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**REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD**

*Report by the Secretary-General of UNCTAD*

**Executive summary**

In 2002, bilateral and multilateral contributions to UNCTAD trust funds increased by 15 per cent over the previous year, thanks to a 32 per cent increase in bilateral contributions by developed countries that accounted for some 70 per cent of such contributions. UNCTAD technical cooperation expenditures contracted by about 6 per cent. There have been some changes in the pattern of geographical distribution of expenditures. The share of Africa decreased, and the share of Asia and the Pacific, and Latin America and the Caribbean, recorded an increase. There have been positive developments with regard to creating greater coherence for delivery of trade- and investment-related technical assistance. Efforts are underway at both United Nations and UNCTAD levels in that regard. UNCTAD is involved in an exercise for the implementation of a proposal related to technical cooperation in the United Nations Secretary-General's report on a "Strengthening of the United Nations: An agenda for development". A new financial and administrative framework agreement was signed between the United Nations and the European Commission. It provides further flexibility over previous ones with regard to the administration of joint activities. Moreover, UNCTAD has been identified as one of the ten pre-selected strategic partners of the European Commission. The Memorandum of Understanding concluded in April 2003 between UNCTAD and WTO is intended to deepen and give practical effect to the strategic partnership between the two organizations for the implementation of the Doha work programme. The first phase of JITAP was concluded and the second was launched in early 2003. Eight new countries joined the programme. Progress is being made in the implementation of the Integrated Framework. While capacity building continued to be the major thrust of operational activities, special attention will be given to its full integration into UNCTAD's operational activities. With regard to the future, UNCTAD will continue to provide technical assistance services, in areas of its competence and comparative advantage, to beneficiary countries and regions, with a special focus on capacity building. Activities will be supportive of the implementation of the relevant targets of the Millennium Development Goals, and recommendations of global conferences.

## CONTENTS

	<i>Page</i>
Introduction .....	3
I. Trends in mobilization of resources and delivery, and latest developments .....	3
A. Trends in resource mobilization .....	3
B. Trends in delivery .....	4
C. Towards a greater coherence .....	6
D. Evaluation .....	9
E. Capacity building .....	9
II. Future orientation of UNCTAD technical assistance .....	10
A. Introduction .....	10
B. Division on Globalization and Development Strategies .....	12
C. Division on Investment, Technology and Enterprise Development .....	14
D. Division on International Trade in Goods and Services, and Commodities ..	15
E. Division for Services Infrastructure for Development and Trade Efficiency	16
F. Special Programme for Least Developed, Landlocked and Island Developing Countries .....	17
III. Conclusions and recommendations .....	18

### Tables

1. UNCTAD trust fund contributions, 1996–2002 .....	4
2. UNCTAD's total expenditure on technical cooperation, and source of funds, 1990, 1995–2002 .....	6
3. Technical cooperation activities, by Division/Programme, as of 31 December 2002	10
4. Technical cooperation expenditure, by region and by programme, 1999-2002 ..	12

### Charts

1. Trends in mobilization of UNCTAD's technical cooperation, by source of funds, 1972–2002 .....	5
2. Origin of trust fund contributions, 2002 .....	7
3. Expenditure by source of funds, 2002 .....	7
4. Technical cooperation expenditure, by region, 1996–2002 .....	13

## INTRODUCTION

1. The present report is intended to facilitate the Trade and Development Board's annual policy review of the technical cooperation activities of UNCTAD in 2002. 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 will also be submitted to the Working Party on the Medium-term Plan and the Programme Budget for its forthcoming review of technical cooperation activities undertaken by UNCTAD in 2002. The results of the Working Party review will be before the Board.

### I. TRENDS IN MOBILIZATION OF RESOURCES AND DELIVERY, AND LATEST DEVELOPMENTS

#### A. Trends in resource mobilization

3. UNCTAD technical cooperation activities continue to be financed from three main sources: trust funds, UNDP and the programme budget of the United Nations.

4. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, NGOs, the enterprise sector and foundations. About 55 Governments and a score of multilateral and other organizations contributed to UNCTAD trust funds in 2002. Contributions to those funds amounted to \$20.7 million, reflecting an increase of 15 per cent compared with the previous year (see table 1 and chart 2). This increase is largely attributable to a 32 per cent increase, over the previous year, in contributions by developed countries that amounted to \$14.2 million, the largest ever contribution by developed countries to UNCTAD technical cooperation programmes in a single year. It constituted 69 per cent of total contributions to UNCTAD trust funds.

5. Contributions to trust funds by developing countries and countries with economies in transition take the form of general support or self-financing arrangements. The latter are in support of individual country projects and are generally financed either from domestic budget resources or by utilizing the proceeds of loans or grants from the World Bank and regional development banks. The share of direct financing by developing countries and countries in transition for UNCTAD technical cooperation amounted to \$3.8 million in 2002. The total share of contributions from developing countries and countries in transition amounted to 20 per cent of total trust fund contributions.

6. Contributions by multilateral donors amounted to \$2.3 million in 2002 and accounted for 11 per cent of total contributions to trust funds. The European Commission's share accounted for about 60 per cent of multilateral donors' contributions.

7. Programme budget resources are provided under the regular programme of technical cooperation and the Development Account, respectively Sections 21 and 33 of the United Nations Programme Budget. Four projects financed under the third tranche of the Development Account became operational in 2002, with a total budget of \$2.7 million. The

projects are for (a) capacity building on key issues on the international economic agenda; (b) capacity building in developing countries to attract and benefit from international investment; (c) capacity building through training in dispute settlement in international trade, investment and intellectual property; and (d) institutional capacity building for competition law and policy. Four new project proposals under the fourth tranche of the Development Account, with a total budget of \$2.6 million, have been submitted for the biennium 2004-2005. They are as follows: (a) capacity building for debt sustainability in developing countries; (b) strengthening capacity in developing countries for meeting Millennium Development Goals (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; (d) capacity building of developing countries' investment promotion agencies in investment promotion through public-private partnership and the negotiation of international investment agreements. Should the General Assembly approve the four proposals above, UNCTAD would access, for the third consecutive tranche, one fifth of all resources of the Development Account.

8. In addition to voluntary contributions made available to UNCTAD in the context of multilateral aid programmes, a number of important country projects that were formulated and whose implementation initiated in 2002 or early 2003 were funded from the bilateral aid programmes.

TABLE 1  
**UNCTAD trust fund contributions, 1996-2002<sup>a</sup>**  
*(In thousands of US dollars)*

	1996	1997	1998	1999	2000	2001	2002
Developed countries' contributions .....	12 732	5 991	9 373	7 863	13 312	10 744	14 243
<i>of which associate experts</i> .....	(518)	(873)	(729)	(505)	(632)	(1 100)	(714)
Developing and transition countries – general contribution .	1 012	996	624	1 195	639	378	320
Developing and transition countries – self sustained <sup>b</sup> .....	2 229	1 092	2 070	938	2 330	4 819	3 822
European Commission .....	5 634	3 821	3 527	1 139	675	551	1 374
Other multilateral <sup>c</sup> .....	272	905	1 055	1 758	594	956	675
Foundation/miscellaneous .....	135	464	557	742	1 127	589	271
<b>Total</b> .....	<b>22 014</b>	<b>13 270</b>	<b>17 207</b>	<b>13 635</b>	<b>18 677</b>	<b>18 037</b>	<b>20 705</b>

<sup>a</sup> Exclusive of third-party cost-sharing contributions through UNDP.

<sup>b</sup> For activities in their own countries, financed from domestic budget resources or through loans from the World Bank and regional development banks.

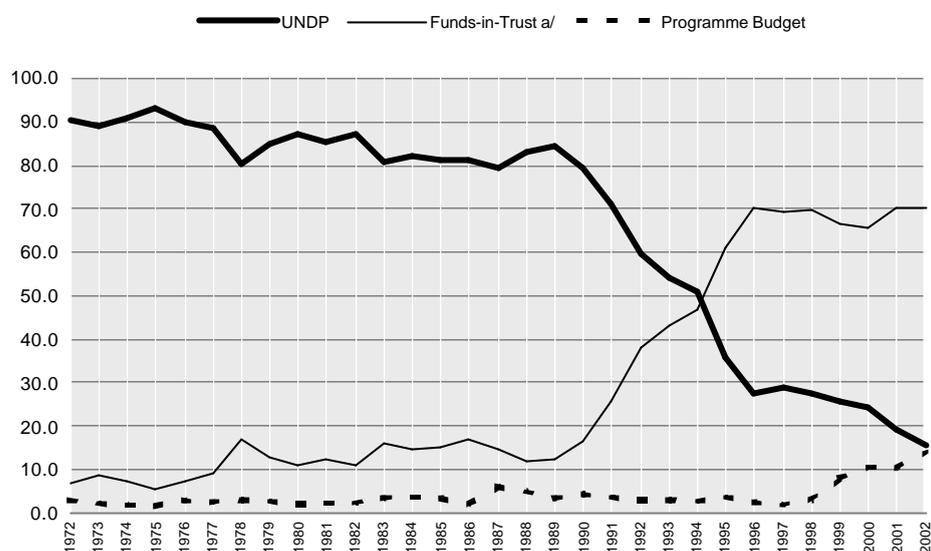
<sup>c</sup> For details see table 6 of the statistical annex (TD/B/50/2/Add.2 - TD/B/WP/163/Add.2).

## B. Trends in delivery

9. UNCTAD technical cooperation expenditures from all sources amounted to \$21.8 million in 2002, reflecting a 5.9 per cent decrease in delivery compared with 2001 (see table 2 and chart 3). This decrease in expenditures is due to a drop in expenditures on UNDP-supported projects, and projects financed by trust funds, each of them contracted by about \$1 million. Notwithstanding the decrease in absolute terms, projects financed by trust funds accounted for 70 per cent of overall expenditures of UNCTAD technical cooperation. The downward trend in UNDP's share in overall expenditures that started in 1990 continued, reaching 15.5 per cent in 2002. Expenditures from the regular budget accounted for 14 per cent of overall expenditures.

CHART 1

**Trends in mobilization of UNCTAD's technical cooperation, by source of funds, 1972-2002**  
*(Per cent of total yearly contribution)*



<sup>a</sup> Includes expenditures for UNFIP and Associated Experts.

10. UNCTAD continued to provide technical assistance in all four main areas of its work. In 2002, major programmes of technical assistance in order of expenditures were ASYCUDA, investment policies and capacity building, the DMFAS programme, trade negotiations and commercial diplomacy, trade logistics, technology and enterprise, and trade and environment (see table 3).

11. UNCTAD technical cooperation activities continued to be carried out on the basis of specific country projects, and regional and interregional projects. While there has been an increase in overall expenditures on country projects, expenditures on regional projects contracted sharply. The share of interregional projects in the overall delivery of projects in 2002 remained unchanged and represented 54.4 per cent. Delivery of country projects increased and represented about 39 per cent of total delivery, while regional projects experienced a sharp decrease, accounting for only 6.5 per cent of total expenditures.

12. There have been some changes in the pattern of geographical distribution of activities (see table 4 and chart 4). Notwithstanding a 60 per cent increase in expenditures of country projects financed by trust funds, Africa's share declined from 18 per cent in 2001 to 14 per cent in 2002, mainly on account of a sharp decrease in regional projects' expenditures, and reduced expenditures on UNDP-financed projects, both at the country and the regional level. In 2001, expenditures on regional projects accounted for one third of total country and regional projects in Africa. The corresponding figure for 2002 is 12 per cent. The latter is explained by the fact that a number of regional projects were completed and certain projects had reached the maturity phase. Project expenditures in Asia and the Pacific, and Latin America and the Caribbean, increased. Their share for Asia increased from 16 per cent in 2002 to 18 per cent, and for Latin America from 7.9 to 9.2 per cent.

13. LDCs continue to be the major beneficiaries of UNCTAD technical cooperation. However, expenditures in their favour declined in 2002 to \$6 million as compared with \$10 million in 2001. Consequently, their share in overall expenditures on technical cooperation dropped to 29 per cent. This decline is due to reduced expenditures – on inter-country projects concerning only LDCs and on regional projects mainly in Africa and Asia. Reduced expenditures of inter-country projects concerning only LDCs are the results of the completion of a number of activities that were initiated in support of the Third United Nations Conference on the Least Developed Countries and its preparatory process.

TABLE 2  
**UNCTAD's total expenditures on technical cooperation, and source of funds, 1990, 1995-2002**  
*(In millions of US dollars)*

	1990	1995	1996	1997	1998	1999	2000	2001	2002
UNDP .....	17.4	7.8	6.1	6.8	6.0	6.5	5.8	4.5	3.4
Trust funds <sup>a</sup> .....	3.6	13.4	15.8	16.1	15.2	16.9	15.8	16.3	15.3
Programme budget .....	0.6	0.8	0.5	0.4	0.6	2.0	2.5	2.4	3.1
<b>TOTAL .....</b>	<b>21.6</b>	<b>22.0</b>	<b>22.4</b>	<b>23.3</b>	<b>21.8</b>	<b>25.4</b>	<b>24.1</b>	<b>23.2</b>	<b>21.8</b>

<sup>a</sup> Includes expenditures for UNFIP and Associate Experts.

### C. Towards a greater coherence

14. UNCTAD's technical cooperation services continued to be provided in close cooperation and collaboration with other agencies and entities providers of trade- and investment-related technical assistance. This section provides information on the latest developments in this regard. It also contains information on developments related to two major programmes that are being implemented jointly by UNCTAD and other agencies. Information on in-depth evaluation of UNCTAD technical cooperation programmes and in particular on the follow-up to thematic evaluation on capacity building is also contained in this section.

15. In the report of the United Nations Secretary-General entitled "Strengthening of the United Nations: An agenda for further change" (document A/57/ 387), technical cooperation provided by the United Nations was identified as one of the areas for which clarification of roles and responsibilities among various United Nations entities is required. In that connection, Action 15 of the report proposes that a document clarifying roles and responsibilities in the area of technical cooperation be prepared by September 2003. In this respect, the following guiding principles would be applied: (a) lead responsibility for a given issue or activity should rest with the entity best equipped substantively to assume it; (b) entities in the lead on a given issue or activity should work in close collaboration with the rest of the United Nations rather than attempt to duplicate expertise available elsewhere in the organization; (c) more systematic efforts should be made to draw on the vast reservoir of knowledge and expertise that exists outside the United Nations system; and (d) technical cooperation should be delivered to the maximum extent possible by the entities that have an established field presence and experience. Secretariat entities should provide policy guidance and expertise, as appropriate.

CHART 2

**Origin of trust fund contributions, 2002**  
*(Percentage of total contribution)*

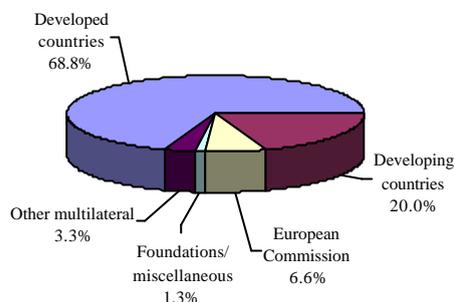
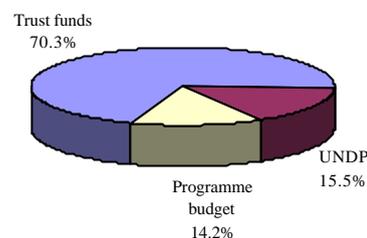


CHART 3

**Expenditure by source of funds, 2002**  
*(Percentage of total expenditure)*



16. For the purpose of the preparation of the report to be submitted to the General Assembly, a consultant is carrying out a review of activities of various parts of the United Nations. UNCTAD is involved in this exercise both through discussions with the consultant and in the context of EC-ESA. The latter identified ten clusters of activities for this exercise, which are the same as those defined for the purpose of the review of UN activities in economic and social areas in the context of the draft Programme Budget 2004-2005. Clusters of direct relevance to UNCTAD include trade; macroeconomic analysis, finance and external debt; and science and technology for development.

17. The financial and administrative framework agreement signed between the United Nations and the European Community in May 2003 set out the framework for the United Nations and the European Community to enhance their cooperation, including programmatic partnership. This agreement provides further flexibility over previous ones with regard to administration of projects financed by the European Commission and implemented by the United Nations. Indeed, this framework agreement is a complete rethink of the relationship between the United Nations and the European Union, in which partners pursue a shared and common goal as a strategy. Moreover, on the basis of its earlier performance, UNCTAD has been identified as one of the ten pre-selected strategic partners of the European Union. Other pre-selected partners are UNDP, FAO, ILO, WHO, UNHCR, WFP, UNICEF, UNIDO and UNRWA.

18. A Memorandum of Understanding was signed in April 2003 between UNCTAD and WTO with a view to deepening and giving practical effect to the strategic partnership between the two organizations for the implementation of the Doha work programme, ensuring that trade serves development goals, and for assisting the beneficial integration of the developing countries into the global economy and multilateral trading system. The Memorandum outlines fields and forms of cooperation, agreed activities, and administrative and financial modalities applicable to cooperation.

19. The Doha Development Agenda Trade-Related Technical Assistance and Capacity Building Database (DDADB), established by the WTO jointly with the OECD, provides information on trade-related technical assistance and capacity-building projects. It covers national as well as regional and interregional projects. About 25 agencies, including UNCTAD, and 33 countries provide information on trade-related technical assistance. The Database aims at helping providers of technical assistance to achieve higher degrees of

coordination and coherence, avoid duplication, share information and monitor the implementation of commitments. The Database should also be a tool to help beneficiary countries manage their technical assistance priority needs, identify gaps in their national needs, reinforce their participation and ownership of the process, and avoid overlap and duplication. The Database is currently being updated to cover 2002 and 2003 projects, in advance of the WTO Cancún Ministerial Conference.

20. The first phase of the Joint Integrated Technical Assistance Programme to selected least developed and other African developing countries (JITAP) was concluded in December 2002. The programme is an integrated response of ITC, UNCTAD and WTO, in collaboration with interested donors, to building human, institutional, policy and export strategy capacities in African countries to better understand and manage their participation in the multilateral trading system. The beneficiaries in the first phase of JITAP were Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, the United Republic of Tanzania and Uganda.

21. A second phase of JITAP was launched in January 2003 for four years. Eight new countries – Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal, and Zambia – joined the eight original countries. Under this phase, the capacity in partner countries is to be built or strengthened in three main areas, namely trade negotiations, implementation of WTO agreements and related trade policy formulation; national knowledge base on the multilateral trading system (MTS); and supply capacity and market knowledge of exporting and export-ready enterprises to derive benefit from business opportunities presented by trade liberalization under the emerging MTS.

22. The Integrated Framework Programme for Trade-Related Technical Assistance to least developed countries (IF) was pursued and extended last year. The IF diagnostic work has been initiated in a number of countries, including Burundi, Djibouti, Eritrea, Ethiopia, Guinea, Lesotho, Malawi, Nepal, Mali, Senegal and Yemen. There has, however, been a shared concern that follow-up to the diagnostic phase of the IF is not fully satisfactory. The donor countries' recent initiative to find an interim solution to the post-DTIS (Diagnostic Trade Integration Studies) follow-up has resulted in an agreement among all the IF partners on terms and conditions for the use of Window II of the Integrated Framework Trust Fund. This would now ensure the financing of priority projects during the phase between the completion of the DTIS and accessing funding through the World Bank Consultative Groups, and UNDP Round Tables, the fund-raising mechanism for the implementation of technical assistance programmes and projects, identified as a result of the DTIS exercise. Window II is seen as a quick disbursing, bridging mechanism to overcome the delays and uncertainty facing immediate post-DTIS follow-up.

23. Mainstreaming trade into national development strategies is another objective of the IF. LDCs are expected to integrate ("mainstream") trade policy into their overall development plans and strategies, including PRSPs. Their capacities to do so, as well as their capacities to monitor the IF process in general, are often tested through the IF implementation. UNCTAD is currently designing a proposal for "pre-diagnostic activities" for LDCs, which have applied to participate in the IF. These activities will aim at strengthening the national capacities of the beneficiaries to own and monitor the IF process, as well as design and implement with their development partners measures that will ensure that trade policy and trade-related capacity building effectively makes the maximum contribution to growth and poverty reduction strategies.

#### **D. Evaluation**

24. Preparation of in-depth evaluation studies on UNCTAD technical cooperation programmes has continued. In line with the Working Party decision, this year's in-depth evaluation is on the programme for trade, environment and development. The report will be submitted to the Working Party in September 2003. In addition, several project evaluations have been carried out at the request of the donor/s or in accordance with the relevant project documents. The report on the implementation of recommendations of in-depth thematic evaluation on capacity building will be dealt with in the context of the implementation of the Board decision 472 (XLIX), and the agreed conclusions of the Working Party at its 39<sup>th</sup> session (see section on capacity building).

#### **E. Capacity building**

25. The UNCTAD X Plan of Action recommended that technical cooperation focus on capacity building to assist developing countries' integration into the global economy and that UNCTAD's existing capacity-building programmes be strengthened. In consonance with that recommendation, there was a special focus in UNCTAD's technical cooperation programmes on building human and institutional capacity in beneficiary countries. Further efforts are continuing to ensure that capacity building is the major thrust of UNCTAD technical assistance programmes. The following paragraphs in this section provide some examples in this regard.

26. In July 2002 UNCTAD organized a one-day retreat on capacity building. The retreat that discussed issues pertaining to capacity building in the areas of trade, investment and development, provided a forum for informal exchanges of views between beneficiaries, donors and the secretariat staff involved in technical cooperation programmes.

27. Capacity building was also the subject of last year's in-depth evaluation of UNCTAD's technical cooperation activities. Paragraph 4 of the agreed conclusions of the 39<sup>th</sup> session of the Working Party requested the secretariat to initiate a process of consultations with member States with a view to integrating into its technical cooperation strategy the appropriate elements arising from the thematic evaluation of capacity building, as contained in document TD/B/WP/155. Those consultations were carried out in conjunction with consultations requested in the Board decision 472(XLIX). These are related to the implementation of recommendations of the internal review of UNCTAD technical cooperation, and to the preparation of a note by the secretariat on a possible UNCTAD approach to capacity building. The outcome of the consultations was reported to the Working Party in May 2003. On that occasion, the Working Party was also briefed on the recent initiative of the Secretary-General of UNCTAD with regard to a more integrated approach to capacity building in trade, investment and development in UNCTAD. In the agreed conclusions of the second part of the 40<sup>th</sup> session, the Working Party took note of the information provided by the secretariat in document TD/B/WP/161 and of the indication that a new strategy for UNCTAD's technical cooperation would be prepared and presented to the Working Party at its 41st session for consideration by member States. On the basis of consultations carried out since May 2003, the Working Party will have before it at its session in September 2003 a note on a possible UNCTAD approach to capacity building, as well as the draft of the new UNCTAD strategy on technical cooperation.

TABLE 3  
**Project expenditures by Division/Programme, as of 31 December 2002**  
*(In US dollars)*

Division/Programme	UNDP	Trust funds <sup>a</sup>	Programme budget	Total	
				Amount	%
<b>GDS: Total</b> .....	<b>648 834</b>	<b>2 080 791</b>	<b>87 893</b>	<b>2 817 518</b>	<b>12.9</b>
Macroeconomic and development policies .....	-	111 448	-	111 448	0.5
DMFAS Programme .....	648 834	1 893 886	87 893	2 630 613	12.0
Special programmes .....	-	75 457	-	75 457	0.3
<b>DITC: Total</b> .....	<b>258 556</b>	<b>3 371 011</b>	<b>764 719</b>	<b>4 394 286</b>	<b>20.1</b>
Trade analysis .....	18 986	236 252	-	255 238	1.2
Trade negotiations and commercial diplomacy .....	208 237	1 559 023	126 984	1 894 244	8.7
Commodities .....	-287	116 679	396 699	513 091	2.4
Trade, environment and development .....	-4 249	992 457	-	988 208	4.5
Competition law and policy and consumer protection .....	35 869	466 600	241 036	743 505	3.4
<b>DITE: Total</b> .....	<b>291 404</b>	<b>3 671 101</b>	<b>297 384</b>	<b>4 259 889</b>	<b>19.5</b>
Investment issues analysis .....	33 589	479 444	-	513 033	2.3
Investment policies and capacity building .....	189 056	2 268 297	297 384	2 754 737	12.6
Technology and enterprise .....	68 759	923 360	-	992 119	4.5
<b>SITE: Total</b> .....	<b>1 924 984</b>	<b>5 436 009</b>	<b>647 624</b>	<b>8 008 718</b>	<b>36.7</b>
Trade logistics .....	118 016	1 340 959	-	1 458 975	6.7
ASYCUDA .....	1 545 426	3 601 183	-	5 146 609	23.6
Information and training .....	86 958	13 627	221 856	322 441	1.5
Human resource development .....	-	139 746	-	139 847	0.6
TrainForTrade.....	-	259 505	-	259 505	1.2
Trade Points .....	64 583	80 989	-	145 572	0.7
Electronic commerce .....	110 001	-	425 768	535 769	2.5
<b>LDCs: Total</b> .....	<b>43 671</b>	<b>321 747</b>	<b>-</b>	<b>365 418</b>	<b>1.7</b>
<b>Cross-divisional Advisory Services: Total</b> .....	<b>-</b>	<b>-</b>	<b>1 053 799</b>	<b>1 053 799</b>	<b>4.8</b>
<b>EDM: Total</b> .....	<b>218 411</b>	<b>455 644</b>	<b>258 631</b>	<b>932 686</b>	<b>4.3</b>
<b>GRAND TOTAL</b> .....	<b>3 385 860</b>	<b>15 336 303</b>	<b>3 110 050</b>	<b>21 832 314</b>	<b>100.0</b>

<sup>a</sup> Includes expenditures for UNFIP and Associate Experts.

## II. FUTURE ORIENTATION OF UNCTAD TECHNICAL ASSISTANCE

### A. Introduction

28. In its decision 472(XLIX) the Trade and Development Board requested the secretariat, in its annual report on the review of technical cooperation activities, to include information on the anticipated evolution of its activities, as well as a clear indication of the strategic goals and objectives for the coming year. This section is in response to that request.

29. Subject to availability of resources, UNCTAD's technical assistance in 2004 will expand to keep pace with the increasing number of requests, while deepening the impact and sustainability of existing programmes. Programmes will continue to build upon research and normative activities and involve policy advice and capacity building.

30. UNCTAD will continue to provide technical assistance in four main areas of its work. In order to ensure adequate linkages with the international economic context, in addition to its normative programmes of technical assistance services, technical assistance will be provided in support of the implementation of the relevant provisions of the Millennium Declaration, in which poverty reduction through sustained and broad-based economic growth and development was identified as the priority area for UN work. Programmes to be put in place and activities to be undertaken will also be supportive of the implementation of relevant provisions of the recommendations of major international conferences, such as the Third United Nations Conference on the Least Developed Countries, the International Conference on Financing for Development, the World Summit on Sustainable Development, the fourth and fifth WTO Ministerial Conferences, and the International Ministerial Conference on Landlocked and Transit Developing Countries. Moreover, the implications of increased regionalism in trade and investment regimes will be taken into account in the content of the technical cooperation programmes and forms of delivery. Support will also be provided in the context of NEPAD.

31. More specifically, the future technical cooperation activities of UNCTAD will be guided by the outcomes of UNCTAD XI. In the light of the substantive item of the provisional agenda for UNCTAD XI and the subthemes, it is expected that future technical cooperation services in the area of trade will continue to be provided to enhance the capacity of developing countries to gain benefits from the international trading system and trade negotiations. Activities in the areas of investment, technology, enterprise development, trade facilitation and trade support services will address the supply-side perspective and will concentrate on, and will be supportive of, analytical work, aiming at building productive capacity and international competitiveness.

32. In order to benefit from an economy of scale, UNCTAD will continue to encourage the formulation of multi-donor, multi-beneficiary, multi-year programmes. While further focus will be placed on long-term capacity building of programmes, UNCTAD will continue to provide short-term, targeted assistance in response to immediate needs of countries and regions. Mechanisms for the assessment of the effectiveness of technical cooperation interventions, which are being incorporated into practically all UNCTAD projects, allow a continuous adaptation of the type and delivery of activities.

33. UNCTAD will increasingly replicate the experiences of successful country programmes in developing countries and regions to implement new projects. Wherever possible, UNCTAD will encourage the involvement of staff across the Divisions and branches in the delivery of substantive elements of technical assistance projects, to build in-house capacity and to ensure that UNCTAD's research and analysis are adequately reflected in the implementation of programmes, and that the secretariat's research and analytical work, and technical cooperation activities, are complementary and supportive of each other.

TABLE 4  
**Technical cooperation expenditure, by region and by programme, 1999-2002**  
*(In thousands of US dollars)*

	1999	2000	2001	2002	
	Amount	Amount	Amount	Amount	%
<b>Total</b> .....	<b>25 409</b>	<b>24 184</b>	<b>23'152</b>	<b>21 832</b>	100.0
<b>By region:</b>					
Africa .....	5 344	5 219	4'232	3 025	13.9
Asia and the Pacific .....	4 576	4 534	3'696	3 923	18.0
Latin America and the Caribbean .....	1 110	1 376	1'820	2 008	9.2
Europe .....	2 338	845	851	1 006	4.6
Interregional .....	12 040	12 211	12'553	11 871	54.4
<b>By programme:</b>					
Globalization and Development Strategies .....	2 903	2 353	2'296	2 818	12.9
International Trade in Goods and Services, and Commodities ...	3 539	4 232	4'819	4 394	20.1
Investment, Technology and Enterprise Development .....	3 948	3 346	3'274	4 260	19.5
Services Infrastructure for Development and Trade Efficiency ..	10 668	9 720	8'624	8 009	36.7
Least Developed, Landlocked and Island Developing Countries	936	2 439	2'262	365	1.7
Cross-Divisional Advisory Services <sup>a</sup> .....	2 001	1 269	848	1 054	4.8
Executive Direction and Management and Support Services .....	1 415	826	1'030	933	4.3
<i>of which: LDCs</i> .....	<i>10 126</i>	<i>10 492</i>	<i>10 000</i>	<i>6 327</i>	<i>29.0</i>

<sup>a</sup> Expenditure under this item was included in the past in the expenditure of Executive Direction and Management.

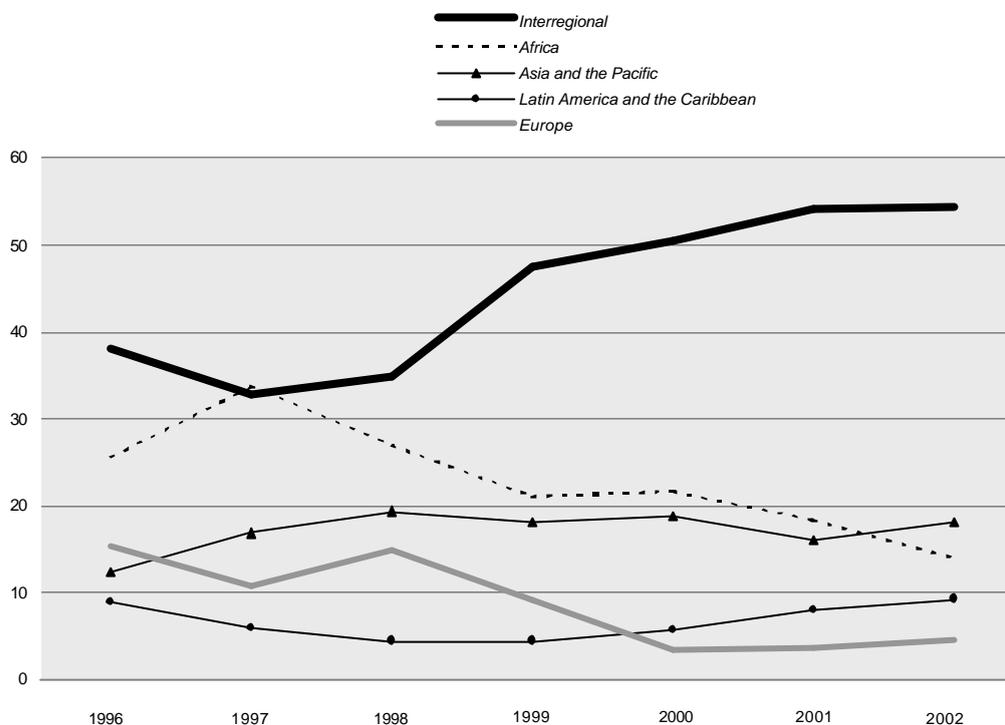
## B. Division on Globalization and Development Strategies

34. The technical cooperation activities of the Division on Globalization and Development Strategies (DGDS) will be carried out within the scope and priorities of the medium-term plan for the period 2002-2005 and with a view to enhancing the capacity of developing countries to attain the Millennium Development Goals. In the light of the Monterrey Consensus, the activities are designed to reinforce the capacity of developing countries to create and maintain stable financial and economic conditions conducive to investment and growth, to prevent unsustainable debt situations, and to reduce their vulnerability to external shocks resulting from their external financial position and the volatility of international financial markets.

35. These objectives will be pursued by drawing on the specific advisory competence in the Division in the area of macroeconomics, debt and development finance, and on its regular analytical work on the increasing interdependence between trade, finance and investment, appropriate financial policies and effective development strategies, as well as on the Division's regular assessments of the external debt situation of developing countries. To the extent possible, the findings of this work will be translated into concrete proposals for improved financial and macroeconomic policies and debt management, and for strengthening the policy-making, institutional and managerial capacity in developing countries to help them attain and preserve a level and structure of debt that is sustainable in the long term and compatible with the resource needs to attain the Millennium Development Goals for human development and poverty reduction.

CHART 4

**Technical cooperation expenditure, by region, 1996-2002**  
*(Percentage of total yearly expenditure)*



36. At the national level, the Division will offer an integrated set of solutions through the implementation of a standard computerized debt management system by debt offices in ministries of finance and/or central banks, which receive training and assistance in the effective use of the system. Through its DMFAS programme UNCTAD has become a major provider of technical and advisory services in this area. Also at the national level, DGDS will coordinate UNCTAD's technical assistance to the Palestinian people to address specific trade, finance and development problems through a set of integrated operational and research activities.

37. At the international level, technical cooperation by the Division will be delivered through assisting developing countries with unsustainable external financial positions in the preparation of their debt negotiations with bilateral creditors in the context of the Paris Club. Developing countries will also receive support, in the form of regional workshops, in the elaboration of appropriate methods for the assessment of debt sustainability, and the use of assessments for the design of sound policies with regard to external and domestic public debt. Furthermore, DGDS will continue to help developing countries in the design of financial institution building and in making an effective contribution to the management of the international monetary and financial system through the provision of substantive advice on current financial issues to the Intergovernmental Group of Twenty-four on International Monetary Affairs and Development, the only developing country grouping in the Washington-based international financial institutions.

38. In its technical cooperation activities, DGDS will cooperate with UN/DESA in activities bearing on financing for development, with regional commissions in the delivery of assistance for debt sustainability analysis, with the World Bank in the area of debt management and financial analysis, and with ESCWA, ILO, UNDP and other organizations in assisting the Palestinian people.

### **C. Division on Investment, Technology and Enterprise Development**

39. The development objective of the technical assistance provided by the Division on Investment, Technology and Enterprise Development is to support the efforts of developing countries to attract foreign direct investment (FDI) and benefit from it, particularly with respect to strengthening technological capacities and enhancing the competitiveness of the enterprise sector. Within its areas of core competence, DITE intervenes both at the national and the international level. National level services include: (a) capacity building in investment policy making and investment promotion, including good governance and technology (Investment Promotion Agencies, Investment Guides, GGIP (Good Governance in Investment Promotion), ForInvest, STIP reviews); (b) institutional strengthening through norms, standards, processes and functions (STAMP, accounting, FDI statistics); and (c) enterprise capacity building (Empretec, linkage programme). International level services include: (a) peer review of country policies at the intergovernmental level; (b) human resources development through training (Science and Technology Diplomacy Initiative, International Investment Agreement training); (c) support to negotiators of bilateral, regional and international investment agreements and insurance regulators; and (d) exchange of experiences through networks of investment promotion agencies (WAIPA, investment negotiators and entrepreneur associations).

40. This is reflected in the Division's activities at the national level, where technical assistance seeks to complement policy advice with institutional capacity-building and training, as in the context of the implementation of the recommendations of investment policy reviews (IPRs). For activities carried out at the international level, particularly in the area of training, DITE aims to ensure that the transfer of knowledge and know-how can be replicated at the sub-national or national level through the development of training-of-trainer packages and the application of innovative tools such as e-learning and teleconferencing. In cooperation with UNCTAD's TrainforTrade Programme, major training packages are adapted for distance learning.

41. In the formulation and delivery of technical assistance activities, DITE will cooperate closely with sister agencies in the UN system, including through the UNCTAD/FIAS/MIGA/UNIDO Multi-Agency Investment Initiative for LDCs and the UNCTAD/WTO post-Doha work programme in the area of investment, which is being updated in relation to the WTO Ministerial Conference in Cancun, Mexico, September 2003. In the area of compilation of FDI and related statistics in various countries, DITE cooperates closely with regional organizations (such as the ASEAN secretariat and ESCWA). As appropriate, DITE will involve the private sector and civil society in its activities. The SME-TNC linkage programme and investor targeting training, in particular, are benefiting from private sector expertise.

#### **D. Division on International Trade in Goods and Services, and Commodities**

42. UNCTAD is the focal point of the UN system for the integrated treatment of international trade and development. The Division on International Trade in Goods and Services, and Commodities (DITC) implements UNCTAD's mandate on the delivery of technical assistance and capacity building on trade and trade-related policies and trade negotiations in developing countries, particularly LDCs, and countries in transition with a view to facilitating their beneficial integration into the international trading system. In this process, there is a steady building of endogenous capacities to utilize trade as an engine of growth and development, and contribute to achieving Millennium Development Goals and Objectives for poverty alleviation. This mandate also entails regular monitoring, analysis and intergovernmental consensus building on the quality, quantity and focus of operational activities.

43. Technical and advisory assistance to developing countries and countries in transition on multilateral trade negotiations (MTNs) will be reinforced. DITC will expand analytical support for trade policies and negotiations, particularly through the development and dissemination of databases such as TRAINS and WITS-ATPSM (World Integrated Trade Solution-Agriculture Trade Policy Simulation Model). Also, it performs a research and a think-tank function in relation to strategic issues relating to the international trading system, including the regional trading processes, their interface with the international trading system and their implications for development.

44. In the area of commodities DITC will continue to provide assistance to developing countries and least developed countries in capacity building for diversification and commodity-based development.

45. In the area of competition law and policy and consumer protection, the Division will increase its support to help developing countries develop their national regulatory and institutional framework in the area of competition and consumer protection. The work in this area will also involve assisting developing countries to better evaluate the implications of closer multilateral cooperation for their development policies and objectives.

46. In the area of trade and environment, technical assistance will continue to be provided to facilitate dialogue between trade, environment and development communities; strengthen capacities for policy analysis and trade and environment policy coordination in developing countries; identify policies to address major constraints faced by many developing countries in responding to environmental challenges, as well as identify issues that could yield potential benefits to developing countries, including with regard to the link between public health and development; and support the effective participation of developing countries in international deliberations on trade and environment.

47. DITC will expand its technical assistance activities to cover specific new subjects of interest for developing countries, such as bio-trade issues where the Division's action combines macro and micro policies with practical assistance to developing countries, consultative mechanisms on trade and environment, and traditional knowledge. Increasingly, the Division's role will consist in an effort to reconcile different issues. This will assist developing countries in their negotiations, in particular in areas such as audiovisual services, trade and culture aspects in audiovisual services, and trade and health services.

48. The Division's formulation and delivery of technical assistance will be undertaken in close cooperation and collaboration with UN system agencies, other international organizations such as WTO, and subregional and regional governmental and non-governmental bodies.

#### **E. Division for Services Infrastructure for Development and Trade Efficiency**

49. Over the next year, the Division's technical cooperation will be focused on three elements.

50. The first element is a trade facilitation package involving: (a) institutional building through the creation of trade and transport facilitation clusters and partnerships in maritime, inland and border trading communities; and the improvement of the trade and transport environment (regulatory, operational, administrative and commercial); (b) ICT solutions for trade and transport monitoring, as well as for producing and making accessible data on operations along selected trade and transport corridors through the Automated System for Customs Data (ASYCUDA) and the Advance Cargo Information System (ACIS); (c) training activities and dissemination of self-implementation guidelines for: cooperative structure development, partnerships and knowledge management organizations; assessment of trade and transport operational issues and common obstacles with related known solutions; trade and transport corridor analysis applying the supply-chain management methodology; and (d) regional trade and transport facilitation knowledge management networks linking public and private trading communities in participating developing countries.

51. The second element is use of distance-learning techniques to promote networking among national and regional training institutions with training packages for capacity-building programmes on trade and investment. More specifically, the Division will extend its programme activities to English-speaking African countries, Asia and Latin America. This will involve the development of new training packages on e-commerce and tourism based on the TrainForTrade methodology, the organization of train-the-trainers seminars for Asian and African institutions, the adaptation of training packages to the needs of new beneficiary countries and the development of on-line pedagogical material for delivery through the HRD distance-learning platform. In addition, under paragraph 166 of the Bangkok Plan of Action, SITE will continue delivering regional and interregional capacity-building courses aimed at increasing the awareness of high-level officials from developing countries on key issues on the international agenda.

52. The third element is concerned with capacity-building programmes to enable developing countries to more fully absorb the benefits of e-commerce, through two complementary approaches: (a) continued holding of regional seminars in view of the ongoing demand for awareness raising in many developing countries (these would also enable UNCTAD to identify areas in which it should work and make a contribution); and (b) training courses on various aspects of e-commerce generally, and in specific sectors, including e-tourism, e-transport, e-finance and the development of e-business. In this connection, UNCTAD plans to provide information to developing countries in the form of handbooks on topics such as new Internet technologies, open-source software, measuring e-commerce, on-line payment systems, taxation of e-commerce and legal aspects of e-commerce.

## **F. Special Programme for Least Developed, Landlocked and Island Developing Countries**

53. The strategic objective of technical cooperation of the Special Programme for Least Developed, Landlocked and Island Developing Countries (SP-LDCs) is to facilitate within UNCTAD's mandate the development efforts in LDCs, landlocked developing countries (LLDCs) and small island developing states (SIDS), and to contribute to enhancing their integration into the world economy. Technical cooperation will continue to be organized around two main pillars: (a) interdivisional coordination of UNCTAD's technical cooperation for LDCs, LLDCs, and SIDS; and (b) specific projects implemented by the SP-LDCs for these groups of countries.

54. In the area of LDCs, the SP-LDCs will intensify its efforts in two directions: (a) providing technical assistance to those LDCs that are desirous of enhancing the benefits effectively derived from LDC status through (i) monitoring the reasons why the relevant LDCs still pertain to the category; (ii) analysing the benefits effectively derived from LDC status; and (iii) determining how LDCs could make better use of their status; and (b) assisting the LDCs in monitoring and evaluating technical assistance programmes in the context of the Integrated Framework for Trade-Related Technical Assistance to LDCs (the integrated Framework) and, in cooperation with five other agencies, in the follow-up to and implementation of this technical assistance under the Integrated Framework.

55. In the area of LLDCs, technical cooperation activities will relate to the outcome of the International Ministerial Conference on Landlocked and Transit Developing Countries, to be held in Kazakhstan in August 2003. Moreover, rather than focusing solely on reducing the transit costs of LLDCs, technical assistance will assume a more integrated approach, including issues such as investment promotion, appropriate specialization in terms of goods and services produced and delivered, expansion of regional trade, and strengthening of regional trade and transport infrastructure.

56. In the area of SIDS, the SP-LDCs will make special efforts to be responsive to the needs of SIDS in their preparations for the ten-year review of the implementation of the Programme of Action for the Sustainable Development of SIDS, and for the Mauritius Conference (August-September 2004) as the culminating point of this ten-year review. Relevant activities will include technical assistance either to individual SIDS or to regional organizations at their request, in the form of advisory services, technical and statistical notes on vulnerability issues, and participation in sensitization events. Moreover, implementation of ongoing technical assistance projects will be continued, essentially in the Caribbean and the Pacific.

57. In the formulation and delivery of technical cooperation activities, the SP-LDCs will cooperate closely with other UNCTAD Divisions as well as with other organs and agencies in the UN system and international organizations. In the area of the effective benefits derived from LDC status, the SP-LDCs will cooperate with the ECOSOC Committee for Development Policy, DESA and UN Regional Commissions. In the follow-up of the Integrated Framework, the SP-LDCs will continue its close cooperation with the World Bank, IMF, WTO, ITC and UNDP. In the fields of LLDCs and SIDS, the SP will cooperate, *inter alia*, with OHRLLS, DESA, UNDP and UN Regional Commissions.

### III. CONCLUSIONS AND RECOMMENDATIONS

58. Technical assistance will continue to revolve around policy analysis, institutional capacity building and human capacity building. Given the diversity of the issues in which UNCTAD is involved, and depending on the nature of the programme of technical cooperation, technical assistance services will continue to be provided in both policy-related areas and product-related areas.

59. While further emphasis will be placed on building capacity in beneficiary countries, the modality and forms of delivery will seek to further support economic and technical cooperation among developing countries. Also, further efforts will be made to enhance networking and, in particular, links with academic institutions, NGOs and think-tanks in the implementation of technical cooperation activities.

60. Expenditures under country activities responding to beneficiaries' specific requests and needs and providing targeted, well-focused assistance increased in 2002. At its last session dealing with technical cooperation in 2002, the Working Party stressed the importance of this type of assistance for many developing countries. The secretariat will continue to respond to beneficiaries' requests for this type of technical assistance project. This should, however, not diminish the importance of interregional activities, from which all countries and regions benefit. These activities continue to account for about a half of total expenditures. The economies of scale achieved through these activities make them an efficient type of delivery, and they will therefore continue to constitute the most important share of assistance provided by UNCTAD.

61. The interrelation and interaction between research and analytical work and technical assistance activities will continue to be reinforced. The secretariat firmly believes that it constitutes a unique characteristic of UNCTAD's technical cooperation and that this is where the latter's comparative advantage lies.

62. Human capacity-building goals have been given increased importance, *inter-alia*, through the delivery of enhanced and more intensified programmes of training. In this respect, training provided in the framework of the implementation of paragraph 166 of the Bangkok Plan of Action is now delivered to all regions and the syllabus has been consolidated. The objective is to provide participants with an-depth understanding of the key issues in the current trade and investment negotiations and increase their awareness of the diverse policy and other conditions necessary for attaining competitiveness and participating effectively in the current global economic environment.

63. With regard to the future focus, contributions to the achievement of the Millennium Development Goals, particularly with reference to targets 12 and 15 (dealing with issues related to interlinkages between trade negotiations and development, debt sustainability and trade facilitation, with emphasis on landlocked countries), will continue to guide the implementation of UNCTAD's operational activities. With the continued support of donor community, UNCTAD will place emphasis on assistance to LDCs, Africa and other countries with the greatest needs.