



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
LIMITED

TD/B/WP/L.78  
7 October 1997

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD  
Working Party on the Medium-term Plan  
and the Programme Budget  
Thirtieth session (Part one)  
Geneva, 6 October 1997  
Agenda item 7

**DRAFT REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM PLAN AND THE  
PROGRAMME BUDGET ON THE FIRST PART OF ITS THIRTIETH SESSION**

Rapporteur: Mr. Petko Baev (Bulgaria)

Speakers:

Chairman  
Deputy Secretary-General of UNCTAD  
Chief, Inter-organizational Affairs and Technical Cooperation  
Sri Lanka  
Mexico  
Morocco

**Note for Delegations**

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

Requests for amendments - to be submitted in English or French - should be communicated by **Wednesday, 15 October 1997 at the latest** to:

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## INTRODUCTION

1. The first part of the thirtieth session of the Working Party on the Medium-term Plan and the Programme Budget was held at the Palais des Nations, Geneva, from 6 to 8 October 1997. In the course of the session, the Working Party held ... plenary meetings - the 120th to ... meetings. All other meetings were informal and held in private.

### Opening statements

2. The Chairman said that technical cooperation was a very important aspect of UNCTAD's work that was receiving increased attention from the intergovernmental machinery in the post-Midrand period. At its fifteenth executive session, in June 1997, the Trade and Development Board had adopted a technical cooperation strategy (TD/B/EX(14)/3), according to which UNCTAD's technical cooperation was to be demand-driven and was to enhance the institutional capacities of developing countries and help ensure their participation in the world economy. The strategy also addressed the question of the resource constraints affecting the implementation of UNCTAD's technical cooperation activities. Under the strategy, the Working Party was to review the technical cooperation activities of UNCTAD and to provide guidance to the Board in that respect.

3. The Deputy Secretary-General of UNCTAD said that the role of the Working Party in the operation of UNCTAD had increased in importance. Previously, it had provided a forum for the exchange of information, whereas now it was becoming increasingly involved in the formulation and implementation of the programme budget. The Working Party's discussions on technical cooperation were extremely important, since UNCTAD IX had called for the increasing integration of UNCTAD's technical cooperation work with its regular budget activities. That would give rise to a number of issues, including the orientation of technical cooperation activities. Finally, the secretariat would be providing the Working Party with data on the planned use of work months for the biennium 1998-1999, and it hoped for feedback from the Working Party in that connection.

**REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES  
OF UNCTAD AND THEIR FINANCING**

(Agenda item 3)

**EVALUATION OF TECHNICAL COOPERATION PROGRAMMES**

(Agenda item 4)

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

"An overview of technical cooperation activities" (TD/B/44/11);

"Review of activities undertaken in 1996" (TD/B/44/11/Add.1);

"Statistical tables" (TD/B/44/11/Add.2).

5. The Chief, Inter-organizational Affairs and Technical Cooperation, said that, in dollar terms, technical cooperation activities had reached their highest level ever in 1996, and a further increase of about 10 per cent was expected in 1997. Bilateral funding and trust-fund contributions had increased, and the previous decline in UNDP funding had been reversed. At the same time, however, the resources available remained modest in relation to multilateral technical cooperation needs, and funds were still lacking for certain specific areas of technical cooperation. The distribution of expenditure in 1996 reflected requests received for technical cooperation and the funding available, and it was not the outcome of any judgement on the part of the secretariat concerning the destination of funding. The balance of activities in 1996 had remained relatively unchanged in relation to the previous year. However, the technical cooperation strategy approved by the Board provided for priority to be given to the LDCs, and there had indeed been an increase in activities in LDCs, an increase that was expected to continue in 1997 and 1998.

6. With regard to future developments, the task ahead was to implement the strategy approved by the Board. On the question of cost recovery, the proposal before the Working Party (TD/B/44/11, Sect. 4), whereby software users could be requested to finance a part of the software development costs and all users could be requested to make a modest contribution to maintenance costs, was based on

a feasibility study and on the secretariat's own experience. If put into effect, the proposal would represent not a new departure but a strengthening of existing practice.

7. Finally, agenda item 4 would be taken up at the Working Party's resumed session in December, and the evaluation of TRAINFORTRADE would be made available in good time in document TD/B/WP/103. However, the evaluation of DMFAS, which the secretariat had suggested and for which the Swiss Government had made funds available, would not be completed in time for the December session. Delegations would be consulted on how to proceed.

8. The spokesperson for the Asian Group (Sri Lanka) noted a number of encouraging developments relating to the technical cooperation activities of UNCTAD since 1995, one of them being the increase in expenditure, the second the likely reversal in the declining share of expenditure originating with UNDP, and the third the rise in the least developed countries' share of total expenditure.

9. His Group was greatly concerned at the continuous decline in the share of expenditure in the Asia and Pacific region, and if this represented a trend, it must be stopped very soon. His Group expected expenditure on technical cooperation activities in the Asian region to increase in relative terms, as envisaged under the technical cooperation strategy adopted in June 1997.

10. His Group appreciated UNDP's confidence in UNCTAD's comparative advantage in dealing with trade-related technical cooperation, as apparent in the increase in UNDP funding, and thanked the Governments of Denmark, the Netherlands, Switzerland and the United Kingdom for their significant contributions to the Trust Fund in 1996, as well as the European Commission for its support for UNCTAD programmes. He appealed to all donors to help in promoting coherence in UNCTAD's operational activities, in accordance with paragraph 19 of document TD/B/44/11.

11. He expressed concern as to the prospects for the future sustainability of project-specific Trust Fund activities and the scope for broadening and diversifying support in line with the needs of LDCs and other low-income countries. The Asian Group took note of the focus of technical cooperation activities and of the success of the ASYCUDA Programme. The technical cooperation activities of UNCTAD should be expanded, particularly in the context of new and emerging issues. He finally noted with appreciation the increasing cooperation on operational activities with other international organizations, particularly ITC and WTO. UNCTAD should explore ways and means of further improving its partnership with WIPO.

12. The spokesperson for the Latin American and Caribbean Group (Mexico) said that UNCTAD's technical cooperation programme was an important element in helping countries to reap the benefits of globalization and liberalization. With regard to technical cooperation activities in 1996, he took note of the increase in expenditures in 1996 and the expected further increase in 1997. He also noted the expected increase in UNDP funding, which if confirmed would end the long-term decline in such funding. With regard to the distribution of expenditures, the share of LDCs had increased, but the decrease of expenditures in his region by 21 per cent was a matter for concern. In terms of the breakdown of expenditure by major item, he noted that no details had been given on subcontracting and miscellaneous expenditures and that expenditure on project staff seemed disproportionately high; more balance was needed between the three main components of technical cooperation expenditure.

13. His Group considered that the principle of the non-conditionality of technical cooperation contributions was important, since priorities for technical cooperation activities must be set by the beneficiary countries rather than by donors. The technical cooperation priorities set at UNCTAD IX and in UNCTAD's technical cooperation strategy must be recognized, and intergovernmental supervision of technical cooperation should be more effective. With regard to cost recovery and the financial sustainability of projects, the secretariat's proposals in that connection required clarification, and their financial viability should be analysed. No detailed explanation of existing practices or evaluation of their impact on cost recovery had been provided, and before any decision was taken, it would be important to examine the legal, financial and administrative issues involved.

14. With regard to technical cooperation management, there was no reference in the secretariat's report to the real costs of project implementation for the secretariat. Concerning future trends, UNCTAD's technical cooperation programme was achieving its goals satisfactorily, and its efforts to cooperate with other organizations were worthy of praise, but two policy questions would have to be addressed: how did the UNCTAD secretariat resolve the apparent contradiction between the concentration of technical cooperation activities in LDCs and its proposals for cost recovery, and how could regular budget expenditures be decreased and technical cooperation activities increased without the implementation of other mandates established at UNCTAD IX being affected?

15. The spokesperson for the African Group (Morocco) noted with satisfaction the increase in resources allocated to technical cooperation activities. He also

underlined the favourable evolution of resources going to the least developed countries and Africa. With respect to project distribution in Africa, he noted that there were more regional projects than national projects, and he requested clarification on the reasons for that.

16. His Group was concerned that increased reliance on trust fund contributions to finance UNCTAD's technical cooperation might result in donor-driven priorities. One way of encouraging requests for technical cooperation from African countries would be to revert to the practice of informing member States of technical cooperation projects through the dissemination of a technical cooperation manual. He praised the increased cooperation with other international organizations in the field of trade and development, in particular with respect to the integrated programme for Africa, and said his Group was looking forward to an early evaluation of this programme. He underlined his Group's interest in the EMPRETEC project and requested its extension to Africa. With regard to cost recovery, the secretariat's proposal required more thought in view of its novelty. Finally, he congratulated the secretariat on its implementation of activities in favour of the Palestinian people.

## Chapter II

### ORGANIZATIONAL MATTERS

#### **A. Opening of the session**

17. The first part of the thirtieth session of the Working Party was opened on 6 October 1997 by Mr. Alejandro Rogers (Chile), Vice-Chairman-cum-Rapporteur of the Working Party at its twenty-ninth session.

#### **B. Election of officers**

(Agenda item 1)

18. At its 120th (opening) plenary meeting, on 6 October 1997, the Working Party elected Mr. Behzad Alipour (Islamic Republic of Iran) as its Chairman and Mr. Petko Baev (Bulgaria) as its Vice-Chairman-cum-Rapporteur.

#### **C. Adoption of the agenda and organization of work**

(Agenda item 2)

19. Also at its 120th plenary meeting, the Working Party adopted the provisional agenda for its thirtieth session (TD/B/WP/102). 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:
  - (a) In-depth study on TRAINFORTRADE
  - (b) In-depth study on DMFAS
5. Provisional agenda for the thirty-first session of the Working Party
6. Other business

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

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

(Agenda item 5)

[To be completed]

**E. Other business**

(Agenda item 6)

[To be completed as appropriate]

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

(Agenda item 7)

[To be completed ]