

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Working Party on the Medium-term Plan
and the Programme Budget on the first part of its
thirty-second session**

held at the Palais des Nations, Geneva,
from 21 to 23 September 1998



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INTRODUCTION

(i) The thirty-second session of the Working Party on the Medium-term Plan and the Programme Budget was held at the Palais des Nations, Geneva, from 21 to 23 September 1998. In the course of the session, the Working Party held two plenary meetings - the 127th to 128th meetings. All other meetings were informal and held in private.

Chapter I

**AGREED CONCLUSIONS OF THE WORKING PARTY AT THE
FIRST PART OF ITS THIRTY-SECOND SESSION**

Review of the technical cooperation activities
of UNCTAD and their financing

1. The Working Party, having reviewed the technical cooperation activities of UNCTAD on the basis of the report of the Secretary-General of UNCTAD (TD/B/45/6-TD/B/WP/109 and Add. 1 and 2), stressed their continued importance.
2. The Working Party considered a number of issues concerning the technical cooperation programme as a whole, including recent developments and future prospects regarding the mobilization of resources, the distribution of activities among countries, regions and programmes, cooperation between UNCTAD and other organizations as regards operational activities, and proposals regarding partial cost recovery in selected UNCTAD technical cooperation programmes with a view to ensuring their financial self-sustainability.
3. The Working Party conducted a programme-by-programme review of activities undertaken in 1997 and exchanged views on individual programmes with the responsible secretariat officials. A representative of WTO took part in the discussion and gave an update on WTO's follow-up activities to the October 1997 High-Level Meeting on Integrated Initiatives for LDCs' Trade Development.
4. The Working Party noted with satisfaction that technical cooperation expenditures towards Africa and LDCs have increased and hoped that this trend would continue.
5. The Working Party noted with concern that the relative share and absolute level of technical cooperation expenditures in the Latin American and Caribbean region have diminished significantly over the past few years, and that this trend is likely to continue in 1998. In this connection, the Working Party recalled and reconfirmed the accent placed on the specific needs of certain developing countries with structurally weak and vulnerable economies in paragraph 95 of "A Partnership for Growth and Development".
6. The Working Party noted with concern that technical cooperation expenditures in Europe have fallen by 30 per cent in 1997.
7. The Working Party also noted with concern that, though the share of the Asian region has increased in 1997, it remains at a relatively low level given the needs of the region.
8. The Working Party had a full exchange of views on the proposals concerning partial cost recovery presented by the secretariat at the request of the Trade and Development Board in its decision 444 (XLIV).
9. There was general agreement:

- (a) That the programmes concerned (ACIS, ASYCUDA, DMFAS) are very successful and are making positive contributions to the strengthening of the institutional capacities, the management systems and the efficiency of public administrations of countries where they are in operation;
- (b) That it is vital to ensure the financial self-sustainability of the programmes; in particular that adequate resources must be available to ensure continuous software enhancement, as well as maintenance of systems where they have been installed, including through a hot-line service;
- (c) The overall financial sustainability of the three programmes and the funding of their central support functions will need to depend on: (1) programme budget sources; (2) project funds for installation of the software and associated advice and training; (3) the allocation of part of the support costs generated through project implementation; and (4) continued support from donors. The possible role of partial cost recovery was noted in that respect.

10. Different views were expressed concerning the modalities of partial cost recovery as regards ACIS, ASYCUDA and DMFAS, and the Working Party agreed that further consultations are needed.

11. On the basis of its review, the Working Party recommends that the following draft decision be submitted to the Trade and Development Board for consideration under item 7 of the provisional agenda for the forty-fifth session;

"Draft decision

The Trade and Development Board,

1. Takes note with appreciation of the report on technical cooperation activities of UNCTAD and their financing and the complementary statistical information submitted by the secretariat (TD/B/45/6-TD/B/WP/109 and Add. 1 and 2);

2. Notes with satisfaction the continued increase in the level of UNCTAD's technical cooperation expenditures in 1997;

3. Expresses its appreciation to bilateral and multilateral donors for their contributions to UNCTAD's technical cooperation programmes, and appeals to them to extend their contributions in line with UNCTAD's technical cooperation strategy and plan;

4. Notes with satisfaction that the share of technical cooperation expenditures originating in the United Nations Development Programme (UNDP) increased in 1997, and encourages the secretariat to continue its efforts to deepen its cooperation with UNDP;

5. Notes with satisfaction that the level and share of technical cooperation expenditures towards LDCs have increased, welcomes the progress achieved with respect to the LDC Trust Fund, expresses its appreciation for contributions from traditional donors and developing countries to the Trust Fund, and invites further contributions;

6. Requests the secretariat, in consultation with member States, to intensify its efforts to ensure a better relative balance in the share of technical cooperation activities of the various regions, taking into account their respective needs;

7. Notes with satisfaction the progress made by UNCTAD in its cooperation with other organizations, including through the signature of Memoranda of Understanding, and requests the secretariat to pursue its efforts to intensify such cooperation, including with the World Intellectual Property Organization (WIPO) and the International Telecommunications Union (ITU);

8. Encourages the secretariat to continue to deepen its cooperation with the World Trade Organization (WTO) and the International Trade Centre (ITC) with a view, *inter alia*, to better coordinating technical cooperation, in particular in the implementation of the Integrated Framework for Trade-Related Technical Assistance for Least Developed Countries and of the Joint Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries (JITAP);

9. Urges the secretariat, in the implementation of technical cooperation activities, to make maximum use of capacities from developing countries, including local and regional expertise;

10. Requests the secretariat to finalize the handbook on UNCTAD's technical cooperation and make it available to member States in all United Nations official languages and on the Internet as soon as possible;

11. Decides that an in-depth evaluation of the competition law and policy programme be considered at the next session of the Working Party in 1999 dealing with technical cooperation;

12. Requests the secretariat to prepare the rolling three-year technical cooperation plan in a simplified format for 1999-2001 for consideration by the Working Party at the second part of its thirty-second session in December 1998 and thereafter by the Trade and Development Board in 1999;

13. Takes note that, during the first part of its thirty-second session, the Working Party requested its Chairman to hold further consultations with interested member States on the modalities of partial cost recovery for ASYCUDA, DMFAS and ACIS on the basis of the proposals set out in the secretariat's report (TD/B/45/6, Chap. III), taking into account comments and suggestions of the Working Party, and to report thereon to the Working Party at its resumed thirty-second session in December 1998 with a view to taking an early decision on this issue."

Chapter II

REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD AND THEIR FINANCING

(Agenda item 3)

1. For its consideration of this item at the first part of its session, the Working Party had before it the following documentation:

"Review of technical cooperation activities of UNCTAD: report by the Secretary-General of UNCTAD" (TD/B/45/6-TD/B/WP/109);

"Review of activities undertaken in 1997" (TD/B/45/6/Add.1-TB/B/WP/109/Add.1)

"Statistical tables" (TD/B/45/6/Add.2-TD/B/WP/109/Add.2)

2. The Deputy Secretary General of UNCTAD, introducing the item, expressed appreciation for the generous support of contributors to trust funds, which had allowed UNCTAD's technical cooperation expenditures to grow by 4 per cent in 1997. He outlined the main activities undertaken by the UNCTAD secretariat and reported on efforts to strengthen relations with other organizations engaged in trade-related technical cooperation. He drew particular attention to the secretariat's proposals - made at the request of the Board - concerning partial cost recovery for selected programmes, namely ASYCUDA, DMFAS and ACIS. Progress on a number of items requested by the Board was under way. This included the handbook on UNCTAD's technical cooperation, which was being finalized. Finally, the evaluation of the Trade Point programme was well under way and would be considered by the Working Party at the second part of the session in December.

3. The spokesperson for the Latin American and Caribbean Group (Uruguay) underlined the importance his Group attached to the issue of technical cooperation and expressed satisfaction at the growth of technical cooperation activities in 1997. The secretariat should continue its efforts aimed at ensuring a sustained increase in such activities. He also expressed satisfaction at the close cooperative links established between UNCTAD, ITC and WTO in the area of technical cooperation.

4. He expressed concern at the significant decrease in expenditures in his region, which had amounted to only US\$ 1.407 million in 1997, representing the lowest percentage over the past four years. His region received less technical cooperation than any other.

5. The Working Party's session provided a good opportunity to analyse the proposals made with respect to cost-recovery. The three programmes selected in this connection were of particular interest to his region, and his Group was concerned that efforts to ensure the financial autonomy of these programmes would prevent a number of countries from benefiting from them. Better access to technical cooperation programmes should be ensured by finding alternatives to cost recovery or by considering the possibility of exempting some countries in the region from payment of up-front fees and user support fees. In this regard, paragraph 25 of the outcome of the Mid-term Review (TD/B/EX(18)/3) expressly referred to special and differential treatment for LDCs and low-income countries.

6. The spokesperson for the African Group (Kenya) noted with satisfaction that Africa and the LDCs were receiving special attention in UNCTAD's technical cooperation activities. He was also pleased to see that the share of expenditures originating from UNDP had stopped declining in 1997. At the same time, the substantial increase in expenditures funded through trust funds from 1990 to 1997 raised a number of questions: did that increased reliance lead to more targeted activities? Did the secretariat spend more time canvassing for contributions? Were the proposals for partial cost recovery related to this reliance on trust funds?

7. He was pleased to see the increased cooperation between UNCTAD and other organizations. On partial cost recovery, his Group wanted to know whether there was a precedent in other multilateral organizations. More consideration needed to be given to use of local expertise, allocation of more resources in the field and innovative methods of mobilization of resources, such as the UNDP round table approach. Finally, his Group was pleased to note the continuing attention given to technical assistance for the Palestinian Authority.

8. The representative of Morocco said that the coherence of UNCTAD's technical cooperation programmes should be further improved. He welcomed the increased focus on activities at the country level but requested further data on the origin of experts, and in particular on the share of experts recruited from different groups of countries. Regarding resource mobilization, a more innovative approach was called for, including the convening of round tables. Finally, his delegation supported UNCTAD's activities in favour of Palestine, as well as its efforts relating to Trade Points, DMFAS, ASYCUDA and TRAINFORTRADE.

9. The representative of China said that technical cooperation was an important component of UNCTAD's activities and expressed satisfaction at the number and variety of projects implemented by UNCTAD, which greatly benefited developing countries, especially LDCs. He believed that greater efforts should be made to mobilize financial resources for technical cooperation, and he urged donors to react positively. Regarding partial cost recovery, he shared the views expressed by the African Group, in particular regarding the need to take into consideration the different level of development of countries.

10. The representative of Ethiopia said that technical cooperation was one of the primordial tasks of UNCTAD. It was encouraging to see that technical cooperation expenditures had risen and that the LDCs' share of these expenditures was 40 per cent. With regard to cost recovery, the special situation of least developed countries should be taken into consideration; these countries would in fact not be able to participate in cost recovery schemes. Finally, donors were urged to contribute to the LDC trust fund.

11. The representative of the Russian Federation welcomed the increase in UNCTAD's technical cooperation expenditures and hoped that the increase in UNDP's funding would be maintained in future. He further welcomed UNCTAD's cooperation with other international organizations, but expressed concern at the declining shares of Latin American and transition economies in UNCTAD's technical cooperation expenditures. While he fully understood the importance of technical cooperation for LDCs, he requested UNCTAD to make every effort to maintain the shares of the other groups. In general a more balanced distribution of activities was needed.

12. The representative of Pakistan said that the improved inter-organizational cooperation was very heartening, but it would be useful to have more detailed

information on the recent Memorandum of Understanding signed between UNCTAD and UNDP. He further underlined the need for UNCTAD to cooperate more closely with WIPO and ITU. Funding of technical cooperation activities under the regular budget was declining, and means should be considered of reversing that trend. With regard to the Lyon Summit, the issues surrounding the possible infusion of private funds for technical cooperation should be considered. Finally, he expressed support for UNCTAD's activities in favour of Palestine.

13. The representative of Paraguay expressed concern at the declining share of the Latin American and Caribbean region in UNCTAD's technical cooperation activities. That seemed paradoxical, since the region was very diverse and included a number of land-locked and island developing countries, countries with structurally weak and vulnerable economies and a least developed country. There was a risk that the region's participation in UNCTAD's work would be reduced, and there was therefore a need for a sustained policy of assistance to all countries in need.

14. The representative of Bolivia expressed concern at the declining share of activities in her region in both absolute and relative terms. Differences between developing countries should be taken into account; some countries in her region faced specific difficulties due to the fact that their economies were structurally weak and some countries were land-locked.

15. The representative of Cuba welcomed the increase in UNCTAD's technical cooperation activities in 1997. That cooperation became more important every day with the growing complexity of the international trading system and the emergence of new issues. However, expenditures in his region continued to decline, and that trend should be reversed. Regarding the partial cost recovery proposal, it would not benefit developing countries and it needed further thought.

16. The representative of Tunisia suggested that future secretariat reports should contain a list of acronyms. She also pointed out that document TD/B/45/6 erroneously referred to assistance to Tunisia in acceding to WTO. In fact, Tunisia had been a member of GATT/WTO for eight years.

17. The representative of El Salvador said that technical cooperation was extremely important for her country, and the decline in UNCTAD's cooperation presented difficulties. The cost recovery proposal involved programmes of particular interest to her country, and it would be difficult for it to provide funding as proposed. Small and low-income countries should receive technical cooperation free of charge.

18. The representative of Guatemala welcomed UNCTAD's cooperation with other organizations. UNCTAD's technical cooperation with Central America was of great interest, but the proposal for partial cost recovery was a matter for concern. The philosophy behind the proposal was not clear, and it should be reconsidered.

19. The representative of Japan said that more information should be supplied in the secretariat's reports on the impact of specific projects, and the views of beneficiaries should be reflected. The outcome of the Mid-term Review had referred to measurable indicators, and it would be useful to know what was being done to devise such indicators.

Informal discussions

20. The Working Party pursued its discussions in private informal meetings.

Action by the Working Party

21. At its 128th (closing) plenary meeting, on 23 September 1998, the Working Party adopted its agreed conclusions on agenda item 3. (For the text of the agreed conclusions as adopted, see chapter I).

22. The Chairman said that, with regard to paragraph 13 of the draft decision contained in the agreed conclusions, it was understood that the secretariat would prepare revised proposals which would take full account of all concerns expressed and suggestions made by members and observers in the Working Party.

23. The representative of the UNCTAD secretariat said that the discussions in the Working Party had led to a better understanding of the issues involved in cost recovery. The secretariat would in addition prepare a listing of the comments and suggestions made during the discussions and indicate the various implications with a view to facilitating the consultations of the Chairman.

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

24. The thirty-second session of the Working Party was opened on 21 September 1998 by Mr. Philippe Merlin (France), Vice-Chairman-cum-Rapporteur of the Working Party at its thirty-first session.

B. Election of officers

(Agenda item 1)

25. At its 127th (opening) plenary meeting, on 21 September 1998, the Working Party elected Mr. Lahcen Aboutahir (Morocco) as its Chairman and Ms. Ana Lucy Gentil Cabral Petersen (Brazil) as its Vice-Chairman-cum-Rapporteur.

C. Adoption of the agenda and organization of work

(Agenda item 2)

26. Also at its 127th plenary meeting, the Working Party adopted the provisional agenda for its thirty-second session (TD/B/WP/108). 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 programmes: In-depth study of the Trade Point Programme
5. Provisional agenda for the thirty-third session of the Working Party
6. Other business
7. Adoption of the report of the Working Party to the Trade and Development Board

27. In adopting its agenda, the Working Party decided to take up agenda item 4 at its resumed thirty-second session in December 1998.

**D. Provisional agenda for the thirty-third session
of the Working Party**

(Agenda item 5)

28. The Working Party decided that the provisional agenda for its thirty-third session would be taken up at its resumed thirty-second session in December 1998.

29. The representative of **France** noted that the evaluation of DMFAS had appeared on the agenda for the Working Party's thirtieth session but had not yet been taken up, and he asked when the matter would in fact be discussed by the Working Party.

30. The **representative of the UNCTAD secretariat** said that the report on the evaluation of DMFAS had not been completed in time for the Working Party's thirtieth session in December 1997, but a note of explanation had been sent to member States on 21 April 1998 and an informal meeting of interested donors had been held in July 1998. Copies of the evaluation report could be obtained from the secretariat upon request.

31. The representative of **France** said that organizing an informal meeting to which only some countries were invited was not an appropriate way of working.

**E. Adoption of the report of the Working Party to the
Trade and Development Board**

(Agenda item 7)

32. At its 128th (closing) plenary meeting, on 23 September 1998, the Working Party adopted its draft report (TD/B/WP/L.83) and authorized the Rapporteur to complete the report in the light of the proceedings of the closing plenary meeting.

Annex

ATTENDANCE ^{*/}

1. The following States members of UNCTAD, members of the Working Party, were represented at the session:

Brazil	Morocco
China	Norway
Ethiopia	Pakistan
France	Russian Federation
Indonesia	Slovakia
Japan	Sweden
Kenya	United States of America
Mexico	Uruguay

2. The following States members of UNCTAD, not members of the Working Party, were represented as observers at the session:

Austria	Mauritius
Bolivia	Nicaragua
Burundi	Paraguay
Chile	Portugal
Costa Rica	Senegal
Cuba	Spain
Democratic Republic of the Congo	Switzerland
Egypt	Thailand
El Salvador	Tunisia
Germany	Turkey
Guatemala	Uganda
Haiti	United Kingdom of Great Britain and Northern Ireland
Honduras	Venezuela
Iran (Islamic Republic of)	Zambia
Lebanon	
Madagascar	

3. The following intergovernmental organization was represented at the session:

Organization of African Unity

4. The following international organization was represented at the session:

World Trade Organization

^{*/} For the list of participants, see TD/B/WP/INF.39.