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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS
FORTY-EIGHTH SESSION**

Held at the Palais des Nations
from 1 to 12 October 2001

Rapporteur: Mr. Federico Perazza (Uruguay)

Speakers:	Norway
Chairperson of the Working Party (38 th session)	Islamic Republic of Iran
Cuba on behalf of the Group of 77 and China	Bhutan
Egypt on behalf of the African Group	Indonesia
Belgium on behalf of the European Union	China
	Switzerland
	Oman
	Head of the Resources Management Service

Note for delegations

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

Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 17 October 2001** at the latest, to:

UNCTAD Editorial Section, Room E.8102, Fax No. 907 0056, Tel. No. 907 5654/1066.

Chapter II

TECHNICAL COOPERATION ACTIVITIES

(Agenda item 5)

(a) Review of technical cooperation activities of UNCTAD

1. For its consideration of this subitem, the Board had before it the following documentation:

“Overview of technical cooperation activities” (TD/B/48/5 and Add.1 and 2);
“Indicative plan of UNCTAD’s technical cooperation programmes for 2002”
(TD/B/48/8 and Add.1);

“Review of technical cooperation activities of UNCTAD: draft decision”
(TD/B/48/L.1).

2. The **Chairperson of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-eighth session** reported on the deliberations of the Working Party, which had culminated in the approval of draft decision TD/B/48/L.1. No decision had been taken on the issue of financing the participation of experts from developing countries and economies in transition in UNCTAD's expert meetings. In that regard, the Working Party had requested its Chairman to hold informal consultations with interested countries with a view to seeking a solution to the issue in the context of the mid-term review and to report back at the Working Party's resumed thirty-eighth session. Finally, he recommended the adoption of draft decision TD/B/48/L.1 by the Board.

3. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, commended the secretariat for the improvements in the quality of documents and welcomed the secretariat's intention to strengthen the analytical and policy dimensions of its approach to technical cooperation. The Group was encouraged by the progress made in integrating the three main functions of UNCTAD and called for further consolidation of efforts in that respect. It was gratifying to note that the main thrust of technical cooperation activities of UNCTAD was capacity building and that stronger emphasis was being placed on capacity building in the formulation of new technical assistance projects and programmes.

4. He welcomed the increase in resources available for operational activities and thanked the development partners for their continued support. The Group commended the secretariat's efforts to continue to provide technical assistance in key areas of interest to developing countries and different regions and urged the donor community to provide adequate financial support to enable the secretariat to implement its technical cooperation programmes, which also sought to enhance regional cooperation and cooperation among developing countries.

5. Improvements recorded in the utilization of developing countries' capacities in implementation of technical cooperation projects and programmes were commensurate with the efforts made to enhance capacity building in developing countries in the areas of trade

and investment. Further improvements in geographical diversification - in particular in favour of developing countries - were nevertheless required.

6. The results of the first training course organized in implementation of paragraph 166 of the UNCTAD X Plan of Action were welcome, and the Group called for full implementation of the paragraph in question.

7. The Group underlined the importance of the initiative of the Secretary-General of UNCTAD to establish a review team to conduct an internal review of technical cooperation activities and looked forward to the outcome of the exercise.

8. UNCTAD had long-standing experience in delivering trade-related technical assistance to developing countries, and it was expected to play its role in combined international efforts to assist developing countries to derive full benefits from trade and investment and to reduce poverty. Achieving that objective required mainstreaming trade into development strategies and enhanced partnership with other organizations and agencies providing trade-related technical assistance.

9. Finally, UNCTAD's expert meetings had not only represented a unique occasion to get together experts from all around the world to discuss subjects of great importance to development, but had also enriched the work of the intergovernmental machinery. The low level of participation of experts in recent meetings due to lack of funding was a matter of concern, and the Group therefore called upon donors to engage in constructive consultations with a view to finding a durable solution to the problem.

10. The representative of **Egypt**, speaking on behalf of the **African Group**, said that UNCTAD's technical assistance represented an effective and useful tool for supporting sectoral national development programmes in Africa. He noted with satisfaction the substantial increase in the total resources available for operational activities and in particular the fact that developing countries had managed to increase their contribution to UNCTAD's trust funds. That was indicative of the level of appreciation of both developed and developing countries of UNCTAD's technical cooperation activities and its essential contribution to the achievement of international development goals, especially in Africa. He urged donors to maintain this positive development and to increase their multi-year contributions for the sake of stability and predictability. He welcomed the indicative plan for technical cooperation activities for the year 2002 and requested the secretariat to make available information on responses received from donors at the next meeting of the Working Party.

11. He stressed the importance of in-depth evaluations of technical cooperation programmes and in that connection noted the progress achieved in the implementation of the Trade Point Strategy. Many African countries still needed assistance in establishing new Trade Points and in operationalizing existing ones.

12. He expressed satisfaction at the increase in LDCs' share in overall technical assistance in 2000 and the role of UNCTAD in the implementation of the Integrated Framework. He also expressed satisfaction at the increase in the utilization of experts from developing

countries in the implementation of technical cooperation projects. His Group attached great importance to the role of UNCTAD in capacity-building with regard to commercial diplomacy and WTO-related activities. Noting with satisfaction the holding of the first course on "Key issues on the international economic agenda", his Group urged the secretariat to explore ways to increase the number of courses organized in accordance with paragraph 166 of the Bangkok Plan of Action. His Group also noted UNCTAD's close coordination with all relevant agencies supplying trade-related technical assistance and called upon other organizations to seek greater cooperation with UNCTAD, especially in Africa.

13. Finally, he stressed the importance of the participation of experts from developing countries in UNCTAD's expert meetings. This participation enhanced the deliberations in the intergovernmental machinery, and the lack of resources for this purpose constituted a threat to the efficiency of the intergovernmental machinery as a whole. He concluded by urging development partners to participate actively in the consultations of the Chairman of the Working Party with a view to finding a solution to this issue.

14. The representative of **Belgium**, speaking on behalf of the **European Union**, said that the European Union considered technical cooperation to be at the centre of the operational activities of UNCTAD and thus encouraged all member States with the necessary financial means, and in particular developed countries, to contribute to those UNCTAD activities which were financed from extrabudgetary resources. The requirements and needs of developing countries, in particular the least developed countries, and countries in transition were so great and diverse that a positive response and adequate financial assistance were required. The European Union, both at the level of the Union and at the bilateral level, had always made financial contributions to the technical cooperation programmes of UNCTAD.

15. He noted with satisfaction that 43 per cent of technical cooperation expenditures were attributed to activities in favour of LDCs and 21.6 per cent in favour of Africa. He also noted that interregional activities accounted for 50.5 per cent of total expenditures. In that regard, he requested additional information on the content of interregional activities. The European Union encouraged the secretariat to continue and broaden consultations with donors and beneficiaries on technical assistance programmes.

16. The European Union requested the secretariat to further pursue its efforts towards greater vertical and horizontal coordination, as well as better collaboration within the various Divisions, in particular on cross-sectoral issues. It reiterated its wish that future reports on technical cooperation pay particular attention to placing UNCTAD's technical cooperation activities in their overall context in order to enable the Working Party to assess the efforts made to enhance coherence and cooperation with other international organizations.

17. The representative of **Norway** stressed the importance of integrating technical cooperation with UNCTAD's two other pillars, namely analysis and intergovernmental deliberations. He welcomed the emphasis placed in the report on the close interlinkages among these three functions. He noted with satisfaction the increase in the funds available for operational activities, and in that connection Norway's contribution in 2000 had totalled US\$ 1 million. He noted with particular appreciation that recipient countries were increasingly

ready to take part in cost-sharing arrangements, thereby promoting ownership on the part of beneficiaries. He welcomed the fact that 10 per cent of technical cooperation resources came from the regular budget and also noted with interest the increase in the utilization of funds under the UN Development Account.

18. He commended the secretariat for retaining a strong focus on LDCs and encouraged UNCTAD to take an active part in the Integrated Framework. His delegation welcomed the trend towards focusing on larger programmes and underlined the particular importance of programmes such as DMFAS. He reaffirmed the importance of evaluation as an indispensable tool for improving the performance of technical cooperation. He called upon the secretariat to ensure both internal and external coordination with a view to ensuring more coherence and efficiency. He expressed appreciation for UNCTAD's involvement in both the Integrated Framework and JITAP and recalled that the purpose of joint inter-agency approaches was to ensure a better use of existing resources. Finally, every effort should be made to increase coordination within the house and cooperation with other agencies dealing with trade-related issues.

19. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, expressed appreciation for the improvement in the quality of the documentation and its comprehensiveness. Technical cooperation was one of the foremost components of the work of UNCTAD. He noted with particular satisfaction the substantial increase in the contributions to UNCTAD trust funds, but regretted that multilateral contributions, particularly from UNDP, continued their downward trend. He thanked donors that had established fixed yearly contributions and those that had made multi-year pledges, which greatly facilitated planning of technical cooperation projects. The Group noted with satisfaction the emphasis placed on LDCs, as well as the fact that although the overall delivery of technical cooperation had decreased slightly in 2000, the share of the Asia and Pacific region had been maintained.

20. His Group welcomed the emphasis on capacity-building, as well as the closer interaction between technical cooperation, research and deliberative work, thus ensuring the process of integration of the three main functions of UNCTAD. He also expressed appreciation at recent developments aiming at ensuring the financial sustainability of certain technical cooperation programmes. Finally he noted with appreciation improvements with regard to the utilization of developing countries' capacities in implementation of technical cooperation, as well as progress in the implementation of paragraph 166 of the Bangkok Plan of Action.

21. The representative of **Bhutan** noted with satisfaction that UNCTAD had been able to provide technical assistance on a wide range of issues to a wide spectrum of its membership, and that was one of the most important tasks of UNCTAD. His country had been a beneficiary of such assistance, and in that connection he expressed satisfaction at the progress being made in a UK-financed technical cooperation programme on accession to WTO that was under implementation in Bhutan. Accession to WTO was, however, only a first step in his country's efforts for integration into the world economy, and continued support would therefore be required for subsequent steps.

22. The representative of **Indonesia** said that the technical cooperation activities of UNCTAD, with capacity building as their fundamental goal, had been instrumental in assisting developing countries and the least developed countries in their efforts to integrate into the world economy. The increasing complexity of the challenges posed by globalization and liberalization necessitated intensification and widening of technical cooperation services, implying increased funding and improved delivery. Technical cooperation was an appropriate tool to enhance international cooperation. It was encouraging to note that the year 2000 had witnessed a substantial increase in contributions to UNCTAD trust funds. He was however concerned at the reduced contribution from UNDP and called upon UNCTAD to intensify its efforts to seek alternative sources of financing. He further called upon UNCTAD to continue its technical assistance activities, in particular in the areas of strengthening the negotiating capacity of developing countries and LDCs in the field of international trade, finance and investment; improving the system and procedures related to trade expansion; trade efficiency; customs; maritime transport; and debt management. UNCTAD should focus its efforts on devising technical cooperation programmes and projects specifically geared to assisting developing countries to carry out the necessary controls and upgrading their institutions in a systematic, integrated, and efficient manner.

23. The representative of **China** said that technical assistance was an important function of UNCTAD and was widely appreciated by all beneficiaries. He hoped that major donors would continue their efforts to increase contributions with a view to ensuring stability and predictability of resources. He noted with appreciation that total resources for operational activities in 2000 had amounted to more than \$27 million, an increase of 22 per cent over 1999. Although all developing countries should benefit from UNCTAD's technical assistance, special attention should be given to those in most urgent need, such as LDCs. He expressed satisfaction at the successful implementation of paragraph 166 of the Bangkok Plan of Action and hoped that the training course organized in that connection would enjoy widespread support and become an integral part of UNCTAD's technical assistance activities. Finally, he expressed concern at the lack of funds available to finance the participation of experts from developing countries in UNCTAD expert meetings, which affected the quality of those meetings and the functioning of UNCTAD's intergovernmental machinery as a whole. He hoped a durable and sustainable solution would be found to this critical issue.

24. The representative of **Switzerland** underlined UNCTAD's competence in the area of investment promotion and training. He stressed the importance for the efficiency of some programmes of managerial oversight, as well as organization and fund management. Switzerland felt that some initiatives lacked focus and orientation, and improvements were also needed with respect to programme coordination and monitoring; shortcomings there could have negative effects on the implementation phase as regards both actual delivery and follow-up activities. The secretariat had demonstrated great cooperation in finding solutions to these problems. Finally, many agencies were active in investment-related technical cooperation, and coordination between the various actors was therefore crucial to avoid duplication and to better exploit synergies between programmes.

25. The representative of **Oman** stressed the importance of technical assistance support from UNCTAD for those Arab countries, including her own, that were in the process of accession to WTO. In that regard she expressed the hope that the secretariat would be able to implement the proposed project on "support to Arab States in economic and social reforms", as contained in the indicative plan for UNCTAD technical cooperation activities for 2002.

26. The **Head of the Resources Management Service** underlined that technical cooperation was very much a tripartite undertaking, a shared responsibility between the secretariat, donors and beneficiaries. He drew the attention of the Board to the initiative of the Secretary-General of UNCTAD to initiate an internal review of UNCTAD's technical cooperation procedures and arrangements. The review would provide an opportunity to review activities and identify problems in their implementation, thus helping to improve the efficiency of UNCTAD's technical cooperation. The findings and recommendations of the review, which should be available by January 2002, would be shared with member States. Finally, a number of the issues raised by delegations would be reviewed in the framework of the internal review process.

Action by the Board

27. At its 924th plenary meeting, on 4 October 2001, the Board took note of the report of the Chairman of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-eighth session, the statements made by delegations to the Board, and the secretariat documentation. It adopted draft decision TD/B/48/L.1, and endorsed the outcome of the thirty-eighth session of the Working Party.