

Trade and Development Board

Fifty-eighth session

Geneva, 12–23 September 2011

Item 11(b) of the provisional agenda

Report on UNCTAD assistance to the Palestinian people**Management response to the report of the independent evaluator on UNCTAD's programme of assistance to the Palestinian people****Introduction**

1. The UNCTAD secretariat welcomes the Report of the independent evaluator on UNCTAD's programme of assistance to the Palestinian people (TD/B/58/6) and wishes to thank the evaluation team for its work, and the Government of Norway for its financial support of the evaluation.
2. This is the first evaluation since the inception of this programme three decades ago. During this long period, the global and regional political arena has been and continues to be highly volatile, with major economic, social and humanitarian implications continuously creating new realities on the ground. Within its mandate, UNCTAD's programme of assistance to the Palestinian people since its inception in 1983 has consistently aimed at adapting its focus to cope with the new realities and responding effectively to the emerging additional needs of the Palestinian people.
3. The secretariat highly appreciates the difficulties faced by the independent evaluator in relating a United Nations economic development programme – with deep substantive roots and a record of technical cooperation achievements and concrete results – to such a complex, politically charged and incessantly evolving environment.
4. The secretariat has taken note of the main findings and recommendations of the evaluation and will give special attention to any recommendation that the Trade and Development Board may decide to endorse, using such guidance to inform the best way forward. The following sections sum up the secretariat's response to the evaluation and provide preliminary proposals as to how this work programme will proceed.

I. Secretariat response

5. The secretariat is encouraged by the overall positive findings of the evaluation, namely, the observation in paragraph 55: "Amidst extremely challenging and adverse field conditions, UNCTAD has continuously remained engaged with the [Palestinian Authority (PA)] and other beneficiaries, addressing their pressing needs"; and "UNCTAD remains a small but specialist player in the development assistance canvas, with no field presence.

However, it brings a number of proprietary tools and techniques, and has enjoyed the confidence and trust of the [Palestinian Liberation Organization (PLO)] since 1979 and subsequently the PA since its formation and most, if not all member States” (para. 56).

6. It is gratifying to note that the evaluation in paragraph 57 finds UNCTAD’s research and analysis strong in its assessment and articulation of the causes of the poor state of economic development in the occupied Palestinian territory (oPt). In this regard, the secretariat emphasizes that its work consistently relies on a vast range of credible references, including official Palestinian, Israeli and international sources. To ensure objectivity, professionalism and independence, the secretariat always exercises due diligence with regards to the data and information used in its analysis.

7. The secretariat agrees with paragraph 60, which identifies three challenges facing UNCTAD’s ability to respond to the PA’s new and emerging needs. The secretariat will reflect on these challenges and possible ways to address them. With regards to challenges i) and ii), the introduction of a joint programme in the oPt within the framework of the United Nations Chief executive Board (CEB) Cluster on trade and productive capacity could provide a venue to tap into the multi-donor funds available in the field.¹ As for challenge iii), while the absence of aid coordination structures can be partly addressed through frequent contacts such as phone, meetings during staff missions, e-mails, etc., the optimal approach requires some level of representation in the field. Indeed, the UNCTAD secretariat has explored the idea with a view to establishing a field presence. However, to date this has not been possible due to lack of resources.

8. In evaluating the range and scope of work carried out by the Assistance to Palestinian People Unit (APPU), it seems that the evaluation failed to take into consideration the limited resources available to the unit, the duration of filling vacant posts and the predictability of extrabudgetary resources. In recent years, the staffing of APPU consists of only two regular budget posts and one extrabudgetary post. Maintaining the latter post is not a sure matter, as it depends on the availability of project funds. The availability of more predictable resources will strengthen the work of the unit, notably in the implementation and coordination of new and on-going technical cooperation activities.

9. In general, the secretariat agrees with paragraphs 61 and 62 of the evaluation. Within existing limited resources, UNCTAD will seek to “devote some of its analysis to identify and evaluate concrete areas for a private sector-led ‘Indigenization Programme’ in addition to traditional export diversification focus prescription to reduce the trade dependence on Israel”. However, some of the industries (steel, cement and metals) suggested by the evaluation for this programme are highly sensitive to the ongoing occupation and closure conditions, and could only kick-start growth under normal conditions.

10. The secretariat takes note of the recommendation in paragraph 63, and would like to highlight to member States that it has already been taking steps in this area. The idea of creating “anchor industries” is not new, as mentioned by the evaluator, and has been emphasized by the findings and recommendations of one of UNCTAD’s previous studies, entitled “The Palestinian war-torn economy: aid, development and state formation”. In addition, in a forthcoming study entitled “Rebuilding the Palestinian tradable goods sector: towards economic recovery and State formation”, UNCTAD makes concrete proposals for targeted interventions in identified industries deemed to have high development potential within the tradable goods sector. UNCTAD will continue its research on the Palestinian

¹ UNCTAD took the initiative to propose the introduction of the United Nations CEB Cluster in the oPt. The proposal was endorsed by the United Nations Country Team in December 2010. Once funding is secured, the introduction of the cluster will enhance UNCTAD’s involvement with relevant development partners and aid coordination structures in the field.

economy with a view to accelerate its development by identifying critical areas where short-term interventions are viable, taking into account the ongoing constraints, as well as identifying long-term strategic development goals to build and strengthen the capacity of both the Palestinian private and public sectors.

11. As for the evaluation recommendation related to technical cooperation, the secretariat took note of paragraphs 66 and 67 and will pay more attention to these issues in its future activities. However, as underlined by the evaluation, orientation of activities can be highly dependent on donors' readiness to provide financial support. Having said this, it should be noted that UNCTAD's previous and ongoing work on the modernization of Palestinian customs, in the context of the ASYCUDA programme, is dealing with the issue of risk management in customs operations. Moreover, the recently commenced project on "Capacity Development for Facilitating Palestinian Trade" is dealing with transit rights, among other aspects of trade facilitation to support the capacity of the Palestinian Shippers' Council and the PA Ministry of National Economy. The secretariat will continue to strengthen its efforts in this area.

12. While the secretariat is already working with government institutions and academia and research institutions (such as PA ministries of Finance, National Economy and Labour, the Palestine Economic Policy Research Institute and the Palestinian Central Bureau of Statistics), this work programme will follow up on the recommendation in paragraph 68 by further intensifying its consensus-building efforts with the previously mentioned institutions and expanding the range of targeted institutions.

13. The secretariat agrees with the evaluation that policy advice work should be documented to avoid any impression of neglect or reducing priorities (para. 69), and will endeavour to ensure better reflection of its activities on the UNCTAD website. As for establishing a mechanism to fund PA short notice services requests (para. 70), this will require the cooperation of donors and member countries. The secretariat has previously attempted the establishment of a multi-donor, multi-year trust fund for such purposes, including the financing of Palestinian officials to attend expert meetings, but donor response was not forthcoming – efforts towards this goal will be reconsidered.

14. Over the years, the secretariat has cultivated close, excellent working relations with relevant stakeholders such as the various Palestinian private sector institutions, research centres, academic institutions, the Palestinian Central Bureau of Statistics, and various government ministries as well as United Nations agencies in the field, and the donor community. Despite the relatively high turnover of senior staff in the PA and other Palestinian institutions, UNCTAD has managed to maintain and nurture strong relations. Having said this, the secretariat takes note of paragraph 71 of the evaluation and will build on its network of local partners in the field to further improve its relationships with all key actors in the oPt.

II. Conclusion

15. This evaluation report allows for a timely reflection on the work undertaken by the APPU. The secretariat will carefully consider the evaluation findings and recommendations, particularly those that the Trade and Development Board may decide to endorse.

16. There exists a significant scope for enhancing UNCTAD's assistance to the Palestinian people, especially in light of the needs to build the institutional capacities required for a well-functioning economy to underpin the future Palestinian State. However, intensifying the ongoing activities in support of the Palestinian people and developing new areas of intervention requires both adequate and predictable resources available to this work

programme at the headquarters, and also additional resources to secure field representation. This is in line with paragraph 44 of the Accra Accord, which calls for strengthening this work programme with adequate resources and related operational activities.
