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TECHNICAL COOPERATION ACTIVITIES:

REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE

Progress report, October 1997 - September 1998

Prepared by the UNCTAD secretariat

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Introduction

1. In accordance with the biennium programme budgets of 1996-1997 (as revised after UNCTAD IX) and 1998-1999 (as approved in December 1997 by the General Assembly), the secretariat programmed one report to the Board on assistance to the Palestinian people for each biennium. Accordingly, a "Report on UNCTAD's assistance to the Palestinian people" (TD/B/44/10) was presented to the forty-fourth session of the Board under agenda item 6, on technical cooperation activities, with a similar report planned for the forty-sixth session (1999). However, at the consultations of the President of the Board on 8 October 1998, it was decided to include a subitem under item 7 of the provisional agenda for the forty-fifth session of the Board entitled "Progress report on UNCTAD's assistance to the Palestinian people". The present informal progress report has therefore been prepared by the secretariat to provide the Board with an up-date on the status of work in this programme area between October 1997 and September 1998. Owing to the limited time available for the preparation of the report, it was not possible to comply with the usual guidelines for documentation. Nor was it possible to reflect relevant substantive findings of the monitoring of developments in the Palestinian economy, a task left to the "Report on UNCTAD's assistance to the Palestinian people" to be prepared in 1999.

A. UNCTAD's programme of technical cooperation activities in support of Palestinian trade, finance and related services

2. Parallel with developments in the Palestinian territory since 1993 and the establishment of the Palestinian Authority (PA) in 1994, the work of the secretariat on the Palestinian economy has evolved, with increasing emphasis on operational activities. This reorientation aims to provide concrete assistance with a view to strengthening the Palestinian private sector and bolstering PA institutional development through a range of technical cooperation modalities. The Mid-term Review emphasized that UNCTAD activities relating to assistance to the Palestinian people now need to aim at having a direct beneficial economic impact.

3. Following endorsement by the PA of UNCTAD's Programme of Technical Cooperation Activities in Support of Palestinian Trade, Finance and Related Services, UNCTAD was requested to extend technical assistance in priority areas. Since 1995, UNCTAD has fielded some 20 advisory missions to the Palestinian territory, covering 12 distinct project areas. Based on the findings of its field missions, the secretariat prepared summary project proposals, all of which were endorsed by the concerned Ministries of the PA and a number of which were submitted for inclusion in the "Palestinian Development Plan, 1998-2000 (PDP)". The attached table provides an overview of the status of UNCTAD projects currently under implementation or envisaged. As indicated, the secretariat has been able to secure only 45

percent of the funds required for technical assistance projects already proposed.

4. By mid-1998, the UNCTAD secretariat had provided advisory services and or/training in the areas indicated below, with activities funded and commenced in seven projects, but still unfunded in five others.

B. Operational activities commenced (fully or partially funded)

- (i) **Export processing zones/industrial estates - feasibility study for an industrial estate in Nablus:** This project is aimed at developing expertise and consensus on policy and regulatory options, as well as creating the infrastructural, institutional and managerial capacities for the establishment and operation of the Nablus Industrial Estate. The project is under implementation through UNDP/PAPP financing¹, and it is due to be completed before the end of 1998.
- (ii) **Promoting the cooperation of the Palestinian Authority with Egypt and Jordan in improving subregional trade-related services:** This project is intended to build upon the achievements of the peace process since 1993 by consolidating and operationalizing the accords reached among the partners regarding customs procedures, improving transport coordination, streamlining trade-related services and operations and related human resources development. In particular, services and infrastructural facilities at both national and subregional levels need to be developed with a view to expanding trade and promoting economic cooperation. The project was approved for funding by UNDP/RBAS², and project activities are due to commence in October 1998, including preparation of technical assessments and convening of a sub-regional seminar and study-tour, as well as a tripartite meeting to discuss recommendations for action emanating from the project.
- (iii) **Training programme in international commercial diplomacy:** The activities under this programme, which are funded jointly by UNCTAD, UNDP/PAPP and UNITAR, aim to: increase the knowledge of PA officials, the private sector, academics and the media of the new multilateral trading system; expose the participants to trade policy options offered under the multilateral trading system; assist the PA in developing a trade policy suited to the needs and circumstances of the region; and, develop appropriate training materials on commercial diplomacy, adapted to local circumstances, for use on a wider and ongoing basis. Three training sessions are planned,

¹ PAPP: Programme of Assistance to the Palestinian People.

² RBAS: Regional Bureau for Arab States.

conducted by national trainers with the support of UNCTAD and international experts, in addition to a High-Level Symposium to brief senior officials on the major issues raised.

(iv) **Strengthening trade efficiency (Palestinian Trade Point):** A private-sector-driven Palestinian Trade Point is envisaged in an UNCTAD project proposal, anchored with private sector trade institutions and a PA focal point for coordination. This is to be followed by development of related institutional and operational guidelines and a detailed training programme for the Trade Point. In addition to some preliminary activities funded through a UNDP/RBAS project, UNCTAD has been able to secure bilateral funding for the initiation phase of activities under this project, due to commence in late 1998.

(v) **Strengthening capacities of the domestic insurance sector:** UNCTAD advisory services on this issue in 1996 and 1997 assisted the PA Controller of Insurance on a wide range of related technical, institutional, legal and operational issues. A set of legal, institutional, managerial and procedural measures for follow-up have been outlined, including developing the technical capabilities of officials involved in the formulation of insurance policy and determination of premiums and their allocation. A further advisory mission has been requested for the last quarter of 1998.

(vi) **Guidelines for human resource development in trade - TRAINFORTRADE:** In 1997, UNCTAD was requested to provide technical assistance in the priority area of human resource development for trade. Project activities proposed by the secretariat include preparation of training materials, organizing TRAINFORTRADE workshops, and advisory services on strengthening local training capacities. Some preliminary TRAINFORTRADE activities were funded through a UNDP/RBAS project for the Arab States, under which Palestinian trainers participated in seminars organized by UNCTAD in 1998 for training of trainers and course developers. Other proposed activities remain unfunded.

C. Operational activities not yet commenced (unfunded)

(i) **Seminar on international procurement and trading of strategic food commodities:** UNCTAD's advisory missions in 1995 and 1997 outlined a number of measures for immediate action within the frame of a technical assistance project, including a seminar on commodity trading and commodity supply management. Following endorsement of the project by the PA, consultations are continuing with regard to the holding of a seminar and to secure funding for project activities.

- (ii) **Strengthening technical and operational capacities in customs administration:** Since the advisory missions conducted in 1996 and 1997, no follow-up activities on this proposed project have been undertaken; an ASYCUDA demonstration mission is under discussion with the PA.
- (iii) **Compilation of statistical series on Palestinian international trade:** Since the advisory missions conducted by UNCTAD in 1996 and 1997, no follow-up activities on this proposed project have been undertaken. However, consultations and exchanges of information with the Palestinian Central Bureau of Statistics have been maintained.
- (iv) **Managerial and institutional capacities for operation of the Gaza Commercial Sea Port:** Since the advisory mission conducted in 1995, no follow-up activities on this project have been undertaken, pending a final decision on the construction and operation of the Gaza Sea Port.

D. New requests for technical assistance

5. In mid-1998, the PA directed two new requests to UNCTAD for technical assistance in the areas of the **Debt Management and Financial Analysis System (DMFAS)** and **Elaborating Guidelines and Principles for Sustainable Longer-term Economic Development of the West Bank and Gaza Strip**. The secretariat responded favourably to the former by fielding a DMFAS programming mission in mid-1998, and this is to be followed by the preparation of a project proposal document. In response to the latter request, UNCTAD advisory services and international expert services have been mobilized, commencing in October 1998. Meanwhile, preliminary discussions have also been held with the PA regarding possible activities within the framework of **Support of small and medium-size enterprise development (EMPRETEC)**.

E. Orientation, work-programme and coordination arrangements

6. As for the substantive orientation of UNCTAD's assistance to the Palestinian people during the current biennium, the secretariat is guided by the provisions of UNCTAD's subprogramme 9.1, as outlined in the United Nations medium-term plan for the period 1998-2001. It will thus "continue the work of UNCTAD, in accordance with its mandate, in assisting the Palestinian people to develop capacities for effective policy-making and management pertaining to international trade, investment and related services. In this regard, UNCTAD should take into account the work done by other international organizations in order to enhance synergies, avoid duplication and coordinate related activities."

7. Accordingly, while making provisions for investigating and analysing the main issues confronting the Palestinian economy, the programme budget for the biennium 1998-1999 has been largely focused on rendering technical assistance to the Palestinian people in priority areas within the framework of UNCTAD's programme of technical cooperation activities. Activities programmed for the biennium are: a report to the Trade and Development Board on UNCTAD's assistance to the Palestinian people (1999); development of a quantitative framework for analysing growth prospects of the Palestinian economy - data base and statistical software package (1998); international cooperation and inter-agency coordination (1998, 1999); advisory services (1998, 1999); and preparation of project proposals (1998, 1999).

8. In parallel with operational activities undertaken during the period under review, the secretariat has completed analytical work on a number of important issues, within the broad mandate of UNCTAD, which confront the Palestinian economy in the interim period and beyond. The aim has been two-pronged: to contribute to the evolving policy debate on the choice of measures required to deal with pressing development issues; and to provide the substantive basis for the orientation and implementation of the secretariat's operational activities. Two studies completed under the 1996-1997 work programme and published in 1998 are entitled "Palestinian merchandise trade in the 1990s: opportunities and challenges" (UNCTAD/GDS/SEU/1) and "The Palestinian economy and prospects for regional cooperation" (UNCTAD/GDS/SEU/2).

9. Secretariat activities concerning assistance to the Palestinian people are supported by the different substantive divisions of the secretariat and are coordinated from the Division on Globalization and Development Strategies (DGDS). The biennium programme budget envisages allocation of a total of 48 professional work/months in DGDS to this coordinating and backstopping role, in addition to the work months made available for project activities by staff of concerned divisions. Furthermore, the General Assembly, in resolution 52/220 of 22 December 1997, decided that this work programme would continue to be carried out by a Special Coordinator and another staff member. Owing to budgetary and staffing constraints during the period under review, it has not been possible so far to appoint the Special Coordinator. Alternative arrangements are currently being discussed to make available as soon as possible the full resource complement programmed for this area. In the meantime, the secretariat is seeking to recruit an associate expert to alleviate resource constraints and assist in sustaining its biennial work programme.

10. As called for in the medium-term plan, UNCTAD's activities in this area are closely coordinated with relevant international organizations. In a number of project areas, funding and implementation arrangements for UNCTAD projects are provided by UNDP, through its Regional Bureau for Arab States (RBAS/New York) and its Programme of Assistance to the Palestinian

People (PAPP/Jerusalem), in an increasingly cooperative approach to work in areas of common concern. Similarly, UNCTAD benefits from a regular exchange of information with the office of the United Nations Special Coordinator in the Occupied Territories (UNSCO/Gaza) and participates in inter-agency meetings and related activities. The secretariat has also intensified cooperation and exchanges of information with other agencies, especially UNESCWA, UNIDO, UNITAR, the World Bank and Palestinian, Israeli and international non-governmental organizations involved in extending assistance to the Palestinian people in related areas. However, as noted in the Mid-term Review of work in this area, inter-agency coordination still needs to be improved and a greater field presence considered.

UNCTAD PROJECTS OF ASSISTANCE TO THE PALESTINIAN PEOPLE: STATUS AT 1 OCTOBER 1998

Project title	Actual budget (approx. budget)	PA counterpart ministry	Actual commitments (approx. commit.)	Sources of funds	Implementation status
1. Feasibility study of Nablus industrial estate	\$260,000	Industry	\$260,000	UNDP (PAPP)	Implementation 1998
2. Promoting subregional cooperation of PA with Egypt and Jordan in trade-related services	\$120,000	Economy and Trade	\$120,000	UNDP (RBAS)	Commence fourth quarter 1998
3. Training programme in international commercial diplomacy	\$75,000	Economy and Trade	\$75,000	UNITAR (RB) UNCTAD (RB) UNDP (PAPP)	Commence third quarter 1998
4. Strengthening trade efficiency (Palestinian Trade Point)	(\$220,000)	Economy and Trade	(\$100,000) (\$ 30,000)	Italy (MED2000) UNDP (RBAS)	Commence third quarter 1998
5. Strengthening domestic insurance capacities	(\$150,000)	Finance	-	UNCTAD (RB)	Advisory services fourth quarter 1998
6. Guidelines for human resource development in trade (TRAINFORTRADE)	(\$200,000)	Economy and Trade	(\$50,000)	UNDP (RBAS)	Preliminary activities 1998
7. Guidelines and principles for sustainable long-term development of the West Bank and Gaza Strip	(\$25,000)	Planning and International Cooperation	(\$25,000)	UNCTAD (RB)	Expert and staff advisory services fourth quarter 1998
8. Seminar on international procurement of strategic food commodities	\$60,000	Supply	-	-	Awaits funding
9. Strengthening technical and operational capacities in customs administration	(\$260,000)	Finance	-	-	Awaits funding
10. Statistical series on international trade	(\$130,000)	PCBS	-	-	Awaits funding
11. Developing managerial and institutional capacities for Gaza commercial sea port	-	-	-	-	Awaits review/funding
12. Strengthening capacities in debt monitoring and financial analysis	-	Finance	-	-	Project proposal end 1998 - awaits funding
Twelve projects	\$515,000	Six counterparts	\$455,000	Five sources of project funds	Seven projects commenced, five await funding
Total	(\$985,000) \$1,500,000		(\$205,000) \$660,000		