cooperation needed to be explored, and one possible option was an increase in contributions from beneficiaries. It would be important to broaden the financial basis and ensure the financial sustainability of the highly successful programmes being considered in the context of proposals for partial cost recovery. Due consideration would have to be given to the ability of the recipient country to cover part of these costs. He hoped consultations on that issue would result in a consensus as soon as possible. Finally he underlined the importance of independent evaluations of UNCTAD's technical cooperation in order to further improve UNCTAD's performance in this field.

11. The representative of Ethiopia noted with satisfaction the emphasis placed on Africa and the LDCs in the technical cooperation activities of UNCTAD, in conformity with the recommendations of UNCTAD IX and the outcome of the Mid-term Review; his country had benefited greatly from UNCTAD's technical cooperation. He expressed his gratitude to both traditional and non-traditional donors for their contributions to the LDC Trust Fund. With respect to the issue of partial cost recovery, further consultations were needed, and the secretariat should analyse the technical details further in a clear and transparent manner. Alternative cost-recovery options, including special arrangements for LDCs and other low-income countries, should be explored further; he supported the idea of total exemption for LDCs, and he was encouraged to note the high level of convergence on this issue. Finally, he stressed the primordial role of UNCTAD's technical cooperation activities and encouraged donor countries to make an extra effort to increase extrabudgetary resources for this purpose. Similar efforts should be made by the secretariat to reverse the declining trend in the regular budget resources available for technical cooperation.

12. The representative of Honduras, speaking on behalf also of Costa Rica, El Salvador, Guatemala, Nicaragua, Panama and the Dominican Republic, said that Central American countries had indicated their priorities in the field of technical cooperation to the UNCTAD secretariat, which had responded by preparing a technical cooperation programme for the subregion. She thanked the secretariat for its commitment in terms of carrying out the activities included in the programme and appealed to potential donors to support this important initiative.

13. The representative of Yemen expressed appreciation for the technical cooperation activities carried out by the secretariat. He noted with satisfaction the increase in the level of technical cooperation activities in favour of LDCs and underlined in particular the importance of programmes such as ASYCUDA, DMFAS, Trade Points and TRAINFORTRADE. He welcomed the conclusions of the Working Party and thanked donors for their continued support. He stressed the importance of ensuring that equal treatment was provided to each and every LDC.

14. The representative of the Republic of Korea said that the constant increase in expenditures for technical cooperation activities was encouraging. Future activities should address as a priority the specific needs of certain developing countries with structurally weak and vulnerable economies, in particular with a view to helping LDCs integrate smoothly into the world economy. UNCTAD had a comparative advantage in carrying out technical cooperation activities in the area of trade and development, and it should deal more intensively with newly

emerging issues such as electronic commerce, trade and competition, trade and investment, trade and environment, and regional trade agreements. If UNCTAD continued to perform these activities in an efficient manner, there should be room for additional financial resources in support of activities aimed at facilitating the integration of developing countries into the world economy. Finally, UNCTAD should continue its work in support of regional trade arrangements.

15. The representative of the Russian Federation welcomed the increase in the total level of technical cooperation expenditures and in particular in the share of LDCs. He noted with concern that technical cooperation expenditures in Europe had fallen by 30 per cent in 1997 and called for a better balance in the distribution of resources. Technical cooperation must continue to be one of the most important aspects of UNCTAD's activities, and it must follow the principle of universality. UNCTAD must also continue to cooperate closely with other organizations involved in trade issues. The question of partial cost recovery required further discussion with a view to finding a solution acceptable to all member countries. Finally, the work undertaken by UNCTAD in support of countries' accession to WTO should continue, and he thanked UNCTAD for the valuable support extended to his country in that respect.

16. The representative of Egypt said that technical cooperation was an important complement to the analytical work undertaken by UNCTAD, and he welcomed the increase in overall delivery, in particular in favour of LDCs and Africa. He expressed appreciation to donors and noted that developing countries were also contributing, thereby indicating the importance they attached to UNCTAD's technical cooperation activities. It would be important to ensure a better relative balance in the share of technical cooperation activities of the various regions, and it was hoped that there would be an increase in the funds allocated to technical cooperation. The proposal on partial cost recovery was welcome, but the particular conditions of LDCs must be taken into account. He looked forward to continuing the discussion on that issue in light of the suggestions made at the Working Party.

17. The representative of Switzerland said that the three-year rolling plan was an important instrument for making projections, facilitating fund raising and ensuring better planning. It should be produced once a year as a basis for the Working Party's discussions on technical cooperation and the Board's review. Secondly, with respect to evaluation, and pending decisions to be taken in New York, evaluation mandates must be improved, in particular concerning the procedures to be followed and the terms of reference of evaluators. Thirdly, a decision should be taken as soon as possible on the question of partial cost

recovery for selected programmes, in the interest of all users. This would be a precondition for an increase in the resources allocated by donors to these programmes. The adoption of the proposal on partial cost recovery should also facilitate greater transparency and improved standards of accounting. Finally, there should be an overall in-depth discussion on the need to establish priorities for UNCTAD's technical cooperation activities and on the necessary resources.

18. The representative of Japan said that it would have been useful if the report of the secretariat had included the views of beneficiaries of technical cooperation projects to allow a better assessment of project impact, and this should be taken into consideration in the next report. Such a feedback mechanism would improve transparency and increase the degree of ownership by developing countries of the various programmes carried out by UNCTAD.

19. At the invitation of the Chairman, the United Nations Coordinator in Somalia made a statement describing the strong partnership between UNDP and UNCTAD in Somalia from 1993 onwards. UNCTAD assistance had started in the ports, but given the major focal role of ports, activities had diversified into other areas related to trade and customs administration. The UNCTAD ports and trade programme was one of the five strategic programmes of UNDP and had been catalytic in initiating other programmes relating to training and security. In the north of Somalia, the situation was moving away from one of humanitarian relief to one of rehabilitation. Trade was being actively pursued, with significant exports of livestock. He appealed to donors to enhance their funding of UNDP programmes so as to allow UNCTAD and other agencies to assist Somalia's rehabilitation efforts.