

CLUSTERS 10 and 11
Briefing to Working Party
3 September 2014

The two 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 diverse topics, including both 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 the Globalization and Development Strategies Division, 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. The projects of the cluster contribute to the achievement of the expected accomplishments of the strategic framework and are consistent with the appropriate UNCTAD mandates. Specific areas of focus under Cluster 10 on which we would like to brief you are Responsible Lending & Borrowing, the Virtual Institute, Assistance to the Palestinian People and technical assistance on Statistics.

Responsible Lending & Borrowing

Since 2009 UNCTAD, with the generous support of Norway, has engaged in building consensus among a broad range of stakeholders involved in sovereign debt with a view to promoting responsible sovereign financing practices. The Principles on Responsible Sovereign Lending and Borrowing emerged in 2012 as a product of this effort. So far, twelve Member States, among which developing and developed countries, have endorsed the Principles. Given the recurrence of debt crises in the past years, States are encouraged to take the lead in this initiative by declaring their support for the Principles. The implementation of the Principles is underway through several technical assistance initiatives, one of which involves the training of Auditors General on the basis of auditing standards incorporating the Principles. After several drafts and meetings, a set of guidelines for implementing the Principles has emerged.

Furthermore, from January 2013, as the second phase of the sovereign debt project, UNCTAD has begun working on a sovereign debt workout mechanism (DWM) in order to enhance the fairness, transparency and efficiency of the current process which suffers from problems such as procrastination, poor creditor coordination and forum fragmentation. A Working Group composed of renowned experts and stakeholders in the field of debt restructuring started thinking on the DWM framework. Following a series of meetings and the drafting of 6 background research papers, the project is moving towards drafting a roadmap for a debt workout mechanism. The first draft should be finalized by end September 2014.

Virtual Institute

The Virtual Institute (Vi) is a capacity building and networking programme whose aim is to strengthen local teaching and research capacities on trade and development at developing country academic institutions - universities and research centres. The ultimate goal is to help them make their work more policy relevant and therefore more useful for their governments. This year is special for the programme as it celebrates 10 years from its establishment at the Eleventh conference of UNCTAD in Sao Paulo, Brazil.

Since September 2013, the Vi has continued attracting interest in its services from academic institutions and their governments, resulting in the admission of 9 new members from 8 countries, increasing the total membership to 105 institutions in 52 countries. Within the limits of its human resources, the Vi managed to cope with the demand and provided services in four areas: (1) support to teaching and research; (2) professional development for academics, (3) academic networking, and (4) dissemination of UNCTAD's research.

We would like to specifically mention three projects undertaken by the Vi during this period, in cooperation with other UNCTAD divisions and programmes. The first, co-funded by the UN Development Account and the Government of Finland, equipped researchers, through an online course and personalized coaching, to analyze the effect of trade policy on poverty in their countries. The project resulted in eleven country case studies prepared by developing country researchers in cooperation with national policymakers. All the studies will be presented at an international seminar on trade and poverty in Geneva next week, and the Vi will also launch a publication with selected studies. The programme of the event is available in the meeting room and we would like to cordially invite you to attend. The second project, also funded by the Government of Finland, strengthened the teaching and research capacity of academic institutions in LDCs and low-income sub-Saharan Africa countries on trade and development issues by assisting them in the development of locally relevant teaching materials, and offering professional development workshops and fellowships at UNCTAD. The third

project, also funded by the Government of Finland and undertaken jointly with the Trade, Gender and Development team of DITC, is currently developing a two-volume teaching material and an online course on trade and gender.

The Vi pays special attention to the evaluation and impact of its activities within the framework of results-based management. According to the feedback received from beneficiaries, the programme has had a tangible impact on the strengthening of teaching and research capacities at member institutions through the enrichment of university courses and the creation of new academic programmes, the development of research papers, and the facilitation of links between academics and policymakers.

The Vi would like to thank its donors - the Government of Finland, the UN DESA and the One UN Fund for Tanzania - for their support during the past year. In addition, it is important to note that Vi member universities also funded a large part of the costs of some of our services, in particular study tours, fellowships and videoconferences, and to some extent the national workshops. Finally, we would like to thank the permanent missions for their continued interest and support to our work.

More detailed information about the Vi is available in the special brochure developed for this occasion, which is available in this meeting room.

UNCTAD Assistance to the Palestinian People

In 2013, UNCTAD continued engaging with Palestinian development efforts after three decades of consistently contributing to research, policy and technical cooperation activities. UNCTAD's implementation of the technical cooperation project, "Capacity Development for Facilitating Palestinian Trade", aims to strengthen the Palestinian private sector and to consolidate the institutional capacity of the Palestinian Shippers' Council (PSC). This is achieved through increasing awareness of best practices on trade facilitation and enhancing national capacities through the provision of training and advisory services. During the past year, several institutional units under the umbrella of the PSC were established. These include legal, technical and training units, with clear mandates for each. Building on the achievements of previous years, UNCTAD and the PSC were able to roll out a trade facilitation training programme; unique in its nature, it caters to the needs of Palestinian Shippers, aligning the supply chain management with the best international practices yet adopting them to the local context, taking the constraints of occupation into account, to overcome the hurdles and restrictions imposed on the movement of people and goods.

UNCTAD, along with UN Women, the International Trade Centre (ITC) and the Food and Agricultural Organization (FAO), secured funding for a joint programme titled "One -Stop Shop to Create Sustainable Businesses with Export Potential". The project concept note was accepted by the donor. In the following phase, all the aforementioned UN agencies will develop a full project document which will detail all aspects of the joint programme.

Additionally, and in cooperation with the United Nations (UN) Division for Palestinian Rights, UNCTAD trained two Palestinian staff from the Palestinian Ministry of National Economy. They were introduced to the work of UNCTAD and other Geneva based international organizations and UN agencies.

UNCTAD continues to support Palestinian Customs through its advisory services and the drafting of a new project document to consolidate and build upon the achievements of the previous projects and ensure the complete handover to the Palestinian National Authority (PNA) for the Automated System for Customs data, known as ASYCUDA. So far funding for the new technical cooperation has not been secured. UNCTAD is working closely with the PNA to identify a donor for this project.

UNCTAD is also in close contact with the Palestinian Ministry of Finance with the goal of strengthening the Ministry's ability to manage PNA's debt through a new DMFAS project. Funding for this project remains unidentified.

Given the peculiar context of the Occupied Palestinian Territory, and the unprecedented challenges faced by the Palestinian people, especially with Israel's latest military operations in Gaza in July and August 2014, which resulted in severe human loss and infrastructure, the contribution of UNCTAD will become even more relevant. The mandate of UNCTAD, which was expanded in Doha, needs to live up to the expectations in responding to the needs of the Palestinian people. Currently, UNCTAD remains constrained by the inadequacy of resources. To maintain and build upon previous achievements, and to fulfil the expectation of the expanded Doha Mandate, it is imperative to mobilize additional resources to meet the special needs of the Palestinian people and their economy.

Technical assistance in the area of statistics

UNCTAD has recently received an increasing number of technical assistance requests for the enhancement of statistical capacity from developing countries. Adoption of sets of recommendations on international trade statistics in 2010 both in merchandise and services trade by the UN Statistical Commission has led to this inflated demand from LDC's and African countries, in particular.

At the Global Services Forum 2013 in Beijing, UNCTAD suggested to develop a technical assistance project in statistics for LLDC countries. Consequently, in September 2014 a joint UNCTAD project was set up to assist UEMOA member states in establishing the statistics of international trade in services at national level.

UNCTAD, in December 2013, trained visiting statisticians from African Union Commission, introducing them to the UNCTAD activities on international merchandise and services trade statistics, FDI statistics, the production of statistical publication and ICT data collection. In addition, UNCTAD provided them with opportunities to discuss with UNCTAD economists on the use of statistics in various economic research and policy analysis.

In parallel, UNCTAD continued the development of an E-Learning Course on Statistics of Trade in Services. The skeleton of the project - covering six modules - and the outlines of each module were defined through the cooperation of WTO and UNCTAD. The outcome was presented to the Meeting of the Inter-Agency Task Force on International Trade Statistics in March 2014. Consultants will be responsible for drafting the training package. For countries already engaged or will be engaged in the collection of data in trade in services, the e-learning course will be a supplement to the Manual on Statistics of International Trade in Services 2010 and its Compiler's Manual that is in progress.

Securing sufficient financial resources to satisfy the increasing demand for assistance remains one of the major challenges in the field of statistics. With respect to trade in services, the enhancement of national statistical capacity is a long term process. At the international level, the success of this challenge depends on several factors, including the co-operation between international and regional institutions, and their support to national institutions, effective transfer of knowledge and resources from countries having more advanced statistical systems to countries requesting assistance, and effective compilation guidance.

Globalization Seminars

Lastly in relation to Cluster 10, we would also like to mention the series of seminars on globalization and development strategies that have been jointly sponsored by UNCTAD and the Ministry of Commerce of China, with the financial support of the Chinese Government. The seminars normally take place twice each year providing an effective forum for policy makers from around 25 developing countries to receive first-hand information and up-to-date analysis on development strategies in an evolving global economic setting, and to share information and views on the latest developments and research. A new development is that the Chinese government has provided generous financing and requested UNCTAD to organize a ministerial seminar for developing countries, in particular LDCs. In May 2014 the High Level Ministerial Workshop on Development Strategies, including the Role of Trade in Services in China was organized. 24 senior officials from 11 developing countries participated in the workshop. Among them, there were 4 cabinet ministers , 2 vice ministers , and 1 assistant minister.

CLUSTER 11: Strengthening the debt management capacity of developing

Countries

Cluster 11 encompasses the activities of the Debt Management and Financial Analysis System (DMFAS) Programme, a leading provider of technical cooperation and advisory services in the area of debt management, and one of UNCTAD's flagship technical cooperation programmes. The Programme has successfully provided assistance to over 100 institutions, mainly Ministries of Finance and Central Banks, in almost seventy low- and middle-income developing countries, supporting governments to build and retain the strong national capacity that is essential for the effective management of public liabilities and sound public finance management.

The programme's activities in 2013 focused on providing solutions to the problems faced by debt management offices in the areas of operational, statistical and analytical debt management, which can be considered as the foundations for effective debt management. This included its state-of-the-art specialized debt management software, which was enhanced to handle a number of new types of debt instruments, as well as advisory services and training activities. Over 100 field missions were implemented, covering needs assessments, project evaluations, on-the-job training, national and regional workshops, and study tours that resulted in South-South and Triangular Cooperation. Concrete and sustainable results for DMFAS client countries in 2013 included improved external and domestic debt data recording, enhanced reporting both internally and at the international level, and improved debt analysis capacities. These results were evidenced by the increased production of data validation calendars, statistical bulletins and debt portfolio reviews. As a measure of the progress countries have made in debt recording assisted by DMFAS, by the end of 2013 85% of countries had developed comprehensive, reliable debt databases in respect of government and government-guaranteed external debt, and domestic debt.

As an indicator of the DMFAS Programme's success, 2013 saw the release of a report by a team of independent evaluators which concluded that the DMFAS programme continues to be highly relevant, and that it plays a vital role through achieving its long-term strategic goal of strengthening the debt management capacity of beneficiary governments so that they can meet their financing needs and payment obligations at the lowest cost and risk. Significantly, their assessment of a representative group of countries assisted by the DMFAS Programme found that those countries are building a sustainable capacity to record, report and analyse their debt. Moreover, the evaluators found that there is a high level of satisfaction among users of DMFAS' products and services. They also found that the programme has clear and measurable performance indicators as part of its focus on Results-Based Management (RBM), and that it cooperates effectively with other organisations in addition to its strong synergies with UNCTAD's research and analysis work on debt issues.

In 2014, DMFAS is focusing on continued implementation of its current strategic plan, with particular emphasis on effective capacity-building in the most currently challenging areas such as private non-guaranteed and domestic debt. The Programme is also concentrating on securing the financing it needs to meet the increasing demand for its support from developing countries. The continued high level of participation by DMFAS beneficiary countries in the Programme's cost-sharing mechanism is an excellent indicator of the Programme's importance to countries, and we thank them for their contributions. Similarly, the continuation of multi-year commitments by donors is facilitating long-term planning and development, and we would like to thank the current donors in particular, namely the European Commission, Germany, Ireland, Netherlands, Norway and Switzerland. We invite new donors to join the DMFAS community and would like to finish by relaying some conclusions of the latest DMFAS donors meeting; donors appreciated the amount of work and country coverage achieved by the Programme with its limited resources and encouraged other countries to support it because they considered that it was a clear success in the world of technical assistance.