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### Trade and Development Board

#### Working Party on the Strategic Framework and the Programme Budget

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Item 3 of the provisional agenda

## Review of the technical cooperation activities of UNCTAD and their financing

### Report by the Secretary-General of UNCTAD

#### *Executive summary*

The overall expenditures for UNCTAD technical cooperation activities reached \$39.6 million in 2015, 2 per cent higher than in 2014. Expenditures in support of the least developed countries increased by 23 per cent to reach a record high of \$18.9 million. The Automated System for Customs Data (ASYCUDA) and the Debt Management and Financial Analysis System (DMFAS) continued to be the two largest technical cooperation programmes of UNCTAD, accounting for 57 per cent of total expenditures in 2015.

Total contributions to UNCTAD trust funds amounted to \$34.7 million in 2015, 12 per cent less than in 2014. Developed countries and the European Commission significantly reduced their contributions to UNCTAD. In contrast, contributions from developing countries continued their upward trend to reach a record high of \$17.6 million. For the first time in the past two decades, developing country contributions represented more than half of the trust fund contributions received by UNCTAD.

Despite the high demand from developing countries for UNCTAD technical assistance, UNCTAD is unable to respond to all requests because of funding constraints. The Organization estimates that the shortfall in funding could reach \$37.2 million if all requests received during the period 2013–2015 are to be met. The funding shortage will become even more acute when rising demand from developing countries for technical assistance related to the Sustainable Development Goals coincides with the decrease in funding support from the traditional donors of UNCTAD. To fill the funding gap that is expected to grow in the coming years and to assist developing countries in achieving the Goals, traditional and emerging donors are urged to increase their financial contributions to

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UNCTAD.

UNCTAD has taken steps to further improve the structure and functioning of technical cooperation to ensure the efficient use and delivery of funds. In particular, the secretariat published the *UNCTAD Toolbox*, created a new feature called “Meet the beneficiaries” for the UNCTAD website, piloted a database of formal requests for UNCTAD technical cooperation and proposed a new funding mechanism to bridge the funding gap. These new initiatives are expected to give donors and beneficiary countries a better understanding of the supply, demand and impact of UNCTAD technical cooperation. In 2016, an organization-wide results-based management framework will be established to strengthen results-based management in project design and implementation, and further support evaluation and learning.

## Introduction

1. This report has been prepared to facilitate the annual policy review of UNCTAD technical cooperation activities by the Trade and Development Board.

2. Further, the report will be submitted to the Working Party on the Strategic Framework and the Programme Budget for its review of UNCTAD technical cooperation activities, in line with the provisions set out in paragraph 220 of the Accra Accord and in a series of decisions by the Trade and Development Board from 2008 to 2015,<sup>1</sup> including its latest decision, decision 526 (LXII) of September 2015. Through these decisions, the Board recommends a more structured interaction between the UNCTAD secretariat, potential beneficiaries and donors, to be carried out within the framework of the Working Party, which is the main mechanism for consultations among member States on all technical cooperation issues.

3. As in previous years, since 2007, the scope and focus of UNCTAD technical cooperation activities in 2015 continued to follow a two-track approach by providing the following services:

(a) Technical assistance services to beneficiary countries and regions through the implementation of interregional, regional and country projects financed by trust funds and the United Nations regular budget;

(b) Support services at the country level within the framework of United Nations reforms of operational activities for development and the “Delivering as one” approach.

4. Within the United Nations Development Group, UNCTAD continued to advocate for the effective inclusion of non-resident agencies in the United Nations Development Assistance Frameworks at the country level, as well as to put more emphasis on United Nations assistance in trade and related areas.

## I. Funding sources for UNCTAD technical cooperation

5. UNCTAD technical cooperation activities are financed through the following two main sources:

(a) Trust fund contributions, which refer to the voluntary contributions from individual Governments, the European Commission, the United Nations system and other international organizations, and private and public sector donors to UNCTAD trust funds;

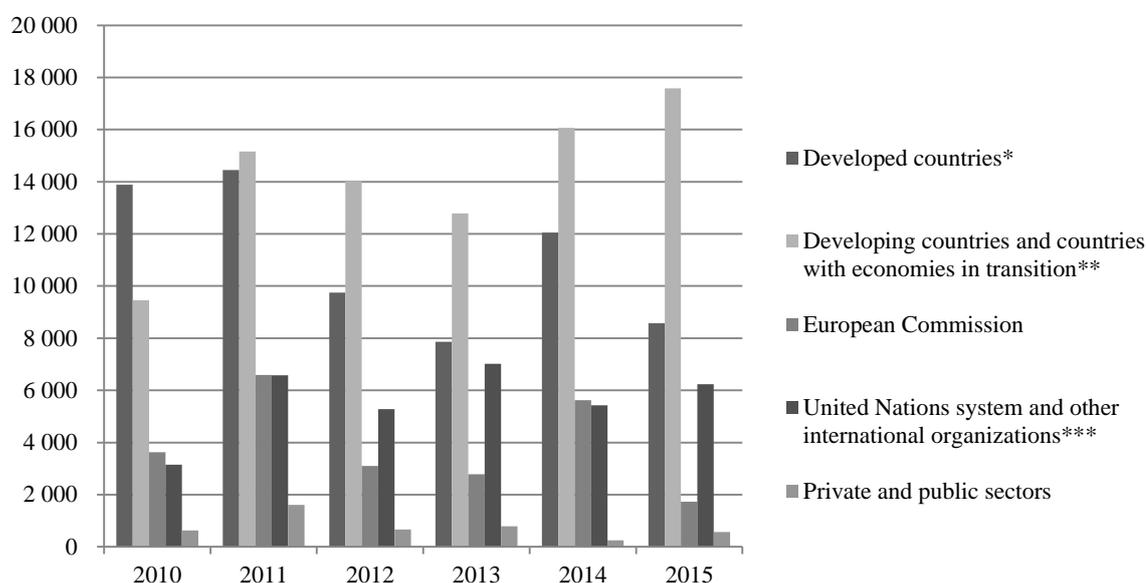
(b) The United Nations regular programme of technical cooperation and the Development Account.

### A. Trust fund contributions

6. Overall voluntary contributions to UNCTAD trust funds remain unpredictable, earmarked to specific activities and with sharp fluctuations from one year to another. In 2015, the total contributions to trust funds amounted to \$34.7 million, 12 per cent less than in 2014. The decline in contributions to trust funds in 2015 was due to the significant reduction in contributions by developed countries and the European Commission (figure 1).

<sup>1</sup> Decisions 495 (LV) of 2008, 498 (LVI) of 2009, 504 (LVII) of 2010, 510 (LVIII) of 2011, 515 (LIX) of 2012, 520 (LX) of 2013 and 523 (LXI) of 2014.

Figure 1  
Sources of UNCTAD trust fund contributions, 2010–2015  
(Thousands of dollars)



Note: UNCTAD trust fund contributions for 2010 are exclusive of third-party cost-sharing contributions through the United Nations Development Programme.

\* Exclusive of contributions to the Associate Expert Programme of the United Nations.

\*\* A major part is self-financing for activities in the countries that made contributions, financed from proceeds of loans or grants from international financial institutions.

\*\*\* For details, see annex II, table 11 (TD/B/WP/279/Add.2).

7. Contributions from developed countries in 2015 totalled \$8.6 million, a decrease of 29 per cent, compared with 2014. This was the second-lowest level of contributions by developed countries during the last decade, only higher than in 2013. As a result, their share of total contributions fell from 30.6 per cent in 2014 to 24.7 per cent in 2015 (figure 2). The significant decline in developed country contributions to UNCTAD was largely due to reduced contributions from Sweden, Norway and Germany, the three largest developed country donors of UNCTAD in 2014, which significantly increased their official development assistance for in-donor refugee costs in 2015.<sup>2</sup> Despite the overall decline in developed country contributions to UNCTAD in 2015, some large donors continued increasing their contributions to UNCTAD: Switzerland, by 65 per cent; the Netherlands, by 26 per cent; and Finland, by 7 per cent.

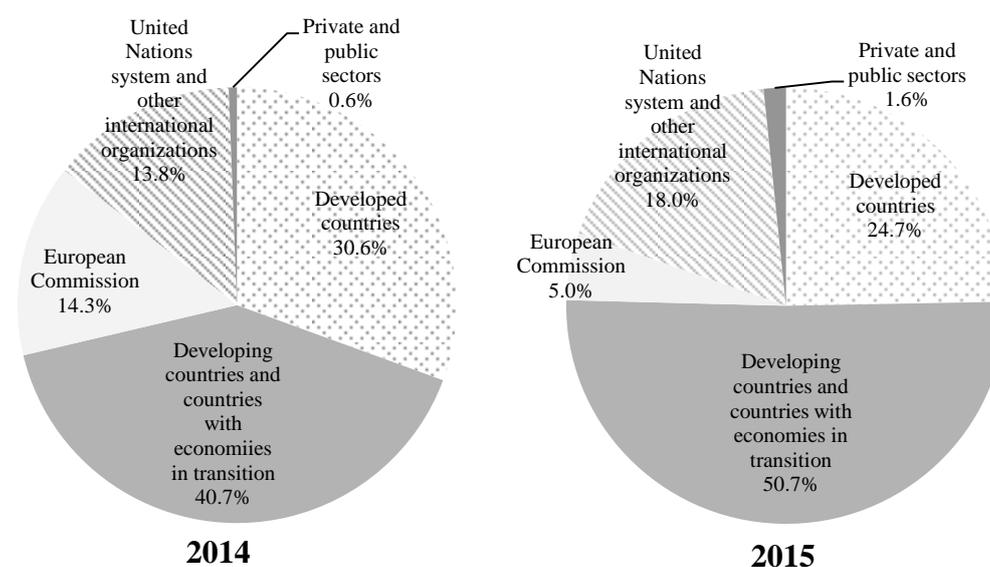
8. In 2015, 11 developed countries contributed to UNCTAD trust funds, compared with 10 in 2014. Switzerland was the largest developed country donor of UNCTAD, with contributions reaching \$1.7 million or about 20 per cent of the total contributions of developed countries. It was followed by Finland, the Netherlands, Germany, Sweden and Norway. During the four-year period from 2012 to 2015, the top six developed country contributors to UNCTAD trust funds, in terms of total contributions accumulated, were Sweden, Switzerland, Norway, Germany, Finland and the Netherlands. Together, these

<sup>2</sup> According to the preliminary data on official development assistance published by the Organization for Economic Cooperation and Development, between 2014 and 2015, the in-donor refugee costs as a share of total net official development assistance rose from 17.6 per cent to 33.8 per cent for Sweden, from 5.5 per cent to 10.8 per cent for Norway and from 1.0 per cent to 16.8 per cent for Germany.

European donors accounted for 88 per cent of total developed country contributions during that period. In 2015, developed country donors mainly directed their contributions towards investment facilitation, competition policy and consumer protection, debt management (DMFAS), globalization and development strategies, transport and trade facilitation, trade environment and development, information and communications technology (ICT) policies and applications for development, and trade analysis capacities and information systems.

9. In 2015, contributions from developing and transition countries continued their upward trend to reach a record high of \$17.6 million, an increase of 9.5 per cent over 2014, more than doubling the contributions of developed countries. For the first time in the past two decades, contributions from developing countries and countries with economies in transition accounted for 50.7 per cent of trust fund contributions received by UNCTAD (figure 2). In total, 71 developing countries contributed to UNCTAD trust funds in 2015. Latin America and the Caribbean, Asia and the Pacific, and Africa accounted for 7.8 per cent, 27.7 per cent and 63.6 per cent, respectively, of total developing country contributions.<sup>3</sup> Most of the contributions from developing countries are allocated to activities in their own countries and financed from loans or grants of international financial institutions, mainly to implement the ASYCUDA and DMFAS programmes. These two programmes combined accounted for 68 per cent of total UNCTAD trust fund contributions in 2015.

Figure 2  
**Origins of trust fund contributions, 2014–2015**  
(Percentage of total contribution)



10. Among multilateral and public donors, the European Commission continued to be the largest contributor of funds (\$1.7 million) to UNCTAD operational activities,<sup>4</sup> despite a sharp decline of 69 per cent in its contributions to UNCTAD trust funds in 2015, compared

<sup>3</sup> China and India were the only the BRICS countries (Brazil, the Russian Federation, India, China and South Africa) to make contributions in 2015. China contributed \$418,725, and India, \$52,500.

<sup>4</sup> Multilateral donors do not include organizations of the United Nations system.

with 2014. This was partly due to the ongoing negotiations on technical issues between the European Commission and the United Nations, which prevented the signing of new contribution agreements. The decrease in contributions by the European Commission led to a significant shrinkage of its share in total contributions from 14.3 per cent in 2014 to 5 per cent in 2015. Contributions in 2015 by the European Commission were mainly directed towards investment facilitation, and transport and trade facilitation. Taken together, the European Commission and the Member States of the European Union represented 22 per cent of total UNCTAD trust fund contributions.

11. Contributions by the United Nations system and other international organizations rose from \$5.4 million in 2014 to \$6.2 million in 2015, representing about 18 per cent of total contributions. This includes, in particular, contributions from the following sources:

(a) United Nations Office for Project Services – to implement ASYCUDA in the Afghan Customs Department and strengthen the productive and trade capacities of Benin under the Enhanced Integrated Framework;

(b) TradeMark East Africa – to support the development of the national electronic single window system in Uganda;

(c) Contributions received by UNCTAD – to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity (see section C of this paper).

12. The 2015 contribution from private and public sectors was \$0.6 million, accounting for 1.6 per cent of total contributions, compared with 0.6 per cent in 2014.

## **B. United Nations regular programme of technical cooperation and the Development Account**

13. Programme budget resources for technical cooperation activities are provided under the United Nations regular programme of technical cooperation and the Development Account, sections 23 and 35, respectively, of the United Nations programme budget.

14. In 2015, total UNCTAD expenditures under the United Nations regular programme of technical cooperation and the Development Account amounted to \$4.1 million, accounting for 10.3 per cent of overall expenditures, an increase of 46 per cent over the previous year (see TD/B/WP/279/Add.2, tables 1 and 8).

15. Resources under the United Nations regular programme of technical cooperation, section 23, are provided for advisory services and training. In 2015, expenditures under section 23 were \$1.3 million, compared with \$0.85 million in 2014. As in the past, training-related resources under the regular programme of technical cooperation were used mainly to finance the UNCTAD course on key issues on the international economic agenda in line with paragraph 166 of the Bangkok Plan of Action (TD/386), adopted at the tenth session of UNCTAD in 2000.

16. Since its establishment in 1999 by the General Assembly, the Development Account, section 35, has become increasingly important in funding capacity-building projects of developing countries in the priority areas of the United Nations development agenda. Projects are carried out under tranches by 10 implementing entities of the United Nations Secretariat, including UNCTAD. Each tranche has a three- to four-year life span.

17. In 2015, 23 projects under the seventh, eighth and ninth tranches were implemented by UNCTAD, with the total expenditure amounting to \$2.8 million (see TD/B/WP/279/Add.2, table 8 for detailed information). Compared with 2014, total expenditure under the Development Account increased by 43 per cent, and the number of

implemented projects increased by four. These projects covered a wide variety of UNCTAD work, including trade, investment and enterprise development, science and technology, debt management, globalization and development, transport and trade facilitation, commodities, productive capacities and trade mainstreaming in the least developed countries. Some new technical cooperation products with innovative ideas and methodologies were piloted through Development Account projects such as the Trade, Gender and Development Programme and national green export reviews.

18. Under the tenth tranche of the Development Account, five UNCTAD projects were approved under a total budget of \$2.9 million. Since September 2015, the project documents have been or are being reviewed. The budget for three of the five projects was allocated during the first quarter of 2016. The themes of these three projects, to be implemented from 2016 to 2019, are as follows:

- (a) Indices for benchmarking productive capacities for evidence-based policymaking in landlocked developing countries;
- (b) Informal cross-border trade for the empowerment of women, economic development and regional integration;
- (c) Improving the value added of cotton by-products.

### **C. Specific partner contributions and multi-donor trust funds to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity**

19. The United Nations Inter-Agency Cluster on Trade and Productive Capacity,<sup>5</sup> launched by the Secretary-General of the United Nations in April 2008 during the twelfth session of UNCTAD, has become an essential mechanism to ensure that trade and development issues are effectively addressed through the United Nations system-wide coherence process, “Delivering as one”. Led by UNCTAD, the Cluster is composed of 15 resident and non-resident agencies of the United Nations system with mandates and expertise in international trade and the productive sectors. In the context of the 2030 Agenda for Sustainable Development, the Cluster makes a direct contribution to United Nations reform by coordinating its participation in the United Nations Development Group and in “Delivering as one” countries for increased impact at the country level.

20. The United Nations system-wide coherence reform “Delivering as one” is a flexible and efficient mechanism to ensure predictable funding for achieving national and global priorities. In line with the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) (<http://www.oecd.org/dac/effectiveness/34428351.pdf>, accessed 15 June 2016), eligibility for “Delivering as one” funding mechanisms is based on the following requirements:

- (a) Alignment with national priorities;
- (b) Harmonization and coordination through inter-agency cooperation;
- (c) Effective and inclusive partnerships;
- (d) Achievements of development results and mutual accountability.

<sup>5</sup> [http://unctad.org/en/Pages/TC/TC\\_United-Nations-Inter-Agency-Cluster.aspx](http://unctad.org/en/Pages/TC/TC_United-Nations-Inter-Agency-Cluster.aspx) (accessed 16 June 2016).

21. Under the leadership of the United Nations Development Group, the “Delivering as one” funding mechanism is being adapted to meet the challenges of the 2030 Agenda for Sustainable Development. Available to all countries, it is aimed at supporting joint programmes implemented through the United Nations Development Assistance Frameworks and similar inter-agency modalities organized at the regional and country levels.

22. In 2015, UNCTAD increased its access to “Delivering as one” funding mechanisms, representing a total of \$1.1 million and confirming a positive trend since 2013 (figure 3).

### Multi-donor trust funds

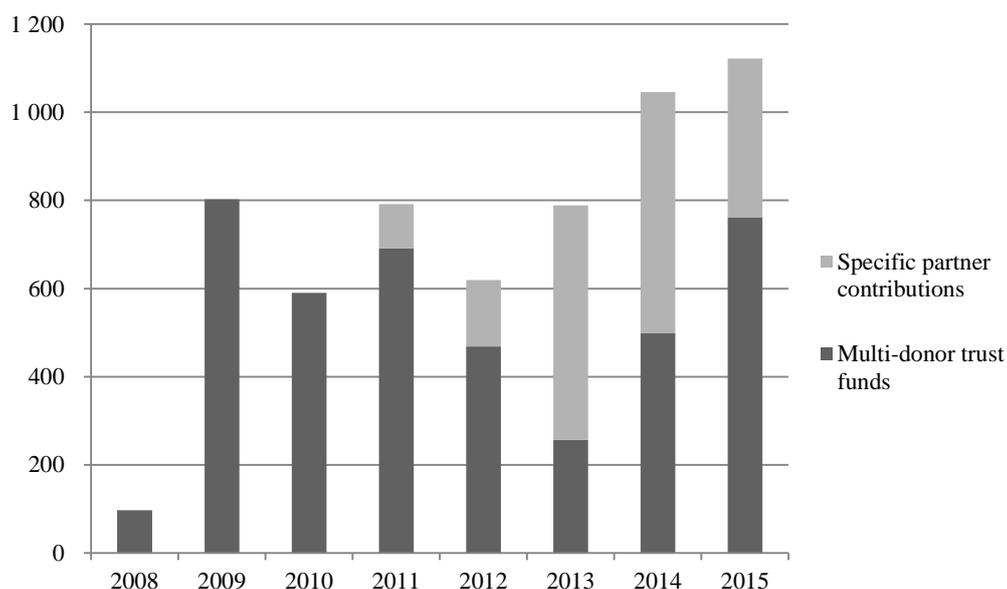
23. Multi-donor trust funds are established through a multi-tier governance structure involving the representatives of the United Nations system, national Governments and donors. These funds, including the One United Nations fund, are playing a catalytic role for active resource mobilization at the country level. Developed under an open and transparent financial framework, the funds complement the agencies’ individual resources and lead to long-term and sustainable capacity development.

24. In 2015, UNCTAD accessed multi-donor trust funds for a total amount of \$762,152, including One United Nations funds for Rwanda (\$296,667), the United Republic of Tanzania (\$361,535) and Cabo Verde (\$103,950).

Figure 3

### UNCTAD access to “Delivering as one” funding mechanisms, 2008–2015

(Thousands of dollars)



*Note:* “Delivering as one” funding mechanisms include specific partner contributions and multi-donor trust funds. The two types of fund are complementary and are used to support joint operations of the United Nations. See TD/B/WP/279/Add.2, table 7, for a breakdown of contributions.

### Specific partner contributions

25. Specific partner contributions are direct contributions to one or more agencies given by one or more donors to support inter-agency coordination. In 2015, UNCTAD continued to receive specific partner contributions from the Swiss State Secretariat for Economic

Affairs and other agencies through standard United Nations agency to United Nations agency contribution agreements issued by the United Nations Development Group.

26. For example, UNCTAD received contributions of \$160,500 and \$86,451 for implementing projects in Ethiopia and Zambia, respectively.

27. With regard to projects funded by the Swiss State Secretariat for Economic Affairs, UNCTAD in 2015 received a contribution of \$36,300 for the continuation of a project in the Lao People's Democratic Republic and a contribution of \$77,000 for the continued implementation of a project in the United Republic of Tanzania. Both projects are jointly implemented with other agencies from the United Nations Inter-Agency Cluster on Trade and Productive Capacity, in the context of the United Nations Development Assistance Framework.

**The role of United Nations pooled financing mechanisms to deliver the 2030 Agenda for Sustainable Development: The example of UNCTAD access to the Delivering Results Together Fund**

Developed initially for the “Delivering as one” pilot countries (<https://undg.org/home/guidance-policies/delivering-as-one/delivering-as-one-background/>) and now open to all countries, the common United Nations budgetary framework has been reinforced in recent years, as it leads to more effective resource mobilization at the national and regional levels and to a more transparent dialogue with donors. Under that framework, United Nations-pooled funding mechanisms such as the Delivering Results Together Fund are playing a crucial role.

The Delivering Results Together Fund, supported by Norway, Germany, Ireland, Spain and the Netherlands, is aimed at achieving better impact and policy coherence through the integration of enhanced normative frameworks at the country level. In view of the 2030 Agenda for Sustainable Development, the Fund is a useful mechanism that complements existing multi-donor trust funds at the country level (One United Nations funds).

Eligible countries are the “Delivering as one” countries with an already operational One United Nations fund. The Delivering Results Together Fund is used to finance inter-agency joint programmes developed in the context of the United Nations Development Assistance Frameworks under the leadership of the Resident Coordinator.

In 2015, its leading role within the United Nations Inter-Agency Cluster on Trade and Productive Capacity enabled UNCTAD to successfully access all the funding opportunities offered by the Delivering Results Together Fund in policy areas pertinent to trade in Cabo Verde, Rwanda and the United Republic of Tanzania.

#### **D. Financing of associate experts**

28. In addition to the funding sources mentioned above, some donors support the Associate Expert Programme of UNCTAD, which is carried out under the United Nations Associate Expert Programme. In 2015, only Germany contributed to this programme with two associate experts (see TD/B/WP/279/Add.2, table 6).

29. The Associate Expert Programme of UNCTAD offers a unique opportunity for young professionals to participate in the analytical and operational work of the Organization. In view of its importance, the secretariat reiterates its call on donors in a position to do so to consider financing associate experts.

## II. Expenditures and allocation of technical cooperation resources

30. In 2015, overall expenditures for UNCTAD technical cooperation activities amounted to \$39.6 million, an increase of 2 per cent over 2014. With regard to funding sources, expenditures under trust funds fell slightly to \$34.6 million, accounting for 87.5 per cent of total delivery, whereas expenditures under the United Nations regular programme of technical cooperation and the Development Account rebounded significantly to reach 10.3 per cent of total delivery and that under “Delivering as one” funding mechanisms decreased to \$0.9 million (table 1).

Table 1  
**Technical cooperation expenditures by source of funds, 2012–2015**  
(Thousands of dollars)

	2012	2013	2014	2015		
				Amount	Percentage of total	Change over previous year (percentage)
Trust funds	33 076	35 727	34 805	34 600	87.5	[0.6]
United Nations regular programme; Development Account	2 634	4 115	2 802	4 080	10.3	45.6
“Delivering as one” <sup>a</sup> funding mechanisms	601	617	1 174	877	2.2	[25.3]
<b>Total</b>	<b>36 311</b>	<b>40 459</b>	<b>38 780</b>	<b>39 557</b>	<b>100.0</b>	<b>2.0</b>

Note: Totals reflect rounded values (see TD/B/WP/279/Add.2, table 1).

<sup>a</sup> “Delivering as one” funding mechanisms replaced the previously used multi-donor trust funds and One United Nations fund to better reflect the expansion of activities under the United Nations Inter-Agency Cluster on Trade and Productive Capacity in recent years. The data in this table were revised to reflect this change.

### A. Type of projects

31. UNCTAD technical cooperation projects are delivered at the interregional, regional and country levels. Country and interregional projects, the main forms of delivery, represented 92 per cent of total technical expenditures in 2015 (figure 4).

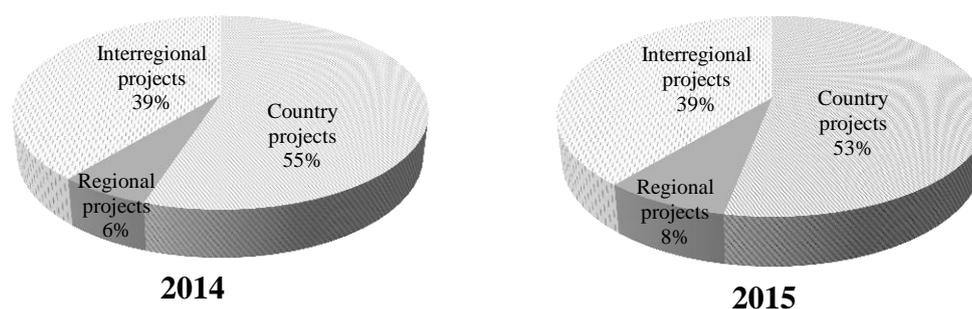
32. Interregional projects are thematic projects offering activities for developing countries that cover more than one geographical region. In 2015, expenditures under these projects amounted to \$15.5 million, accounting for 39 per cent of total expenditures. These funds were used to implement 86 interregional projects with expenditures in 2015, including 23 projects financed through the Development Account. These projects covered all UNCTAD working areas, in particular debt management, globalization and development strategies, foreign direct investment trends and issues, and investment facilitation.

33. Expenditures on country projects totalled \$20.9 million in 2015, accounting for 53 per cent of total expenditures. Customs modernization and reform (ASYCUDA), debt management (DMFAS) and investment facilitation continued to be the predominant themes of country-level projects. Most country projects are either self-financed or financed through resources made available by donors from their bilateral aid programmes.

34. Total expenditures on regional projects increased from \$2.5 million in 2014 to \$3.1 million in 2015. As a result, the share of regional projects in total expenditures grew from 6 per cent in 2014 to 8 per cent in 2015. Together, expenditures on country and regional projects totalled \$24 million in 2015, representing 61 per cent of total delivery in 2015, with the same proportion as in 2014.

Figure 4

**Technical cooperation expenditures as a share of total project expenditure, by type of project, 2014–2015**



## B. Geographical distribution

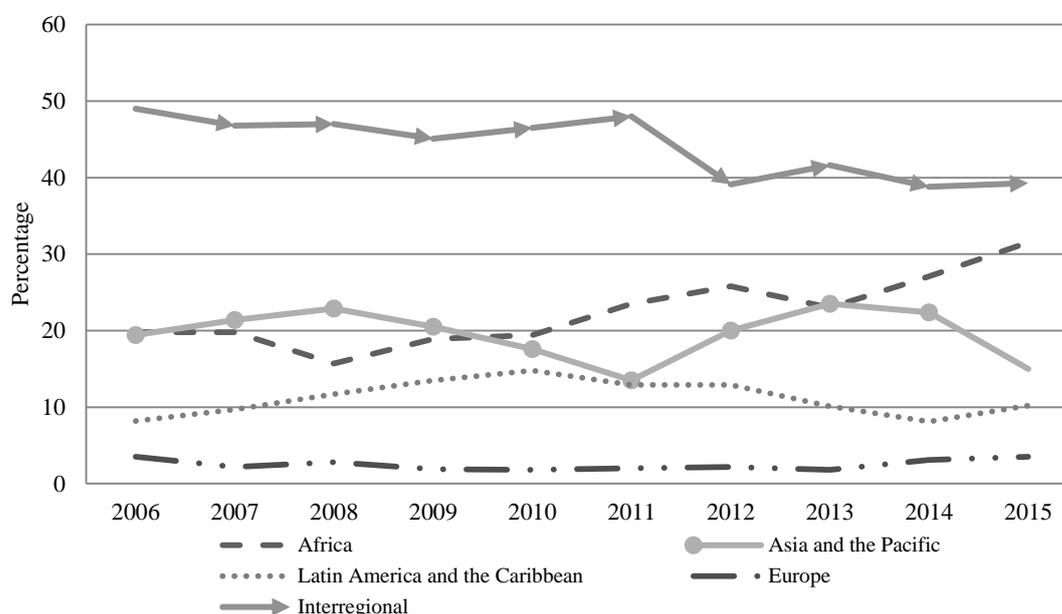
35. Out of \$24 million of expenditures on country and regional projects, \$12.5 million were spent to implement projects in Africa, including \$11 million on country projects and \$1.5 million on regional projects. Compared with 2014, total expenditures on African country and regional projects increased by 19 per cent, largely because of greater project delivery in the areas of transport and trade facilitation, investment facilitation, as well as trade analysis capacities and information systems. The share of African regional and country projects in total technical cooperation expenditures also increased from 27 per cent in 2014 to 32 per cent in 2015 (figure 5).

36. Expenditures on country and regional projects in Asia and the Pacific decreased from \$8.7 million in 2014 to \$5.9 million in 2015, a fall of 32 per cent. As a result, the share of country and regional projects in Asia and the Pacific as a percentage of total expenditures dropped from 22 per cent in 2014 to 15 per cent in 2015. This significant decline was mainly due to the decrease of expenditures of \$2.4 million in the area of transport and trade facilitation.

37. Expenditures on country and regional projects in Latin America and the Caribbean amounted to \$4 million in 2015, an increase of 28 per cent, compared with the previous year. The higher expenditures registered in this region in 2015 were mainly due to an increase of \$1.1 million on transport and trade facilitation expenditures. The share of country and regional projects in Latin America and the Caribbean in total delivery of UNCTAD technical cooperation rose from 8 per cent in 2014 to 10 per cent in 2015.

38. Expenditures on country projects in Europe amounted to \$1.4 million in 2015, including in particular an ASYCUDA project in Bosnia and Herzegovina. In North America, one ASYCUDA project was implemented in the customs administration of Saint Pierre and Miquelon, with expenditure in 2015 totalling \$187,430.

Figure 5  
**Technical cooperation expenditures as a share of total yearly expenditure, by region, 2006–2015**



*Note:* Only expenditures on regional and country projects are taken into account in the calculation of regional shares for Africa, Asia and the Pacific, Latin America and the Caribbean, and Europe; the share of North America is not reflected in the figure, as it only represented 0.5 per cent of total technical cooperation expenditures in 2015.

39. The least developed countries are prioritized in the UNCTAD strategy for delivering technical cooperation services. In 2015, technical cooperation expenditures in support of those countries increased by 23 per cent to reach \$18.9 million (see table 2). The share of the least developed countries in total technical cooperation delivery grew from 40 per cent in 2014 to a record high of 48 per cent in 2015. Compared with 2014, the least developed countries participated more actively in regional and interregional projects, and the expenditures on country projects in those countries also increased substantially – by 39 per cent. Despite this positive development in delivery, the UNCTAD Trust Fund for Least Developed Countries did not receive any contributions in 2015. As emphasized in Trade and Development Board decision 526 (LXII), paragraph 7, of September 2015, developed countries and other development partners in a position to do so are called upon to make multi-year contributions to the Fund.

Table 2  
**Technical cooperation expenditures by region, 2012–2015**  
*(Thousands of dollars)*

	2012	2013	2014	2015	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Percentage</i>
<b>Total</b>	<b>36 311</b>	<b>40 459</b>	<b>38 780</b>	<b>39 557</b>	<b>100.0</b>
Africa <sup>a</sup>	9 363	9 312	10 526	12 476	31.5
Asia and the Pacific <sup>a</sup>	7 268	9 521	8 700	5 942	15.0
Latin America and the Caribbean <sup>a</sup>	4 701	4 093	3 160	4 043	10.2
Europe <sup>a</sup>	784	717	1 183	1 378	3.5
North America <sup>a</sup>	-	-	167	187	0.5
Interregional projects	14 194	16 815	15 045	15 531	39.3
<i>Of which, least developed countries</i>	<i>15 201</i>	<i>16 240</i>	<i>15 358</i>	<i>18 858</i>	<i>47.7</i>

<sup>a</sup> Total expenditures exclusively for country and regional projects.

40. The Doha Mandate recognizes the Enhanced Integrated Framework as a key mechanism for the provision of trade-related technical assistance to the least developed countries and calls on UNCTAD to intensify and strengthen its contribution to it. In 2015, through the implementation of Framework activities, an increasing number of least developed countries made progress in mainstreaming trade policies into their national development plans, identified trade-related priorities and implemented their action matrices.

41. The diagnostic trade integration study update was carried out from late 2014 to early 2016, and validation workshops were organized for Djibouti, Ethiopia, Mali, Mozambique and the Niger. Under Tier 2 of the Enhanced Integrated Framework trust fund, UNCTAD in 2015 assisted Benin in formulating its national trade development policy and in conducting studies on trade in services, trade facilitation and transport, and geographical indications. With the substantive support of UNCTAD, a project proposal on trade mainstreaming support for the Gambia was approved by the Board of the Enhanced Integrated Framework in November 2015, and its implementation started in early 2016. Furthermore, UNCTAD assisted the Government of Burkina Faso in elaborating a medium-term operationalization plan to ensure effective implementation of the recommendations included in its 2014 diagnostic trade integration study update.

### III. Structure and functioning

#### A. Follow-up to intergovernmental decisions

##### Thematic rationalization

42. In 2015, the secretariat continued its efforts to consolidate technical cooperation activities. It developed the *UNCTAD Toolbox*, which groups 29 technical cooperation products of the secretariat under four thematic areas: transforming economies, improving competitiveness; tackling vulnerabilities, building resilience; fostering economic efficiency, improving governance; and empowering people, investing in their future.<sup>6</sup> These broad

<sup>6</sup> [http://unctad.org/en/PublicationsLibrary/osg2015d6\\_en.pdf](http://unctad.org/en/PublicationsLibrary/osg2015d6_en.pdf) (accessed 13 June 2016).

themes reflect the core areas where UNCTAD technical assistance can achieve a significant impact in the era of the Sustainable Development Goals.

43. The 29 products are categorized according to the nature of activities. Each theme covers a number of products delivered by different divisions of UNCTAD. The two largest products are ASYCUDA and DMFAS, accounting for 44 per cent and 13 per cent, respectively, of the total delivery of UNCTAD in 2015. While many of its technical cooperation products are well established and widely acknowledged by beneficiary countries, UNCTAD has recently developed new products to meet the emerging requirements of developing countries. These include the Trade, Gender and Development Programme, the Trade Facilitation Programme, corporate accounting and reporting, and national green export reviews. The Toolbox gives beneficiary countries and donors alike a clear idea of the type of technical cooperation service that UNCTAD can offer.

44. The 18 clusters – 17 thematic clusters and an additional cluster on support services and projects, resulting from the simplification and streamlining of UNCTAD technical cooperation in previous years – are also grouped under four thematic areas. Their linkage to themes and products is outlined in table 3, which will be reviewed periodically by the secretariat to reflect the evolving programme of UNCTAD work, for example, the inclusion of new technical cooperation products.

45. The secretariat's commitment to consolidating technical cooperation projects partly relies on the support of donor Governments. Donors are regularly contacted by the secretariat to request authorization to close projects or reimburse or transfer residual amounts to other activities. These operations are not carried out without the formal approval of donors. In 2015, the secretariat financially closed 27 projects and launched 46 new projects.<sup>7</sup> In total, the number of operational projects with expenditures in 2015 amounted to 242: 20 projects fewer than in 2008, when actions were taken to reduce fragmentation.

Table 3  
**Technical cooperation by cluster, theme and product**

<i>Cluster</i>	<i>Theme</i>	<i>Product</i>
	<b>A</b>	<b>Transforming economies, improving competitiveness</b>
VII	A1	Investment policy reviews
I	A2	Services policy reviews
I	A3	Trade policy framework reviews
XV	A4	Science, technology and innovation policy reviews
XIII	A5	E-commerce and Law Reform Programme
VIII	A6	Investment guides
II	A7	Non-tariff measures
III	A8	National green export reviews
I	A9	Accession to the World Trade Organization
I–XVIII	A99	Other

<sup>7</sup> For information on new and closed projects in 2015, see TD/B/WP/279/Add.2, table 12.

	<b>B</b>	<b>Tackling vulnerabilities, building resilience</b>
XVI	B1	Support for graduation from least developed country status
XI	B2	DMFAS
X	B3	Assistance to the Palestinian people
XVII	B4	Enhanced Integrated Framework
XVII	B5	Rules of origin, geographical indications and market access
V	B6	Pan-African Cotton Road Map
III	B7	BioTrade Initiative
I–XVIII	B99	Other
	<b>C</b>	<b>Fostering economic efficiency, improving governance</b>
IV	C1	Voluntary peer reviews on competition law and policy
VIII	C2	eRegulations and eRegistrations systems
XII	C3	Trade Facilitation Programme
XII	C4	ASYCUDA
X	C5	UNCTAD Statistics Programme
IX	C6	Corporate social responsibility – Sustainable Stock Exchanges Initiative
IX	C7	Corporate accounting and reporting
I–XVIII	C99	Other
	<b>D</b>	<b>Empowering people, investing in their future</b>
II	D1	Trade, Gender and Development Programme
VII	D2	International investment agreements
IX	D3	Empretec and business linkages
X	D4	Virtual Institute
XIV	D5	Course on key issues on the international economic agenda (Paragraph 166)
XIV	D6	Train for Trade port training programme
I–XVIII	D99	Other
I–XVIII	D1	Other

### **Synergies among the three pillars of UNCTAD work**

46. In accordance with the Accra Accord, paragraph 178, and as stressed in Trade and Development Board decision 526 (LXII), paragraph 1, of September 2015, efforts were pursued to ensure better coherence among the three pillars of UNCTAD work. In 2015, greater synergies between technical cooperation programmes and analytical and consensus-building work were witnessed in various working areas of UNCTAD.

47. In the area of trade facilitation, for example, UNCTAD provided technical assistance to beneficiary countries to help them prepare for the notification of implementation capacities to the World Trade Organization and to strengthen their

institutional frameworks through national trade facilitation committees. The technical assistance provided by UNCTAD benefited from its earlier research work on trade facilitation implementation and national trade facilitation committees, and in turn contributed to new research, such as the analysis of the linkages between trade facilitation implementation and the achievement of the Sustainable Development Goals. The outcomes of such research and technical assistance fed into intergovernmental exchanges and strengthened the multilateral system, for instance through the UNCTAD Ministerial Panel on Trade Facilitation held during the tenth Ministerial Conference of the World Trade Organization in Nairobi in December 2015.

48. Investment policy reviews are another example showing the synergistic interplay between the three pillars of work. An investment policy review starts with a diagnostic study, which provides a comprehensive set of recommendations on how to improve the investment environment to attract more foreign direct investment. The publication process is accompanied by an intergovernmental peer review process. Upon the publication of an investment policy review, technical assistance is provided to support the implementation of recommendations. Some five years after the completion of such a review, UNCTAD assesses the implementation of the recommendations and makes additional proposals for further technical assistance. Outcomes stemming from investment policy reviews indicate that the integrated and multipronged approaches to investment policy formulation hold real advantage. Countries typically see a significant rise in inflows of foreign direct investment following the implementation of investment policy reviews and markedly improve their investment environments.

#### **Interdivisional cooperation**

49. The Project Review Committee continued to perform its central role as the internal mechanism that ensures coherence and interdivisional cooperation on issues related to technical cooperation. The Committee is an interdivisional mechanism for making collegial decisions on UNCTAD technical assistance operations and fundraising. Its terms of reference, set by the Secretary-General of UNCTAD in 2008, were reviewed in 2015 to incorporate the recommendations made by the Office of Internal Oversight Services (Audit Report 2013/102) and to better define the roles of the Committee, including its role in the project review process.<sup>8</sup> Furthermore, the review of the terms of reference of the Committee took into account the latest efforts of UNCTAD to mainstream gender equality and women's economic empowerment into its technical cooperation projects.<sup>9</sup>

50. In 2015, the Committee held two face-to-face meetings to discuss issues on the management of technical cooperation, including the review of the terms of reference of the Committee and of resource mobilization. Furthermore, members of the Committee – divisional focal points – and staff of the Technical Cooperation Service communicate frequently on issues related to the coherent delivery of technical cooperation.

51. To effectively deliver technical cooperation activities, interdivisional cooperation was further enhanced in 2015. For example, as a follow-up to the *Science, Technology and Innovation Policy Review of Oman*, a seminar was organized for policymakers involved in the preparation of an innovation strategy. Given the relevance of intellectual property issues in the context of the innovation strategy, the Division on Technology and Logistics worked with the Division on Investment and Enterprise to deliver the seminar. Further collaboration

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<sup>8</sup> The terms of reference are still under revision in order to ensure coherence with the ongoing review of the guidelines of mainstreaming results-based management into UNCTAD projects.

<sup>9</sup> UNCTAD has developed, and is currently piloting, a checklist for mainstreaming gender equality and women's economic empowerment into technical cooperation projects.

between the two divisions is envisaged in 2016 to address specific capacity-building needs in the area of intellectual property identified during the seminar. In a project on capacity development for the facilitation of Palestinian trade, the knowledge of three divisions was pooled to ensure its successful delivery: the Division on Globalization and Development Strategies (the Palestinian economy), the Division on Technology and Logistics (trade facilitation and logistics) and the Division on International Trade in Goods and Services, and Commodities (gender and the environment). The Virtual Institute and the Paragraph 166 programme, by nature of their activities, also rely largely on the expertise and collaboration of colleagues from UNCTAD divisions for delivery.

### **Inter-agency cooperation**

52. In 2015, UNCTAD continued its active collaboration with agencies within and beyond the United Nations for the effective delivery of technical cooperation. By sharing information, pooling resources and capitalizing on the comparative advantages of each partner, UNCTAD was able to deliver more with limited resources, and more effectively.

53. There are numerous examples showcasing the importance of inter-agency partnership in delivering results. A case in point is the Enhanced Integrated Framework, where UNCTAD works closely with other partner agencies, including the International Monetary Fund, the International Trade Centre, the United Nations Development Programme, the World Bank and the World Trade Organization, to support the least developed countries in using trade as a vehicle for economic growth, poverty reduction and sustainable development.

54. The United Nations Inter-Agency Cluster on Trade and Productive Capacity is another good example of how UNCTAD, as the lead agency, collaborates with other agencies (14) in carrying out joint operations at the country level to deliver aid for trade. In the area of ICT, UNCTAD, as a member of the Partnership on Measuring ICT for Development, joins the work of 13 other agencies to improve the availability and quality of ICT statistics. UNCTAD also signed an implementation agreement with the World Bank for the ICT Policy Review of Egypt, with collaboration focusing on the electronic payments component of the e-commerce strategy. In the area of commodities, UNCTAD established a partnership with the Economic Commission for Africa to strengthen the capacity of the Economic Community of Central African States to enhance domestic production linkages in the mineral resources sector.

### **Requests from developing countries**

55. To better track requests from developing countries, UNCTAD started working on the establishment of a database of formal requests for UNCTAD technical cooperation in late 2015. The new database was presented to member States in April 2016 and will be piloted until September 2016.<sup>10</sup> The database provides key information – for example, beneficiary countries, themes, budget and funds availability – on formal requests received by UNCTAD since 1 January 2013. The new database, which will be updated regularly, will replace the indicative list of formal requests for UNCTAD assistance prepared by the secretariat in previous years on an annual basis.

56. As UNCTAD heavily depends on extrabudgetary resources to deliver technical assistance, lack of adequate financial support from donors constitutes the biggest challenge to UNCTAD in meeting demand from developing countries. According to preliminary data, from 1 January 2013 to 31 December 2015, UNCTAD received 652 technical cooperation

<sup>10</sup> See <http://unctad.org/projects/tc/en/Pages/Requests.aspx> (accessed 13 June 2016).

requests, which UNCTAD costed at \$60.2 million.<sup>11</sup> By the end of 2015, only 61 per cent of requests had their funds secured. To cover the remaining 39 per cent of requests for UNCTAD technical cooperation, about \$37.2 million needs to be mobilized. In the medium term, this funding gap could widen even further as developing countries start to implement the 2030 Agenda for Sustainable Development and demand for trade and trade-related technical assistance increases in the coming years.

57. While UNCTAD continues to make strong efforts to mobilize funds from traditional and emerging donors, it also seeks to identify the most cost-effective way to deliver tailored technical cooperation. A new delivery methodology – blended learning – has been developed for capacity-building activities. This new approach combines e-learning with face-to-face workshops and has proved to be an efficient way to share knowledge and build capacity. Currently the approach has been applied to many UNCTAD capacity-building activities, including TrainForTrade training courses, the DMFAS programme, the Paragraph 166 programme and the Virtual Institute.

58. In 2015, UNCTAD developed innovative products or projects related to the Sustainable Development Goals to better meet the needs of developing countries. For instance, UNCTAD, in collaboration with the World Customs Organization, developed a performance measurement module known as ASYPM, which stands for ASYCUDA System for Performance Measurement. The module leverages customs data in the ASYCUDA system to study operational trends, monitor performance indicators and enable decision-making. In 2015, the Democratic Republic of the Congo became the first country to request assistance to adopt this new module. Business Schools for Impact is another initiative launched by UNCTAD to turn the attention of business students towards the Sustainable Development Goals. It provides a platform for students, educators and impact practitioners to discuss topics relating to the Sustainable Development Goals. It also makes available impact-oriented course modules, case studies and internship opportunities for use in the business school curriculum. An independent evaluation of the initiative hailed it as truly visionary in the way the Sustainable Development Goals were made an integral part of the project scope, well before they were even announced.

#### **New initiatives to strengthen results-based management and evaluation**

59. In 2015, UNCTAD continued to implement results-based management in technical cooperation. Guidelines for Results-Based Management in UNCTAD Projects,<sup>12</sup> issued by the secretariat in 2012, provided general guidance for all project officers on the use of a logical framework approach for mainstreaming results-based management into technical cooperation projects.

60. However practices and approaches relating to result-based management in project design and implementation continued to vary across UNCTAD, depending on donor requirements. In 2016, UNCTAD will issue new guidelines to harmonize practices across the Organization and establish a set of minimum standards for result-based management that all projects should meet. These standards will ensure a focus on results during each step of the project cycle, as follows:

(a) Project design, through, inter alia, better market research, the identification of risks, clearer links between project activities and outputs and the Sustainable Development Goals, and indicators to measure the achievement of short-, medium- and long-term objectives;

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<sup>11</sup> This figure will increase once all requests have been costed.

<sup>12</sup> Available at [https://intranet.unctad.org/Documents/guidelines\\_results.pdf](https://intranet.unctad.org/Documents/guidelines_results.pdf) (accessed 16 June 2016).

(b) Project implementation, through, inter alia, clearer roles and responsibilities, and a plan for monitoring progress against the achievement of short, medium- and long-term objectives;

(c) Project evaluation, through, inter alia, dedicated funds and requirements to report on results and lessons learned, which will be reflected in decision-making and the planning of future projects.

61. The guidelines will be complemented with a set of templates and checklists for the submission and approval of technical cooperation projects.

62. Beyond ensuring a focus on results in all new technical cooperation projects, UNCTAD is looking at existing technical cooperation programmes to revise the logical framework at the programme level, as required, and establish stronger and more consistent definitions of short-, medium- and long-term results across the Organization, linking technical cooperation programmes to the Sustainable Development Goals, and programme-level indicators to measure results.

63. These new initiatives will allow for more a consistent and systematic collection of information on results and the consolidation of that information at the level of the Organization for learning and decision-making.

### **Fundraising**

64. To enhance resource mobilization, the secretariat made significant efforts in 2015 to improve the communication on the supply, demand and impact of UNCTAD technical cooperation. On the supply side, the newly published *UNCTAD Toolbox* provides an overview of main technical cooperation products that UNCTAD offers. To better communicate the impact of UNCTAD technical cooperation, a new feature, entitled “Meet the beneficiaries”, was launched on the UNCTAD website in November 2015. On the demand side, as mentioned earlier, a new database on UNCTAD technical cooperation requests was piloted in April 2016. This will increase the transparency of UNCTAD technical cooperation and underpin its demand-driven nature.

65. Another important fundraising initiative taken by the secretariat is the establishment of a new funding mechanism to deal with pending requests for UNCTAD technical cooperation. The proposed funding mechanism, consisting of periodic donor and recipient coordination meetings, will facilitate donors’ responses to requests for UNCTAD technical assistance made by developing countries and help close the funding gap in such assistance. In April 2016, the new funding mechanism and its working modalities were submitted to member States for consideration.

## **B. Contribution to United Nations system-wide coherence**

66. This section highlights the main contributions of UNCTAD in enhancing the role of the United Nations Inter-Agency Cluster on Trade and Productive Capacity in the United Nations system-wide coherence process.

67. 2015 marked a decisive year for the Cluster, as its influence in the United Nations system was enhanced through more formal mechanisms. The Cluster also improved its impact at the country level through increased access to “Delivering as one” funds.

68. In 2015, UNCTAD represented other non-resident agencies at meetings of the United Nations Development Group Advisory Group. This representation rotates on a yearly basis. Since the Cluster is mainly composed of non-resident agencies, UNCTAD collected the views of different Cluster agencies to provide the United Nations Development Group with common positions and recommendations. This was done to

ensure full participation of the non-resident agencies in the “Delivering as one” process so that the United Nations system can benefit from their expertise on trade issues.

69. UNCTAD also strengthened key partnerships within the Cluster. One example is the cooperation developed between UNCTAD and the International Labour Organization by means of a memorandum of understanding signed by the two agencies in December 2014. In 2015, their joint analysis and policy recommendations helped address the pressing needs of Governments on priority themes – such as trade and employment – which require comprehensive solutions. Such cooperation is an important step for increased United Nations legitimacy to meet the Sustainable Development Goals.

70. In 2015, UNCTAD successfully positioned itself in the “Delivering as one” context and further consolidated joint programmes, which have contributed to stronger normative and operational linkages for more coherence, impact and visibility at the country level. It also actively participated in the formulation of a new generation of United Nations Development Assistance Frameworks, mainly in Europe and Central Asia; cycles for such frameworks will begin in 2016.

71. With the organization of a meeting of the Cluster on 12 November 2015, UNCTAD continued the work it had started in September 2014 on the establishment of a multi-donor trust fund. This fund is expected to complement funds available through the existing “Delivering as one” funding mechanisms and to support the Cluster in developing concerted policy initiatives on key thematic areas that will guide the implementation of joint programmes at the country level. Donors are thus invited to support this initiative and provide adequate resources.

#### **Participation of UNCTAD and the Cluster in “Delivering as one”**

72. In 2015, UNCTAD operations<sup>13</sup> were carried out within the Cluster at the national and regional levels under the common “Delivering as one” banner, as follows:

(a) National level. UNCTAD and partner agencies of the Cluster were involved in the following ongoing United Nations Development Assistance Frameworks or similar planning exercises:

- (i) Africa – Cabo Verde, Comoros, Ethiopia, Lesotho, Madagascar, Mozambique, Rwanda, Sao Tome and Principe, the United Republic of Tanzania and Zambia;
- (ii) Arab States – Egypt;
- (iii) Asia and the Pacific – Afghanistan, Bhutan, China, the Lao People’s Democratic Republic, Myanmar, Nepal, Pakistan and Viet Nam;
- (iv) Europe and the Commonwealth of Independent States – Albania, Azerbaijan, Belarus, Georgia, Montenegro, the Republic of Moldova, Serbia, Turkey, Turkmenistan, Ukraine and Uzbekistan;
- (v) Latin America and the Caribbean – Ecuador, El Salvador, Panama and Uruguay.

(b) Regional level. Operations, which focused mainly on Europe and the Commonwealth of Independent States, consisted of joint initiatives developed by the United Nations Special Programme for the Economies of Central Asia.

<sup>13</sup> For updated information, see [http://unctad.org/Sections/un\\_ceb/docs/ceb\\_2015\\_01\\_operations\\_en\\_RevSep.pdf](http://unctad.org/Sections/un_ceb/docs/ceb_2015_01_operations_en_RevSep.pdf) (accessed 10 June 2016).

## IV. Conclusions and the way forward

73. In 2015, developing countries and countries with economies in transition continued to increase their contributions to UNCTAD. For the first time in the past two decades, contributions from developing countries exceeded more than half of total trust fund contributions received by UNCTAD. This illustrates the high demand from developing countries for UNCTAD technical assistance.

74. On the other hand, contributions from developed countries and the European Commission fell sharply in 2015. For the first time in 20 years, developed country contributions accounted for less than half of developing country contributions. This situation is worrying. Without the sustained funding support from traditional donors, UNCTAD technical assistance will have to be reduced for those developing countries that have insufficient financial resources, despite their urgent demand for UNCTAD technical support. Furthermore, with the implementation of the 2030 Agenda for Sustainable Development starting in 2016, the demand from developing countries and countries with economies in transition is expected to rise. This will add to the strain on the already limited financial resources for technical cooperation. Therefore, UNCTAD calls on donors from developed and developing countries to increase their financial support to UNCTAD and improve the predictability of funds so that UNCTAD can better plan its medium- and long-term technical cooperation.

75. UNCTAD is committed to assisting developing countries in achieving the Sustainable Development Goals through trade-related technical services. To fulfil its commitment, UNCTAD is taking innovative steps to enhance the internal management of technical cooperation, improve external communication, and mobilize funds from both traditional and potential donors. The publication of the *UNCTAD Toolbox*, the launch of the new “Meet the beneficiaries” feature on the UNCTAD website and the piloting of a new database of formal requests for UNCTAD technical cooperation are recent examples.

76. Looking forward, UNCTAD will continue to improve the structure and functioning of its technical cooperation programme to make it fit for the new era of sustainable development. In 2016, the work of UNCTAD will focus on a number of new initiatives: establishing new funding mechanisms to better match the supply of funds to the demand for UNCTAD technical cooperation, revamping the UNCTAD technical cooperation website and setting up a multi-donor trust fund under the United Nations Inter-Agency Cluster on Trade and Productive Capacity. In particular, UNCTAD will establish a common organization-wide framework with minimum result-based management standards for all technical cooperation programmes and projects.