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Review of the technical cooperation activities of UNCTAD and their financing

Report by the Secretary-General of UNCTAD

Executive summary

In 2008, delivery of UNCTAD technical cooperation increased to its highest level ever, amounting to \$38.2 million. Overall contributions to trust funds contracted by 8 per cent. Contributions by developing countries accounted for 25 per cent of the total contributions to trust funds. Expenditures on country projects increased in all the regions, and accounted for 43 per cent of total delivery. The delivery in support of the least developed countries (LDCs) was 41 per cent. The Automated System for Customs Data (ASYCUDA) continued to be UNCTAD's largest technical assistance activity, followed by the Debt Management and Financial Analysis System (the DMFAS programme), and activities under the Cluster of Trade Negotiations and Commercial Diplomacy. Actions were taken in support of implementation of the Accra Accord and the decisions of the Trade and Development Board, with a view to enhancing the impact of UNCTAD's operational activities. UNCTAD technical cooperation projects and programmes supported the process of national economic governance in beneficiary countries. Activities in support of system-wide coherence continued. UNCTAD continued to assume the leadership in the United Nations Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity. The cluster is an operationalization of system-wide coherence at the country level, and an instrument to enhance the trade and trade-related assistance of the United Nations system in line with national development strategies. Both of these goals are primarily achieved by the inter-agency programmes that are designed and coordinated by the cluster.

Introduction

1. This report has been prepared to facilitate the Trade and Development Board's annual policy review of the technical cooperation activities of UNCTAD in 2008.
2. The report will also be submitted to the Working Party on the Strategic Framework and the Programme Budget for its review of UNCTAD technical cooperation activities, in accordance, inter alia, with paragraph 220 of the Accra Accord and with Trade and Development Board decision 495 (LV). Paragraph 220 of the Accra Accord recommends that a more structured interaction should be carried out between the secretariat, potential beneficiaries and donors, within the framework of the Working Party on the Strategic Framework and the Programme Budget.
3. The Accra Accord reiterates that technical cooperation is one of the three pillars of UNCTAD's work, together with research and analysis, and consensus-building.
4. The scope and the focus of UNCTAD's technical cooperation activities in 2008 continued to be influenced by the two-track approach that has been put in place in the past few years in response to system-wide reform of the United Nations. While the provision of technical cooperation services to beneficiary countries and regions continued in its traditional way, important headway was made for the provision of such services to beneficiary countries in a more structured way in the context of "Delivering as One". This report therefore contains information both on technical cooperation activities at the UNCTAD level, and on activities that took place within the framework and context of the United Nations reform programme and the "One United Nations" approach, including initiatives to enable and facilitate UNCTAD participation in that process.

I. Sources of funding for UNCTAD technical cooperation

5. As in previous years, UNCTAD technical cooperation activities continued to be financed from three main sources: trust funds, the United Nations Development Programme (UNDP), and the United Nations programme budget (see table 1).

Table 1. UNCTAD's total expenditures on technical cooperation, and the source of funds, 2005–2008
(in millions of dollars, and percentages)

	2005	2006	2007	2008		
				Amount	Percentage of total	Change over previous year (percentage)
United Nations Development Programme	1.9	1.4	1.2	1.6	4.1	29.8
Trust funds	26.8	32.2	27.8	34.9	91.3	25.7
Regular budget and development account	1.7	1.7	2.5	1.8	4.7	-28.4
Total	30.5	35.2	31.5	38.3	100	

A. Trust fund contributions

6. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, non-governmental organizations, the enterprise sector and foundations (see chart 1). More than 80 bilateral donors and scores of multilateral and other organizations contribute to UNCTAD trust funds. In 2008, contributions to trust funds amounted to \$33.8 million, reflecting, in nominal terms, about an 8 per cent decline compared with the previous year (see table 2). It should, however, be noted that 2007 was an exceptional year, in which contributions to trust funds increased by 26.4 per cent,

reaching their highest level in UNCTAD's history. Contributions from developed countries decreased by about 24 per cent as compared to 2007. Developed countries are an important source of financing of UNCTAD trust funds, accounting for 46.3 per cent of such contributions in 2008. The decline in the share of developed countries' contributions should be seen against the background of an exceptional increase in developed countries' contributions in 2007 of approximately 31 per cent compared to the previous year. In fact, the amount of their contributions in 2008 in United States dollar terms remained at the level of 2004 and 2005. The top 15 developed countries that contributed to UNCTAD trust funds in the past four-year period from 2004 to 2008, by order of accumulated contributions are: Norway, the United Kingdom, Switzerland, Sweden, Spain, France, the Netherlands, Germany, the United States of America, Finland, Italy, Ireland, Canada, Luxembourg and Austria. Contributions from developing countries to UNCTAD trust funds increased by 12 per cent, amounting to \$8.6 million. These contributions accounted for 25 per cent of total contributions to trust funds. Eighteen developing countries with a contribution of more than \$100,000 accounted for 84 per cent of contributions from developing countries to trust funds. These contributions were mainly in support of the implementation of ASYCUDA and DMFAS activities in their own countries.

Table 2. UNCTAD trust fund contributions, 2005–2008^a
(in thousands of dollars)

	2005	2006	2007	2008
Developed countries ^b	15 881	16 262	21 273	15 659
Developing countries and countries with economies in transitions ^c	10 449	9 199	7 656	8 580
European Commission	2 888	2 343	5 330	5 179
United Nations system and other international organizations ^d	5 158	1 017	1 913	3 644
Private and public sectors	447	330	678	781
Total	34 823	29 151	36 851	33 844

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

^b Exclusive of contributions to the Associate Expert Programme.

^c A major part is self-sustained for activities in their own countries, financed from the proceeds of loans or grants from international financial institutions.

^d For details, see table 8 of the statistical annex.

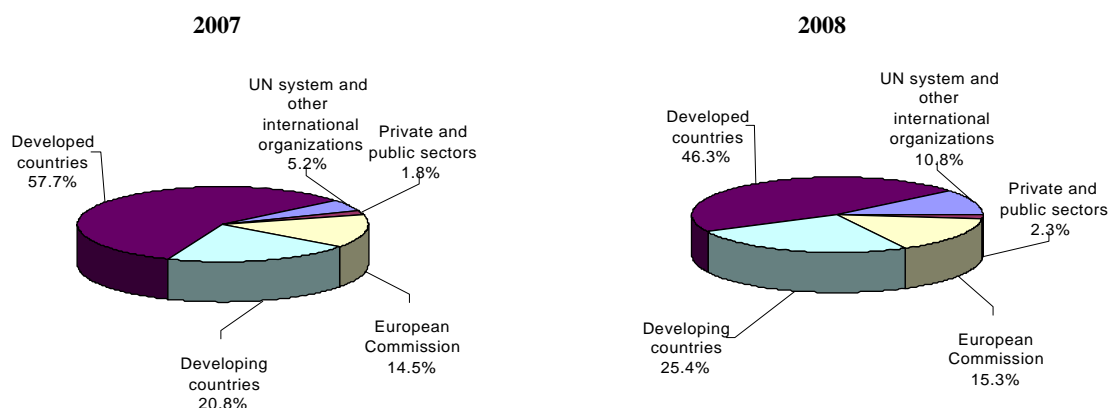
7. Among the multilateral donors, the European Commission continued to be the single largest contributor to UNCTAD operational activities. Contributions from the European Commission increased for the second consecutive year. Providing \$5.2 million in 2008, the European Commission accounted for 15.3 per cent of total contributions to trust funds. The contributions from the European Commission were mainly in support of an interregional project in the area of commodities, two regional ASYCUDA projects in Africa, one regional ASYCUDA project in Asia, and a national ASYCUDA project in the Philippines.

B. Expenditures

8. Overall expenditures from all three sources that finance UNCTAD technical cooperation – i.e. trust funds, the United Nations regular budget and UNDP – increased from \$31.5 million in 2007 to \$38.3 million in 2008, an increase of 21.5 per cent in the space of a year in nominal terms. This increase is attributable to a 25.7 per cent increase in project expenditures financed by trust funds. Trust funds are the major source of financing

for UNCTAD technical cooperation, and in 2008 they accounted for 91 per cent of total expenditures for UNCTAD's operational activities (see chart 2).

Chart 1. Origin of trust fund contributions, 2007–2008
(percentages of the total contribution)



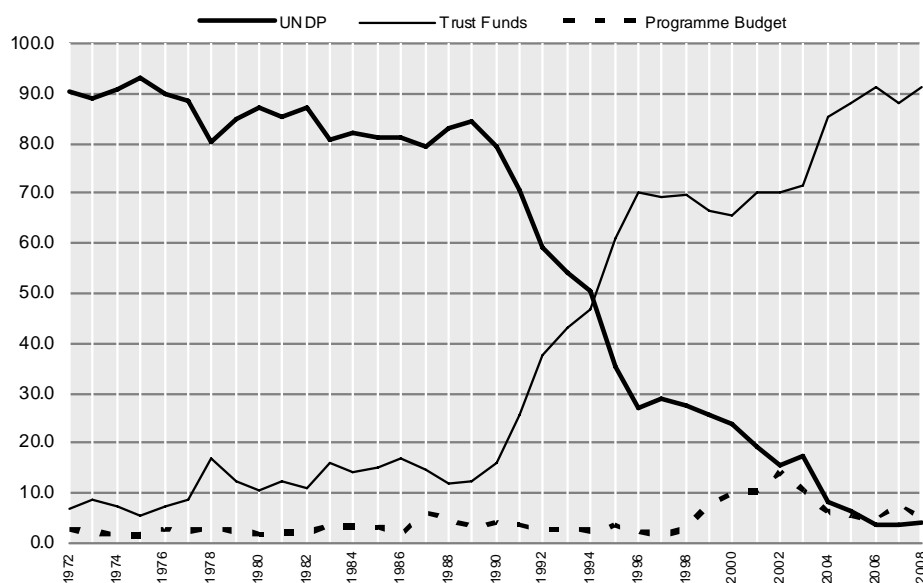
C. The United Nations Regular Programme of Technical Cooperation and the Development Account

9. Programme budget resources are provided under the United Nations Regular Programme of Technical Cooperation and under the Development Account – sections 22 and 34 respectively of the United Nations Programme Budget. In 2008, total UNCTAD expenditures on technical cooperation from the regular programme budget amounted to \$1.8 million, accounting for 4.7 per cent of overall expenditures. The 2008 figure reflects an approximately 30 per cent decrease over the previous year. The decline is due to reduced expenditures both in the United Nations Regular Programme of Technical Cooperation, and in the Development Account projects. The decrease in the Development Account expenditures can be explained by: (a) the completion of activities and closure of two projects of the fourth tranche; and (b) reduced expenditures on the remaining two projects of the fourth tranche, and on all projects of the fifth tranche. It is normal for activities to slow down towards the end of project cycles. The implementation of five projects approved in 2007 under the sixth tranche of the Development Account began in mid-2008. Two additional projects for implementation by UNCTAD were approved in the framework of General Assembly resolution 62/238. With a total budget of \$3.5 million for the seven projects to be implemented by UNCTAD under the sixth tranche, UNCTAD could access some 20 per cent of the total resources of the sixth tranche. Another explanation for the reduced expenditures in 2008 under this section is that normally expenditures at the initial stage of the implementation of technical cooperation projects are low.

10. Project proposals for implementation under the seventh tranche of the Development Account (2010–2011) are currently under consideration by the General Assembly. The proposals include five projects for implementation by UNCTAD with an estimated total budget of \$3 million, in the areas of competition policy, trade in services, mainstreaming of gender in trade policy, debt management, and the inclusion of trade in the United Nations Development Assistance Framework (UNDAF).¹

¹ For further information, see <http://www.un.org/esa/devaccount>.

Chart 2. Trends in the mobilization of UNCTAD's technical cooperation, by source of funds, 1972–2008
(as a percentage of total project expenditures)



11. Resources under the Regular Programme of Technical Cooperation are provided for advisory services and training. The training component of these resources was mainly used to finance training activities that are being conducted on key international economic issues, in support of paragraph 166 of the UNCTAD X Plan of Action. In 2008, two regional training courses were organized, one in Minsk for countries with economies in transition, and one in Bahrain for West Asian countries; each was of three weeks' duration. A total of 42 participants attended the two regional courses. Moreover, with a view to strengthening interrelations between the secretariat's analytical work and the intergovernmental deliberations, and in the context of the implementation of paragraph 166 of the UNCTAD X Plan of Action, a series of six short courses on topical international economic issues was organized for the benefit of the staff of permanent missions in Geneva, as follows: Aid for Trade; adapting to the new energy reality; addressing the global food crisis; the global value chain; explaining the capital flow paradox; and trade and the environment.

D. Resources provided by the United Nations Development Programme

12. Expenditures on UNDP-financed projects accounted for 4 per cent of total delivery and amounted to \$1.6 million, accounting for 4 per cent of total expenditures. These were in support of country projects in Asia and the Pacific region (debt management in Bangladesh and customs modernization in Timor-Leste), and in Latin America and the Caribbean region (debt management in Guatemala and customs modernization in the Bolivarian Republic of Venezuela).

E. Financing of associate experts

13. In addition to the three main sources of financing referred to above, some donors supported UNCTAD's Associate Expert Programme, which functions under the Associate Expert Programme of the United Nations. In 2008, France, Germany and Italy contributed to eight associate expert posts.

14. The secretariat is very grateful to those donors that have traditionally supported this Programme, and hopes that they will continue to do so. Other participating donors in the

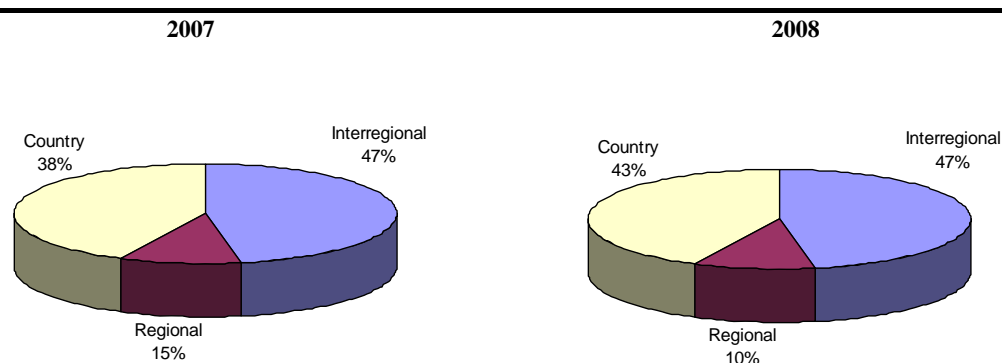
United Nations Associate Expert Programme may wish to consider including UNCTAD as one of the programme's beneficiary organizations. Some donors also finance associate experts who are nationals of developing countries. The programme allows young professionals to participate in the analytical and operational work of UNCTAD.

II. Allocation of technical cooperation resources

A. Structure of technical cooperation projects

15. UNCTAD technical cooperation continued to be provided on the basis of country, regional and interregional projects and programmes (see charts 3 and 4).

Chart 3. Technical cooperation expenditures, by type of project, 2007–2008
(as a percentage of total project expenditures)



1. Interregional projects

16. Interregional projects are thematic projects from whose activities different countries in different regions benefit. The major part of UNCTAD's technical assistance is delivered within the framework of these projects. In 2008, there were 110 active regional projects,² and they accounted for 47 per cent of total delivery. However, out of these 110 projects, 20 had expenditures of less than \$1000,³ and only 18 had expenditures of more than \$200,000. Trust funds are the major source of financing for interregional projects, and in 2008 they accounted for 90 per cent of total expenditures under these projects. The remaining 10 per cent was financed by the United Nations regular programme budget.

2. Regional projects

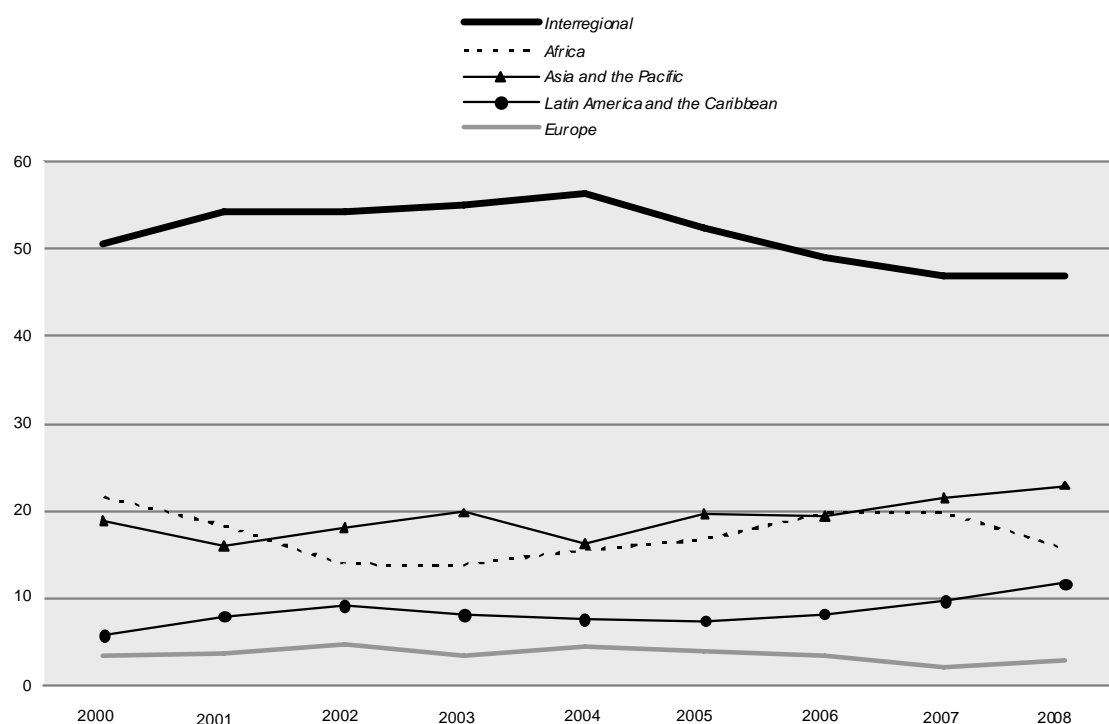
17. Regional projects support regional activities. Projects from whose activities more than one country in a region or subregion benefit also fall within this category. In 2008, expenditures on regional projects amounted to \$4 million, a decrease of about 16 per cent as compared to 2007. As a result, the share of regional projects in overall delivery – which in 2007 stood at 15 per cent – reduced to 10.4 per cent. This decrease is mainly attributable to the termination of activities of the Joint Integrated Technical Assistance Programme, and to reduced expenditures on an African regional project on developing local capacities for the identification of growth opportunities through resource mobilization, financed by resources from the fifth tranche of the Development Account. Major regional projects

² This figure includes eight projects financed by the United Nations regular programme, but excludes the Associate Expert Programme.

³ These are projects that are operationally closed but still open financially.

under implementation in 2008 included two subregional ASYCUDA projects in Africa, one TrainforTrade subregional project and one ASYCUDA subregional project in Asia and the Pacific, and a subregional project on competition law and policy in Latin America and the Caribbean.

Chart 4. Technical cooperation expenditure, by region, 2000–2008
(as a percentage of total yearly expenditure)



3. Country projects

18. In terms of volume, country projects are the second major form of UNCTAD technical cooperation. In 2008, total expenditures on country projects increased by \$4.3 million and amounted to \$16.3 million, representing an increase of 36 per cent over the previous year. Country projects accounted for 42.7 per cent of total delivery in 2008. The corresponding figure for 2007 was 38 per cent. Most country projects are either self-financed or financed by resources made available to UNCTAD under the bilateral aid programmes of certain donors.⁴ As mentioned earlier, all UNDP-financed projects are country projects. The major expenditures of the country projects implemented by UNCTAD relate to customs modernization and reform (ASYCUDA) and to debt management (DMFAS).

19. Expenditures on country projects increased in all regions. The increased country expenditures in Africa were due to increased expenditures on a TrainforTrade project in Angola, increased ASYCUDA project expenditures in Cameroon, Côte d'Ivoire and Guinea, and an investment-related project in Ethiopia. In Asia and the Pacific, increased expenditures on country projects were largely due to a doubling of expenditures on the trade and globalization project in India. With a total expenditure of \$2.5 million, this project accounted for 28 per cent of the expenditures of country projects in Asia and the Pacific. This project – financed by the United Kingdom's Department for International

⁴ This refers to the bilateral aid programme of both bilateral and multilateral donors.

Development through its bilateral aid programme – exemplifies the implementation of technical cooperation projects by UNCTAD through accessing the bilateral aid programmes of donors. Expenditures on country projects in Latin America and the Caribbean increased too, on account of initiation of activities of a customs reform project in Guatemala, and increased activities on ASYCUDA projects in Haiti and Puerto Rico.

B. Thematic and geographical distribution

20. More than three quarters of UNCTAD's technical cooperation activities were undertaken under five clusters of activities.⁵ Activities under cluster 12 (transport and trade facilitation) amounted to \$13.4 million and accounted for more than one third of UNCTAD's total delivery. Projects under this cluster provide technical assistance in the fields of trade logistics and of customs automation (through ASYCUDA). The second- and third-largest activities were undertaken under clusters 11 (debt management) and 1 (trade negotiations and commercial diplomacy), accounting for 15 and 12 per cent, respectively, of total delivery. Cluster 11 encompasses the activities of the Debt Management and Financial Analysis System (the DMFAS programme), consisting of (a) the core activities covering the development, maintenance and support of the products and services for enhancing the capacity of beneficiary countries to manage their public debt, and (b) the delivery of capacity-building products and services to countries through specific country projects. Projects and programmes implemented under cluster 1 are in support of enhanced trade negotiations and trade policy formulation capacities; accession to the World Trade Organization (WTO); trade in services for development; and market access, the Generalized System of Preferences, and other trade laws. One single country project (see the previous paragraph) accounted for 56 per cent of expenditures under this cluster. Technical assistance provided under cluster 7 (investment policies, treaties and facilitation) and cluster 14 (cross-divisional training and capacity-building) accounted for 8 and 6 per cent, respectively, of total delivery in 2008 (see tables 3 and 4).

21. Notwithstanding the 30 per cent increase in expenditures on country projects in Africa, overall expenditures on technical cooperation in Africa dropped by 4 per cent, mainly, as has already been indicated, on account of reduced expenditures on African regional projects. Africa's share in the total delivery of UNCTAD technical cooperation was 15.7 per cent, as compared to 19.8 per cent in 2007 (see table 4). Delivery in support of Asia and the Pacific increased by 30 per cent. As a result, the share of Asia and the Pacific increased from 21.4 per cent in 2007 to 22.9 per cent in 2008. Expenditures on technical assistance to Latin America and the Caribbean increased too, from \$3 million in 2007 to \$4.4 million in 2008. The share of Latin America and the Caribbean in total expenditures increased from 8.2 per cent in 2007 to 9.7 per cent in 2008. With respect to Europe, nine national projects with total expenditures of \$1 million were under implementation. These included ASYCUDA projects in Albania and Georgia, and a project on the Investment Policy Review of Belarus.

22. The data on geographical distribution should be read in conjunction with the information that has been provided in section A, and in particular with the discussions on regional and country projects. As indicated in last year's report,⁶ only expenditures on regional and country projects are taken into consideration for the calculation of regional shares. That is to say, only country-level and regional-level deliveries shape regional shares – as opposed to overall expenditures that also include interregional activities. In interpreting regional shares, it should be taken into account – as mentioned earlier – that most country projects implemented by UNCTAD are either self-financed or are financed through resources that are made available by donors in the context of their bilateral aid programmes. UNCTAD has no resources of its own for the delivery of operational

⁵ UNCTAD technical cooperation is grouped into 17 clusters. For the list of clusters, see table 3.

⁶ Paragraph 22 of TD/B/WP/202.

Table 3. Project expenditures by cluster, 2008
(in thousands of dollars)

Cluster	UNDP	Trust funds	Programme budget	Total	
				Amount	Percentage
<i>Cluster 1</i>					
Capacity-building on trade negotiations and commercial diplomacy.....	-	4 420	133	4 552	11.9
<i>Cluster 2</i>					
Trade analysis capacities and information systems	17	386	59	461	1.2
<i>Cluster 3</i>					
Commodity sector development and poverty reduction	-	1 472	-	1 472	3.8
<i>Cluster 4</i>					
Competition policy and consumer protection	-	750	-	750	2.0
<i>Cluster 5</i>					
Trade, environment and development.....	-	944	-	944	2.5
<i>Cluster 6</i>					
Trends, impacts and policies related to foreign direct investment (FDI) and transnational corporation (TNC) activities	-	431	110	542	1.4
<i>Cluster 7</i>					
Investment policies, treaties and facilitation.....	103	3 015	26	3 143	8.2
<i>Cluster 8</i>					
Enterprise development	6	501	83	590	1.5
<i>Cluster 9</i>					
Corporate transparency, accounting and insurance.....	-	415	-	415	1.1
<i>Cluster 10</i>					
Globalization and development strategies.....	-	117	56	173	0.5
<i>Cluster 11</i>					
Strengthening the debt management capacity of developing countries	416	5 299	-	5 714	14.9
<i>Cluster 12</i>					
Transport and trade facilitation	1 026	12 447	-	13 473	35.2
<i>Cluster 13</i>					
Information and communications technology (ICT) policies and applications for development	-	211	171	382	1.0
<i>Cluster 14</i>					
Cross-divisional training and capacity-building.....	-	2 097	174	2 271	5.9
<i>Cluster 15</i>					
Science, technology and innovation	14	193	45	252	0.7
<i>Cluster 16</i>					
Productive capacities in landlocked developing countries (LLDCs), small island developing States (SIDS) and structurally weak, vulnerable and small economies (SWVSEs)..	-	1 077	90	1 167	3.0
<i>Cluster 17</i>					
Strengthening support for trade mainstreaming into national development plans and/or poverty reduction strategy papers (PRSPs) in LDCs in the context of the Enhanced Integrated Framework for LDCs.....	-	336	-	336	0.9
<i>Cluster 18</i>					
Executive direction and management and support services ...	-	778	866	1 644	4.3
Grand total	1 580	34 890	1 812	38 283	100.0

activities, and its technical cooperation services are provided in the light of beneficiaries' requests and donors' concerns.

23. As part of its strategy in delivering technical cooperation services, UNCTAD assigns priority to LDCs. In 2008, technical assistance in support of LDCs increased by 20 per cent and amounted to \$15.7 million. The share of LDCs in total delivery was 41 per cent.

Table 4. Technical cooperation expenditure, by region and by cluster, 2005–2008
(in thousands of dollars)

	2005	2006	2007	2008	
	Amount	Amount	Amount	Amount	Percentage
Total	30 485	35 223	31 501	38 283	100.0
By region:					
Africa	5 103	6 985	6 249	5 997	15.7
Asia and the Pacific	5 975	6 841	6 748	8 774	22.9
Latin America and the Caribbean	2 265	2 887	3 056	4 480	11.7
Europe	1 155	1 241	701	1 056	2.8
Interregional	15 987	17 269	14 747	17 976	47.0
By cluster:					
Capacity-building on trade negotiations and commercial diplomacy				4 552	11.9
Trade analysis capacities and information systems				461	1.2
Commodity sector development and poverty reduction				1 472	3.8
Competition policy and consumer protection				750	2.0
Trade, environment and development				944	2.5
Trends, impacts and policies related to FDI and TNC activities ...				542	1.4
Investment policies, treaties and facilitation.....				3 143	8.2
Enterprise development.....				590	1.5
Corporate transparency, accounting and insurance.....				415	1.1
Globalization and development strategies				173	0.5
Strengthening the debt management capacity of developing countries.....				5 714	14.9
Transport and trade facilitation.....				13 473	35.2
ICT policies and applications for development				382	1.0
Cross-divisional training and capacity-building				2 271	5.9
Science, technology and innovation				252	0.7
Productive capacities in LLDCs, SIDSs and SWVSEs				1 167	3.0
Strengthening support for trade mainstreaming into national development plans and/or PRSPs in LDCs in the context of the Enhanced Integrated Framework for LDCs.....				336	0.9
Executive direction and management and support services.....				1 644	4.3
<i>Of which: LDCs</i>	<i>11 394</i>	<i>12 758</i>	<i>13 072</i>	<i>15 699</i>	<i>41.0</i>

III. Structure and functioning

A. Follow-up to intergovernmental decisions

24. The technical cooperation issues addressed in 2008 included activities aimed at implementing major provisions of the Accra Accord relating to technical cooperation. Paragraph 178 of the Accra Accord recommends that in order to ensure synergy among its three pillars, UNCTAD should “align more closely the thematic focus of its research and analysis, technical assistance and intergovernmental discussions”. Furthermore, paragraph 212 calls for the full integration of technical cooperation with the other two pillars. The implementation of this provision involves, among other things, a more balanced approach in the design and implementation of UNCTAD’s operational activities. UNCTAD technical cooperation traditionally revolves around policy analysis, human resources capacity-building and institutional capacity-building. Efforts are therefore being made to ensure that new technical cooperation projects fully respond to the above recommendations, by striking a balance between the above-mentioned three components

of UNCTAD technical cooperation, and also by ensuring that the work undertaken under technical cooperation is supportive of the research and analytical work of the secretariat and the work of intergovernmental bodies and that the research work feeds into technical cooperation work. Other major provisions of the Accra Accord in respect of technical cooperation include recommendations regarding improvements in the management of technical cooperation, fund-raising, and UNCTAD participation in the United Nations system-wide coherence. Implementation of these provisions requires further consolidation of the efforts and measures that have been introduced in the past few years in the management of UNCTAD's technical cooperation. In this connection, the terms of reference for the UNCTAD Project Review Committee were approved in 2008. The UNCTAD Project Review Committee is the interdivisional mechanism for making collegial decisions on UNCTAD technical assistance operations and fund-raising. The goals and scope of the Committee are: sharing and reporting of information, analyzing UNCTAD technical cooperation programmes, improving and streamlining procedures, supporting resource mobilization efforts, ensuring overall coherence, and enhancing the role of UNCTAD at the country level. The Project Review Committee meets on a regular basis. The members of the Project Review Committee are the focal points nominated by each division plus the Technical Cooperation Service.

25. Actions continued and important progress was made in support of the implementation of relevant United Nations General Assembly resolutions and of the Trade and Development Board's decisions on technical cooperation. In respect of the clustering of trust funds and the establishment of thematic trust funds, although some progress was made, further efforts are required. The question of clustering and the establishment of thematic trust funds were first raised in the context of the implementation of a recommendation contained in the "Report of the Panel of Eminent Persons on Enhancing the Development Role and the Impact of UNCTAD".⁷ Subsequently, and in support of the implementation of Trade and Development Board decision 492 (LIV), and in consonance with paragraph 217 of the Accra Accord, a series of consultations was held with member States. These consultations resulted in the identification of 17 clusters, reflecting areas in which UNCTAD has the mandate, capacity, and expertise to provide technical assistance services. At its September 2008 session, the Working Party on the Strategic Framework and the Programme Budget reviewed the 17 thematic clusters. In its decision 495 (LV), the Trade and Development Board welcomed the establishment of the 17 thematic clusters and invited donors to provide multi-year contributions to the thematic trust funds. Since then, the matter has been the subject of informal discussions with individual donors. UNCTAD's 2007 report on technical cooperation⁸ argued that, in order to function, the thematic trust funds should be able to attract multi-year, multi-donor contributions, and that donors willing to finance such trust funds should agree that their contributions can be pooled and commingled with those of other donors.

26. For some donors, merging their contributions into multi-donor trust funds may cause problems. In some cases, internal regulations governing development aid programmes do not allow the commingling of contributions with those of other donors. Moreover, some donors are interested in having detailed financial reports of the expenditures incurred under their contribution. Finally, the development aid programmes of some donors contain specific restrictions, for example with respect to priority countries. All of the above factors explain the limited progress in the process of establishing the thematic trust funds.

⁷ For details, see TD/B/W/195.

⁸ *ibid.*

Box 1. Some key figures on UNCTAD technical cooperation
(number)

	2007	2008
• Projects with expenditures*	296	262
• Multi-donor projects with more than five donors	21	21
• New trust fund projects started	47	38
• New projects started with a budget of less than \$200,000	24	18
• Interregional projects and programmes	131	121
• Regional projects and programmes	29	30
• Country-specific projects.....	136	110
• Country-specific projects for least developed countries only	51	48
• Projects financially closed.....	46	64
• Countries that made contributions	90	84
• Self-financing projects	62	58
• Projects financed by UNDP.....	29	15
• Projects financed solely by the European Community.....	14	10
• Financial reports sent to donors **	496	462
• Regional and interregional projects by division: 2007 – GDS 9; DITC 55; DITE 34; SITE 44; ALDC 8; EDM 10	160	
• Regional and interregional projects by cluster: 2008 – 1: 16; 2: 10; 3: 8; 4: 5; 5: 12; 6: 4; 7: 20; 8: 4; 9: 2; 10: 3; 11: 2; 12: 21; 13: 5; 14: 10; 15: 3; 16: 5; 17: 2; 18: 19;		151
• Total extrabudgetary contributions received.....	\$36,850,881	\$33,843,834
• Total extrabudgetary contributions from the top 10 bilateral donors	\$19,528,174	\$14,595,476
• ASYCUDA resources as a percentage of total expenditures	36%	35%
• DMFAS resources as a percentage of total expenditures	15%	15%

* Not all operational projects have expenditures in a given year.

** For multi-donor trust funds, each donor receives an individual report.

Note: Projects listed in this box had expenditures. They also include projects that are operationally terminated but are not yet financially closed.

B. Support for policymaking and the management of national economies

27. Technical cooperation activities are guided by the strategic and policy objectives set by relevant international decisions and recommendations, including those of UNCTAD conferences and of the Trade and Development Board, and are provided on the basis of UNCTAD's technical cooperation strategy.

28. There is no "one size fits all" approach to the trade-related technical assistance needs of countries and regions. Therefore, UNCTAD's technical cooperation responds to the varying needs of its beneficiary countries and regions, in accordance with their national development priorities. In consonance with this approach and with the provisions of UNCTAD's technical cooperation strategy, UNCTAD's technical assistance is demand-driven and tailor-made to beneficiaries' needs and requirements. In whichever form they are provided, the services seek to enhance the capacity of beneficiary countries in management of the economy as it relates to trade and development.

29. One very important feature of UNCTAD's technical assistance is the role that it plays in contributing to national economic governance in beneficiary countries. National

economic governance is narrowly defined as the structures and processes established in a country for the management of the economy. This definition encompasses putting in place: (a) the policy and regulatory/legislative frameworks for the management of the economy; (b) the capacity for the implementation of policies, regulations and laws; and (c) institutions for their enforcement. According to this definition, all three major features that characterize UNCTAD technical cooperation, i.e. policy analysis, human resources capacity-building and institutional capacity-building⁹ can help to better manage the national economy. The role that is played by UNCTAD technical assistance in addressing and promoting national economic governance should be assessed against the backdrop of the contribution that it makes in providing: (a) policy advice and assistance in all areas of its work¹⁰ to countries for the formulation of policies, laws and regulations; (b) programmes and projects for the creation and/or upgrade of institutions supportive of implementation and enforcement; and (c) training programmes carried out in the context of implementing capacity-creating or capacity-developing projects to manage the institutions set up to implement policies and enforce laws.

30. While some of UNCTAD's technical cooperation programmes offer assistance in all areas of national economic governance, as mentioned earlier, there are programmes that involve only some of these aspects. For example, UNCTAD's programme on competition policy and consumer protection law provides policy advice to developing countries on the formulation of competition policy and assists in drawing up regulations and laws on the subject; helps countries in setting up or upgrading a competition authority to oversee the implementation of policy and the enforcement of legislation; and provides training for the creation of the necessary capacity to perform tasks and duties related to competition law. Another example is the technical cooperation work that UNCTAD has provided for many years assisting countries in the formulation of trade and trade-related policies and in setting up and/or upgrading departments dealing with foreign trade, and providing institutional capacity programmes for the management of international trade – including participation in multilateral trade negotiations. UNCTAD's programmes of technical assistance on investment result in the formulation of measures conducive to investment facilitation and promotion; the preparation of investment policy reviews and investment guides; strengthened investment institutions, and, in particular, investment promotion agencies; and a strengthened negotiating capacity for countries to attract and benefit from foreign direct investment.

31. By contrast, there are programmes such as DMFAS (debt management) and ASYCUDA (customs reform) that are concerned mainly with institutional and human capacity-building. Both programmes develop software. DMFAS helps in the establishment and/or upgrading of debt offices – the government arm for the recording and management of debt – and provides training to debt offices in the use of the software and the functioning of debt offices. ASYCUDA assists by installing its software in customs offices – thus upgrading the institution – and training customs officers in the use of the system. From the perspective of economic governance, the installation and operation of ASYCUDA provides for an efficient customs administration, equipping it with the necessary tools for: (a) facilitating trade through simplified and reduced customs documentation and procedures; (b) increased government revenue collection; (c) promoting transparency and preventing fraud; and (d) the provision of reliable and timely trade and financial data – an important ingredient for economic and trade analysis and policy formulation.

32. Another set of UNCTAD technical assistance activities in support of economic governance is the identification, development and promotion of best practices, and the exchange and sharing of experiences among countries. UNCTAD sponsors, encourages,

⁹ Advocacy also features in many of UNCTAD's technical assistance programmes.

¹⁰ Sustainable development, trade, investment, and trade support services.

and helps to bring together the national offices, institutions, and authorities that are involved in and responsible for specific areas of national economic management. Participating in and/or organizing meetings of the World Association of Investment Promotion Agencies (WAIPA), and regional and subregional meetings of ASYCUDA, are examples of UNCTAD's encouragement of such processes and promotion of best practices.¹¹

33. Effective economic governance requires – among other things – close intra-governmental, inter-ministerial and inter-institutional collaboration. A well-functioning structure requires a leading entity for management and adequate budgetary provision, in order to retain the capacity that has been developed.

C. Contribution to system-wide coherence

34. Activities in support of United Nations reform and system-wide coherence continued vigorously.

35. UNCTAD's participation in the "Delivering as One" process was very much facilitated through several initiatives. These included: (a) the continuation of UNCTAD's leadership in the United Nations Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity; (b) UNCTAD's active participation in the United Nations Development Group (UNDG), and in particular with respect to the advocacy of trade-related assistance in the United Nations country assistance, and the United Nations development assistance frameworks (UNDAFs);¹² and (c) UNCTAD's leading role within UNDG on all matters concerning the participation of non-resident agencies in United Nations country plans. In addition to these activities, which have been undertaken since 2007, a new UNCTAD–UNDP memorandum of understanding was concluded in March 2009, with a view to establishing a new working framework between the two organizations.

36. The United Nations Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity, as an instrument and platform for contributing to United Nations reform and to system-wide coherence, was established in April 2007 and was officially launched by the United Nations Secretary-General during UNCTAD XII in 2008.¹³ The major focus of the Cluster is to ensure that the issues relating to trade and productive sectors are adequately taken into account in the "Delivering as One" process. In its short lifetime, it has become one of the most dynamic and successful interagency mechanisms. The Cluster has a flexible and open membership. The current members of the Cluster are: UNCTAD, the United Nations Industrial Development Organization, the Food and Agriculture Organization of the United Nations, UNDP, WTO, the International Trade Centre UNCTAD/WTO, the United Nations Environment Programme, the United Nations Office for Project Services, and the five United Nations regional commissions. The Cluster is coordinated by UNCTAD. In 2008, and in addition to its coordinating role at the country level, the Cluster helped its member agencies to take a common stand on many issues that were discussed and decided upon in UNDG, with a view to enhancing the scope and effectiveness of their technical cooperation services. In particular, the activities referred to under sections (b) and (c) of the previous paragraph were carried out in the context of the Cluster on Trade and Productive Capacity.

¹¹ For example, the World Association of Investment Promotion Agencies (WAIPA) was established following the founding meeting of high-level officials of investment promotion agencies held in April 1995 under the auspices of UNCTAD. UNCTAD is a member of the consultative committee of WAIPA. The General Assembly meetings of WAIPA are traditionally held at the time of the meeting of UNCTAD Commission on Investment.

¹² The UNDAFs contain the collective and strategic response of the United Nations country team to contribute to the development and the implementation of priorities within the national development plan, developed through an inclusive approach, covering the entire range of analytical, normative, technical and operational activities of the United Nations system, and including resident and non-resident agencies, funds, and programmes.

¹³ See TD/B/WP/202.

37. Although UNCTAD has a long history of providing technical assistance at the country level,¹⁴ two major factors had hitherto limited UNCTAD participation in country-level operations, namely that: (a) as a non-resident agency, UNCTAD could not effectively participate in the processes leading to the formulation, design and approval of technical assistance programmes at the country level; and (b) the guidelines for the preparation of UNDAFs hardly provided any entry point for the inclusion of economic, trade-related and investment-related issues in these instruments. Through UNCTAD-led initiatives, both of these issues were addressed in UNDG.

1. Issues related to non-resident agencies

38. With regard to non-resident agencies (NRAs), the subject has been a matter of concern for years and has been raised on several occasions, including in the context of UNDG. In 2006, a UNDG report identified the following obstacles faced by non-resident agencies to engaging in country-level development work and by resident agencies in accessing the knowledge and expertise of non-resident agencies: (a) capacity and resource constraints of both non-resident agencies and resident agencies; (b) commitment to involve non-resident agencies in country programming processes; (c) lack of systematic models of cooperation; (d) inadequate communications; and (e) coordination difficulties. The recommendations of the report resulted in the implementation of pilot phase of the NRA Implementation Plan, which included the establishment of the new position of NRA coordination analyst in 14 pilot countries in 2007. UNDG, at its January 2009 meeting, approved the NRA work plan for 2009–2011.¹⁵ The NRA work plan facilitates the implementation and monitoring of priority actions designed to enhance NRA involvement in country programming processes. Among other things, the work plan is expected to ensure: (f) that NRAs are engaged at an early stage in the programming process; (g) inclusion of guidance and sensitization on NRA issues in United Nations resident coordinators' induction workshops and coordination officers' workshops; and (h) that resident coordinators' job descriptions include linkages and accountability to NRAs and the mainstreaming of NRA functions into resident coordinators' offices. Furthermore, the work plan should ensure that "One Fund" arrangements are adequately flexible and allow NRAs access to potentially available resources.

39. In January 2009, UNDG also approved the "Guidance note on resident coordinator and United Nations country team working relations".¹⁶ This guidance note also spells out new relationships between the United Nations resident coordinators and NRAs. In that note, it is stated that the resident coordinator role and responsibilities include "representing and supporting inclusion of NRAs". The guidance note also requires that the resident coordinator and the United Nations country team should ensure inclusive measures to work closely with NRAs, to be fully informed of the mandate, priorities and requirements of the agency and to promote active partnerships in meeting national priorities.

2. Preparation of new United Nations development assistance frameworks

40. Another related issue addressed by UNDG in 2008 on which UNCTAD played a key role was the revision of the 2004 guidelines for the United Nations country team on preparing common country assessments and United Nations development assistance frameworks.¹⁷ The new guidelines offer flexibility to United Nations agencies to develop a coherent approach at country level that is relevant and responsive to country needs, and is inclusive with regard to the involvement and participation of all agencies, in accordance with national priorities. Among the important changes introduced in the new version, one is of particular importance for UNCTAD. The new guidelines provide for a more inclusive approach to ensure the full engagement of specialized and non-resident agencies in

¹⁴ In 2008, country projects accounted for 43 per cent of total UNCTAD delivery.

¹⁵ <http://www.undg.org/docs/9756/Background-document-item-h--NRA-work-plan.doc>

¹⁶ <http://www.undg.org/index.cfm?P=1074>. UNCT working relations.

¹⁷ <http://www.undg.org/index.cfm?P=16>. 2009 CCA/UNDAF guidelines.

national development programmes, and include specific provisions on assistance related to poverty-reduction strategies, growth, and productive capacity.

41. The steps undertaken so far provide for inclusion and a more comprehensive participation by UNCTAD in the “Delivering as One” exercise. However, the ability of UNCTAD to fully participate in the implementation of United Nations country programmes depends on its ability to finance UNCTAD country-specific operations and to access resources that are available for that purpose. Unearmarked contributions are vital in this regard, because they allow UNCTAD to participate in or lead interagency initiatives at the country level, according to national demands.

42. UNCTAD is involved in the eight One United Nations pilots. At the time of preparation of this report (June 2009), joint programmes¹⁸ designed within the CEB Inter-Agency Cluster on Trade and Productive Capacity¹⁹ and led by UNCTAD are being implemented in Cape Verde, Mozambique, Rwanda and Viet Nam. In Albania, UNCTAD is leading the preparation of a joint programme in cooperation with six United Nations agencies of the Cluster. Finally, in 2009, the One United Nations pilots of the United Republic of Tanzania and of Pakistan requested the assistance of UNCTAD, as the Cluster’s lead agency. During 2009, thirty-three countries are launching new United Nations development assistance frameworks based on the guidelines that have been revised in the context of the system-wide coherence process. UNCTAD is assisting the United Nations country teams in the design or the review of these new development assistance frameworks, by participating in training workshops and peer support groups organized by UNDG. In 2009, an increased number of countries are adopting a “Delivering as One” approach in these new United Nations development assistance frameworks. In this regard, many United Nations resident coordinators are requesting UNCTAD assistance to address government priorities on international trade issues at the country level. In 2009, UNCTAD initiated the design and implementation – within the Cluster – of joint programmes in Afghanistan, Bhutan, the Comoros, Ecuador, Indonesia, the Lao People’s Democratic Republic, Madagascar and Syria, amongst others.

IV. Evaluation

43. Follow-ups are an integral component of the evaluation process, as they contribute towards ensuring that programmes are moving in the right direction towards better meeting the needs of beneficiaries following the substantive guidance provided by the evaluation recommendations. In 2008, the Working Party examined the progress made on implementing recommendations from evaluations conducted in 2007 and 2006. In response to the in-depth evaluation of UNCTAD’s advisory services on investment (TD/B/WP/196), the secretariat has restructured and streamlined various activities and projects within this area of work, which have contributed towards the strengthening of UNCTAD’s advisory services on investment in terms of their relevance, efficiency, effectiveness and impact. With regard to UNCTAD’s trade-related technical assistance and capacity-building on accession to the World Trade Organization, the secretariat has made concrete efforts to mobilize donors’ support for the programme, and has also consolidated projects into multi-donor, multi-year thematic clusters in order to simplify UNCTAD’s financial structure and ensure a rapid response to the needs and concerns of acceding countries.

44. For 2009, as mandated by the Working Party, an in-depth evaluation on UNCTAD’s commodities programme is under way.

¹⁸ The “One United Nations” programme brings all the United Nations agencies together under one nationally owned strategy that draws on the full range of United Nations expertise.

¹⁹ <http://www.unsystemceb.org>

45. To promote accountability and the learning of lessons from projects funded by the Development Account, an external evaluation of all completed projects is conducted. To this end, an evaluation of UNCTAD's project on "Capacity-building for debt sustainability in developing countries" commenced in 2008. The evaluation concluded that the project met its objectives and added to the skills of debt management offices in debt sustainability analysis.

46. UNCTAD actively contributes towards efforts to strengthen the evaluation function within the United Nations system, through its participation in the United Nations Evaluation Group (UNEG). During 2008, UNCTAD continued to engage in the system-wide evaluation process on the "Delivering as One" pilot initiatives, coordinated by UNEG. UNCTAD was a member of the management group for this process, representing non-resident agencies, and led the evaluation team for one of the pilot countries, namely Albania.

47. UNCTAD was also co-chair of the Human Rights and Gender Equality Task Force within UNEG, which worked on the development of UNEG's "Guidance on How to Integrate Human Rights and Gender Equality in Evaluations". This guide aims to provide the United Nations system with practical support on how human rights and gender equality perspectives can be integrated in the various steps of the evaluation process. By improving the quality of United Nations evaluations, the guide will contribute to strengthening the role of evaluation as an agent of change, learning, decision-making and accountability, furthering the realization of human rights and gender equality.

V. Looking forward: conclusions and recommendations

48. The two-track approach for addressing technical cooperation-related issues in UNCTAD that was put in place in response to United Nations system-wide reform continued in 2008. Actions were taken at UNCTAD level in support of the implementation of UNCTAD XII, of the decisions of the Trade and Development Board, and of other related intergovernmental decisions and recommendations. UNCTAD involvement at the United Nations level was, in particular, in support of the "Delivering as One" reform process and system-wide coherence. Important progress was made at both levels. At the level of UNCTAD, while activities continued in support of the implementation of projects and programmes, important policy measures were introduced and adapted to improve the management and the organization of technical cooperation, with a view to increasing the impact and sustainability of projects' activities. Activities at the United Nations level were, however, mainly in support of putting in place the necessary institutional mechanisms and arrangements for a more meaningful participation by UNCTAD in the implementation of country projects within the framework of "Delivering as One".

49. Notwithstanding the increase in delivery, and important progress in the implementation of the Accra Accord and of Trade and Development Board decision 495 (LV), progress with respect to the process of consolidation of projects and thematic trust funds has been slow. In its decision 495 (LV), the Trade and Development Board urged the secretariat to provide administrative information on trust funds, and urged donors to provide the secretariat with the required financial instructions for the establishment of multi-donor trust funds and the closing of completed projects.²⁰ In compliance with the above provision, the secretariat, in the context of the annual exercise of submitting financial reports on the projects to donors, provided the necessary information and proposals for the consolidation of projects. At the time of preparation of this report (June 2009), only a few donors had provided the secretariat with the necessary instructions.

50. The principal drawback in the process of establishing the thematic trust funds is the difficulties that are associated with the financial consolidation of projects. The

²⁰ See paragraph 5 of decision 495 (LV).

consolidation of projects requires the commingling of contributions, which entails donors' consent. To move the process forward, it might prove useful to organize a retreat with the participation of beneficiaries, donors and the secretariat. Such a retreat should, first and foremost, address difficulties and find solutions with respect to the implementation of recommendations regarding the establishment of thematic trust funds. It is highly recommended that representatives from the development aid agencies of the traditional and main UNCTAD donors attend the proposed retreat.

51. The scope and the focus of future UNCTAD technical assistance for 2010 and beyond will be determined by the translation into action of recent initiatives of the United Nations Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity, and of UNDG decisions with respect to the inclusion of trade and productive capacity issues into United Nations development assistance frameworks. The extent and focus of UNCTAD technical cooperation will also be influenced by the activities to be undertaken within the framework of the preparatory process for the fourth United Nations Conference on LDCs to be held in 2011,²¹ and by the outcome of the Conference itself. It is particularly in this connection that the relationship between UNCTAD technical assistance in favour of LDCs, the enhanced Integrated Framework, and "Delivering as One" should be carefully weighed. The Working Party may wish to address this issue in light of the implementation of General Assembly resolution 63/227, which, inter alia, requested the Secretary-General to ensure the full involvement of resident coordinators and country teams in preparations for the Fourth United Nations Conference on LDCs – especially the country-level and regional-level preparations. The possibilities for the implementation of mutually supportive activities, including activities under "Delivering as One" that would be supportive of this conference, and for the inclusion of activities in the preparatory process supportive of "Delivering as One" for LDCs, should be examined in detail.

52. Given the important results of the United Nations Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity in system-wide coherence at the country level, the Board may wish to request the secretariat to sound out and discuss – within the trade and productive capacity cluster – the possibilities of replicating "Delivering as One" at the regional and subregional levels, and report to the Trade and Development Board. As its first test, the extension of cluster activities will be particularly important with respect to the preparatory process for the Fourth Conference of the Least Developed Countries. The above-mentioned resolution requests the Secretary-General of the United Nations to ensure the active involvement of the United Nations system in the preparatory process for the Conference in a coordinated and coherent manner.

53. There are features of UNCTAD technical cooperation that are worthy of further insightful examination, i.e. its contribution to "national economic governance", coordination of activities with other agencies and entities that are providers of trade-related technical assistance, and the role that UNCTAD technical cooperation plays in promoting South–South cooperation. The Working Party may wish to address these issues in more detail. Given their weak institutional capabilities, the impact of UNCTAD technical assistance on improving national economic governance has been much more pronounced in LDCs and in post-conflict and structurally weak economies.

54. UNCTAD technical cooperation, both conceptually and in terms of its activities, is supportive of South–South cooperation. Beneficial results are derived from the implementation of specific mandated activities that promote economic cooperation among developing countries and South–South cooperation.²² At the conceptual level, the modalities in which UNCTAD technical cooperation is provided – e.g. the utilization of resources available in developing countries for the implementation of project activities – also help in promoting South–South cooperation. It seems, however, that there is room for

²¹ See General Assembly resolution 63/227.

²² Examples of such activities are UNCTAD's work in the areas of regional integration, GSTP, and enterprise development.

further support for South–South cooperation, at the conceptual level, through the extension of existing and/or the use of additional instruments, mechanisms, and modalities for the conduct of technical cooperation.²³

55. In the delivery of its technical cooperation services, UNCTAD collaborates with a number of agencies and entities that are providers of trade-related technical assistance, and with regional and subregional institutions. The major and explicit benefit of such cooperation is that while it brings together the competencies of various implementing agencies, it deals with the multi-dimensional aspects of issues involved.

56. Conventionally, the role of interagency and inter-institutional cooperation in the provision of technical assistance services is one of avoiding duplication and creating synergies. Developments in the past few years – in particular with respect to the multiplicity of issues involved in development and trade-related technical assistance – have, however, necessitated a departure from the culture of cooperation, to one of coordination and partnership. Under this new approach, coordination not only aims at avoiding duplication and creating synergies; it is also a process in which the participating agencies and providers of development and trade-related technical assistance bring in their expertise in addressing the multi-dimensional aspects of the issues involved. The coordination approach also involves a sequencing of the activities of different implementing agencies and institutions, and therefore leads to better results. Coordination, therefore, involves all steps, from joint planning and programming to joint implementation and evaluation. With this in view, more coordinated actions are now part of the working routine among the member agencies of the cluster on trade and productive capacity.

57. The future shape of economic multilateralism will determine the role of the Cluster in the years to come. Irrespective of the kind of institutional changes that will be introduced in the United Nations system, the current strong trend towards more coherence and interagency coordination will call for a strengthened role for the Cluster. This refers, in the first place, to the current role of the Cluster regarding operations and policies in the area of trade-related assistance. But very soon, the Cluster will need to establish bridges between its initiatives at the operational level and the policy and analytical work within all relevant United Nations bodies. Moreover, the Cluster should be able to promote a vision of development that is more centred on the interface between international and domestic economic dimensions, with trade and productive capacity at its cornerstone.

58. The Cluster will continue to address – within the UNDG machinery – issues related to new rules and practices governing the functioning of the United Nations system at the country level. It would aim at achieving the effective inclusion of all available expertise within the United Nations system in the country plans, according to national demands, and would advocate interrelationships between trade and productive capacity and development strategies issues, and their treatment by both the United Nations entities and the Bretton Woods institutions.

²³ Examples include advocating additional functions to existing forums such as WAIPA, and the establishment of similar forums in other areas of activities, as appropriate; systemization of best practice; and more systematic replication of use of ICT by developing countries.