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TRADE AND DEVELOPMENT BOARD
Working Party on the Medium-term Plan
and the Programme Budget
Forty-fourth session (resumed)
Geneva, 30–31 May 2005

**Report of the Working Party on the Medium-term Plan and the
Programme Budget on its resumed forty-fourth session**

Held at the Palais des Nations, Geneva, on 30–31 May 2005

CONTENTS

<i>Chapter</i>	<i>Page</i>
I. Agreed conclusions	2
II. Review of the work programme: Draft programme budget for the biennium 2006-2007.....	4
III. Other business	8
IV. Organizational matters	9
 <i>Annex</i>	
I. Provisional agenda for the forty-fifth session.....	10
II. Attendance	11

Chapter I AGREED CONCLUSIONS

Review of the work programme: Draft programme budget for the biennium 2006-2007

The Working Party on the Medium-term Plan and the Programme Budget,

Having considered Section 12, "Trade and development", of the proposed programme budget for the biennium 2006-2007, as contained in document A/60/6 (Sect. 12),

Emphasizing the need for full implementation of the outcomes of UNCTAD XI,

1. *Takes note* of the programmatic content of Section 12, which generally reflects comments made by the Working Party at its January-February 2005 session during the preparatory process for the proposed programme budget for the biennium 2006-2007;
2. *Requests* the secretariat to provide in the future a user-friendly explanatory note, drawn from the budget fascicle, containing information on the substantive rationale for the allocation of resources to substantive subprogrammes and the manner in which various resources respond to that rationale, and provide explanations on various components of budgetary allocations;
3. *Invites* the Chairman of the Working Party to undertake consultations aimed at improving the consideration by the Working Party of the proposed UNCTAD section of the programme budget, including in terms of programmatic information and related resource issues;
4. *Requests* that in future the Working Party be given an opportunity to consider the work programme in advance of its submission to United Nations Headquarters by the UNCTAD secretariat;
5. *Encourages* the secretariat to further improve the quality and clarity of the expected accomplishments and indicators;
6. *Expresses* disappointment that the quantitative indicators for the activities under the section dealing with technical assistance do not appear in the budget fascicle, and *takes note* of the assurances provided by the secretariat that such indicators are still in the relevant data base of the United Nations (IMDIS) and that the secretariat will make use of them;
7. *Notes* the decline of 2 per cent in the overall allocation of resources for UNCTAD, and *considers* that UNCTAD should be provided with the resources necessary for the implementation of the outcomes of UNCTAD XI, including contributing to the achievement of international development goals including those contained in the Millennium Declaration;
8. *Recalls* the broad mandate of UNCTAD as a body of the United Nations General Assembly and *stresses* that all the activities, programmes and projects contained in the programme budget for the new biennium should be developed and implemented based on needs and the principle of equitable geographical distribution of resources among all developing country regions as well as countries with economies in transition;

9. *Reiterates* the value and importance of all UNCTAD subprogrammes;

10. *Appreciates* the efforts made to strengthen subprogramme 1B on the development of Africa, subprogramme 5 on LDCs, landlocked and transit developing countries and small island developing States (SIDS), and subprogramme 2 on investment, enterprise and technology;

11. *Notes* the efforts to strengthen subprogramme 5, *stresses* the need to reinforce the subprogramme's delivery capacity on mandated activities and, in this context, *stresses* likewise the need to enhance all the other subprogrammes in order to enable them, *inter alia*, to address the substantive issues of concern to LDCs, landlocked and transit developing countries, and SIDS;

12. *Supports* the ongoing efforts of UNCTAD in respect of the assistance provided to countries affected by the earthquake and the tsunami in the Indian Ocean area in their recovery and rehabilitation efforts, and *encourages* the secretariat to continue in that direction.

Financing of experts

The Working Party on the Medium-term Plan and the Programme Budget,

Recalling the guidelines adopted by the Trade and Development Board at its nineteenth special session on finding a long-term solution for predictable financing of the participation of experts from developing countries and countries with economies in transition in UNCTAD intergovernmental expert meetings based on the principle of equitable geographic representation, beneficiary needs, in particular LDCs, and the expertise of the experts concerned,¹

Recognizing further the need to adopt, as soon as possible, appropriate measures to improve the financing of experts in UNCTAD expert meetings, including, *inter alia*, through the adoption of appropriate and innovative modalities in accordance with the administrative and financial and budgetary rules and regulations of the United Nations and relevant resolutions of the United Nations General Assembly,

1. *Requests* the Chairman of the Working Party to continue his consultations on this subject with a view to arriving at an appropriate solution within the next two months, and to report thereon to the President of the Trade and Development Board for appropriate consideration;

2. *Recommends* the designation by the Secretary-General of UNCTAD of a focal point at an appropriately senior level, within existing resources, to be responsible for all matters related to financing of experts, including coordination of the UNCTAD divisions, and mobilization and tracking of contributions to the Trust Fund, and to report thereon to the Trade and Development Board;

3. *Recommends further* that the focal point assist in identifying appropriate modalities as mentioned above, and monitoring their operation if established.

¹ Report of the Trade and Development Board on its nineteenth special session (Mid-term Review) (TD/B(S-XIX)/7, chap. I, sect. A.2).

Chapter II

REVIEW OF THE WORK PROGRAMME: DRAFT PROGRAMME BUDGET FOR THE BIENNIUM 2006-2007

(Agenda item 3)

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

“Proposed programme budget for the biennium 2006-2007; Part IV—International cooperation for development; Section 12—Trade and development” (A/60/6 (Sect. 12)).

Opening statements

2. The **Officer-in-Charge of UNCTAD** said that, at the first part of the forty-fourth session, the UNCTAD secretariat had consulted the Working Party on the programmatic content of its draft budget proposal, and the views expressed by the Working Party had essentially been reflected in the proposed programme budget now before the Working Party. The main differences reflected in the current proposed programme budget as opposed to the original text were: the insertion of the overview; the coverage of the mid-term review; the consolidation into a single paragraph of all references to cooperation with other actors within and outside the United Nations; the insertion of references to contributions by subprogrammes to UNCTAD-wide reports in the introductory paragraph of each subprogramme; textual adjustments in the performance measurements; and the elimination of quantitative indications in parts dealing with technical cooperation.

3. The proposed resource level amounted to US\$ 112,503,900, before recosting. This level was consistent with the full, efficient and effective implementation of all activities contained in the proposed programme budget. It reflected a decrease of US\$ 2,271,400, or two per cent, from 2004-2005, involving reductions in such non-post costs as contractual services, operating expenses and office equipment, as well as reductions in general service posts. On the other hand, there was an increase in the order of 17 per cent in resources allocated to subprogramme 5. There was also a modest increase under Executive Direction and Management for the preparations for the next Conference, as opposed to a 15.6 per cent decrease under Policy Making Organs due to the fact that the Conference itself would not be held during the coming biennium. The total number of professional posts would increase from 246 to 251, while general service posts would decrease from 173 to 166, reflecting the call to reduce the ratio of general service to professional posts. The proposed new professional posts were allocated to subprogrammes 5, 1B and 2, as well as Programme Support. Projected extrabudgetary resources represented 35 per cent of the overall resources proposed for the new biennium.

4. The representative of the **Democratic Republic of the Congo**, speaking on behalf of the **Group of 77 and China**, said that the focus of the meeting should be on the relationship between programmatic content and the resource allocation proposed. A number of points needed to be emphasized: the treatment of policy space in the proposed programme budget reflected neither the formulation nor the scope of activities provided for in the São Paulo Consensus; the issue of good governance should cover not only national but also international dimensions; courses conducted further to paragraph 166 of the Bangkok Plan of Action should continue to be implemented under the best possible conditions; emphasis should be placed on work on policy issues of particular interest to African countries within the context of NEPAD; work on the new geography of international economic relations should cover South-South trade and South-South cooperation; and UNCTAD should play a major role in supporting the GSTP process. He expressed satisfaction with the integration of crosscutting

issues such as the special concerns of LDCs, small island developing States, and landlocked and transit countries, as well as the development of Africa. Overall, he was satisfied that the comments made at the first part of the forty-fourth session were largely reflected in the text of the proposed programme budget. However, he was greatly concerned by the decline of almost US\$ 2 million in the overall resources proposed, since that would significantly limit UNCTAD's capacity for delivery.

5. His Group attached paramount importance to finding an expeditious, long-term and predictable solution to the issue of financing of experts so that member States could participate fully, equitably and effectively in UNCTAD's activities. He was grateful for the efforts being made to find a solution in that connection. He reiterated the need to pursue measures in support of the tsunami-affected countries, as proposed at the consultations of the President of the Board. He was satisfied with the successful efforts made by the secretariat to find a solution to the need to increase the number of professional posts. He emphasized that the outcome of UNCTAD XI could be implemented only by matching resources with the policy directions provided by the Conference. Finally, he stressed the need to implement the programme on the basis of the principle of broad and equitable geographical distribution among all developing country regions.

6. The representative of **Colombia**, speaking on behalf of the **Latin American and Caribbean Group**, said that the comments made at the first part of the forty-fourth session were largely reflected in the proposed programme budget, as was the outcome of UNCTAD XI. He reiterated the importance his Group attached to the issue of financing of experts, courses conducted further to paragraph 166 of the Bangkok Plan of Action, and the extension of the Biotrade programme as mandated by the Conference. He expressed concern at the regional distribution of activities, and regretted that the proposed programme budget gave no indication as to where activities would be implemented. Activities should be distributed equitably among all developing regions, and a new strategy should be devised to enhance regional and subregional initiatives so as to bring activities closer to beneficiaries and hence make them more effective. He noted with concern the overall decrease in resources by 2 per cent, and asked for information in that connection. The savings achieved in that context could be used for financing of experts, for which he hoped a lasting solution would be found through consultations.

7. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, expressed appreciation for the efforts made in connection with the issue of financing of experts and hoped that a long-term and predictable solution would be found soon. His Group was seriously concerned about the reduction of almost US\$ 2 million in the proposed programme budget for UNCTAD. Such a reduction might adversely affect UNCTAD's capacity to achieve the mandates and tasks assigned to it, and he questioned whether the views expressed by member States on the scope of work of the organization were fully reflected in the resource allocation. The way in which policy space was treated in the proposed programme budget reflected neither the scope nor the spirit of paragraph 8 of the São Paulo Consensus. With regard to governance, UNCTAD must focus its work on economic governance at the global level. Finally, he appreciated the initial steps taken to address rehabilitation and development-related measures for tsunami-affected countries and looked forward to further positive developments in that regard.

8. The representative of **Luxemburg**, speaking on behalf of the **European Union and acceding and candidate countries**, reiterated his concern about the budget process, in which the programmatic content and resource aspects of the programme budget had to be discussed separately. It would have been preferable to have received the financial figures at the first part of the forty-fourth session, even if only indicative figures could be given. Further, the

financial figures contained in document A/60/6 were too aggregated for the member States to be able to examine properly whether the programme budget really reflected the outcomes of UNCTAD XI and the first part of the forty-fourth session of the Working Party. The key concept at UNCTAD XI had been coherence. The issue here was coherence between the programme budget and the ministerial decisions made at São Paulo. The European Union had from the outset requested that the new elements in the programme budget be identified, along with the corresponding budgetary provisions at the activity level. In the end, financial data had not been provided, and such a lack of transparency raised a number of questions. One concerned the decision at São Paulo to annualize the *LDC Report*. The human and financial resources allocated to subprogramme 5 seemed insufficient to produce an annual report of a quality commensurate with the importance attached to the report by the member States. While three professional posts were being added to the subprogramme, a P.4 professional had already been working for the subprogramme for some time as an assignment from another subprogramme, and the D.1 post proposed was merely a reclassification of a P.5 post. In effect, this implied a net addition of only one P.4 post.

9. He welcomed the confirmation by the General Assembly of the nomination of the new Secretary-General of UNCTAD. He looked forward to strong and effective management of the organization under the new Secretary-General.

10. The representative of **Nigeria**, speaking on behalf of the **African Group**, emphasized the views expressed on behalf of the Group of 77 and China on the issues of policy space and good governance, as well as concern over the proposed decline in the overall resources of UNCTAD. He welcomed the inclusion of initiatives to support NEPAD, the efforts to enhance activities related to LDCs and African countries, and the effort being made to find a solution to the issue of financing of experts. However, the lack of quantitative indicators for technical cooperation activities was a matter of concern, and he questioned whether the performance of technical cooperation programmes could be properly measured and benchmarked without such figures. It was also hard to see how member States could understand and discuss priorities for the long list of technical cooperation activities set out in the proposed programme budget; technical cooperation should be demand-driven, and a proper presentation was necessary as a basis of discussion for member States.

11. The representative of **Benin**, speaking on behalf of **least developed countries**, said that it would be important for resource allocation to match the agreements reached at the first part of the Working Party's session. The fundamental pillars of UNCTAD's activities were policy analysis and operational activities. For work on issues of interest to LDCs, the linkage between these two pillars was not clear due to the dispersion of resources for activities on LDCs. The analytical work on LDCs should be more focused and better coordinated so that LDCs would be better placed in terms of the realization of the Millennium Goals. Assistance to LDCs should be redesigned from that viewpoint.

12. He reiterated his satisfaction with regard to the annualization of the *LDC Report*. This would allow the Special Programme for LDCs to be the centre of analytical and operational work for LDCs. However, commensurate regular budget and extrabudgetary resources would have to be made available. Moreover, at UNCTAD XI the categories of countries to be covered by the Special Programme had been expanded, and this called for still more resources, but the resources allocated to the Programme in the proposed programme budget were deplorably inadequate. While the work on the *Report* would double, the resource increase was marginal, from US\$ 310,200 to US\$ 382,000. It would therefore be necessary for all subprogrammes that worked on LDCs to allocate resources to the *LDC Report*. The increase in human resources for the subprogramme was also insufficient. The proposed D.1

post involved a reclassification, and a P.4 post was already assigned to work on LDCs, so the net real addition was only one P.4 post and general service posts.

13. Resources were required to provide the necessary support to LDCs, including in the areas of investment promotion, institutional and human capacity building for trade and development, and enhancement of productive capacity. Work in those areas was necessary to achieve the objectives clearly inscribed in the Plan of Action adopted by the Third United Nations Conference on LDCs. The decline in UNCTAD's overall resources would limit the capacity of the organization to take the necessary action, and that would be all the more true of the LDC programme, which received only 5 to 6 per cent of the overall resources of the organization.

14. The representative of **Brazil** stressed that the Working Party must ensure that the political and policy commitments made at São Paulo were fully reflected in the work programme, and in that connection, special attention should be given to creative industries. UNCTAD had developed expertise on that issue in response to mandates given at UNCTAD X on audiovisual services, at the Third United Nations Conference on LDCs on the music industry, and at UNCTAD XI on dynamic sectors, including creative industries. Creative industries generated not only development gains but also positive externalities such as preservation and promotion of cultural diversity, and UNCTAD should seek to enable developing countries to increase their productive capacity and enhance policy making in this sector. Further to the recent international seminar in Bahia, Brazil, the International Center for Creative Industry had now been launched, and UNCTAD had been identified as a key future contributor to the effort. Given the crosscutting nature of creative industries, all subprogrammes of UNCTAD should be engaged in work on the issue.

15. The representative of the **United States of America** expressed appreciation for the efforts made to reflect the São Paulo outcomes in the proposed programme budget in a balanced manner, as well as the efforts made to present the programme budget within a results-based framework. However, the level of resources allocated to subprogramme 5 on LDCs was inadequate. She also recalled the concerns raised by member States at the first part of the forty-fourth session on the procedures followed to discuss the programme budget, as reflected in paragraph 3 of the agreed conclusions adopted at that time. On the issue of policy space, her delegation had agreed to a limited reference to the issue in the São Paulo Consensus only in a spirit of compromise. That reference should not be interpreted in any way as providing a new mandate for UNCTAD or making policy space an integral part of UNCTAD's work.

Informal meetings

16. The Working Party pursued its deliberations in informal meetings.

Action by the Working Party

17. At its closing plenary meeting, on 31 May 2005, the Working Party adopted agreed conclusions on agenda item 3 (for the text of the agreed conclusions, see chapter I above).

18. The representative of **Italy** said that the budget process was flawed in many ways from its adoption to its implementation and did not allow for proper control in Geneva. He welcomed paragraph 2 of the agreed conclusions and suggested that the *Annual Report* of UNCTAD include the most relevant financial data. Italy attached great importance to UNCTAD and had recently made further financial commitments for the implementation of projects, but it considered it inappropriate to see the organization managed on the basis of such financial rules; the UN should have higher standards of transparency. All who cared about UNCTAD and the UN should work for more transparency, which was a value in itself and would certainly increase donors' trust and favour the commitment of additional resources.

Chapter III OTHER BUSINESS

Financing of experts

19. The **Chairman** informed the Working Party that, pursuant to the request of the Board at its thirty-sixth executive session, he had pursued his consultations on financing of experts prior to and during the Working Party's session. Those consultations had resulted in an agreed text which was now before the Working Party.

Action by the Working Party

20. At its closing plenary meeting, on 31 May 2005, the Working Party adopted agreed conclusions on financing of experts (for the text of the agreed conclusions, see chapter I above).

21. The representative of the **Democratic Republic of the Congo**, speaking on behalf of the **Group of 77 and China**, said that his Group attached paramount importance to solving the problem of financing of experts in order to ensure that all developing countries could participate fully in UNCTAD activities. It appreciated the spirit with which the consultations were being held and looked forward to getting a solution as soon as possible.

Arrangements for attending meetings in the Palais des Nations

22. The representative of **Turkey** said that Turkey was one of the 35 to 40 countries that had established a separate mission to the WTO. In that connection, the UN Liaison and Protocol Office had recently introduced a system that obliged missions not specifically accredited to the UN Office in Geneva to communicate with it through their countries' missions accredited to the UN only. This unacceptable and burdensome approach should be rectified, and he requested the UNCTAD secretariat to inform the relevant UN office of the needs of missions in Geneva so that the decision could be reconsidered. Turkey supported efforts to strengthen security in the UN premises, but what was needed was pragmatism, not bureaucracy.

Chapter IV
ORGANIZATIONAL MATTERS

A. Election of officers

(Agenda item 1)

23. At its 165th plenary meeting, at the first part of the forty-fourth session, on 31 January 2005, the Working Party elected Mr. Enrique Manalo (Philippines) as its Chairperson and Ms. Carmen Fratita (Romania) as its Vice-Chairperson-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

24. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/177). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the work programme: Draft programme budget for the biennium 2006–2007
4. Provisional agenda for the forty-fifth session of the Working Party
5. Other business
6. Adoption of the report of the Working Party to the Trade and Development Board

C. Provisional agenda for the forty-fifth session of the Working Party

(Agenda item 4)

25. At the closing plenary meeting of its resumed session, on 31 May 2005, the Working Party approved the provisional agenda for its forty-fifth session (see annex I below).

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

(Agenda item 6)

26. At the same meeting, the Working Party authorized the Vice-Chairperson-cum-Rapporteur to finalize the report on its session.

Annex I

PROVISIONAL AGENDA FOR THE FORTY-FIFTH SESSION

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 the training courses on key issues on the international economic agenda
5. Provisional agenda for the forty-sixth session of the Working Party
6. Other business
7. Adoption of the report of the Working Party to the Trade and Development Board.

Annex II

ATTENDANCE *

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

Bangladesh	Philippines
Bulgaria	Romania
China	Russian Federation
Cuba	Senegal
Finland	Switzerland
Indonesia	United Kingdom of Great Britain and Northern Ireland
Italy	United States of America
Japan	Venezuela
Morocco	
Peru	

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

Algeria	Jordan
Angola	Luxembourg
Austria	Libyan Arab Jamahiriya
Belarus	Madagascar
Benin	Mexico
Brazil	Netherlands
Colombia	Nigeria
Czech Republic	Norway
Democratic Republic of the Congo	Oman
Dominican Republic	Portugal
Egypt	Republic of Korea
El Salvador	Saudi Arabia
Ethiopia	Spain
France	Sweden
Germany	Thailand
Greece	Tunisia
Holy See	Turkey
India	Viet Nam
Iran (Islamic Republic of)	Zambia

* For the list of participants, see TD/B/WP/INF.52.

2. The following observer was represented at the session:

Palestine

3. The following intergovernmental organizations were represented at the session:

ACP Group

European Community

League of the Arab States