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Working Party on the Medium-term Plan
and the Programme Budget
Forty-sixth session
Geneva, 28–29 June 2006

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

Held at the Palais des Nations, Geneva, from 28 to 29 June 2006

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Chapter I

AGREED CONCLUSIONS ADOPTED BY THE WORKING PARTY AT ITS FORTY-SIXTH SESSION

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

Taking note of the UNCTAD section of the draft Strategic Plan for the biennium 2008-2009, as contained in document TD/B/WP/L.119,

Recalling that the São Paulo Consensus forms the basis of UNCTAD's work, and the mandates contained therein must be fully implemented through the work of relevant subprogrammes,

Reaffirming support for the expected outcomes of the Mid-term Review relating to UNCTAD XI, notably the emphasis placed on strengthening the three pillars of work of UNCTAD,

1. *Concurs with* the draft Strategic Plan as amended (TD/B/WP/L.119/Rev.1) while noting that new developments could affect the content of this document;
2. *Reiterates* the importance of consultative processes between the secretariat and the member States in making decisions with any programmatic implications;
3. *Requests* the secretariat to hold regular briefings on the progress of programme implementation;
4. *Requests* the Secretary-General of UNCTAD to ensure the integrity of the mandates of all the current subprogrammes and to ensure that the transfer of the Africa subprogramme to the new Division for Africa, Least Developed Countries and Special Programmes would strengthen the subprogramme while maintaining its integrity;
5. *Stresses* the need to strengthen the development dimension in the implementation of the programmes and to ensure a development focus in new initiatives;
6. *Encourages* the secretariat to make further efforts in improving the indicators of achievements *inter alia* by measuring achievements through a comprehensive set of multi-dimensional indicators and by better reflecting the qualitative aspects of programme outputs and contributions.

Chapter II

REVIEW OF THE UNCTAD SECTION OF THE PROPOSED UNITED NATIONS STRATEGIC FRAMEWORK FOR THE PERIOD 2008-2009

Opening statements

1. The **Deputy Secretary-General** of UNCTAD said, with a Mid-term Review under way, a new senior management and the recent report of the Panel of Eminent Persons, it was important that the organization assess whether it was delivering what its members expected. The main task of the Working Party at its current session was to review the secretariat's draft Strategic Framework for the biennium 2008-2009 (TD/B/WP.L.119). The Strategic Framework was an important element in the United Nations budgetary process that shaped the work of each UN entity. The final decisions concerning the Strategic Framework belonged to the General Assembly, but the latter had requested substantive bodies such as the Trade and Development Board to assist by reviewing their respective areas of competence. The Working Party was entrusted to undertake that task for the Board. The outcomes of the session would be transmitted by the Chairperson to the Committee for Programme and Coordination (CPC). In the past, CPC had taken the conclusions of the Working Party fully into account.

2. The proposed Strategic Framework was drafted with the São Paulo Consensus as the basic mandate of the organization and hence sought to build upon work programmes from the preceding biennia. One substantive change was the integration of the subprogramme for the development of Africa into the programme for countries in special situations, the aim being to maximize synergies in the area of research and policy analysis and to take a coherent approach to issues of concern to those countries. Another goal was to enhance the status and exposure of the programmes concerned, in particular the subprogramme on Africa. Before the administrative decision of 23 March 2006 to move the African unit had been made, he had consulted with and written letters to the African Group and the African Union to explain the move. While many African countries were not LDCs, 34 LDCs were in Africa. Clustering the programmes together to form the Division of Least Developed Countries, Africa and Special Programmes would engender synergies and produce coherent and focused outputs. When the subprogramme on the Development of Africa had been established further to General Assembly resolution 54/249 of 1999 and the Bangkok Plan of Action of 2000, subprogramme 5 on LDCs, landlocked developing countries and small island developing States had been conceived as a coordinating unit, not only within UNCTAD but also for the whole of the UN system. The main task of the *Least Developed Countries Report* then had been to monitor the progress made in the implementation of the Plan of Action for LDCs by different parts of the United Nations system and the international community, rather than produce original research and policy analysis. However, the role of the LDC subprogramme had now changed drastically, subsequent to the establishment of the High Representative's Office in 2002. Consequently, the LDC subprogramme now assumed a substantive backstopping role. Moving the Africa subprogramme would allow the best use to be made of existing resources and expertise to deliver the mandates given to UNCTAD by member States. It would create a core research capacity, servicing countries with special needs. This move would also bring the Africa subprogramme closer to sources of technical cooperation funding.

3. The flexible approach adopted in relation to science and technology for development would allow UNCTAD to respond better to the changing needs of developing countries. It was a first attempt to address the issues of the day in the light of situational changes arising from the reform agenda and the expectations of the membership. Similarly, UNCTAD would continue to enhance the relevance of its research work and disseminate its policy analysis more effectively through networking and by providing a forum for think-tanks around the world engaged in policy research on issues of relevance to the organization. He acknowledged the need to strengthen UNCTAD's work on the insurance sector and to reshape technical cooperation programmes to better service the needs of client countries. He hoped to achieve better delivery of UNCTAD products and was prepared to discuss with the Working Party how the secretariat could be organized more efficiently.

4. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, said that the Working Party's session provided an opportunity to determine the direction of UNCTAD's operations in different programmes with a view to ensuring that needs of its members, particularly developing countries, were being addressed in accordance with the São Paulo mandate. The Group of 77 and China was not convinced by the reasoning behind the proposed move of the subprogramme on the development of Africa to subprogramme 5. Some 20 African countries did not have LDC status, and the development challenges in Africa were not restricted to LDCs. The subprogramme on the development of Africa had been established at the request of the General Assembly and UNCTAD X. It had been placed in the Division on Globalization and Development Strategies by decision of the Working Party, and hence any transfer of the subprogramme must also be through an intergovernmental decision based on consensus. The Group did not believe that such a consensus existed, and the secretariat should explain the rationale for the proposed change with a view to affording the Working Party the opportunity to approve the change, if deemed appropriate. The issue of strengthening collaboration with think-tank institutions was dealt with in the report of the Panel of Eminent Persons, and it should be examined in that context.

5. The Group urged that the diminishing development content of all subprogrammes must be addressed urgently. Research and analytical work being conducted in the various subprogrammes must be evidence-based and independent. It should present practical solutions and policy options based on the intellectual integrity for which UNCTAD was known. On subprogramme 1, the capacity of UNCTAD to undertake research on macroeconomic issues must be strengthened and should identify development-oriented and practical solutions and policy options in respect of the challenges faced by developing countries, particularly in the areas of poverty alleviation, debt and finance, and their interdependence. Only if those matters were addressed at the Commission level would UNCTAD's work on systemic issues and coherence be strengthened. On subprogramme 2, the development orientation of UNCTAD's work in the areas of investment, enterprise and technology must be enhanced. The Group appreciated the work done with regard to the impact of FDI on the development of Africa and called for similar undertakings for Asia and Latin America. On subprogramme 3, a rapid reaction mechanism to conduct impact assessments of the various trends and proposals in the WTO negotiations had been proposed during the Mid-Term Review. Such a mechanism would assist effective participation by developing countries in WTO negotiations. UNCTAD was also urged to promote the development orientation of new initiatives like "Aid for Trade". The

Group appreciated the assistance extended through subprogramme 4 to modernize developing countries' trade infrastructure in areas like customs automation, electronic commerce and transport management. Promoting the use of modern technology had become a regular feature of this subprogramme, and strengthening work on science and technology for development should not be at the cost of diminishing the comparative advantage of the subprogramme.

6. UNCTAD should contribute substantially to the work of the newly established Peace-building Commission, particularly with respect to the development content of its work, including the integration of beneficiary countries into the global economy. Achievements should be measured through multi-dimensional indicators that comprised evaluations from various angles. Finally, UNCTAD's work should include the development of indicators measuring the actions of the international community.

7. The representative of **Algeria** speaking on behalf of the **African Group**, recalled the commitment made at the 2005 World Summit on development issues, especially those of interest to Africa. The Strategic Framework took account of the mandates defined in the São Paulo Consensus, and in that context his Group wished to: invite Member States, in particular developed countries, to find a viable solution to the problem of predictable and long-term funding for the participation of experts from all developing countries in the meetings of UNCTAD; highlight the important role of the insurance sector to the revival of Africa, and invite UNCTAD to strengthen its efforts to help build national capacities in this sector; request a strengthening of South-South co-operation, in particular within the framework of the third cycle of negotiations of the Global System of Trade Preferences (GSTP) and NEPAD; congratulate the secretariat for maintaining its focus on Africa's foreign debt challenges; and urge UNCTAD to continue to help developing countries reinforce their negotiation capacities at the bilateral, regional and multilateral levels. He highlighted the obstacles that developing countries faced when negotiating their accession to the WTO.

8. On the proposed placement of the subprogramme on the development of Africa in a division with the LDC programme, his Group wished to avoid micro-managing the organization, but noted that only an intergovernmental body could make such changes. He regretted that such a decision had been taken without adequate consultation with the Governments concerned.

9. Looking ahead to the next UNCTAD conference in Ghana, the African Group wanted the organization to give a strong signal of its will to increase the resources devoted to Africa and improve the effectiveness of its programmes in the region. He called for assurances from UNCTAD concerning better African representation amongst UNCTAD's senior staff.

10. The representative from **Honduras**, speaking on behalf of the **Latin American and Caribbean Group**, stressed that proper procedures should be followed when deciding on the programme of work. His Group had on several occasions expressed its concern at the decrease in technical cooperation activities carried out in its region, and it urged UNCTAD to ensure a more equitable distribution of resources and activities. He requested the secretariat to provide further details on the consolidation of three subprogrammes into a new division and emphasized that the implications of such a move needed further study, for example in terms of the transfer of resources from other divisions.

11. At the Mid-term Review, his Group had emphasized that the research and analysis pillar needed to be strengthened. The issues faced by Latin America and the Caribbean were complex, and UNCTAD's global vision gave it an advantage over other institutions in analysing trade and development issues coherently. The agenda of the Trade and Development Board should include issues faced by Latin America and the Caribbean in the context of the difficulties posed by globalization. The *Trade and Development Report* could also provide insights into these issues and produce recommendations that countries could consider.

12. On subprogramme 2, his Group was pleased that studies were planned on science, technology and investment policies, as mandated by the São Paulo Consensus. In particular, studies on science and technology would help to strengthen capacities to better respond to changes in the area. He welcomed UNCTAD's recent undertakings in the area of biofuel and asked how this would be reflected in the organization's programme of work. He also noted the importance of UNCTAD's work on building national capacities, with the work undertaken under paragraph 166 of the Bangkok Plan of Action being particularly relevant to developing countries. Links must be created between UNCTAD's technical cooperation programmes; for instance, the paragraph 166 programme should be linked to TrainForTrade and the Virtual Institute, as this would bring about more concrete long-term results.

13. The Latin American and Caribbean Group appreciated the efforts of the secretariat to foster greater cooperation and coordination with regional agencies, for instance through a memorandum of understanding with the Latin American Integration Association (LAIA) in order to carry out joint activities in the region and through possible collaboration with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA). The secretariat should report on how those activities would be reflected in its proposed programme of work and expand its cooperation with other organizations from the region in order to include the Central American and Caribbean countries that were not members of LAIA.

14. The representative of **Afghanistan**, speaking on behalf of the **Asian Group and China**, said he hoped that the Working Party's session would strengthen UNCTAD's responsiveness to the needs and requirements of its members, especially the developing and least developed countries, within the São Paulo mandates. The proposed transfer of the subprogramme on the development of Africa to the new division, as well as the proposed changes to the work on science and technology, should be transparent and based on consultations, as only the intergovernmental process could amend a decision made by member States. Further, the process should not detract from the substance of work on Africa. His Group favoured closer cooperation with international think-tanks, and urged that technical assistance should be more responsive and demand-driven. On subprogramme 1, he welcomed the integrated treatment of development, with its macroeconomic, finance and debt components, and hoped to see the programme enhanced. On subprogramme 2, he urged that work on science and technology enhance its development dimension, and that capacity building initiatives be strengthened. On subprogramme 3, he urged UNCTAD to strengthen its work on bilateral trade agreements, which had gained prominence in Asia. On subprogramme 4, the implications of security measures for transport and their impact on trade and development must remain on the agenda, and monitoring of developments in the use of ICT and e-commerce must also be

strengthened. On subprogramme 5, UNCTAD should further improve its work on transit transport agreements.

15. The representative of **Benin**, speaking on behalf of the **least developed countries**, reaffirmed the importance of development efforts and programmes in support of the LDCs. The strengthening of UNCTAD's budget for LDC programmes was welcomed and encouraged. Efforts must be pursued to implement the mandates set out in the São Paulo Consensus, the Bangkok Plan of Action, the Millennium Declaration, the Third United Nations Conference on the Least Developed Countries, the Monterrey Consensus, and the Ministerial Declarations of Doha and Hong Kong. The LDCs stressed the importance of linkages between research and analysis and technical cooperation activities, which were currently quite fragmented, and hoped that synergies would be generated between all divisions working on LDCs.

16. The development partners were invited to provide support for the activities, projects and programmes in favour of the LDCs. The secretariat should ensure an optimal level of financing for programmes that had proven their relevance and efficacy, for example investment promotion, reinforcement of institutional and human capacities for the promotion of trade and development, and support for production, which all lay within the scope of development objectives reaffirmed at the Third United Nations Conference on the Least Developed Countries.

17. He expressed concern about the movement of the subprogramme for Africa to the Division on Africa, LDCs and Special Programmes. The resources of the present LDC programme were limited, and the Group was wary that an already burdened division would be further encumbered. Furthermore, the Africa unit was presently autonomous, and it was unclear whether this status would be retained. He hoped the move did not reflect diminished interest in Africa on the part of UNCTAD. He also expressed concern about the consequences of this move for other subprogrammes.

18. Analytical work on the annualized *LDC Report* and technical cooperation through the Integrated Framework and the "Aid for Trade" initiative should continue to be supported. He called for increased extrabudgetary resources to strengthen UNCTAD's role in the Integrated Framework to enable it to go beyond diagnostic studies and engage in implementation of national action matrices. The Group urged the Deputy Secretary-General of UNCTAD to give priority to LDCs, and appealed to member States to become more involved in the Mid-term Review of the Brussels Programme of Action that would take place in September in New York.

19. The representative of **Austria** speaking on behalf of the **European Union and the acceding countries of Bulgaria and Romania**, said that, since the United Nations and UNCTAD were in the midst of many developments such as the reform of the United Nations, the Mid-Term Review and recommendations by the Panel of Eminent Persons, she suggested that the Strategic Framework be revisited later in the year.

20. Effecting internal reform to enhance UNCTAD's overall delivery and bring about coherence in research and policy analysis was a matter for UNCTAD's management. The proposed Strategic Framework remained a static, administrative document, rather than reflecting the dynamics of a strategic plan. Despite prior prompts from the European Union, the expected accomplishments and indicators of achievement were largely quantitative in nature rather than qualitative. Improvement of the indicators to better reflect results and impact was called for to produce a truly strategic framework instrument. Further, the strategies enunciated in the document

appeared not to have made reference to future potential work for UNCTAD in the Aid for Trade field or in the context of science and technology and WSIS follow-up. She pointed out that there were no cross-references between, for example, Programme 8 in the United Nations strategic framework on least developed and landlocked developing countries and small island developing States on the one hand and UNCTAD's subprogramme on LDCs on the other, which made it difficult for member States to gain a cohesive insight into work in this area.

21. The representative of **Argentina** expressed full support for the statements of the Latin American and Caribbean Group and the Group of 77 and China.

22. The representative of the **Islamic Republic of Iran** noted that there were shortcomings in the follow-up to international meetings and hoped that the outcomes of conferences would be translated into real actions. On the proposed shift of the subprogramme on Africa, he agreed that UNCTAD resources should be used as efficiently and effectively as possible, but queried the resource allocation implications of the move. More attention should be paid to the development of Africa.

Informal meetings

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

Action by the Working Party

24. At its closing plenary meeting, on 29 June 2006, the Working Party adopted agreed conclusions (see chapter I above).

Chapter III

ORGANIZATIONAL MATTERS

Election of officers

25. At its opening plenary meeting, on 28 June 2006, the Working Party elected Mr. Carlos-Alberto Chocano (Peru) as its Chairperson and Mr. Darius Kurek (Switzerland) as its Vice-Chairperson-cum-Rapporteur.

Adoption of the agenda and organization of work

26. At the same meeting, the Working Party adopted its provisional agenda (TD/B/WP/185). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the UNCTAD section of the proposed United Nations Strategic Framework for the period 2008-2009
4. Provisional agenda for the forty-seventh session of the Working Party
5. Other business
6. Adoption of the report of the Working Party to the Trade and Development Board

Provisional agenda for the forty-seventh session of the Working Party

27. At its closing plenary meeting, on 29 June 2006, the Working Party approved the provisional agenda for its forty-seventh session (see annex I below).

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

28. At its closing plenary meeting, on 29 June 2006, the Working Party authorized the Rapporteur to prepare the report on its session, in accordance with usual practice.

Annex I

**PROVISIONAL AGENDA FOR THE FORTY-SEVENTH SESSION OF THE
WORKING PARTY**

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 technical cooperation programme on accession to WTO
5. Provisional agenda for the forty-eighth 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. Representatives from the following States members of the Working Party attended the session:

Belarus	Libyan Arab Jamahiriya
Benin	Pakistan
Bulgaria	Peru
China	Russian federation
Cuba	United Kingdom of Great Britain and Northern Ireland
India	United States of America
Iran (Islamic Republic of)	Venezuela
Italy	Zambia
Japan	

2. Representatives from the following States members of UNCTAD not members of the Working Party attended the session as observers:

Afghanistan	Indonesia
Algeria	Luxembourg
Argentina	Mexico
Austria	Norway
Bangladesh	Philippines
Czech Republic	Poland
El Salvador	Portugal
Ethiopia	Saudi Arabia
Finland	Spain
France	Switzerland
Greece	Syrian Arab Republic
Guatemala	Timor-Leste
Honduras	

3. The following observer was represented to the session:

Palestine

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

European Community
League of Arab States
South Centre

* For the list of participants, see TD/B/WP(46)/INF.1.



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Corrigendum

Insert a new paragraph 23, as follows, and renumber the following paragraphs accordingly.

23. The **Deputy Secretary-General of UNCTAD** said the draft Strategic Framework represented a proposal on how UNCTAD could further the implementation of its mandates, and it was not the programme budget. UNCTAD's mandates remained the same, in particular the São Paulo Consensus, but the secretariat would be using the strategic framework to point the way forward. He agreed that UNCTAD should focus on development policies across its programmes. The strategic framework included proposals to organize the secretariat in a more organic and coordinated manner. On the autonomy of the programme on Africa, member States could be assured that the programme on Africa would be maintained as part of one autonomous UNCTAD, but divisions could not be autonomous – they must be related to each other. Concerning the legality of actions taken without the consensus of the intergovernmental machinery, the secretariat had not proceeded with actions but would discuss proposals with member States and then implement the decisions of the Working Party. With regard to requests for improved indicators and greater focus on expected outcomes, the secretariat would do its best to respond. Aid for Trade had not been mentioned in the Strategic Framework, as the matter was still under discussion, and the same applied to the question of increased resources for the Integrated Framework. With regard to the Peace-building Commission, UNCTAD was prepared to work with the Commission wherever possible, but the Coherence

Panel had not completed its deliberations. On Africa, he noted the call for additional resources for programmes on Africa, and discussions were proceeding within the secretariat on the insurance sector in Africa in order to see how relevant programmes could be developed. South-South cooperation was also one of UNCTAD's most important priorities. Regarding Africans in high positions in UNCTAD, there were currently some vacant posts that Africans could apply for, and the new division on LDCs, Africa and special programmes was headed by an African. With respect to the comments of the Latin American and Caribbean Group, he agreed that programmes on biotrade and biofuel were a priority, but there was no money in the regular budget for technical cooperation programmes in that area. He supported the call for better geographical distribution of resources and technical cooperation programmes. Concerning LDCs, work on LDCs was very important to the secretariat, and it would give that work all the backing it could. At the same time, there was an enormous need to provide middle-income countries with support in the form of policy advice.