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A REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

Executive summary

The main features of UNCTAD's technical cooperation activities in 2003 were an increased emphasis on capacity development; closer realignment with the organization's analytical and deliberative work; a focus on least developed countries; and an increased level of contributions and delivery. Activities continued to focus on responding to the priorities identified by beneficiary countries and regions and supported the implementation of recommendations of the Bangkok Plan of Action. In 2003, trust fund contributions, the main source of financing for UNCTAD's operational activities, increased by 28.6 per cent and amounted to \$26.6 million, the highest-ever contribution to UNCTAD trust funds. Overall expenditures on technical cooperation increased by more than 25 per cent, compared with 2002, and amounted to \$27.8 million. The United Nations General Assembly approved four new projects, under section 35 of the regular budget, Development Account, for implementation by UNCTAD. On the institutional front, the Trade and Development Board, at its fiftieth session in October 2003, adopted a new technical cooperation strategy for UNCTAD with a focus on capacity development. This report provides a preliminary assessment of the implementation of the strategy. The report also contains a set of recommendations for consideration by the Working Party and the Board.

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INTRODUCTION

1. The present document is intended to facilitate the Trade and Development Board's annual policy review of UNCTAD's technical cooperation activities in 2003. It was prepared in accordance with paragraph 107(b) of "A Partnership for Growth and Development" (TD/378/Rev.1), adopted at UNCTAD IX.
2. The report is being submitted to the Working Party on the Medium-Term Plan and the Programme Budget for its review of technical cooperation activities undertaken by UNCTAD in 2003. The report also discusses developments in UNCTAD's technical cooperation activities since 2000 (the period between the tenth and eleventh sessions of the Conference). The results of the Working Party review will be presented to the Board.

I. OVERVIEW OF ACTIVITIES SINCE UNCTAD X

3. There has been a marked increase in the delivery of technical cooperation programmes by UNCTAD since UNCTAD X. Contributions to UNCTAD's trust funds, the main source of financing for UNCTAD's operational activities, increased from \$18.6 million in 2000 to \$26.6 million in 2003 – an average yearly increase of 12.5 per cent. This increase reflects the trust placed by member States in the operational activities of UNCTAD. Expenditures on technical cooperation from all sources of financing increased from \$24.1 million in 2000 to \$27.8 million in 2003. Delivery increased on average by 4.9 per cent a year.
4. In the four years between UNCTAD X and UNCTAD XI, the operational activities of UNCTAD supported the implementation of the relevant recommendations of the Bangkok Plan of Action. The Plan of Action called for a closer relationship between policy analysis, intergovernmental deliberations and operational activities; strengthening of capacity building in the areas of trade, investment and development in beneficiary countries; and giving priority to delivery of technical assistance to the least developed countries (LDCs). In addressing the objectives of capacity development, particular emphasis was placed on sustainability, beneficiary ownership and partnerships. Activities were increasingly designed and implemented in accordance with the needs and requirements of the beneficiaries and as identified by them (i.e. they were demand driven). With regard to the integration of operational activities with research and deliberative work, every effort was made to ensure that activities undertaken in each area of research and technical cooperation were complementary and supportive of each other. The results were fed into the work of the intergovernmental machinery, and deliberations of intergovernmental bodies were fed into both research work and operational activities. In this connection and in the context of the implementation of its work programme, the secretariat had to carefully weigh the complementarities and trade-offs between the analytical work and the technical cooperation activities.
5. To further enhance the delivery of technical cooperation services and make it more responsive to beneficiaries' needs and donors' concerns, a number of initiatives were carried out. These included an intensification of consultations between beneficiaries, donors and the secretariat, including the organization of two retreats on technical cooperation, and the conduct of an internal review of UNCTAD's operational activities. The retreats provided a forum for informal consultations between member States and secretariat staff involved in the management and delivery of technical cooperation. The second retreat addressed in particular the issue of

capacity development in the areas of trade, investment and development. The internal review identified a number of priority actions involving organizational arrangements and management practices; relations with beneficiaries, donors and agencies; and technical cooperation mandate and strategy.

6. Moreover, in the past few years, the discussions at the September sessions of the Working Party on the Medium-Term Plan and the Programme Budget dealing with technical cooperation highlighted the importance of capacity development in trade- and investment-related areas as the ultimate goal of UNCTAD's operational activities. Deliberations by the Working Party and the Trade and Development Board also pointed to the fact that UNCTAD's operational activities should be streamlined so as to be more responsive to beneficiary needs and donor concerns. It was against the above background that UNCTAD's need for a new technical cooperation strategy became more pressing. The Board requested the secretariat to prepare a new technical cooperation strategy, which was discussed at the Working Party in September 2003 and approved by the Board at its fiftieth session in October 2003 (decision 478 (L)). This new strategy was prepared and adopted on the basis of (a) the strategy in place since 1997, which was considered by member States as a useful framework requiring updating; and (b) meetings with all UNCTAD divisions and units to ensure that their experience and their responsibilities in each of UNCTAD's areas of work were taken into account.

7. The goals and content of the new strategy reflect UNCTAD's mission as stated at the ninth and tenth sessions of the Conference. The strategy aims to enhance the role of UNCTAD's technical cooperation in the context of the Millennium Development Goals (MDGs) as well as placing more emphasis on capacity development as the ultimate goal of technical assistance.

8. The new strategy was inspired by the UN Development Programme (UNDP) conceptual framework of capacity development (being implemented by many UN entities), which emphasizes enhancement of the endogenous capacity of developing countries in the design and implementation of home-grown trade and development policies. The new strategy highlights the role of some instruments of UNCTAD's technical assistance that are particularly important in achieving the goals of capacity development. It should however be noted that the emphasis on endogenous capacity is not new in UNCTAD's technical assistance programmes. It reflects the evolving demand of member States, and, indeed, many of UNCTAD's operations have targeted this goal for many years.

9. While capacity development is the focus and thrust of the new strategy, it calls for further realignment of UNCTAD's operational activities, of the analytical work of the secretariat, and of the work of the intergovernmental machinery. It also calls for increased and enhanced partnerships with other international organizations and agencies providing trade- and investment-related technical assistance, and it encourages interaction with regional organizations and civil society including non-governmental organizations (NGOs), academia and the business community. The strategy emphasizes beneficiaries' ownership and the demand-driven aspect of technical cooperation. It assigns priority to activities in support of the LDCs and of developing countries with the greatest needs.

10. In pursuing capacity development goals, the strategy emphasizes development of the endogenous capacity of beneficiary countries in the realm of trade and development policies. It addresses the three layers where endogenous capacity has to be developed: the individual layer, particularly through training; the institutional layer (support to public and private institutions); and the societal layer, targeting the participation of civil society.

11. The period under review was also marked by positive evolution in the development aid policies of some of UNCTAD's donors, particularly in the form of increased disbursements to multilateral aid. The linkage between achieving poverty reduction and providing trade-related development assistance is becoming a priority in the development policies of many of UNCTAD's donors. Increased contributions to UNCTAD's technical cooperation activities demonstrate this trend.

12. This enabled UNCTAD to expand both the thematic and geographical composition of its operational activities. In this connection, an increasing number of donors also made longer-term financial commitments and multi-year pledges, thus lessening the difficulties associated with unpredictable resource flows.

13. Another important development in recent years has been increased access by UNCTAD to the bilateral aid programmes of certain donors. This has enabled UNCTAD to provide technical assistance services to priority countries of such donors. This has been in addition to the voluntary contributions made available to UNCTAD in the context of multilateral aid programmes. The most relevant example is the country-based project "Strategies and Preparedness for Trade and Globalization in India", with a total five-year budget of \$8.6 million. The project is financed by the UK Department for International Development.

14. The period under review saw a special focus on training-related activities in the context of project implementation. Resources made available from section 35 of the regular budget (Development Account) ensured the organization of intensive training courses on "Key Issues on the International Economic Agenda", according to paragraph 166 of the Bangkok Plan of Action.

II. TRENDS IN MOBILIZATION OF RESOURCES AND DELIVERY

15. In 2003, UNCTAD's technical cooperation activities continued to focus on responding to the priorities identified by developing countries and regions and supported the implementation of recommendations of major international conferences, particularly the mandates in the Bangkok Plan of Action.

A. Trends in resource mobilization

16. UNCTAD's technical cooperation activities continued to be financed from three main sources: trust funds, UNDP and the programme budget of the United Nations (see chart 1).

17. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, NGOs, the enterprise sector and foundations. About 70 Governments and a score of multilateral and other organizations contributed to UNCTAD trust funds in 2003. Contributions to those funds amounted to \$26.6 million, reflecting an increase of 28.6 per cent compared with the previous year (see table 1 and chart 2). This is the highest-ever contribution to UNCTAD trust funds. It is attributable to increased contributions from all sources – developed countries, developing countries and multilaterals. Contributions from developed countries accounted for more than 60 per cent of the total contributions to trust funds, reaching \$16.3 million – an increase of 14.8 per cent over the previous year. Contributions from developing countries accounted for one-fourth of total contributions to trust funds, amounting to \$6.8 million – an increase of 64 per cent over 2002. The majority of these contributions take the form of self-financing arrangements in support of individual country projects and are generally financed

either from domestic budgetary resources or by utilizing the proceeds of loans or grants from international financial institutions. Such contributions have been directed in particular to finance country projects in the areas of customs reforms and debt management. This is an indication of the relevance and utility of UNCTAD's two major technical assistance programmes, ASYCUDA and DMFAS.

TABLE 1
UNCTAD trust fund contributions, 1997–2003^a
(in thousands of US dollars)

	1997	1998	1999	2000	2001	2002	2003
Developed countries' contributions ^b	5 991	9 373	7 863	13 312	10 744	14 243	16 353
Developing and transition countries - general contributions	996	624	1 195	639	378	320	169
Developing and transition countries – self-sustained ^c	1 092	2 070	938	2 330	4 819	3 822	6 653
European Commission	3 821	3 527	1 139	675	551	1 374	2 173
Other multilateral ^d	905	1 055	1 758	594	956	675	996
Foundation/miscellaneous	464	557	742	1 127	589	271	284
Total	13 270	17 207	13 635	18 677	18 037	20 705	26 628

^a Exclusive of third-party cost-sharing contributions through UNDP.

^b The figure for 2003 is exclusive of the amount of \$616,463 for Associate Experts.

^c For activities in their own countries, financed from domestic budget resources or through loans from the World Bank and regional development banks.

^d For details see table 6 of the statistical annex (TD/B/WP/172/Add.2).

18. Contributions by multilateral donors also increased in 2003. They amounted to \$3.2 million, accounting for 12 per cent of total contributions. The major multilateral contributor was the European Commission, which accounted for more than two thirds of multilateral donors' contributions. The European Commission mainly supported ASYCUDA projects in Albania and in Bosnia and Herzegovina, as well as a trade-related technical assistance project in Bangladesh.

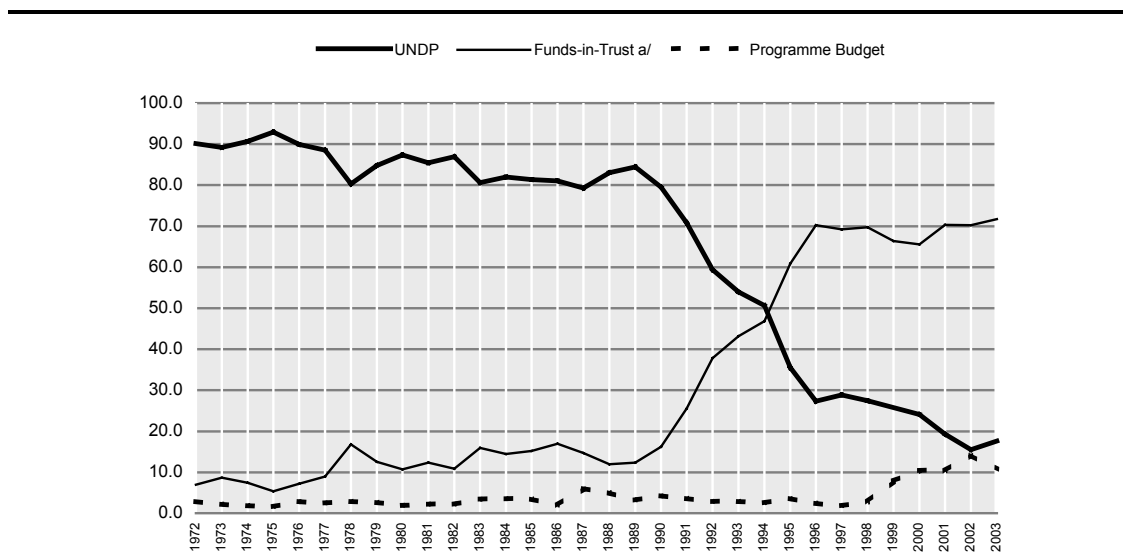
19. Programme budget resources are provided under the regular technical cooperation programme and the Development Account, respectively sections 23 and 35 of the United Nations Programme Budget. In December 2003 the General Assembly of the United Nations approved four new projects for implementation by UNCTAD under the fourth tranche of the Development Account, with a total budget of \$2.6 million. In fact, for the third consecutive tranche, UNCTAD has been able to access one fifth of Development Account resources, reflecting the trust placed in UNCTAD as an institution delivering trade- and investment-related technical cooperation services. The four projects involve (a) capacity building for debt sustainability in developing countries; (b) strengthening capacity in developing countries to meet the MDG through policies and actions in trade and trade-related areas; (c) capacity building in trade and transport facilitation for landlocked and transit developing countries; and (d) capacity building for developing countries' investment promotion agencies.

B. Trends in delivery

20. In parallel with the marked increase in contributions, UNCTAD technical cooperation expenditures from all sources also increased sharply to \$27.8 million reflecting an increase of 25.5 per cent over the previous year (see table 2 and chart 3) – the highest-ever level of expenditures in a single year. This increase in expenditures is attributable to a 30 per cent increase in expenditures from the trust funds, amounting to \$19.9 million, as well as an increase of \$1.5 million in UNDP-financed projects amounting to \$4.9 million. Expenditures on technical cooperation from the regular budget remained unchanged.

CHART 1

Trends in mobilization of UNCTAD's technical cooperation, by source of funds, 1972–2003
(per cent of total yearly contribution)



^a Includes expenditures for UNFIP and Associated Experts.

21. Expenditures on technical cooperation increased in all four main areas of UNCTAD's work: globalization and development (representing 11 per cent of total expenditures; increased by 13 per cent); international trade in goods and services and commodity issues (representing 25 per cent of total expenditures; increased by 56 per cent); investment, enterprise development and technology (representing 19 per cent of total expenditures; increased by 25 per cent); and services infrastructure for development and trade efficiency (representing 33 per cent of total expenditures; increased by 13 per cent).

22. In 2003, major technical assistance programmes in order of expenditures were ASYCUDA (\$6 million); investment policies and capacity building (\$4 million); DMFAS (\$3 million); trade negotiations and commercial diplomacy (\$2.8 million); trade, environment and development (\$2 million); competition law and policy and consumer protection (\$1.2 million); and trade logistics (\$1.4 million) (see table 3).

23. UNCTAD technical cooperation activities continued to be carried out on the basis of specific country projects as well as regional and interregional projects. Activities carried out at the country level represented 36 per cent of total delivery in 2003, an increase of 18.7 per cent compared with the previous year. Activities carried out at the interregional level represented 55 per cent of total delivery in 2003, reflecting an increase of about 29 per cent. Regional activities accounted for the rest, or about 8.4 per cent.

24. The increase in country-level expenditures is mainly attributable to increased delivery at the country level in Asia. Countries concerned included, in particular, Bangladesh, East Timor, India, Nepal and Viet Nam. While expenditures on country projects increased in Africa and in Latin America and the Caribbean, in both cases they fell in percentage terms.

TABLE 2

UNCTAD's total expenditures on technical cooperation and source of funds, 1990, 1996–2003
(in millions of US dollars)

	1990	1996	1997	1998	1999	2000	2001	2002	2003
UNDP	17.4	6.1	6.8	6.0	6.5	5.8	4.5	3.4	4.9
Trust funds ^a	3.6	15.8	16.1	15.2	16.9	15.8	16.3	15.3	19.9
Programme budget	0.6	0.5	0.4	0.6	2.0	2.5	2.4	3.1	3.0
TOTAL	21.6	22.4	23.3	21.8	25.4	24.1	23.2	21.8	27.8

^a Includes expenditures for UNFIP and Associate Experts.

25. The growth in interregional expenditures owes much to increased delivery in the following projects: phase II of the UNCTAD/UNDP “Globalization, Liberalization and Sustainable Development” project; institutional capacity building in competition law; capacity building for improved policy and negotiations on key trade and environment issues; strengthening debt management capacity; and increased expenditures on some investment-related projects.

26. With regard to the geographical distribution of activities (see table 4 and chart 4), Africa's share in overall delivery remained unchanged at around 14 per cent. The share of Asia and the Pacific increased, accounting for 20 per cent of total expenditures on UNCTAD's operational activities. The share of Latin America and the Caribbean decreased slightly to 8.1 per cent. The increase in Asia's share is mainly attributable to increased expenditures on some projects at the country level.

27. LDCs continue to be the major beneficiaries of UNCTAD technical cooperation. Expenditures in their favour amounted to \$8.8 million in 2003, as compared with \$6.3 million in 2002, reflecting a 37 per cent increase. Their share in overall expenditures in 2003 was 32 per cent.

III. IMPLEMENTATION OF TECHNICAL COOPERATION STRATEGY

28. The Board, in paragraph 5 of its decision 478 (L)¹ on “Review of technical cooperation activities of UNCTAD”, requested the Working Party, at its annual sessions dealing with technical cooperation activities, to review progress in the implementation of the strategy for UNCTAD, annexed to the decision, and to report the outcomes of such reviews to the Board. This section is a response to that request.

29. Implementation of UNCTAD's new technical cooperation strategy began in October 2003, after its endorsement by the Board. The period under consideration is too short to permit assessment of the improvements resulting from implementation of the strategy, particularly in terms of more predictable resources, an increased focus on enhancement of the endogenous capacities of beneficiaries, and coherence based on thematic priorities.

¹ The section should be read in conjunction with the provisions of the Decision 478 (L), as well as its Annex “Technical Cooperation Strategy for UNCTAD” included in TD/B/50/14 (Vol. I).

CHART 2

Origin of trust fund contributions, 2003
(per cent of total contributions)

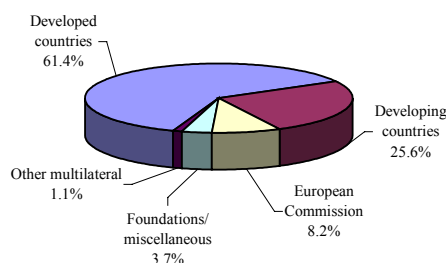
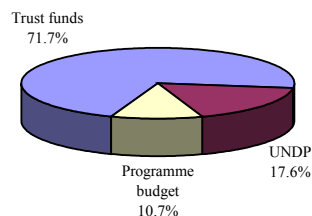


CHART 3

Expenditures by source of funds, 2003
(per cent of total expenditures)



30. Despite the limited time frame, several UNCTAD operations already ongoing when the strategy was adopted, as well as many of those initiated after that date, match the goals of capacity development contained in the strategy: as was mentioned before, the strategy aims at emphasizing some critical aspects of UNCTAD's assistance and making it more effective, rather than introducing changes in the nature of this assistance. Therefore, it is useful to provide a partial assessment of the implementation of the strategy during the period under consideration in order to identify preliminary achievements as well as aspects needing further improvement – particularly in light of the results of UNCTAD XI.²

31. For this purpose, significant examples of UNCTAD's ongoing operations have been selected to illustrate the implementation of five key components that characterize the new strategy: (a) capacity development; (b) realignment of research work and technical cooperation; (c) partnerships; (d) an emphasis on ownership by beneficiaries and on responding to demand; (e) priority for activities in favour of the LDCs; and (f) monitoring and evaluation.

A. Focus on capacity development³

32. In this regard, the most recent example is the UNCTAD Virtual Institute on Trade and Development, which widens the impact of UNCTAD's training activities in the areas of its expertise while at the same time supporting the institutional capacity of academia in developing countries. The Institute responds to the growing number of requests from member States for help in providing training and curricula on issues related to trade, investment and development. Development of endogenous capacity is also the focus of the TrainForTrade programme, which identifies local training capacities so as to support the training of trainers and the local delivery of courses, including through distance learning. TrainForTrade and the Virtual Institute offer different but complementary services: the Institute is designed to support course development particularly at the university level (without providing training itself), while TrainForTrade's target population consists primarily of professionals in service.

² Paragraph 7 of the strategy.

³ Paragraph 3 of the strategy.

TABLE 3
Project expenditures by division/programme as of 31 December 2003
(in thousands of US dollars)

Division/Programme	UNDP	Trust funds ^a	Programme budget	Total	
				Amount	%
GDS: Total	307	2 786	93	3 185	11.5
Macro-economic and development policies	-	115	-	115	0.4
DMFAS programme	307	2 521	93	2 921	10.5
Special programmes	-	149	-	149	0.5
DITC: Total	1 249	5 406	226	6 881	24.8
Trade analysis	216	336	-	552	2.0
Trade negotiations and commercial diplomacy	695	2 134	18	2 847	10.2
Commodities	21	173	50	244	0.9
Trade, environment and development	263	1 784	-	2 047	7.4
Competition law and policy and consumer protection	54	979	158	1 192	4.3
DITE: Total	900	3 892	547	5 339	19.2
Investment issues analysis	24	685	-	709	2.6
Investment policies and capacity building	739	2 665	547	3 952	14.2
Technology and enterprise	137	542	-	678	2.4
SITE: Total	1 581	6 658	827	9 066	32.6
Trade logistics	165	1 270	-	1 435	5.2
ASYCUDA	1 342	4 614	-	5 955	21.4
Information and training	-27	19	418	410	1.5
Human resource development	-	197	-	197	0.7
TrainForTrade	-	559	-	559	2.0
Trade points	71	-1	-	70	0.3
Electronic commerce	31	-	409	440	1.6
LDCs: Total	83	723	-	806	2.9
Cross-Divisional Advisory Services: Total	-	-	1 178	1 178	4.2
EDM: Total	768	454	110	1 332	4.8
GRAND TOTAL	4 887	19 919	2 982	27 788	100.0

^a Includes expenditures for UNFIP and Associate Experts.

33. A major training activity undertaken by UNCTAD involves implementation of paragraph 166 of the Bangkok Plan of Action: between 2001 and 2004, seven courses on “Key Issues of the International Economic Agenda” were organized, encompassing all of UNCTAD’s areas of expertise. Participants evaluations reflected satisfaction with the format as well as the content of the training modules. The introduction of regional courses allowed more tailoring of the UNCTAD syllabus to local needs and increased the role of developing-country trainers and universities involved in the delivery of these courses.

34. The Debt Management–DMFAS Programme is an example of UNCTAD’s operations focused on long-term enhancement of the human and institutional capacity of beneficiary countries in the area of debt management practices. This is achieved through country-specific

projects, as well as international and regional conferences and training seminars at which participants can benefit from each other's experience. An important feature of DMFAS with regard to the development of local capacity is the interface of its software with the World Bank's Debt Sustainability Model Plus (DSM+), an analytical tool designed to assist country officials in formulating a national debt strategy – incorporating debt relief or new borrowing alternatives – that is cost effective, sustainable and consistent with long-term macroeconomic policies.

35. Many other UNCTAD operations are increasingly targeting, through training and institutional support, the development of the endogenous capacity of beneficiaries. Operations such as those undertaken in the areas of competition law and policies, trade and environment, support to investment promotion agencies, transport, logistics, customs and trade facilitation illustrate how training of individual government officials is being combined with support to local institution building, which requires long-term operations with predictable resources.

TABLE 4
Technical cooperation expenditures by region and programme, 2000–2003
(in thousands of US dollars)

	2000 Amount	2001 Amount	2002 Amount	2003 Amount	%
Total	24 184	23 152	21 832	27 788	100.0
By region:					
Africa	5 219	4 232	3 025	3 842	13.8
Asia and the Pacific	4 534	3 696	3 923	5 503	19.8
Latin America and the Caribbean	1 376	1 820	2 008	2 239	8.1
Europe	845	851	1 006	906	3.3
Interregional	12 211	12 553	11 871	15 299	55.1
By programme:					
Globalization and Development Strategies	2 353	2 296	2 818	3 185	11.5
International Trade in Goods and Services, and Commodities	4 232	4 819	4 394	6 881	24.8
Investment, Technology and Enterprise Development	3 346	3 274	4 260	5 339	19.2
Services Infrastructure for Development and Trade Efficiency ...	9 720	8 624	8 009	9 066	32.6
Least Developed, Landlocked and Island Developing Countries	2 439	2 262	365	806	2.9
Cross-Divisional Advisory Services	1 269	848	1 054	1 178	4.2
Executive Direction and Management and Support Services	826	1 030	933	1 332	4.8
<i>of which: LDCs</i>	<i>10 492</i>	<i>10 000</i>	<i>6 327</i>	<i>8 863</i>	<i>31.5</i>

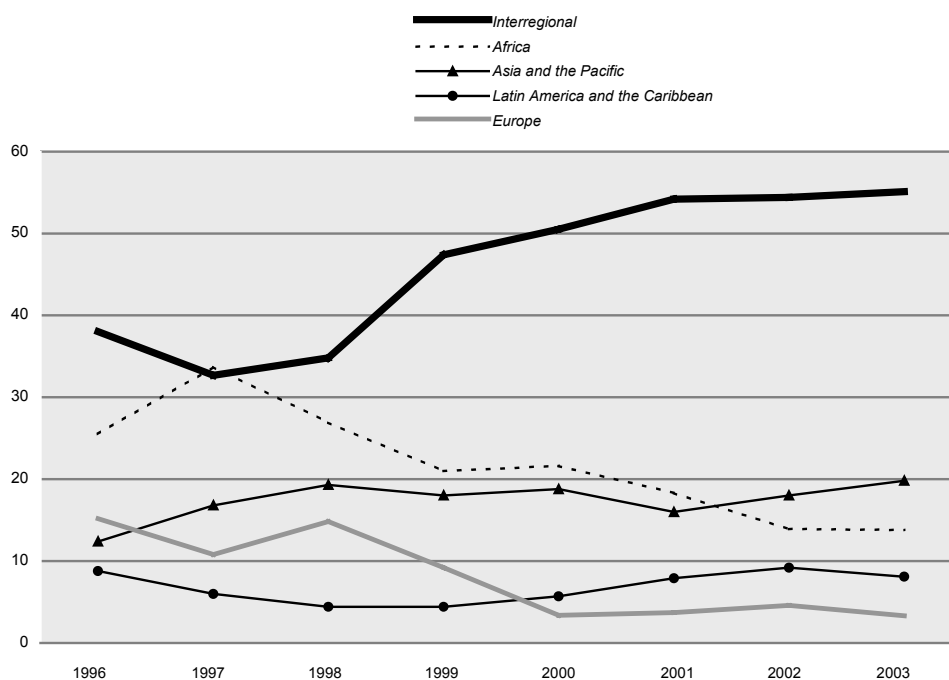
B. The link between analytical work and technical cooperation activities⁴

36. Technical support to the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) is a clear example of how the UNCTAD secretariat's analytical work is directly linked with support to the participation of developing countries in the negotiations on international monetary, financial and development issues at the International Monetary Fund and the World Bank. The studies and research papers provided to the G-24 are designed to help developing countries identify policy options in dealing with external financing, debt, and exchange rate management and their links with trade and development policies. This project is coordinated jointly by UNCTAD and the G-24 secretariat, thereby ensuring that the beneficiaries have ownership.

⁴ Paragraph 6 of the strategy.

CHART 4

Technical cooperation expenditure by region, 1996–2003
(per cent of total yearly expenditure)



37. Since the Uruguay Round of Multilateral Trade Negotiations, the UNCTAD secretariat has developed broad expertise in the area of trade in services, particularly through its sectoral analysis. This research work has been systematically injected into, and disseminated through, technical cooperation activities related to services trade. Recently begun analytical work to assess the liberalization of trade in services further consolidates this interface between research and the support provided to developing countries' operators in the area of services.

38. Technical cooperation activities – training in particular – are the most effective way to disseminate the results of the secretariat's analytical work. For instance, the Joint UNCTAD–World Bank Institute Training Workshop on Trade and Poverty served this purpose. The findings of UNCTAD's *Least Developed Countries Report 2004*, devoted to trade and poverty, were used as the main training materials at the workshop, whose target audience was a group of policy makers from LDCs and other developing countries.

39. The link between UNCTAD's analytical work and its technical cooperation is two-way: the research feeds the design and implementation of the operations, while the experience gained in the field leads to further analysis and verification of the results. This virtuous circle is illustrated, *inter alia*, by the work undertaken on the relationship between trade, development and poverty reduction policies. A similar example is provided by the analyses on "exit strategies" being prepared for the developing countries that are close to graduating from LDC status.

40. Generally speaking, there is a clear and effective interface between the research work and the assistance provided by UNCTAD in all the secretariat's units and divisions: UNCTAD's knowledge is being used and disseminated through its operations, while at the same time this knowledge is constantly enriched by the practical lessons learned during operations. A wider interface could be achieved if more interdivisional operations were undertaken, integrating UNCTAD's analytical and operational knowledge in two or more thematic areas of expertise.

C. Partnerships with other organizations and with civil society⁵

41. UNCTAD's technical cooperation services continued to be provided in close cooperation with other agencies and entities providers of trade- and investment-related technical assistance.

42. The Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (Integrated Framework) and the Joint Integrated Technical Assistance Programme (JITAP) illustrate UNCTAD's approach to technical cooperation involving close collaboration with other agencies providing trade-related technical assistance.

43. At UNCTAD XI, the agenda item *partnership for development* and the launching of concrete multi-stakeholder partnerships in the areas of information and communication technologies, commodities, investment, capacity building and training fit squarely into the guidelines set by the technical cooperation strategy.

44. In all these four areas, a wide variety of instruments as well as partners are involved in joint research and technical cooperation activities. These partnerships embody the idea of maximizing, through joint operations, the impact that can be derived from diverse entities, diverse backgrounds and diverse experiences. The partnerships aim at implementing win-win operations involving, at the same time and with a flexible range of modalities, public and private firms, national and regional authorities, small and large enterprises, civil society and business communities, and government and academic institutions.

45. At UNCTAD XI, special attention was given to partnerships. In fact, many of UNCTAD's technical cooperation activities have for years been based on different kinds of partnerships. Examples include capacity building in the area of trade and environment and biodiversity; cooperation with the World Customs Organization on customs and trade facilitation issues; several investment promotion activities involving national and regional partners; projects in the area of trade policies and negotiations implemented jointly with UNDP at the regional and national levels; the recent European Commission/UNCTAD project implemented in Bangladesh on trade issues; and many others involving diverse partners such as the United Nations Regional Commissions, the International Chamber of Commerce and the World Bank. Finally, many technical cooperation projects in the area of trade issues involve the World Trade Organization (WTO) and the International Trade Centre (ITC).

D. Ownership and demand-driven operations⁶

46. In the next few years, UNCTAD's technical cooperation will continue to become increasingly customized. National and regional needs and stakeholders, as identified by the beneficiaries, are put at the centre of project design and implementation. Therefore, projects are increasingly designed in an ad hoc fashion rather than replicating a generic pattern. Moreover, in

⁵ Paragraph 15 of the strategy.

⁶ Paragraph 10 of the strategy.

many projects, particularly those involving trade and investment issues, UNCTAD's knowledge is transferred to beneficiaries together with the know-how that they require in order to adapt and transform the knowledge to suit local needs.

47. The driving force of an increasing customization of UNCTAD's operations is the pivotal role given to nationally owned trade, development and poverty reduction policies: UNCTAD's assistance has to be effectively integrated into these national plans, by marrying their features and by enhancing the ownership of domestic stakeholders.

48. This trend towards more customization is evolving in parallel with the growing role of local partners in UNCTAD's activities and is clearly in line with the goals of ownership mentioned in the strategy. For instance, the project on guidelines for assessing trade and transport facilitation needs and priorities for LDCs aims at enabling national stakeholders to design tailored-made programmes to meet both international trade standards and national priorities; UNCTAD's expertise in this area is adapted to local needs by the local users themselves.

49. Similar examples of increasing customization, ownership and demand-driven operations are found in the area of trade negotiations, where, by definition, the goal is to enhance national capacity in accordance with the country's trade policy. This is particularly true, for example, in the case of the assistance provided by UNCTAD to WTO acceding countries, where the projects are tailored to the country's needs, are designed and implemented in close consultation with national authorities, and cannot be automatically replicated elsewhere.

E. Priority to the developing countries with greatest needs⁷

50. In addition to its involvement in the Integrated Framework, UNCTAD carries out technical cooperation activities in support of the implementation the Programme of Action for the Least Developed Countries for the Decade 2001–2010, as well as the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries, and the Programme of Action for the Sustainable Development of Small Island Developing States.

51. The activities of UNCTAD's Special Programme for Least Developed, Landlocked and Island Developing Countries are organized around two main pillars: the interdivisional coordination of UNCTAD's activities for least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS), and specific projects implemented for these three groups of countries. The LDC Trust Fund includes two windows: window I is managed by the Special Programme and finances specific operations, while window II finances operations focused on the LDCs but executed by the relevant divisions. Given the wide variety of tasks required to address the needs of these countries, the role of the divisions' focal points for LDCs should be strengthened, and their functions should also cover activities in favour of landlocked and island developing countries.

⁷ Paragraph 5 of the strategy.

52. The attention given to ownership and to enhancing the capacity to undertake home-grown trade, development and poverty reduction strategies will continue to guide UNCTAD's analytical work as well as technical cooperation in favour of the developing countries with greatest needs. In particular, in the short and medium term, the main concern will be to ensure that UNCTAD's assistance is effectively integrated into, and supportive of, nationally owned policies and the realization of the MDGs.

F. Monitoring and evaluation⁸

53. At the October 2003 session of the Working Party, there was an agreement that the existing instruments and criteria for the monitoring and evaluation of UNCTAD's technical cooperation activities were appropriate. The development impact and cost effectiveness were reiterated as the main criteria. The strategy provides that "Selected projects and programmes will be subject to independent evaluation in agreement with both the beneficiary country or countries and the donor(s). Evaluations will examine the impact of activities measured against their objectives and will propose practical recommendations to deal with deficiencies. The Working Party on the Medium-Term Plan and the Programme Budget will consider each year an in-depth study on a technical cooperation programme."

54. The capacity development goals embedded in the strategy require careful identification of needs in terms of the topics as well as the instruments included in each operation. The benchmarks and indicators of achievement underlying the evaluations have to be set accordingly. This task may be sometimes very complex, particularly where quantitative indicators cannot be used. This is particularly true of projects that address enhancement of the policy-making processes, negotiating capacity, legislative and institutional capacity, participation by civil society and entrepreneurs, the impact of networking, or linkages between macro- and microeconomic policies, and many other UNCTAD projects. All the parties involved in the design of the operations (i.e. the donors, the beneficiaries and the secretariat) have to reach a consensus on what kinds of benchmarks and indicators suit the nature of the project and will lead to an objective evaluation. The task is further complicated when the goals refer to long-term results and require several parallel actions while the allocated resources are fragmented into short-term funding and separate projects.

55. In recent years, evaluations at UNCTAD of individual projects as well as programmes have shown constant progress from the point of view of accuracy and effectiveness in matching the goals, the development impact and the resources available. The increasing understanding of capacity development needs will continue to improve the formulation of project benchmarks and indicators as well as the monitoring and evaluations. As is indicated in the strategy, the Technical Cooperation Service will continue to provide assistance in this regard. Recent improvements are reflected in the evaluations of the courses on "Key Issues on the International Economic Agenda" (para.166 of the Bangkok Plan of Action) that are systematically completed by trainees and trainers. These evaluations have been regularly improved and refined since 2001 in order to assess the quality of each training module from the point of view of format and substance.

⁸ Paragraphs 7 to 22 of the strategy.

IV. CONCLUSIONS AND RECOMMENDATIONS

56. The strategy launched in October 2003 implies emphasizing UNCTAD operations that have an impact on developing the beneficiaries' own capacity. Dissemination of the ideas and goals of the strategy is crucial for generating awareness of and consensus regarding the main orientations given by the Board to UNCTAD's technical cooperation. Board decision 478 (L) invited the secretariat to disseminate this strategy among all staff members, particularly project managers, and to promote it among donors and beneficiary countries. Several initiatives in this area have been undertaken since the end of 2003. Briefings with Geneva- and New York-based delegates were organized. The technical cooperation strategy and the ongoing activities were presented, *inter alia*, at the Inter-American Development Bank ministerial meeting with donors in Washington, D.C., in October 2003; at the Asia-Pacific Economic Cooperation Forum (APEC) meeting with donors and beneficiaries in Santiago de Chile in February 2004; and at the OECD/DAC meeting on trade-related assistance in March 2004. UNDP senior officials and UN Development Group (UNDG) members have been informed about the strategy. Meetings with individual donors and beneficiaries provided additional opportunities for disseminating its content. More in-house briefings are planned after UNCTAD XI, including a training course for UNCTAD project managers. Information dissemination and dialogue between donors, beneficiaries and the secretariat constitute an ongoing task that needs to be continued systematically after UNCTAD XI in order to consolidate and enlarge the process of implementation of the technical cooperation strategy.

57. From a general perspective, and taking into account the short period under consideration, implementation of the technical cooperation goals set by the Board is progressing, particularly in terms of increasing ownership and customization of the operations; increasing attention to the long-term institutional capacities of beneficiaries; deeper articulation between UNCTAD's expertise and nationally owned development and poverty reduction policies; and more effective and broader training initiatives in all areas of UNCTAD's research work.

58. This ongoing progress has to be seen in the context of the evolving demand for UNCTAD's technical cooperation. Requests received by the secretariat in recent months suggest that the following themes and modalities are becoming increasingly important in developing countries' demands for assistance: regional and bilateral issues in the areas of trade and investment policies and negotiations, as well as articulation with the multilateral processes; institutional and legislative capacity in all the national entities involved in the design and the implementation of trade and development policies; training on specialized as well as multi-thematic issues; academic partnerships to address the developing countries' research and training needs; post-accession issues for new WTO members; trade facilitation and trade logistics needs; competitiveness, technology and regulatory policies; and support for the formulation of comprehensive national trade, industrialization and poverty reduction strategies.

59. While acknowledging progress in implementation of the strategy, it is important to identify which aspects require further efforts and attention – from the point of view of the expected results in favour of developing countries, the cost-effectiveness of the operations, and the predictable availability of human and financial resources.

60. Board decision 478 (L) requests donors and beneficiaries to support the strategy and to ensure the availability of predictable and sustainable resources for its implementation,⁹

⁹ Paragraph 7 of the Decision.

especially in light of the “long-term goals entailed by the focus on capacity development”.¹⁰ The strategy specifies that, in order to achieve its goals, “priority will be given to longer-term sustainable activities, particularly through multi-year funding mechanisms and inter-divisional operations based on the thematic priorities set by the UNCTAD work programme”.¹¹

61. In the period 2003–2004, with few exceptions, short-term funded operations continued to constitute the majority of UNCTAD’s projects. Some cases involved the paradox of operations targeting long-term goals such as institutional backstopping while their funding was assured through one-year financing arrangements. The fragmentation of UNCTAD’s technical cooperation into a large variety of small operations on subthemes and specific goals rather than programmes encompassing integrated approaches does not fulfil the goals of the strategy. Demand-driven activities based on strong ownership by beneficiaries do not always coincide with the structure, areas and objectives of UNCTAD’s extra-budgetary funds set by donors. More operations should be devoted to interdivisional themes that match developing countries’ long-term trade and investment strategies. Information and awareness of what kind of assistance can be provided by UNCTAD are still limited among both donors and beneficiaries: the channels of communication between Geneva-based missions and decision makers in capitals need to be improved. In general, it is easier for UNCTAD’s donors as well as beneficiaries to identify short-term needs and provide resources for very specific operations than to support long-term comprehensive activities that would maximize the impact of UNCTAD’s expertise on trade and development.

62. In the context of the Board Decision on technical cooperation, and particularly the need to prioritize longer-term sustainable activities, the Board may wish to consider the possibility of establishing four thematic multi-donor and multi-year trust funds (one per each division of the secretariat, in addition to the existing LDC Trust Fund). Once these multi-year trust funds are in place, the Working Party would discuss, at its September sessions, the divisions’ technical cooperation plans for the following year. Each division would continue to be responsible for implementing operations in its area of competence, and would provide to donors and beneficiaries, as required, information on the ongoing operations involving its divisional trust funds. The evaluations would continue to follow the current pattern (i.e. one thematic programme evaluated every year, in addition to individual evaluations as required).

¹⁰ Paragraph 23 of the strategy.

¹¹ Paragraph 23 of the strategy.