



United Nations Conference on Trade and Development

Distr.: Limited
12 September 2007

Original: English

Trade and Development Board Working Party on the Medium-term Plan and the Programme Budget

Forty-ninth session
Geneva, 10–14 September 2007

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

Held at the Palais des Nations, Geneva, from 10 to 14 September 2007

Contents

	<i>Page</i>
I. Opening statements	2
II. Organizational matters	7

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, 19 September 2007** to: UNCTAD Editorial Section, Room E.8106, fax no. 022 917 0056, tel. no. 022 917 1437.

I. Opening statements

1. The **Acting Deputy Secretary-General of UNCTAD** referred to the outcomes of the debates on the Mid-term Review and other recent intergovernmental debates on UNCTAD technical cooperation, and more specifically on the role of UNCTAD in the Aid for Trade initiative. In this regard, she emphasized that, according to the general consensus, the resources that will be allocated to Aid for Trade should ensure delivery of the assistance through multilateral organizations. The notion of “global public goods” has to be applied to trade-related assistance in general and to projects being implemented at the national and regional levels. She said the current review of UNCTAD technical cooperation was particularly important in the light of the recommendations contained in the Report of the Panel of Eminent Persons. These aimed at improving UNCTAD’s capacity to deliver technical cooperation around well-focused thematic global programmes, responding to the concerns of donors and to the needs of beneficiaries. She presented the main features of UNCTAD technical cooperation and recent trends. The links between analytical work, intergovernmental deliberations and practical initiatives to help developing countries continued to be the main strength and originality of UNCTAD technical cooperation. Programmes of assistance generated by the research work were increasing, with positive results confirmed by several evaluations, such as those on Key Issues of the International Economic Agenda (Paragraph 166), the courses on investment disputes and negotiations of investment agreements and the Programme on World Trade Organization (WTO) Accession. She added that other strengths of UNCTAD technical cooperation lay in its comprehensiveness. She underlined that the 2006 data on financial features of UNCTAD technical cooperation confirmed that UNCTAD assistance was demanded, appreciated and growing, with delivery increasing by 16 per cent compared to the previous year, reaching its highest rate ever at \$35 million. She noted that delivery increased in all regions and that least developed countries (LDCs) continued to account for more than one third of total delivery.

2. The complicated and fragmented structure of the resources constituted a concern and a weakness that needed to be addressed. In response, she highlighted the secretariat proposal to consolidate regional and interregional operations into multi-year and multi-donor thematic trust funds in each division. Annual plans for 2008 could be prepared by the divisions according to thematic areas of work. Starting in 2008, donors would have three options: (a) contribute to the new thematic trust funds; (b) continue providing earmarked contributions to individual trust funds; or (c) a combination of both. Country-based activities that could not be consolidated into multi-donor thematic projects would continue to be implemented through individual trust funds. Concerning the implications of the system-wide coherence reform and recommendation 18 of the Report of the Panel of Eminent Persons, she underlined the major obstacles and challenges facing UNCTAD and the four practical measures suggested by the secretariat in this regard.

3. With regard to agenda item 4, she noted that evaluations promote continuous learning within UNCTAD, strengthen the institution’s external credibility, promote greater understanding of UNCTAD’s work throughout the membership, and support institutional governance and oversight responsibilities. The involvement of the working party in UNCTAD evaluations, which are based on the principle of independence, was especially important in allowing the organization to better meet the needs of beneficiaries. This year, the evaluation was conducted on advisory services on investment. She thanked the members of

the external evaluation team for their report, and the Government of Norway for funding the evaluation. She noted that the discussion on the in-depth evaluation would be followed by the progress report on the implementation of the recommendations from preceding years' evaluations on accession to the WTO as well as on the courses on paragraph 166.

4. She introduced a proposed evaluation plan for the period 2008–2011. No in-depth evaluation is proposed for 2008, in the light of the heavy agendas of delegations during the conference period and likely programmatic and budgetary revisions that may arise from UNCTAD XII. Hence, the proposed evaluation plan is: (a) for 2009, an in-depth evaluation of UNCTAD's commodity programme; (b) for 2010, an in-depth evaluation of UNCTAD's programme on science and technology for development; and (c) for 2011, an in-depth evaluation of the special programmes of UNCTAD. She encouraged the working party to take this opportunity to help define UNCTAD's evaluation agenda based on the mutual interest in strengthening this institution.

5. The representative of **Honduras**, speaking on behalf of the **Group of 77 and China**, emphasized the importance the group attaches to UNCTAD technical cooperation strategy, whose main feature is to offer a close interface between the research and analytical work on the one hand and the design and implementation of operations on the other. UNCTAD was encouraged to increase the number of interregional projects, in particular South-South cooperation, and to reinforce its assistance to LDCs through the Integrated Framework initiative. To increase efficiency and coherence when delivering technical cooperation projects, the Group of 77 and China supported the idea of the Report of the Panel of Eminent Persons (Part III of document TD/B/WP/195) to establish a number of thematic trust funds. Finally, the group stressed the importance of integrating trade and development issues in the countries national plans. In the context of United Nations-wide reform, the Group of 77 and China expressed its readiness to discuss further UNCTAD's contribution to the "One UN" pilot countries' initiative and to receive more information from the secretariat in this regard. The group appreciates the evaluations presented to the working party, as they allow a useful review of UNCTAD's programmes. The representative noted that evaluations both enhance a programme's accountability to donors and, more importantly, ensure the usefulness of these programmes to beneficiaries. The group expressed its support for the evaluation process.

6. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group**, associated his group with the statement made by the Group of 77 and China, with a particular reference to the global conferences' objectives such as the Millennium Development Goals. He said that UNCTAD has a distinctive role in the United Nations system, especially in the area of international economy. It is the focal point for the integrated treatment of trade, development and interrelated issues in the areas of finance, technology, investment and sustainable development. He emphasized the need to mobilize more resources for UNCTAD technical assistance. The Asian Group supported the idea of integrating trade and development issues in national plans. Finally, the group asked for information on the distribution of resources from the United Nations regular programme on technical cooperation and the development account to UNCTAD technical cooperation activities in different regions. The representative welcomed the proposed evaluation plan for the period 2008–2011. He noted the informative and useful evaluation report on the investment advisory programme, of which countries in the Asian Group already benefit. The group looks forward to learning more about the implementation of recommendations from previous evaluations.

7. The representative of **Brazil**, speaking on behalf of the **Latin American and Caribbean Group**, expressed his group's appreciation for the more concise and focused presentation of documentation. He said the recommendations contained in the Report of the Panel of Eminent Persons refer to two crucial aspects of UNCTAD's technical cooperation: the improvement of the financial structure of extrabudgetary resources for a more effective and coherent delivery and the role of UNCTAD in the context of the reform of the United Nations and implementation of country-level operations. He looked forward to a fruitful discussion on the proposals put forward by the secretariat in this regard. With respect to recommendation 19, the proposals confirm what was agreed in the technical cooperation strategy adopted in 2003. He expressed concern at the increased fragmentation and proliferation of small projects with their own dynamic, which do not necessarily reflect the main areas of UNCTAD's expertise and mandate. Too many projects are designed to satisfy donors' agenda and not to respond specifically to a genuine demand and priority of beneficiaries, he said. A significant improvement in UNCTAD technical cooperation could be achieved by establishing an institutional mechanism that would ensure that operations implemented correspond to the priorities of both donors and beneficiaries. In this context, he said that the proposal made by the secretariat to organize consultations with all member States on the assistance that each division envisages in its main areas of work would make it possible to:

- (a) Identify the real demands of both donors and beneficiaries;
- (b) Assess to what extent the research work and the outcomes of the intergovernmental machinery are related to the technical cooperation activities;
- (c) Increase transparency and coherence in the process of deciding how the extrabudgetary resources are allocated to UNCTAD; and
- (d) Facilitate the overall monitoring, by each director, of the numerous ongoing operations in each division, as well as the interdivisional cooperation that may be required according to the topic.

8. The representative expressed the hope that donors and beneficiaries would come to an agreement on the need to reach significant progress with regard to setting up comprehensive thematic trust funds. With respect to system-wide coherence and the implications for UNCTAD's operations at the country level, he said his group's main concern was to ensure UNCTAD's central role in the areas of trade and development issues. In this respect, he emphasized the importance of trade and development in national development strategies and the unique role of UNCTAD in this respect. He considered the proposals of the secretariat useful and realistic. UNCTAD effective country-level participation had to be considered in conjunction with the consolidation of technical cooperation around thematic areas. He called for a fair geographical distribution of resources among the regions and praised a number of activities carried out in his region of particular importance, including UNCTAD's Debt Management and Financial Analysis System, ASYCUDA, BIOTRADE, and activities carried out in the framework of the UNCTAD/ALADI agreement. He noted that the investment advisory programme has proven beneficial to developing countries, but has demonstrated operational deficiencies, especially in the Latin American and Caribbean countries, and called for the secretariat to improve its work in this area. The group supports implementation of recommendations in the report, especially that contained in paragraph 89(a). He noted that a comprehensive review and restructuring of the programme is essential. The representative expressed concern about findings regarding the Investment Gateway project, and

echoed the call for a thorough review of the project, especially its budgetary affairs, in order to improve it.

9. The representative of **Angola**, speaking on behalf of the **African Group**, recalled the importance of UNCTAD assistance to this region, since trade represents 65 per cent of the region's gross domestic product. He expressed his satisfaction with the share allocated to Africa within the total resources of UNCTAD technical cooperation. He emphasized the role of UNCTAD interregional programmes, citing as examples those dealing with transit and transport in landlocked countries. The group welcomed the reforms aimed at simplifying the financial structure of extrabudgetary resources on the condition they do not compromise the scope and manner of delivery of UNCTAD technical assistance. The group said it was importance for UNCTAD to be more active at the country level and supported UNCTAD participation in the "One UN" initiative. Finally, the group highlighted priority areas of cooperation with UNCTAD, including commodities, support to multilateral trade negotiations in the context of the Doha development agenda, trade in services, support to the launching of the second phase of the Joint Integrated Technical Assistance Project, competition policy and the Biofuels initiative. Finally, the group stressed the importance of product standards and asked for UNCTAD assistance through the Secretary-General's Group of Eminent Persons on Non-Tariff Barriers. The African Group expressed its appreciation for the evaluation report on investment advisory services, as well as the benefits from this programme evidenced in Africa. The group requested the secretariat to conduct an in-depth evaluation on UNCTAD's commodities programme.

10. The representative of **Portugal**, speaking on behalf of the **European Union**, said that the European Union, through the bilateral contributions of its member States and the European Commission, represented more than \$52 million or almost 45 per cent of UNCTAD's trust fund contributions for the period 2003–2006, and was therefore the largest donor to UNCTAD's technical cooperation activities. He stressed the need for linkages and coherence among the three pillars of UNCTAD's work. He noted the contraction in contributions from developing countries and multilateral donors, in particular the United Nations Development Programme, and stressed the need to reflect about the reasons for this contraction. On recommendation 19 of the Report of the Panel of Eminent Persons, he said the best option was to initiate the establishment of some thematic trust funds combined with the maintenance of earmarked contributions to individual trust funds. He expressed support for the practical proposals put forward regarding the "One UN" country-level reform, with the exception of the idea to establish UNCTAD representatives at regional and subregional levels, which he did not consider cost-effective. The EU considers the evaluation of activities an essential component of a good and efficient organization and asserts that UNCTAD's evaluation function needs to be supported by the necessary resources and capacities to be able to carry out its work efficiently and effectively. He said that the European Union is prepared to endorse the strategic and operational recommendations emanating from the in-depth evaluation with a view to helping UNCTAD improve its work and delivery with an integrated approach. UNCTAD's work in Investment Policy Reviews and International Investment Agreements were commended as examples of best practices, but the European Union urged improvements in the Quick Response Window and Good Governance in Investment Promotion programmes. It called for the secretariat to address concerns regarding the Investment Gateway project.

11. The representative of **Benin**, speaking on behalf of **Least Developed Countries**, said that UNCTAD analytical work led to practical technical cooperation activities of great importance to developing countries, which relied on UNCTAD for practical responses to policy-oriented decisions. He called for a strengthening of the Integrated Framework and urged donors to increase their contributions in this regard to enable more UNCTAD involvement in this work. He said that UNCTAD should continue to address all areas related to trade and investment, including in particular issues pertaining to debt, migration and mobilization of domestic resources.

12. The representative of **Indonesia** stressed the importance of UNCTAD's distinctive role in fostering development and positively appraised the technical cooperation projects carried out in 2006 and 2007. Regarding the structure of extrabudgetary resources, Indonesia recommended that UNCTAD implement the recommendations included in the Report of the Panel of Eminent Persons to create a thematic trust fund to encompass the main areas of UNCTAD activity. Finally, concerning United Nations system-wide coherence, in particular "Delivering as One", Indonesia looks forward to seeing a number of initiatives where UNCTAD could play a more proactive role at the country level.

13. The representative of **Bangladesh** underlined the valuable role played by UNCTAD in providing technical cooperation to developing countries. Regarding implementation of recommendation 19 of the Panel of Eminent Persons, he looked forward to a fruitful discussion in the working party on its implementation. He reminded the secretariat of the existence of a trust fund that was suffering from lack of funds. He supported the idea of establishing a limited number of thematic trust funds, on the understanding that no specific technical assistance would be lost or curtailed. He also stressed the importance of creating and maintaining trust funds that are effective and functional. He urged donors and the secretariat to avoid establishing trust funds that will not attract any funding. He thanked the secretariat for the valuable technical assistance provided to LDCs, and recalled UNCTAD's special position as the only mandated United Nations organ for the integrated treatment of trade and development, to provide support to LDCs in their search to integrate trade into their national development plans through Poverty Reduction Strategy Papers. In this regard, he praised the substantive work of UNCTAD in the Integrated Framework initiative. He thanked the evaluation team for its report and urged active consideration by the working party of the recommendations and operational observations.

14. The representative of **China** expressed satisfaction at UNCTAD's technical cooperation activities in 2006, and asked the secretariat to continue to provide its assistance to developing countries and in particular to LDCs. She said the fragmented structure was detrimental to the effective use of resources. In this regard, she expressed the hope that a consensus could be reached on implementation of recommendation 19. She supported UNCTAD's participation in the "One UN" reform. Finally, she asked donors to ensure appropriate funding to UNCTAD's operations in the future.

15. The representative of **Norway** expressed appreciation at the increase in resources from developing countries to UNCTAD's technical assistance, which is proof of the relevance of these activities. Activities should concentrate more in Africa and in LDCs, where there are higher challenges. She reiterated her country's support to the programme approach proposed by the secretariat, which she called a step in the right direction but not enough to address the concerns of Norwegian authorities, who continue to be approached with individual requests for funding. She said that Norway might review the level of its contributions to

UNCTAD if there are no improvements on the overall management and structure of technical cooperation. Fragmentation, however, was not only a result of earmarking, but was also caused by a lack of interdivisional cooperation. She believed that UNCTAD should consolidate its technical cooperation into four or five thematic trust funds, in line with the Report of the Panel of Eminent Persons. Future thematic trust funds should be subject to interdivisional cooperation. Efforts regarding consolidation into fewer trust funds would enhance transparency and attract donors. UNCTAD should widen its donor base. She noted with appreciation the interagency thematic cluster on trade and productive sectors be led by UNCTAD. She supported the practical proposals put forward by the secretariat on the “One UN” reform with the exception of the idea to establish UNCTAD representative at the regional and sub-regional levels.

II. Organizational matters

A. Election of officers

(Agenda item 1)

16. At its opening plenary meeting, on 10 September 2007, the working party elected Mr. Md Motaher Hussain (Bangladesh) as its Chairperson and Mr. Dmitry Godunov (Russian Federation) as its Vice-Chairperson-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

17. At the same meeting, the working party adopted its provisional agenda (TD/B/WP/194). 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 UNCTAD’s advisory services on investment
5. Provisional agenda for the fiftieth session of the working party
6. Other business
7. Adoption of the report of the working party to the Trade and Development Board