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Geneva, 21 September 1998
Agenda item 7

DRAFT REPORT OF THE WORKING PARTY ON THE MEDIUM-TERM PLAN AND THE
PROGRAMME BUDGET ON ITS THIRTY-SECOND SESSION

Rapporteur: Ms. Ana Lucy Gentil Cabral Petersen (Brazil)

Speakers:

Deputy Secretary-General of UNCTAD
Uruguay (for GRULAC)
Kenya (for African Group)
Morocco
China
Ethiopia
Russian Federation
Pakistan

Paraguay
Bolivia
Cuba
Tunisia
El Salvador
Guatemala
Japan

Note for delegations

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

Requests for amendments should be communicated by Wednesday, 30 September 1998 at the latest to:

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INTRODUCTION

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 ... plenary meetings - the 127th to meetings. All other meetings were informal and held in private.

Chapter I

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 present 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 decrease in UNDP's funding would be reversed. 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.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

20. 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)

21. 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)

22. 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

23. 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)

[To be completed]

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

(Agenda item 7)

[To be completed]