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**IMPLEMENTATION OF THE TRADE POINT PROGRAMME STRATEGY**  
Report by the UNCTAD secretariat

**Executive summary**

The present document reports on the implementation of the three-year Trade Point Programme Strategy adopted by UNCTAD member States in September–October 1999. The strategy will be fully implemented in 2002 when the Programme is transferred to the World Trade Point Federation. The informal consultations requested by the thirty-eighth session of the Working Party, held on 14 June 2002, identified challenges relating to the Federation's lack of funding for its secretariat support as well as for its capacity-building activities to improve Trade Points' self-sustainability. The informal meeting therefore suggested that UNCTAD could continue providing support to the Federation with regard to its secretariat and advisory services/capacity building for Trade Points. The results would then be reviewed at UNCTAD XI. The Working Party is expected to take a decision on these issues, keeping in mind the discussions that took place during the informal consultations.

## CONTENTS

INTRODUCTION .....	3
I. ACTIVITIES UNDERTAKEN IN THE THIRD YEAR OF IMPLEMENTATION OF THE TRADE POINT PROGRAMME STRATEGY .....	3
A. Progress of the World Trade Point Federation .....	4
1. ETO system.....	5
2. Global Trade Directory Service .....	5
3. Certification of companies.....	5
B. Progress in the externalization of the Trade Point Programme .....	7
C. Capacity building .....	8
II. OVERVIEW OF STRATEGY IMPLEMENTATION SINCE SEPTEMBER 1999.....	9
A. Capacity building .....	9
1. Capacity building for individual Trade Points.....	9
2. Building the collective capacity of Trade Points to manage the Programme ....	10
B. Renovation of the GTPNet .....	11
C. Conclusion .....	11
III. WAYS FORWARD .....	11

## INTRODUCTION

1. At its thirty-eighth session in September 2001, the Working Party on the Medium-term Plan and the Programme Budget discussed the progress achieved, as well as activities still to be undertaken in the framework of the three-year Trade Point Programme Strategy,<sup>1</sup> approved at its thirty-fourth session in September–October 1999. In order to facilitate the deliberations of the Working Party, UNCTAD had prepared the document entitled “Implementation of the Trade Point Programme Strategy: Progress report by the UNCTAD secretariat” (TD/B/WP/143) of 5 July 2001.

2. Following discussions during the session, the Working Party adopted a decision in which *inter alia* it:

- (a) “*Takes note* with appreciation of the progress made in the implementation of the Trade Point Programme Strategy, in particular the creation of the World Trade Point Federation and the transfer to this entity of the ETOs system”;
- (b) “*Emphasizes* the importance of UNCTAD’s role in sustaining and strengthening Trade Points and the World Trade Point Federation at its present stage of development”; and
- (c) “*Requests* the Secretary-General of UNCTAD to submit to the September 2002 session of the Working Party a report on the implementation of the Strategy”.<sup>2</sup>

3. The present report was prepared in response to the above request. In the past two years, the reports by the secretariat described the progress achieved during the previous year. However, since 2002 is the last year of the Strategy, this report will, in addition to describing the progress in the past year (section I), include an overall assessment of the implementation of the Strategy (section II) and a proposal with regard to the future role of UNCTAD in support of Trade Points (section III).

### I. ACTIVITIES UNDERTAKEN IN THE THIRD YEAR OF IMPLEMENTATION OF THE TRADE POINT PROGRAMME STRATEGY

4. As mandated by the thirty-eighth session of the Working Party (see paragraph 2(b) above), the main thrust of the secretariat’s activities since September 2001 was on: (a) supporting the World Trade Point Federation on its way to become fully operational; and (b) preparing for the final transfer of the Trade Point Programme to the Federation by the end of October 2002, as provided for in the Trade Point Programme Strategy. The secretariat also

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<sup>1</sup> “Follow-up to the evaluation of the Trade Point Programme: Trade Point Programme Strategy”, TD/B/WP/120, 9 August 1999.

<sup>2</sup> “Evaluation of technical cooperation activities: Decision by the Working Party”, TD/B/WP/L.102, paragraph 7, 24 September 2001.

continued its efforts in the area of capacity building for Trade Points, using all internal and external resources that could be mobilized for this purpose.

### **A. Progress of the World Trade Point Federation**

5. As mentioned in the secretariat's report to the thirty-eighth session of the Working Party,<sup>3</sup> in order to ensure the sustainability of the Trade Point Programme once it has been transferred to the Federation, it is indispensable to help the Federation become fully operational and ready for self-management. The Federation faces a twofold challenge in this endeavour: (a) development of services for the Trade Point community that would be competitive in relation to the private sector; and (b) generation of sufficient financial resources to maintain the operation of the Federation at the central level, in particular as it relates to its secretariat and the conduct of its operational activities. It was considered that the development of strategic partnerships was the best way to meet this challenge.

6. Following this line of thinking, the first step to be undertaken was the definition of the Federation's strategic goals and ways of achieving them through cooperation with competent interested partners. To that end, the secretariat assisted the Federation in mobilizing the necessary funds for the development of its strategic business plan. Thanks to the generous support of the Governments of France and Belgium, this plan, prepared by an international consultancy company in cooperation with UNCTAD and the Federation, was finalized in October 2001. It defined the vision, mission and strategic objectives of the Federation, and the services that it should develop in order to better serve Trade Points and their client small and medium-sized enterprises (SMEs), provided an initial analysis of potential partners and prepared the necessary background documentation for approaching such partners.

7. On the basis of a priority-setting exercise, the three-year strategic plan was complemented by a more detailed and broadly oriented operational plan of the Federation for the year 2002 which defined the activities that the Federation should undertake as a follow-up to the strategic plan, as well as in areas beyond the scope of the plan, with a view to preparing for the transfer of the Programme in October 2002.

8. Both the strategic and the operational plan were unanimously approved by Trade Points at the Second General Assembly of the World Trade Point Federation, held from 19 to 21 November 2001 in Geneva. The Federation thus received a strong mandate from Trade Points to proceed with the planned activities, in particular in the area of negotiations with potential partners and development of the agreed services. The secretariat was providing the necessary support to the Federation in this process, as requested by member States at the meeting of the Working Party in September 2001.

9. Since December 2001 the Federation has started (and at times concluded) negotiations with potential partners with regard to the following services:

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<sup>3</sup> "Implementation of the Trade Point Programme Strategy: Progress report by the UNCTAD secretariat", TD/B/WP/143, paragraph 10, 5 July 2001.

## **1. ETO system**

10. As reported by the secretariat to the thirty-eighth session of the Working Party in September 2001,<sup>4</sup> after its transfer to the Federation in May 2001 the then existing electronic trading opportunities (ETO) system was moved to Trade Points Madrid and Castilla La Mancha, Spain, to be hosted there on a temporary basis. It was clear, however, that the system needed further enhancements to increase its usefulness and competitiveness, for which the Federation needed to identify a strategic partner. In December 2001 it therefore invited expressions of interest in the management and further development of the ETO system.

11. The Federation subsequently received six formal offers, as well as four additional expressions of interest, from both Trade Points and private companies. After careful consideration of all the proposals and of the general context in which the ETO system was operating (Trade Points' insufficient participation in the system so far), the Federation decided to extend the contract with Trade Point Castilla La Mancha, Spain, on new conditions that included an obligation for the operator to carry out enhancements of the ETO system. The enhanced ETO system should be available in June 2002.

## **2. Global Trade Directory Service**

12. The renovated Global Trade Point Network (GTPNet) developed by UNCTAD in 2000 also contained a service called "client database", which provided international exposure and visibility for Trade Point client SMEs through the Programme's central website. It was felt that it would be very useful to develop this service further in cooperation with a suitable strategic partner. To that end, the Federation launched a request for proposals (RFP) in February 2002. The RFP generated considerable interest and resulted in the submission of nine formal proposals. The bulk of them were from the private sector, including companies with a long-standing record in the provision of similar services. After examining all the proposals, the Federation held (on 31 May and 3 June 2002) a second round of negotiations with three shortlisted bidders, following which discussions continue only with the preferred candidate. The service is expected to be available in autumn 2002.

## **3. Certification of companies**

13. Trust is the prerequisite for international trade transactions to take place, and increased credibility of Trade Point member companies could substantially improve their chances of concluding deals with partners from other countries. For this reason, the Federation started the search for suitable partners that would provide this type of services to Trade Point clients. Negotiations are at quite an advanced stage with one of the world's leading providers of credit rating and export credit insurance, as well as with one of the world's largest inspection and verification companies. A formal agreement with the former is expected to be concluded in June 2002, while the service provided by the latter company could be made available to Trade Points and their clients in autumn 2002.

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<sup>4</sup> *Ibid.*, paragraph 19.

14. Over the past year, the Steering Committee and its Bureau have been working closely together with a view to consolidating the Federation and preparing it for future challenges. The personal commitment of the Steering Committee members, especially the President of the Federation, and the support provided to them by their Governments are particularly worth noting in this regard. Since September 2001, four meetings of the Steering Committee or its Bureau have taken place in Geneva – in September and November 2001, and February–March and May–June 2002. These meetings prepared strategic decisions on future directions of the Federation and the selection of partners for the services that it intended to develop for the Trade Points and their client SMEs. Participation in these meetings was to a great extent sponsored by the Governments of the Steering Committee members' countries and international organizations.

15. Support to the Federation can also be documented by the offers that it has received from several UNCTAD member States for hosting the Third General Assembly Meeting in November 2002. Offers have been received from Jamaica, Lebanon and Thailand, and all of them contained financial commitments on the part of the host country. A decision was taken to hold the General Assembly Meeting in Lebanon.

16. The strategic business plan of the Federation also focuses on the financial aspects related to the operation of the Federation. It suggests that, like any newly created non-governmental organization (NGO), the Federation will still be, at the beginning of the three-year period covered by the plan, to a great extent dependent on public funding. However, as the services developed in cooperation with strategic partners gradually become operational and generate revenue, this source of revenue should prevail at the end of the plan's implementation period. This conclusion is confirmed by the actual situation. The Federation relies so far on contributions from international organizations (UNCTAD, ITC) or directly from member States for the funding of its activities. As mentioned above, services are nevertheless being developed that should diversify financial sources at the disposal of the Federation. The Federation is currently preparing a request to the Swiss authorities for a fiscal agreement that would exempt it (and its staff) from cantonal and federal taxes. Such an agreement is subject to strict conditions and, so far, only five NGOs have been granted this status. A positive decision by the Swiss authorities would therefore be a sign of the credibility of the Federation.

17. The Federation also started to raise awareness about its activities and build its international reputation and position. In this context, it has applied for consultative status with ECOSOC. The reason for this move is that the Federation believes that it could contribute to the attainment of United Nations objectives by acting as a practical tool in relation to SMEs, thereby complementing the work undertaken at the intergovernmental level in the United Nations. The Federation has also approached several well-known international personalities, asking them to become its goodwill ambassadors.

## **B. Progress in the externalization of the Trade Point Programme**

18. The first priority set by UNCTAD member States was to externalize the segments of the Trade Point Programme that were of a business nature and where UNCTAD would run the risk of liability claims from businesses.

19. Following a specific request by member States,<sup>5</sup> the flagship business-oriented service of the Trade Point Programme – the ETO system – was transferred to the World Trade Point Federation in May 2001.

20. In accordance with the externalization strategy adopted by UNCTAD member States, UNCTAD officially transferred, in November 2001, the ownership of the names, trade marks and logo of the Trade Point Programme to the Federation. This now enables the Federation to launch the process of filing applications for the protection of intellectual property rights of the Programme worldwide. As a result, UNCTAD has been released from legal responsibility regarding the use of these names, trade marks and logo.

21. The next step was the transfer of the Trade Point Programme's remaining web-based activities provided to the Federation through the GTPNet website. In order to be able to take over these activities, the Federation decided to develop its own website ([www.wtpfed.org](http://www.wtpfed.org)). This project has been made possible thanks to the generous support of the International Trade Centre UNCTAD/WTO and partly of UNCTAD, which provided funding for consultants to develop the site. A report outlining the concept of the website and its future content, and also the first model of the site, were presented and approved by the Second General Assembly Meeting of the Federation (Geneva, November 2001). The website is meant to be a gateway to all the web-based services of the Federation (trade information, ETO system, Global Trade Directory Service, certification of companies, access to e-commerce market places, training and reference material related to international trade and electronic commerce, and others) and to provide information about the Federation and its members, and access to the websites of individual Trade Points.

22. The Federation also intends to have regional portals within the main website. For this purpose, each region appointed a Trade Point that would act as a regional web coordinator in charge of the development of the respective portal, under the general guidance and framework provided by the Federation. A meeting sponsored by ITC was organized in Geneva in April 2002 in order to advance the work on the website and its regional portals. The ultimate objective of the Federation with regard to the website is that it should become an everyday work tool for all Trade Points belonging to the Federation, and their client SMEs.

23. During this process, individual elements of the current GTPNet website have gradually been transferred and incorporated into the new website of the Federation. It is expected that when the first version of new website is finalized (in June 2002), the GTPNet site operated by UNCTAD will be closed. At that time, the secretariat will have completed

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<sup>5</sup> "Evaluation of technical cooperation programmes", TD/B/47/L.4, paragraph 12.

the transfer of all web-based and business-oriented activities of the Trade Point Programme to the Federation.

24. It is planned that the formal contract between UNCTAD and the Federation regarding the transfer of the entire Programme will be signed at the Third General Assembly Meeting of the Federation, to be held in Beirut, Lebanon, from 4 to 6 November 2002. After the contract has been signed the ownership of the Trade Point Programme, including all the related rights and obligations, will pass from UNCTAD to the Federation.

### **C. Capacity building**

25. Owing to the lack of extrabudgetary funding in UNCTAD, it was not possible to develop and deliver the courses for Trade Points nor to create the regional and local training capacity envisaged in the strategy. The secretariat has nevertheless co-organized capacity building activities (regional trade information workshops) for Trade Points using the resources provided by the International Trade Centre UNCTAD/WTO. Three events of this type took place in 2001, in New Delhi, India (April), St. Petersburg, Russian Federation (June) and Cairo, Egypt (November), and three in 2002, in Dakar, Senegal (January), Santo Domingo, Dominican Republic (March) and Shanghai, China (April).

26. Moreover, thanks to the funding from the Japanese Government made available under the project "Narrowing the digital divide for SMEs in international trade and electronic commerce – strengthening Trade Points in Asia/Pacific for regional cooperation", financed through UNDP, the Asia/Pacific region was able to benefit from enhanced capacity-building support. The first UNDP/UNCTAD training workshop for Asia/Pacific Trade Points was held in Geneva in November 2001 and a second one is scheduled for September 2002 in Chiangmai, Thailand.

27. In addition to training, all these events were geared to creating an appropriate framework and building the capacity for more intense regional cooperation among Trade Points. With support from the secretariat, in addition to the already existing Inter-American Trade Point Forum, an African Trade Point Initiative was launched in August 2001, and regional Trade Point Forums were set up in Asia (November 2001) and the Arab countries (December 2001). The project, funded by Japan, made it possible for the Asia/Pacific Trade Point Forum to meet in November 2001 in Geneva and in April 2002 in Shanghai, China. All these regional initiatives have defined objectives that they wish to attain for the benefit of their members and client SMEs, and elaborated work programmes required for achieving them. This represents an important step towards closer cooperation among the Trade Points for the purpose of strengthening commercial ties within and ultimately also among the different regions.



## II. OVERVIEW OF STRATEGY IMPLEMENTATION SINCE SEPTEMBER 1999<sup>6</sup>

28. The Trade Point Programme Strategy adopted by member States in September/October 1999 pursued two major orientations:

- (a) "...to ensure the self-sustainability of the TPs and to reduce dependence on UNCTAD resources"; and
- (b) "...to strengthen the interconnectivity of the Trade Points, which is now largely facilitated by the development of the Internet".<sup>7</sup>

29. The former orientation was to be implemented through capacity building, while the latter was intended to be achieved through the renovation of the GTPNet website. The logical framework for the implementation of the strategy was contained in an annex to the strategy.<sup>8</sup>

### A. Capacity building

30. The concept of capacity building in the strategy comprised two levels:

- (a) Capacity building for individual Trade Points that would enable them to better serve their clients and increase their financial self-sustainability; and
- (b) Building of the collective capacity in the Trade Point community to operate as a network at both the regional and global levels, and to take over the management of the Trade Point Programme at the end of the implementation period.

#### 1. Capacity building for individual Trade Points

31. As specified in the logical framework under "Assumptions and risks", the precondition for most capacity-building activities for Trade Points was the availability of extrabudgetary funding. The secretariat prepared a number of capacity-building project proposals but funds were not made available, with the exception of a contribution from the Government of Japan reported in paragraph 26 above that made it possible to organize capacity-building activities for Trade Points in the Asia/Pacific region starting in November 2001.

32. The capacity-building activities outlined in the strategy as those to be performed by the secretariat were all implemented before or within the planned deadlines, in particular as regards the Trade Point guidelines and GTPNet tools and the roster of Trade Point consultants. During the Sixth World Trade Point Meeting (Geneva, November 2000), Trade

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<sup>6</sup> For details, consult the relevant progress reports – TD/B/WP/128 of 25 July 2000 and TD/B/WP/143 of 5 July 2001.

<sup>7</sup> "Follow-up to the evaluation of the Trade Point Programme: Trade Point Programme Strategy", TD/B/WP/120, paragraph 8, 9 August 1999.

<sup>8</sup> "Modalities to implement the proposed strategy", TD/B/WP/120/Add.1, 16 August 1999.

Points attending the meeting also received training in the use of the GTPNet tools. The provision of standardized guidelines and tools, coupled with personalized support from regional coordinators in the secretariat, resulted in a substantive reduction for Trade Points in the time required to become operational.

33. In addition, in order to compensate for the lack of extrabudgetary funding in UNCTAD, the secretariat partnered with the International Trade Centre UNCTAD/WTO to organize regional trade information seminars for Trade Points. Thanks to the support of ITC, all the regions where the Trade Point Programme is present were able to benefit from capacity building in this area. The seminars also provided the participants with advice on the establishment of their Trade Points. Additionally, some Trade Points were able to attend annual ITC training sessions on trade information in Geneva and London.

34. These activities have undoubtedly contributed to the enhancement of capacity in Trade Points to offer trade information services to local business communities, and provided participants with guidance and advice on the setting up of their Trade Points. Despite the high rating by participants as to their usefulness, these events had a specific focus on trade information and establishment of Trade Points and could therefore not assist the Trade Points in acquiring the essential skills required for the management and further development of a Trade Point, which should have been the focus of training courses envisaged in the Trade Point Programme Strategy. It was thus not possible to provide the envisaged assistance to Trade Points to increase their self-sustainability to the extent that had been originally intended.

## **2. Building the collective capacity of Trade Points to manage the Programme**

35. The secretariat supported the cooperation among Trade Points within different regions and assisted in the establishment of regional Trade Point associations – Trade Point Forums – in all those regions that had expressed an interest in creating them. These Forums operate under the legal umbrella of the Federation. As reported in paragraph 27 above, regional Trade Point forums have been or are being created in the Americas, the Asia/Pacific region, Arab countries and Africa.

36. Support was also provided by the secretariat for the setting up of the World Trade Point Federation, which was formally established in November 2000, well ahead of the date envisaged in the strategy (March 2002). The Federation, with support from the secretariat, as well as financial assistance from several member States (Belgium and France for the strategic business plan, and Governments of some of the Federation's Steering Committee members for funding participation in meetings), has been consistently working towards reaching a fully operational status. The decision-making and management capacity within the Federation with regard to the Programme has been developed to a great extent, thanks to the commitment of the Steering Committee members and in particular the President of the Federation and the support of his country, Argentina, which has made it possible for him to work in Geneva together with the UNCTAD secretariat since June 2001. Furthermore, negotiations are well under way for the conclusion of strategic partnerships and development of new value-added services for Trade Points and their client SMEs. The Federation has expressed its

commitment to take over the Programme from UNCTAD upon completion of the externalization strategy.

### **B. Renovation of the GTPNet**

37. The GTPNet was renovated according to the specifications of the Trade Point Programme Strategy, within the planned deadlines and with the inclusion of all the features and tools that were provided for. A new ETO system has also been developed and its features will also be incorporated in the enhanced ETO system that is being developed by the operator of this service on the instructions of the Federation. The renovated GTPNet was formally presented at UNCTAD X (Bangkok, February 2000) and the Sixth World Trade Point Meeting (Geneva, November 2000), where it received very positive feedback. All the operational Trade Points (69 as of 31 May 2002) have been equipped with the GTPNet technology.

38. Despite the lack of extrabudgetary funding, which was envisaged in the strategy for training seminars, the secretariat worked towards transferring to the Federation the knowledge acquired through the GTPNet development process. It has been closely cooperating with the Federation in the development of its new website. Support and expert advice were also provided with regard to the Federation's enhanced ETO system and the requests for proposals for the Federation's web-based services. The renovated GTPNet will be replaced by the new website of the Federation in June 2002. The name of the GTPNet, which is now the property of the Federation, will be featured on the new website.

### **C. Conclusion**

39. It can be concluded that the main objective of the three-year exit strategy, namely the externalization of the Trade Point Programme, will be attained within the agreed time frame. A formal agreement on the transfer of the Programme from UNCTAD to the World Trade Point Federation will be signed at the Third General Assembly Meeting of the Federation (Beirut, 4–6 November 2002). At that time, the implementation of the Trade Point Programme Strategy adopted by UNCTAD member States in September–October 1999 will be completed.

## **III. WAYS FORWARD**

40. The Trade Point Programme Strategy will be implemented in accordance with guidance received from member States. At the same time, the informal consultations of 14 June 2002, requested by the Working Party at its thirty-eighth session, revealed some side effects resulting from the implementation of the strategy and the need to address them. These issues relate to:

- (a) The need for capacity-building activities (training, advisory assistance) for helping Trade Points to achieve self-sustainability. These activities, provided

by UNCTAD as the main partner of the World Trade Point Federation in this area, would be in response to specific requests by member States and the Federation. As in the past, such activities would need extrabudgetary resources;

- (b) The need for secretarial support to the World Trade Point Federation, within UNCTAD's existing resources.

41. The member States participating in the informal consultations therefore considered that these issues should be addressed in the coming period, with the understanding that the results would be reviewed at UNCTAD XI.