

**CLUSTERS 10 and 11**  
**Briefing to Working Party**  
**3 September 2018**

Clusters 10 and 11, managed by the Division on Globalization & Development Strategies, contribute to the achievement of Subprogramme 1 (Globalization, interdependence and development) of the UNCTAD section of the United Nations' strategic framework.

**Cluster 10 'Globalization & Development Strategies'**

The technical cooperation projects in Cluster 10 cover a range of research and capacity building activities, and are based on the need for sound economic analysis to inform policy making for improved economic governance. They draw on the research and analytical capacities of GDS, linking policy analysis to technical assistance that builds capabilities at the national level in support of the subprogramme objective of promoting economic policies and strategies. Specific areas of focus under Cluster 10 on which we would like to brief you are the Virtual Institute, Statistics, Assistance to the Palestinian People, Economic Cooperation and Integration among Developing Countries, and the development account project on sovereign debt governance.

**The Virtual Institute**

The Virtual Institute (Vi) is UNCTAD's programme of support to academia. Its ultimate objective is to help developing countries design evidence-based policies that result in inclusive and sustainable development. To this end, the Vi offers capacity-building opportunities to academics and researchers so that they may prepare qualified decision-makers and provide analyses to underpin the formulation of economic policies in their countries.

Since September 2017, one new academic institution from Turkey joined the Vi, extending the reach of the network to 135 universities and research centres from 64 countries, including 15 LDCs. The Virtual Institute continued to provide its member institutions with services in three areas: (a) support to teaching, (b) professional development for academics and (c) facilitation of cooperation among the members of its academic network and dissemination of UNCTAD's research to the academic community. During the period under review, the Vi received financial support from the Government of Finland.

The Vi published one new teaching material on structural transformation and industrial policy, as well

as co-published a book with the WTO (An Advanced Guide to Trade Policy Analysis: The Structural Gravity Model). Furthermore, one national professional development workshop trained 35 researchers in Burundi on the use of econometric tools for the analysis of commodity-related issues.

Four online courses graduated 320 researchers and practitioners, of which 149 were women, from more than 50 developing countries and countries with economies in transition. There were three study tours and visits which trained 72 students from three countries and six universities. Libraries at Vi member institutions were enriched with more than 2,000 UNCTAD research reports and Vi teaching resources.

## **Statistics**

### **Joint UNCTAD - UEMOA project on improving International Trade-in-Services**

The aim of this project is to improve the quality and harmonization of statistics on international trade in services (SITS) for countries of the West African Economic and Monetary Union (WAEMU) or Union économique et monétaire ouest-africaine (UEMOA). The project is a collaboration between UNCTAD's Statistics Branch and the Centre Statistique de l'UEMOA, and is formally titled 'Projet pour la mise en place des statistiques du commerce international des services' or Strengthening Statistics on Internationally Trade in Services. This project is also supported by the Inter-Agency Task Force on International Trade Statistics (organized by UN Statistics Division). The task-force is particularly interested in any lessons learned and assessment of the scalability of the project.

Over the past 12 months, UNCTAD has organized workshops in Cotonou, Benin and Dakar, Senegal with statisticians from the National Statistical Institutes, Central Banks and Trade Ministries of the eight member states and representatives from ECOWAS who are hoping to formally join this project. The African Union have also asked for observer status and will attend future workshops. Since the last update, a pilot questionnaire has been designed, tested, amended. The amended version is now being tested in a full-scale survey. Work is now underway on harmonized legislation and designing a harmonized IT system.

### **Joint UNCTAD-WTO-UNSD e-learning tools for statistics**

UNCTAD's statistics branch, in cooperation with the 'Train-for-Trade' Knowledge Development Branch have developed e-learning tools for Trade-in-Services and Merchandise Services. These have been tested and are now available for countries to use. The tools are only available in English, although a French version is being developed for the Trade-in-Services tool. The content for these tools was developed in partnership with the WTO and UN Statistics Division.

## **UNCTAD Assistance to the Palestinian People**

For over three decades, UNCTAD has been supporting the Palestinian people to build the institutional capacities of the public and the private sectors essential for withstanding the difficult conditions imposed by the occupation, and laying the foundation for a robust economy and sustainable development.

The work program is guided by paragraph 55 (dd) of the Nairobi Maafikiano, which requests UNCTAD to “continue to assess the economic development prospects of the Occupied Palestinian Territory and examine obstacles to trade and development...”, and by the United Nations General Assembly resolutions 72/13, 71/20, 70/12 and 69/20, which request UNCTAD to report on the economic cost of the Israeli occupation for the Palestinian people.

In 2017-2018 UNCTAD provided assistance for the Palestinian people by relevant policy-oriented studies, building international consensus on their development needs and by providing continuous advisory services to the government of the State of Palestine, Palestinian public and private sector institutions, international organizations, researchers and academics. Activities are delivered in close cooperation with the State of Palestine, the United Nations Country Team, the Palestinian civil society organizations and other international organizations.

Recently, UNCTAD established a professional diploma training programme, entitled “Supply Chain Management”, developed jointly by UNCTAD, the Palestinian Ministry of National Economy, the Palestinian Shippers Council and Birzeit University. The programme serves the needs of exporters, importers, customs brokers, government staff, and other professionals. In 2017, the programme was accredited by the Ministry of Education and Higher Education.

However, there are a number of technical cooperation interventions UNCTAD is ready to deliver if funding is secured. These include projects to strengthen Palestinian customs capacity by modernizing and updating the version of Automated Systems for Customs Data (ASYCUDA) World presently used by Palestinian customs. Furthermore, given the increasing Palestinian debt, and its growing complexity, there is a need to reintroduce the UNCTAD Debt Management and Financial Analysis System (DMFAS) system to enhance the quality and scope of Palestinian public financial management, as part of the essential reforms needed to achieve fiscal sustainability.

It is crucially important to fulfil paragraph 55(dd) of the Nairobi Maafikiano (UNCTAD XIV), which calls for providing the “programme of assistance to the Palestinian people with adequate resources”. However, the programme is currently at risk of losing one of its three professional posts. Losing this

post will jeopardize UNCTAD's ability to sustain assistance to the Palestinian people at current levels; let alone strengthening it to fulfil the Nairobi Maafikiano.

### **Economic Cooperation and Integration among Developing Countries (ECIDC)**

The Development Account Project on “Development policies for sustainable economic growth in Southern Africa” aims to sustain SADC industrial cooperation strategy with the objective of identifying regional value chains and at fostering industrial policy coordination. It also aims at building capacity in a series of target countries in the region to formulate policies for diversification and structural transformation. In order to achieve these objectives a series of studies has been commissioned to analyze the economic structure of the region and identify opportunities for fruitful cooperation. The results and the main policy implications stemming from these studies have been discussed in two regional workshops designed to strengthen the policy cooperation among the governments of the target countries and support the establishment of a regular dialogue between the public and the private sector at the regional level. The project is in its second phase which features a series of capacity building workshop for policy makers tailored to the specific needs of each target economy.

ECIDC also organized an “International Summer School on Applied Industrial Policy” jointly with the Istanbul Commerce University, designed for academics coming from Turkey and several developing economies.

ECIDC also engaged in the preparation of Productive Transformation Policy Reviews for Chile (launched in January 2018), Colombia and the city of Shenzhen (forthcoming) jointly with the OECD Development Centre, CEPAL, ESCAP and UNIDO in the framework of the “OECD initiative on GVCs, transformation and development”.

Looking forward, ECIDC has been awarded a three-year grant from the 2030 Agenda for Sustainable Development Sub-Fund, managed by the UN Department of Economic and Social Affairs (DESA). The project, titled “South-South Integration and the SDGs: Enhancing Structural Transformation in Key Partner Countries of the Belt and Road Initiative”, will draw upon key lessons from China's own development strategy and from China's existing institutional capabilities, to assist national institutional capacity-building in partner countries. Tentative pilot countries are: Cambodia, Ethiopia, Pakistan.

### **Development Account project on "Building Capacity of Developing Countries' Policy Makers To Address Regulatory And Institutional Gaps In The Field Of Sovereign Debt Governance".**

In 2013, UNCTAD launched a project on " Building Capacity of Developing Countries' Policy Makers

To Address Regulatory And Institutional Gaps In The Field Of Sovereign Debt Governance". Its contents are differentiated from technical assistance activities conducted in other organizations (such as the Bretton Woods Institutions) to monitor the effectiveness of debt management frameworks. The Project does not deal with the management of debt offices - instead it focuses on the larger scope of domestic regulations which affect decisions in sovereign debt governance at the policy making level. The Project countries are Haiti, Bangladesh, Mauritania, Nepal, and Togo.

The Project's goal was to increase the capacity of policy makers at regulatory and policy implementation levels to design and implement policies that foster responsible practices in the field of sovereign debt governance through the adaptation of their regulatory and institutional frameworks. The project focused on developing policy and regulatory guidance and it targets key policy makers and regulatory authorities.

Following the completion of the first two workshops of the project, which respectively dealt with (i) the diagnostic of the countries' institutional and regulatory framework with respect to sovereign debt governance and (ii) providing capacity building to fill the gaps found in the diagnostic, the focus shifted towards drafting a gap report and the compilation of data related to the survey into a database, as well as organizing a study tour for policy makers from project countries to a host country with a more developed institutional framework in the area of sovereign debt management. The study tour was hosted by the Ministry of Finance of the Kingdom of Morocco.

The project had generated a lot of interest in the wider development community, and was completed in March 2018.

## CLUSTER 11 - the DMFAS Programme

Cluster 11 encompasses the Debt Management and Financial Analysis (DMFAS) Programme, a leading provider of technical assistance and advisory services in debt management. The overall objective is help countries to manage their debt effectively and sustainably in support of poverty reduction, development and good governance. Over the past 37 years, the Programme has provided assistance to 107 institutions, principally central banks and ministries of finance, in 69 countries, the majority of which are low-income or lower middle-income.

The programme provides countries with a set of proven solutions for improving their capacity to handle the day-to-day management of public liabilities and the production of reliable debt data for policy-making purposes. This includes its specialized debt management software, advisory services and capacity-building. The Programme's capacity-building activities aim to strengthen capacities to generate high quality debt information and produce meaningful statistical and analytical reports on public debt in a sustainable, consistent and periodic manner. The continued relevance of DMFAS' work has been underscored by the increased international recognition that the availability of reliable and timely debt data is essential for prudent risk analysis and the elaboration of government strategies aimed at ensuring sustainable debt levels.

The Programme's Annual Report for 2017, the second year of its current 4-year strategic plan, uses the comprehensive results-based framework that is core to its planning to measure the impact and success of its work. For DMFAS client countries, concrete and sustainable results at the end of 2017 include improved domestic debt data recording, enhanced reporting and improved debt analysis capacities. Significant progress has been made on the targets for *Improved debt coverage*, especially on external and domestic debt; for example, 87 per cent of DMFAS user countries had comprehensive and reliable debt databases in respect of external government and government-guaranteed debt. Results for *Enhanced transparency and reporting* were also particularly positive, with 35 countries regularly publishing official debt statistical bulletins. Increasing coverage of private non-guaranteed external debt is a challenge that will require particular attention in the coming years. In relation to *Enhanced Debt Management Knowledge*, 390 participants from 109 countries attended the 11<sup>th</sup> UNCTAD Debt Management Conference, organized in synergy with the Debt & Development Finance Branch.

The 11<sup>th</sup> DMFAS Advisory Group, held in conjunction with the debt conference, noted its satisfaction with the positive results achieved to date by the programme in the implementation of its strategic plan and that the programme is on track to meet its objectives. The Advisory Group expressed its appreciation that the programme continues to be highly relevant for developing countries, bilateral donors and other organizations, that it is highly responsive to the needs of debt management offices and that it is making an important contribution to the achievement of the Sustainable Development Goals.

The Advisory Group also reiterated the importance of the Programme obtaining the funding necessary to enable it to continue to respond effectively to the evolving demands of developing countries and countries with economies in transition. The continued high level of participation by DMFAS beneficiary countries in the Programme's cost-sharing mechanism is a good indicator of the Programme's importance to countries. In 2017, the number of donors to the Programme was stable compared to the previous year and included the European Commission, Germany, Ireland, the Netherlands, Norway and Switzerland. The Programme continues its fundraising efforts to secure new donor commitments.