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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*

Overall expenditures for UNCTAD technical cooperation activities remained stable at \$39.1 million in 2011. Contributions to trust funds amounted to \$44.3 million, an increase of 44 per cent over the previous year. Contributions by developing countries increased to \$15.1 million, accounting for 34 per cent of total contributions to trust funds. Contributions by developed countries slightly increased to \$14.4 million, compared with the previous year, but their share decreased to 32 per cent of total contribution to trust funds. Expenditures on interregional projects accounted for 48 per cent of total delivery, while expenditures on country projects accounted for 33 per cent thereof. Total delivery in support of the least developed countries (LDCs) increased by about \$1 million and accounted for 36 per cent of total delivery.

The Automated System for Customs Data (ASYCUDA) continued to be UNCTAD's largest technical assistance activity, followed by the Debt Management and Financial Analysis System (DMFAS). These two programmes account for almost 50 per cent of UNCTAD's total technical cooperation delivery. Actions with a view to enhancing the impact of activities continued. They aimed in particular at reducing the fragmentation of the structure of UNCTAD technical cooperation programmes and projects, in conformity with the implementation of the Accra Accord and the decisions of the Trade and Development Board.

Activities in support of system-wide coherence continued to increase. In 2011, UNCTAD managed to access \$0.8 million from funding mechanisms (multi-donor trust funds and One UN funds) at the country level. UNCTAD continued its coordination of the United Nations Chief Executives Board for Coordination Inter-Agency Cluster on Trade and Productive Capacity. The Cluster is active in more than 30 countries, including the One United Nations pilot countries and countries having adopted the "Delivering as one" approach when formulating new United Nations Development Assistance Frameworks (UNDAFs) by implementing joint programmes.

## 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. This report will also 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 Trade and Development Board decisions 495 (LV) of September 2008, 498 (LVI) of September 2009, 504 (LVII) of September 2010 and 510 (LVIII) of September 2011. These decisions recommend that a more structured interaction be carried out between the UNCTAD secretariat, potential beneficiaries and donors, within the framework of the Working Party. The main mechanism for consultations among member States on all technical cooperation issues is the Working Party, which performs tasks set out in its agreed terms of reference. These state that it “will review UNCTAD technical assistance, with a view, inter alia, to improving its effectiveness, enhancing transparency, sharing successful experiences and encouraging outreach towards potential recipients”.
3. In the context of the 2006 system-wide reform of the United Nations, the scope and focus of UNCTAD technical cooperation activities in 2011 continued to follow a two-track approach by providing the following services:
  - (a) Technical assistance services to beneficiary countries and regions through interregional, regional and country projects trust funds to which bilateral donors contribute;
  - (b) Support services at the country level within the framework of the United Nations reform and the “Delivering as one” approach.
4. Within the United Nations Development Group, UNCTAD effectively advocated for the need to include non-resident agencies in the United Nations assistance plans at the country level, as well as more emphasis on United Nations assistance in trade and related areas.
5. This report also contains information on the “Delivering as one” activities implemented in 2011. Through 2011, UNCTAD continued to lead the Inter-Agency Cluster on Trade and Productive Capacity, by ensuring that:
  - (a) The trade and productive capacity issues be given adequate importance in UNDAFs at the country level;
  - (b) The joint programmes on trade-related technical cooperation were coherently delivered by the Cluster at the country level;
  - (c) The effectiveness of United Nations expertise in this area and access to the multi-donor trust funds were maximized in countries where the Cluster was active.

## I. Funding sources for UNCTAD technical cooperation

6. UNCTAD technical cooperation activities are financed from the following sources:
  - (a) Bilateral funding, including individual governments, United Nations system and other international organizations, the European Commission and private and public-sector donors;
  - (b) United Nations Regular Programme on Technical Cooperation;
  - (c) United Nations Development Programme (UNDP);
  - (d) One UN Funds and other multi-donor trust funds.

Table 1  
**UNCTAD trust fund contributions, 2008–2011**

(In thousands of dollars)

	2008	2009	2010	2011
Developed countries' contributions <sup>a</sup>	15 659	13 658	13 883	14 447
Developing and transition countries <sup>b</sup>	8 580	9 967	9 453	15 163
European Commission	5 179	2 596	3 628	6 591
United Nations system and other international organizations <sup>c</sup>	3 644	2 856	3 150	6 573
Private and public sectors	781	781	624	1 604
<b>Total</b>	<b>33 844</b>	<b>29 858</b>	<b>30 739</b>	<b>44 377</b>

*Note:* UNCTAD trust fund contributions, 2008–2100: exclusive of third-party cost-sharing contributions through UNDP.

<sup>a</sup> Exclusive of contributions to the Associate Experts Programme.

<sup>b</sup> A major part is self-sustained for activities in their own countries, financed from proceeds of loans or grants from international financial institutions.

<sup>c</sup> For details, see table 10 of the statistical annex (TD/B/WP/243/Add.2).

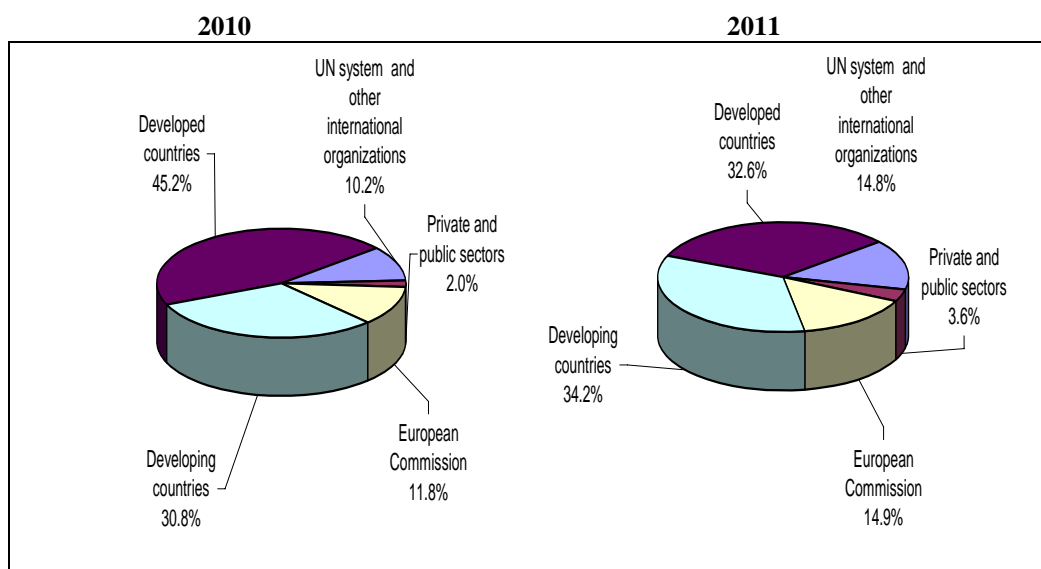
## A. Bilateral funding

7. In 2011, the overall voluntary contributions by individual governments, multilateral donors, non-governmental organizations, the enterprise sector and foundations (see table 1 and chart 1) amounted to \$44.4 million, an increase of 44 per cent over the previous year. More than 100 bilateral donors and a number of multilateral and other organizations contribute to UNCTAD. This increase took place despite the deep financial crisis affecting the majority of donors.

Chart 1

### Origin of trust fund contributions, 2010–2011

(Percentages of the total contribution)



8. In 2011, contributions from developed countries, amounting to \$14.5 million, slightly increased as compared with 2010. Developed countries are an important financial source for UNCTAD trust funds. However, their share of total contributions decreased from 45.2 per cent in 2010 to 32 per cent in 2011. The 10 developed countries that contributed the most to UNCTAD trust funds in the four-year period, 2008–2011, in order of accumulated contributions are Norway, the United Kingdom of Great Britain and Northern Ireland, Switzerland, Sweden, Finland, Germany, the Netherlands, Luxembourg, Spain and France. The top donors mainly directed their contributions towards interregional projects in support of debt management, ASYCUDA regional and national projects, capacity-building on international investment agreements, world investment series, investment facilitation, competition policies, capacity-building on trade negotiations and trade policy formulation, enterprise development, the Least Developed Countries Trust Fund, the Virtual Institute, the TRAINFORTRADE Programme, and Information and Communications Technology (ICT) Policies for Development.

9. In 2011, developing countries contributed the larger share (34 per cent of total contribution) to UNCTAD trust funds with an amount of \$15.1 million, about 60 per cent increase over 2010. Almost all contributions by developing countries are allocated to activities in their own countries, and are financed from loans or grants of international financial institutions, mainly to implement ASYCUDA and DMFAS programmes. Overall, the average amount of ASYCUDA and DMFAS projects is higher than that of other projects implemented by UNCTAD, and these two programmes combined account for more than 50 per cent of total UNCTAD expenditures for technical cooperation per year.

10. Among the multilateral donors, the European Commission continued to be the single largest contributor to UNCTAD operational activities. In 2011, it contributed \$6.6 million, accounting for 14.6 per cent of total contributions to trust funds. This figure represents an increase of 80 per cent, compared with 2010. The European Commission in 2011 channelled contributions towards one TRAINFORTRADE project in Angola, one ASYCUDA regional project in Central Africa, two national ASYCUDA projects in Cameroon and in the Democratic Republic of the Congo, one DMFAS project in Burundi, one multi-agency project on agricultural commodity in support of African, Caribbean and Pacific States, and two interregional projects in support of enterprise development (EMPRETEC programme) and of trade facilitation negotiations at the World Trade Organization (WTO).

11. Remaining contributions from the United Nations system and other international organizations in 2011 amounted to \$6.5 million, more than double the 2010 amount. This was mainly due to a \$3.6 million contribution from the United Nations Office for Project Services (UNOPS) to finance an ASYCUDA project in Afghanistan. The 2011 contribution from private and public sectors also more than doubled, reaching \$1.6 million.

## **B. United Nations Regular Programme of Technical Cooperation and the Development Account**

12. Programme budget resources for technical cooperation activities are provided under the United Nations Regular Programme on Technical Cooperation and the Development Account, sections 22 and 34, respectively, of the United Nations Programme Budget.

13. Contributions from the United Nations Regular Programme on Technical Cooperation and from the Development Account, detailed below, are not distributed on a yearly basis but under allotments and are analysed based on yearly expenditures. Contributions from UNDP, One UN pilot funds and other multi-donor trust funds

correspond to yearly expenditures (see below) due to the specific rules applicable to the disbursement of these funds. In terms of contributions to trust funds from bilateral donors, the United Nations system organizations (except UNDP and multi-donor trust funds/One UN funds) and other international donors, annual amounts received do not correspond to annual expenditures, as these contributions are directed towards activities to be carried out over a number of years.

14. Since its establishment in 1999 by the General Assembly, the Development Account – section 34 – has become increasingly important in funding capacity development projects enhancing the capacities of developing countries in the priority areas of the United Nations Development Agenda. Ten entities of the United Nations Secretariat are implementing the projects. They include the five regional commissions, the Department of Economic and Social Affairs, UNCTAD, the United Nations Environment Programme (UNEP), UN-Habitat and the United Nations Office on Drugs and Crime.

15. Projects are carried out under tranches, each of which has a three- to four-year life span. In 2011, projects under tranches 6 and 7 were implemented. The significance accorded to the Development Account by member States is reflected by its increased funding envelope – with \$23.6 million distributed under the new tranche, 8, representing almost double the initial level of funding when the Account was established 12 years ago. Under tranche 8, UNCTAD succeeded in accessing \$4.1 million, attributed to eight projects to be implemented between 2012 and 2015 in various areas pertaining to UNCTAD expertise. In addition, residual balances from previous tranches are regularly redistributed as additional allocations. UNCTAD has a share of about 18 per cent of total expenditures under each tranche.

16. Management of the Development Account is set out in relevant General Assembly resolutions.

17. The project review and approval process is innovative for the regular budget of the Organization. The process is designed for project proposals to compete with each other in meeting the criteria prescribed by the General Assembly and in achieving expected accomplishments. A Steering Group of the Executive Committee on Economic and Social Affairs plays a key role in selecting each project and monitoring its performance. Resources under the Regular Programme of Technical Cooperation – section 22 – are provided for advisory services and training. Compared with 2010, the 2011 expenditures in section 22 doubled. The training component of United Nations Regular Programme on Technical Cooperation resources was used mainly to finance training activities related to key international economic issues in line with paragraph 166 of the UNCTAD X Plan of Action (see Cluster XIV in TD/B/WP/243/Add.1).

Table 2

**UNCTAD's total expenditures on technical cooperation and source of funds, 2008–2011**

*(In millions of dollars and percentage)*

	2008	2009	2010	2011		
				Amount	Percentage of total	Change over previous year (percentage)
Trust funds	34.9	35.0	35.8	35.9	91.8	0.3
UNDP	1.6	1.1	0.8	0.2	0.4	(78.7)
Multi-donor trust funds and One UN funds	-	0.3	0.9	0.6	1.6	(34.1)
Regular budget and development account	1.8	2.4	1.7	2.4	6.2	43.3

	2008	2009	2010	2011	
				Amount	Percentage of total Change over previous year (percentage)
<b>Total</b>	<b>38.3</b>	<b>38.8</b>	<b>39.2</b>	<b>39.1</b>	<b>100</b>

18. In 2011, total UNCTAD expenditures on technical cooperation from the regular programme budget amounted to \$2.4 million, accounting for 6.2 per cent of overall expenditures. The 2011 figure reflects approximately a 40 per cent increase over the previous year (see table 2).

### C. Projects funded by the United Nations Development Programme

19. Expenditures on UNDP-financed projects in 2011 continued their downward trend since 2008, at only 0.4 per cent of total delivery, amounting to approximately \$0.2 million, a decrease of 78 per cent over the previous year (see table 2).

20. Following the signing of a memorandum of understanding between UNCTAD and UNDP in March 2009, the two agencies strengthened their collaboration, particularly with a focus on the practical operations set out in the Road Map of Joint Work UNDP-UNCTAD 2010–2012. The Road Map spells out activities that UNCTAD and UNDP would coordinate at the global and regional levels, in the thematic areas indicated in the memorandum of understanding. One of the main issues in the Road Map is the role of productive capacities in development processes.

21. An important aspect of UNDP-UNCTAD joint work concerns coordination on LDC matters with specific reference to the Enhanced Integrated Framework (EIF). Other areas in which joint actions and deliverables are taking place include trade issues and trade-related assistance; gender and trade; small and medium-sized enterprises (SMEs) and private-sector development policies; commodities; trade, environment and biodiversity; and development finance.

22. The Cluster increasingly plays a role in working relations between UNDP and UNCTAD, providing many opportunities for joining efforts and taking advantage of the UNDP presence at the field level.

### D. Specific partner contributions and multi-partner trust funds to support joint programmes of the Inter-Agency Cluster on Trade and Productive Capacity

23. In the context of the United Nations system-wide coherence, the specific partner contributions and multi-partner trust funds (MPTFs)<sup>1</sup> are specifically designed to make the “Delivering as one” approach operational by effectively implementing the coordinated inter-agency operations defined in UNDAFs.

<sup>1</sup> Specific partner contributions are direct contributions to one or more agencies given by one or more donors to support inter-agency coordination. MPTFs are established through a multi-tier governance structure (a generic MPTF architecture has been developed by the United Nations Development Group) involving the representatives of the United Nations system, national governments and donors. Specific partner contributions and MPTFs are complementary to support joint operations of the United Nations.

24. Having adopted a “Delivering as one” approach to the Lao People’s Democratic Republic, UNCTAD in 2011 received a specific partner contribution from the Government of Switzerland in the amount of \$300,000, to be delivered over three years. UNCTAD activities consist of supporting trade policy, strengthening backward linkages in the tourism sector and encouraging the extension of organic production. These activities are carried out within the Cluster in coordination with UNCTAD, the International Trade Centre (ITC), the International Labour Organization (ILO) and the United Nations Industrial Development Corporation (UNIDO).

25. In 2011, UNCTAD accessed a number of MPTFs to support joint operations carried out within the Cluster, for a total amount of almost \$0.7 million (see table 3 and TD/B/WP/243/Add.2, table 7) and expenditures of about \$0.6 million accounting for 1.6 per cent of total expenditures.

26. In 2011, UNCTAD accessed several MPTFs. In the One UN pilot Cape Verde, UNCTAD is leading the joint programme Integration of Cape Verde into the World Economy carried out within the Cluster. Activities are supported by an MPTF, the Cape Verde Transition Fund. In 2011, UNCTAD received from the One UN funds an allocation of \$80,630 for activities in the areas of WTO post-accession (with ITC and the Food and Agriculture Organization of the United Nations (FAO)), SME development (with ITC) and investment promotion (with UNIDO).

27. In the One UN pilot Mozambique, UNCTAD participated in the joint programme “Building Capacities for Effective Trade Policy Formulation and Management”. The project, carried out within the Cluster with UNDP, UNCTAD, UNIDO, ITC, ILO and FAO, ended in 2011. As this project started in 2009, UNCTAD received from the Mozambique One UN Fund a total allocation of \$180,000, which was spent in full compliance with the One UN financial rules of the United Nations Development Group.

Table 3

**Allocations to UNCTAD to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity through specific partner contributions and multi-partner trust funds, 2008–2011**

(In thousands of dollars)

	2008	2009	2010	2011
MDG Achievement Fund	-	292	200	414
Rwanda One UN Fund	97	240	120	57
Cape Verde Transition Fund	-	211	130	81
Tanzania (United Republic of) One UN Fund	-	-	-	142
Mozambique One UN Fund	-	60	120	-
Bhutan United Nations Country Fund	-	-	20	-
<b>Total</b>	<b>97</b>	<b>803</b>	<b>590</b>	<b>694</b>

Source: Multi-Partner Trust Fund Office Gateway. <http://mptf.undp.org>.

Abbreviations: MDG – Millennium Development Goals; UN – United Nations

28. In the One UN pilot Rwanda, UNCTAD received a 2011 One UN fund allocation of \$57,473. Following the UNDAF Midterm Review of 2010, UNCTAD extended its activities in two joint programmes, carried out within the Cluster. UNCTAD, in cooperation with UNIDO, continued its activities in a project aimed at strengthening institutional capacities to improve the business environment and embarked on a regional integration

project in partnership with the Economic Commission for Africa (ECA), UNCTAD, ILO, UNDP, UNIDO and ITC.

29. In the One UN pilot Tanzania (United Republic of), UNCTAD started implementing the activities designed and defined in the 2011–2015 UNDAF titled “United Nations Development Assistance Plan”. Under the Plan’s first outcome, economic growth and economic governance, UNCTAD is participating in the joint programme aimed at promoting regional integration and international trade. It is carried out within the Cluster with the participation of UNDP, ILO, UNCTAD, UNIDO and ITC. In 2011, UNCTAD received an allocation of \$141,888 from the Tanzania (United Republic of) One UN Fund to support activities on trade and investment promotion with particular reference to integrated value chains and greater access to the international markets.

30. In Panama, UNCTAD is participating in the joint programme “Improved Distribution of the Incomes by Supporting Actions for Increasing the Work Incomes” implemented under the “Delivering as one” approach. The programme, carried out within the Cluster in coordination with UNDP, UNIDO and FAO, is supported by an MPTF-MDG Achievement Fund. In 2011, UNCTAD received an allocation of \$264,679 from this fund for enterprise development activities.

31. In Viet Nam, UNCTAD is participating in the joint programme titled “Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor” carried out within the One UN pilot by the Cluster. The joint programme composed of UNCTAD, FAO, ILO, ITC and UNIDO, is supported by an MPTF-MDG Achievement Fund. In 2011, UNCTAD received an allocation of \$149,800 from this fund for enterprise development activities.

## **E. Financing of associate experts**

32. In addition to the funding sources mentioned above, some donors support the UNCTAD Associate Experts Programme, which is carried out under the Associate Experts Programme of the United Nations. In 2011, Germany, Italy and Norway contributed to five associate experts posts. Moreover, Spain financed the post of an expert to work in the Technical Cooperation Service on issues related to the One UN and the United Nations system-wide process.

33. The secretariat is grateful to those donors who continue to regularly support the UNCTAD Associate Experts Programme and calls on other donors to consider financing the programme, which offers a unique opportunity to young professionals to participate in the analytical and operational work of UNCTAD.

## **II. Expenditures and allocation of technical cooperation resources**

34. Overall expenditures of UNCTAD technical cooperation fall under four main categories:

- (a) Trust funds (including associate experts);
- (b) United Nations regular budget that includes sections 22 and 34,
- (c) UNDP;
- (d) Multi-donor trust funds and One UN funds.



35. In 2011, these expenditures remained stable at \$39.1 million. Trust fund expenditures continued to be the major source of disbursement for UNCTAD technical cooperation, accounting in 2011 for 91.8 per cent of total expenditures for UNCTAD's operational activities (see table 2).

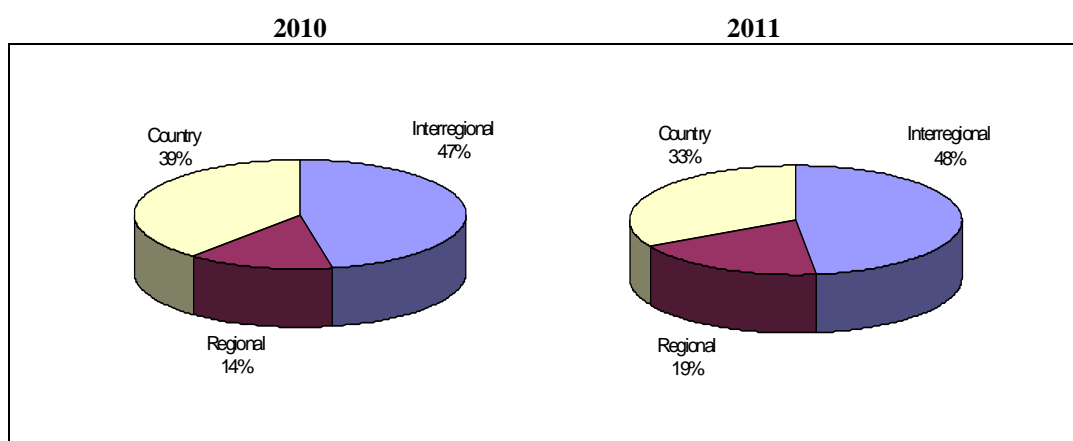
## A. Type of projects

36. UNCTAD technical cooperation projects continue to be provided on the basis of interregional, regional and country projects and programmes (see chart 2).

Chart 2

### Technical cooperation expenditures by type of project, 2010–2011

(As a percentage of total project expenditures)



#### 1. Interregional projects

37. Interregional projects are thematic projects offering activities all developing countries can benefit from. In 2011, expenditures under these projects amounted to \$18.7 million, accounting for 48 per cent of total expenditures. In 2011, there were 89 interregional projects, excluding associate experts and development account projects. However, of these 89 projects, only 19 had expenditures exceeding \$200,000. Trust funds are the major source of financing interregional projects and in 2011, they accounted for 89 per cent of total expenditures under these projects. The remaining 11 per cent was financed by the United Nations regular programme budget.

#### 2. Regional projects

38. In 2011, expenditures on regional projects amounted to \$7.5 million, an increase of \$2 million over the previous year, representing 19.4 per cent of total expenditures. Major regional projects under implementation in 2011 included two subregional ASYCUDA projects in Africa, three subregional ASYCUDA projects and one competition law and policy project for the Latin America and the Caribbean region. Also under way were one ASYCUDA support project for the Asia and Pacific region, two e-regulations/business facilitation projects in support of member States of the West African Economic and Monetary Union and of the Permanent Secretariat of the General Treaty on Central American Economic Integration, and one ASYCUDA project for Arab States.

### 3. Country projects

39. In terms of volume, country projects are the second major form of UNCTAD technical cooperation. In 2011, total expenditures on country projects amounted to \$12.7 million, some \$3 million less than the previous year. Country projects accounted for about 33 per cent of total delivery in 2011. Most country projects are either self-financed or financed by resources made available to UNCTAD under the bilateral aid programmes of certain donors. All projects financed by multi-donor trust funds and One UN funds are country projects. The majority of expenditures of country projects implemented by UNCTAD relate to the areas of customs modernization and reform (ASYCUDA), and debt management (DMFAS).

40. Expenditures on country projects in 2011 remained stable, compared with 2010 in Africa and in Europe, but decreased in both Asia and the Pacific, and in Latin America and the Caribbean. Country expenditures decreased in Asia and the Pacific by about \$2 million, mainly due to a significant reduction in expenditures of the ASYCUDA project in support of the occupied Palestinian territory and of the completion of the project on trade and globalization in India. There has been a decrease of about \$0.6 million in country expenditures in the Latin American and the Caribbean region mainly due to reductions in ASYCUDA projects in Dominica and Haiti.

## B. Thematic distribution

41. UNCTAD technical cooperation is grouped into 17 thematic clusters (see table 4). Half of UNCTAD's technical cooperation activities are undertaken under two thematic clusters, namely clusters XI and XII. Expenditures for activities carried out under cluster XII (transport and trade facilitation) amounted to \$14.7 million, or 38 per cent of total delivery. Projects under this cluster provide technical assistance in trade logistics and customs automation through the ASYCUDA programme, which is the largest UNCTAD technical cooperation programme, accounting for 35 per cent of total technical cooperation expenditures. The second largest programme is implemented under cluster XI, which includes debt management assistance through the DMFAS Programme, which accounts for 15 per cent of total delivery, with expenditures amounting to \$5.8 million. Activities of the DMFAS programme are as follows:

(a) Core activities covering the development, maintenance and support of the products and services for enhancing the capacity of beneficiary countries to manage their public debt;

(b) Delivery of capacity-building products and services to countries through specific country projects.

42. Each of the remaining 15 thematic clusters of activities account for between 1 and 6 per cent of total delivery. Trust funds supporting cross-sectoral activities such as trade and gender, South–South cooperation or activities linked to the participation of experts and civil society to UNCTAD's work are grouped in a separate cluster, XVIII. This cluster represents about 7 per cent of total annual expenditures.

43. Projects delivered under cluster XIV on cross-divisional training and capacity-building account for 5 per cent of total expenditures. The rest of the UNCTAD technical cooperation activities – representing 20 per cent of total expenditures – are spread among the remaining clusters, each of which accounts for less than 5 per cent of total delivery.

44. Projects delivered under clusters VI, VII and VIII on trends in foreign direct investment (FDI), investment policies and investment facilitation account for 10 per cent of

total expenditures. Projects delivered under cluster IX on enterprise development account for 5 per cent of total expenditures.

45. Activities undertaken under these four clusters, representing 15 per cent of total delivery in 2011, are grouped under a multi-year, multi-donor project on capacity-building in investment for development. The project aims at strengthening the capacity of developing countries to design and implement effective policies aimed at establishing an enabling environment for private-sector development, strengthening competitiveness and more broadly, promoting investment for sustainable development in line with national development strategies.

46. Activities under this project constitute a comprehensive and consistent package of assistance focusing on:

- (a) The provision of information on investment flows and policy trends and options that derive from insights into these dynamics;
- (b) Tailored diagnostic processes and targeted ad hoc technical advisory services;
- (c) Consensus-building activities through exchanges of best practices and lessons learned;
- (d) Interaction with stakeholders at the national, regional, and international levels.

### **C. Geographical distribution**

47. Expenditures in Africa, (including country and regional projects) accounted for \$9.1 million in 2011, an increase of about \$2 million, compared with 2010. Country projects expenditures remained stable, while regional projects expenditures increased. Africa's share in total delivery of UNCTAD technical cooperation in 2011 was 23.5 per cent, as opposed to 19.3 per cent in 2010.

48. Expenditures in Asia and the Pacific, including country and regional projects, accounted for \$5.2 million in 2011, some \$1.5 million less than in 2010. Country projects expenditures declined, while regional projects expenditures remained stable. The share of the region in the total delivery of UNCTAD technical cooperation was 13.5 per cent, compared with 17.6 per cent in 2010.

49. Expenditures in Latin America and the Caribbean, including country and regional projects, stood at about \$5 million. This was slightly lower than in 2010. This was reflected in particular in country projects expenditures, those relating to regional projects remained stable. The share of the region in total delivery of UNCTAD technical cooperation was 12.9 per cent, compared with 14.9 per cent in 2010.

50. In Europe, six national projects with total expenditures of \$799,000 were under implementation in 2011. These included in particular ASYCUDA projects in Albania, Gibraltar and Kosovo.

51. The geographical distribution data (see table 4 and chart 3) should be read in conjunction with the information provided in section A above, in particular the comments regarding regional and country projects. It should be noted that expenditures on regional and country projects are taken into account for the calculation of regional shares. In other words, only country-level and regional-level expenditures – accounting for about 52 per cent of total expenditures – shape regional shares, as opposed to overall expenditures, which also include interregional activities. Furthermore, when interpreting regional shares, most country projects are either self-financed or financed through resources made available by donors from their bilateral aid programmes or through multi-donor trust funds.

52. As part of its strategy in delivering technical cooperation services, UNCTAD continues to assign priority to LDCs. In 2011, technical cooperation in support of LDCs amounted to \$14.2 million, an increase of about 1 million over the previous year. As a result, the share of LDCs in total delivery was 36 per cent, as opposed to 34 per cent in 2010. As emphasized in paragraph 8 of Trade and Development Board decision 510 (LVIII) of September 2011, development partners in a position to do so are called upon to continue to contribute to the LDC Trust Fund. In 2011, contributions to that fund from Finland, Norway and Switzerland came to \$295,000.

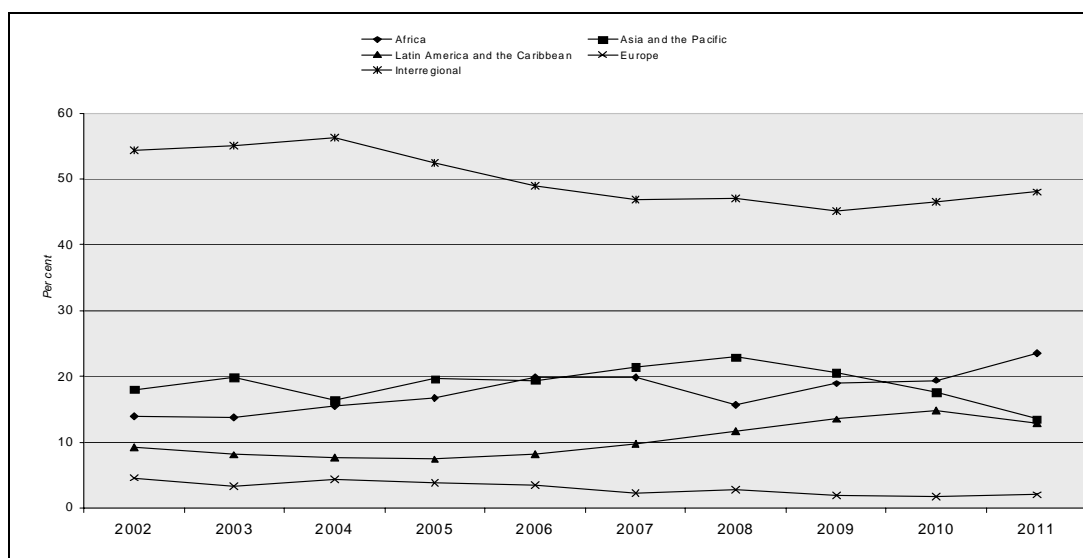
Table 4

**Technical cooperation expenditure by region and cluster, 2008–2011***(In thousands of dollars)*

	2008	2009	2010	2011	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Percentage</i>
<b>Total</b>	<b>38 283</b>	<b>38 789</b>	<b>39 198</b>	<b>39 073</b>	<b>100.0</b>
<i>By region:</i>					
Africa	5 997	7 349	7 551	9 188	23.5
Asia and the Pacific	8 774	7 959	6 895	5 287	13.5
Latin America and the Caribbean	4 480	5 250	5 851	5 054	12.9
Europe	1 056	728	690	799	2.0
Interregional	17 976	17 504	18 212	18 746	48.0
<i>By cluster:</i>					
I. Capacity-building on trade negotiations and commercial diplomacy	4 552	3 357	2 737	666	1.7
II. Trade analysis capacities and information systems	461	323	387	324	0.8
III. Commodity sector development and poverty reduction	1 472	1 328	1 140	1 397	3.6
IV. Competition policy and consumer protection	750	875	1 231	1 274	3.3
V. Trade environment and development	944	901	983	1 071	2.7
VI. FDI trends and issues	542	416	470	485	1.2
VII. Investment policies	3 143	2 454	2 091	1 093	2.8
VIII. Investment facilitation	590	1 701	785	2 288	5.9
IX. Enterprise development	415	848	1 816	1 784	4.6
X. Globalization and development strategies	173	426	753	1 115	2.9
XI. Strengthening the debt management capacity of developing countries	5 714	5 025	4 738	5 866	15.0
XII. Transport and trade facilitation	13 473	14 675	15 058	14 762	37.8
XIII. ICT policies and applications for development	382	411	321	439	1.1
XIV. Cross-divisional training and capacity-building	2 271	2 530	2 415	1 914	4.9
XV. Science technology and innovation	252	265	356	352	0.9
XVI. Productive capacities in landlocked developing countries small island developing States and structurally weak vulnerable and small economies	1 167	710	892	941	2.4
XVII. Strengthening support for trade mainstreaming into national development plans and/or poverty	336	313	678	438	1.1

	2008	2009	2010	2011	
	Amount	Amount	Amount	Amount	Percentage
reduction strategy papers in LDCs in the context of the EIF					
XVIII. Executive direction and management and support services	1 644	2 231	2 348	2 862	7.3
<i>Of which: LDCs</i>	<i>15 699</i>	<i>16 140</i>	<i>13 277</i>	<i>14 185</i>	<i>36</i>

Chart 3

**Technical cooperation expenditure by region, 2002-2011***(As a percentage of total yearly expenditure)***III. Structure and functioning****A. Follow-up to intergovernmental decisions**

53. UNCTAD technical cooperation continues to revolve around policy analysis and advice and human and institutional capacity-building. In accordance with paragraphs 178 and 217 of the Accra Accord and with paragraph 6 of Trade and Development Board decision 510 (LVIII) of September 2011, efforts continued to ensure greater coherence between the technical cooperation programmes and the analytical and consensus-building work.

54. Activities carried out in the areas of competition policies and consumers protection provide a good example of synergies between the three pillars.

55. The deliberations on competition law and policy during the annual session of the Intergovernmental Group of Experts and the five-yearly United Nations conferences to review all aspects of the set of multilaterally agreed equitable principles and rules for the control of restrictive business practices seek to build consensus on effective development policies and to identify best and relevant practices for the formulation and application of competition and consumer policies. The outcomes of these deliberations are usually expressed in guidelines and recommendations for use by young competition agencies on

how to ensure effectiveness in the application of competition and consumer protection policies. Some of these recommendations require implementation by interested member States through UNCTAD capacity-building, while others call on the secretariat to carry out further policy research and identify practical measures to address the problem at hand.

56. An example of this approach is the organization of voluntary peer reviews on competition policy. Interested countries undergo a non-adversarial review of their competition law, its substantive and procedural components, an assessment of the effectiveness of the competition agencies and the impact of competition policy on economic development. The findings of the peer review are discussed in a plenary of the Intergovernmental Group of Experts and shared with all participating countries as part of the exchange of experiences and expertise. An integral part of this exercise is that the peer review findings are used as a means of assessing UNCTAD capacity-building needs and are discussed with all potential donors that also take part in the peer review. Monitoring of the implementations of the recommendations is carried out at the meeting of the Intergovernmental Group of Experts.

57. Rationalization of the activities carried out within each of the thematic clusters and consolidation of projects under thematic trust funds continued through 2011. Efforts were aimed at reducing the fragmentation of UNCTAD operational activities and the number of trust funds without affecting the scope, content and delivery of UNCTAD technical cooperation programmes.

58. The number of operational trust funds with expenditures in 2011 amounted to 240 (see box 1 in TD/B/WP/243/Add.2). In 2011, the secretariat managed to financially close 63 projects, 24 of which were interregional, and 4, regional projects.<sup>2</sup> However, 46 projects were started in 2011, 32 of which were country projects. Currently there are 20 multi-donor projects with more than 5 donors.

59. From the start, country operations were excluded from the clustering process. Only interregional and regional trust funds funded by bilateral donors are concerned by the clustering process. In terms of figures, this represents a total of 72 interregional projects and 28 regional projects with expenditures in 2011. UNDP-funded projects, development account and projects financed by multi-donor trust funds and One UN funds are not part of the clustering process, as they are not governed by the same financial and administrative rules as trust funds projects.

60. The Project Review Committee<sup>3</sup> continued to perform its central role as the internal mechanism to ensure coherence and interdivisional cooperation on technical cooperation related issues. The Committee meets as necessary to discuss issues relative to the management of technical cooperation, including fundraising, distribution of funds and approval of new projects proposals. Divisional focal points members of the Project Review Committee and the technical cooperation service communicate on all issues related to the coherent delivery of technical cooperation almost on a daily basis.

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<sup>2</sup> A project is financially closed when all the programmed project activities have been completed and there are no outstanding obligations (commitment) in the project accounts.

<sup>3</sup> The Committee is the interdivisional mechanism for making collegial decisions on UNCTAD technical assistance operations and fundraising. Its terms of reference were set by the Secretary-General of UNCTAD in 2008. The goals and scope of the Committee are sharing and reporting of information, analysing UNCTAD technical cooperation programmes, improving and streamlining procedures, supporting resource mobilization efforts, ensuring overall coherence and enhancing the role of UNCTAD at the country level.

61. The 17 thematic clusters document, circulated as an informal working document of the Working Party, is frequently updated by the divisions responsible for the respective clusters to reflect ongoing and proposed activities in response to requests received from beneficiaries. The document includes proposals to merge interregional and regional projects into multi-donor and multi-year trust funds. The objective is to continue reducing the number of trust funds, consolidate activities, simplify and streamline the structure of UNCTAD technical cooperation. Information regarding new and closed projects in 2011 is provided in table 11 in document TD/B/WP/243/Add.2.

62. The secretariat is committed to continuing its efforts towards the reduction of fragmentation, and counts on the support of donor governments in this regard. Closure, reimbursement or transfer of residual amounts to other activities can only take place if the secretariat receives authorization and clear instructions from the donors.

63. Further to paragraph 9 of Trade and Development Board decision 504 (LVII) of September 2010, the secretariat has updated the compilation of the indicative list of formal requests received in 2011–2012 for UNCTAD assistance that is circulated as an informal working document of the Working Party. This list is useful for identifying in a transparent manner the needs and priorities of beneficiaries and can guide donors in their decisions regarding the allocation of their contributions as underlined in paragraph 10 of Trade and Development Board decision 510 (LVIII) of September 2011.

64. The UNCTAD Project Portal ([www.unctad.info/en/TC/?mode=AllProjects](http://www.unctad.info/en/TC/?mode=AllProjects)) provides online access to comprehensive information on all UNCTAD technical assistance projects and the facility to select information by project, donor, geographical coverage and thematic cluster. As part of its continuing effort to improve the visibility of its technical assistance work and ensure the availability of related information to all stakeholders, the new UNCTAD website contains all the updated information regarding technical assistance.

65. UNCTAD continues contributing to the WTO *Global Trade-Related Technical Assistance Database*,<sup>4</sup> which was launched in 2010 to serve as the portal for the sharing of information between partner agencies on the future execution of trade-related technical assistance.

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

66. In 2011, UNCTAD continued to strengthen its role in the United Nations reform process, fully complying with the General Assembly resolutions on operational activities for development and in consonance with UNCTAD-XII and subsequent Trade and Development Board decisions. UNCTAD's participation in the "Delivering as one" process was facilitated through several initiatives. These included the following:

- (a) The continuation of UNCTAD's role as coordinator of the Inter-Agency Cluster on Trade and Productive Capacity;<sup>5</sup>
- (b) UNCTAD's active participation in the United Nations Development Group, in particular with respect to the advocacy of trade-related assistance in UNDAFs;<sup>6</sup>

<sup>4</sup> <http://gtad.wto.org/>.

<sup>5</sup> Since 2007, the Cluster is the inter-agency mechanism composed of resident and non-resident agencies from the United Nations system with mandates and expertise in the area of international trade and productive sectors. Coordinated by UNCTAD, it is currently composed of UNIDO, FAO, ILO, ITC, WTO, UNDP, the United Nations Commission on International Trade Law, the five regional commissions, UNEP and UNOPS. See: [http://www.unctad.org/en/Pages/TC/TC\\_United-Nations-Inter-Agency-Cluster.aspx](http://www.unctad.org/en/Pages/TC/TC_United-Nations-Inter-Agency-Cluster.aspx) / <http://www.unctad.org>.

(c) UNCTAD's leading role within the Group on all matters pertaining to the participation of non-resident agencies in the United Nations country plans.

67. Since its establishment in April 2007 and its official launch by the United Nations Secretary-General during UNCTAD XII in April 2008, the Cluster has been a dynamic instrument for ensuring the inclusion of trade and related matters in the United Nations assistance operations and contributing to United Nations system-wide coherence. It is a successful inter-agency mechanism employed to draw up joint programmes in the One United Nations pilots and in countries having adopted a "Delivering as one" approach.

## **1. UNCTAD and the Cluster increased participation at the country level**

### **(a) Participation in the One United Nations pilots**

68. As mentioned above (see section I.B), UNCTAD and the Cluster are involved in the One United Nations pilots. At the time of the preparation of this report, joint programmes<sup>7</sup> were being implemented and/or designed by the Cluster as follows:

69. In Albania, in 2011, the Cluster participated in the formulation of outcome 2.1 of the new UNDAF 2012–2016 titled "Programme of Cooperation". The outcome is aimed at supporting the integration of Albania in the European Union by enhancing its trade and investment regulatory framework. The activities are implemented by UNCTAD, the Economic Commission for Europe (ECE), UNDP, UNIDO, ILO, ITC and FAO.

70. In Cape Verde, the Cluster continued the operations implemented since 2008 within the initial phase of the One UN Pilot under the UNCTAD-led joint programme on the integration of Cape Verde into the world economy. In 2011, the Cluster participated in the formulation of a new joint programme to be delivered by UNCTAD, UNDP, UNIDO, ITC, FAO and ILO as part of the new UNDAF 2012–2016.

71. In Mozambique, upon completion of the activities under the first phase of the One UN pilot, the Cluster participated in the formulation of the UNDAF 2012–2015. In outcome 2 of the new UNDAF, the Cluster will support SMEs to adopt market and value chain-oriented management and business practices. The activities are carried out by UNCTAD, UNDP, UNIDO, ITC and ILO.

72. In Pakistan, in 2011, upon further requests from the Government and the United Nations Resident Coordinator, the Cluster became involved in the preparation of the second phase of the One UN programme by participating in the formulation of the new UNDAF 2013–2017.

73. In Rwanda, in 2011, the Cluster continued its activities under the joint programme on strengthening institutional capacities to improve the business environment in partnership with UNIDO and extended its activities under the economic governance outcome, which includes UNCTAD, ECA, UNDP, UNIDO and ITC. The Cluster's 2011 activities consisted in mainstreaming the country's regulatory frameworks on trade and investment, with a particular focus on the policies and best practices developed at the regional level.

<sup>6</sup> UNDAFs contain the collective and strategic response of the United Nations country team to contribute to the development and the implementation of priorities within the countries' national development plans, developed through an inclusive approach, covering the entire range of analytical, normative, technical and operational activities of the United Nations system, and including resident and non-resident agencies, funds and programmes.

<sup>7</sup> A table containing updated information on Cluster operations at the country level will be circulated to the Working Party during its meeting.



74. In the United Republic of Tanzania, in response to requests from the Government and the United Nations Resident Coordinator, the Cluster participated in the formulation of the UNDAF 2011–2015 titled “United Nations Development Assistance Plan”. The Cluster is part of the economic growth and governance pillar, which includes the interventions of UNCTAD, UNDP, ILO, UNIDO and ITC.

75. In Viet Nam, in 2011, the Cluster continued the implementation (started in 2009) of the One United Nations joint programme entitled “Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor” supported by an MPTF-MDG Achievement Fund. UNCTAD, FAO, ILO, ITC and UNIDO are participating in the programme.

76. In Uruguay, the Cluster participated in the formulation of the UNDAF 2011–2015’s outcome 1 titled “Sustainable Development through Integration into the International Trading System, Diversified Production and Increased Investment”. The Cluster’s intervention includes UNCTAD, UNDP, UNIDO, ITC, FAO and UNEP.

**(b) Participation in countries having adopted a “Delivering as one” approach**

77. In addition to the One UN pilot countries, the number of countries having adopted the “Delivering as one” approach when formulating new UNDAFs, based on the 2009 updated *Guidelines for UN Country Teams on Preparing a CCA* (Common Country Assessment) and UNDAF is increasing. Many United Nations Resident Coordinators are requesting the Cluster’s assistance to address government priorities on trade-related and productive capacity issues at the country level.

78. The Cluster is involved in the design and implementation of joint programmes with different intensity and configuration in countries (January 2012) such as:

- (a) Africa: Comoros, Lesotho, and Sao Tome and Principe;
- (b) Arab States: Egypt, the occupied Palestinian territory and the Syrian Arab Republic;
- (c) Asia and the Pacific: Afghanistan, Bhutan, the Lao People’s Democratic Republic and Nepal;
- (d) Europe and the Commonwealth of Independent States: Azerbaijan, Belarus, Georgia, Moldova, Serbia and Ukraine;
- (d) Latin America and the Caribbean: Ecuador, Haiti and Panama.

**(c) Enhanced Integrated Framework**

79. When dealing with member countries of the Framework, activities included in the joint programmes are in conformity with those proposed in the diagnostic trade integration studies. This is the case in the “Delivering as one” United Nations pilots Cape Verde, Mozambique, and Rwanda, but in other LDCs such as Bhutan, Comoros, the Lao People’s Democratic Republic, Lesotho and Haiti as well.

80. With regard to funding, the resources potentially accessible from EIF tiers 1 and 2 would be complemented by the multi-donor trust funds. Because EIF funds were not yet operational in 2010, in the case of Mozambique, Cape Verde and Rwanda, the multi-donor trust funds financed the activities proposed in the diagnostic trade integration studies.

81. The Accra Accord recognizes the Framework as a key mechanism for the provision of trade-related technical assistance to the LDCs and calls on UNCTAD to intensify and strengthen its contribution to it. In this context, UNCTAD, with very limited resources, continues to actively take part in the Framework. In addition, UNCTAD assists the LDCs

both in terms of capacity-building for the ownership of the EIF through its support activities before and after the diagnostic trade integration studies and by providing trade policy and strategy advisory services.

82. Diagnostic trade integration studies and national action matrixes are becoming the common intervention platform for the provision of trade-related technical assistance to LDCs by all development partners. Funding will be channelled increasingly through the EIF Trust Fund or bilateral country programmes and less through agencies. It is therefore important for UNCTAD to adapt to this donor funding policy shift and continue to be active in the implementation phase of the EIF.

83. The implementation of the Framework is presently entering its maturity phase and a global review of its effectiveness is scheduled to start in mid-June 2012. Examples of UNCTAD's increased role in the EIF process include Gambia and Senegal, which have selected UNCTAD as the implementing agency for updating their diagnostic trade integration studies; Mozambique is expected to submit a similar request in the near future. UNCTAD will provide three chapters for the diagnostic trade integration studies of Haiti with the collaboration of the World Bank. UNCTAD will also provide the formulation of tier 2 projects for Benin, Chad and the Democratic Republic of the Congo.

## **2. Organization and participation of the Cluster at the United Nations system level and other events**

84. Country and regional events: A special event entitled "Trade and Productive Capacity" was held by the Cluster at the Fourth United Nations Conference on the Least Developed Countries in Istanbul on 9 May 2011. The Secretary-General of the United Nations, Mr. Ban Ki-moon, chaired the event. On this occasion, a concept note was prepared by the Cluster on the role of trade and productive capacity in promoting inclusive and sustainable development in LDCs and presented to member States for discussion. The concept note argues that, in order to achieve progress towards the MDGs in LDCs, greater emphasis should be put on supporting sustained economic growth through support to the development of productive capacity (UNCTAD/TC/2011/1).

85. In the framework of a project financed by the Development Account, UNCTAD, in cooperation with the agencies members of the Cluster, organized a national workshop in Lesotho in May 2011 and a regional workshop in Mali in November 2011. Both workshops aimed at strengthening the capacity in formulating trade-related assistance plans and improving the inclusion of trade in new UNDAFs. The workshops were meant for government officials in charge of the national trade policy and of planning aid development strategies. All selected participating countries (Cameroon, Djibouti, Guinea-Bissau, Mali, the Democratic Republic of the Congo and Togo) in the regional workshop are starting a new UNDAF cycle in 2013.

## **3. Support to the United Nations Resident Coordinators and United Nations country teams in operational issues related to trade and productive sectors**

86. In February 2011, UNCTAD took part in the United Nations Resident Coordinators Induction Programme organized by the Development Operations Coordination Office. A special event of the Cluster brought together 16 newly appointed Resident Coordinators. Practical examples of how the Cluster delivers coordinated operations on trade and related matters at the country level was provided to participants. The event, entitled "MDG1: Focus – Poverty Eradication through Decent Work, Trade and Development", was attended by ILO, UNIDO, ECE and UNCTAD.

## IV. Conclusions

87. In 2011, the secretariat continued to approach technical cooperation-related issues at the internal and external levels in the spirit of the United Nations system-wide reform.

88. Follow-up actions in response to the Accra Accord and decisions of the Trade and Development Board regarding the structure and functioning of UNCTAD technical cooperation continued. Efforts towards the consolidation of activities under thematic clusters continued as well, and steps were taken to enhance coherence and transparency and to strengthen internal management. The overall goal is to increase the impact and sustainability of project activities. Delivery of activities continued at a sustained pace with a view to responding to the increased number of requests from beneficiaries in all areas pertaining to UNCTAD's mandate.

89. Activities at the level of the United Nations were carried out mainly through the Inter-agency Cluster on Trade and Productive Capacity, which UNCTAD continued to lead. Through 2011, the Cluster further consolidated its role as one of the most dynamic inter-agency mechanisms within the United Nations system. With its 15 members, the Cluster was able to participate actively in the preparatory phases of a number of UNDAFs at the country level and formulate and deliver joint programmes and activities within the framework of the "Delivering as one" programme.

90. With respect to the process of consolidation of projects and thematic trust funds, an increasing number of donors are confirming their support to the clustering of projects into thematic multi-year and multi-donor trust funds. The continued active participation of donors in this process, in particular regarding the cumbersome administrative requirements linked to the closure of trust funds and the transfer of unspent funds, will facilitate and expedite the process.

91. UNCTAD's technical cooperation responds to the varying needs of its beneficiary countries and regions, in accordance with their national development priorities. The role that is played by UNCTAD technical cooperation in addressing and promoting national economic governance should be assessed against the backdrop of the contribution that it makes in providing the following services:

- (a) Policy advice and assistance in all areas of its work;
- (b) Programmes and projects for the creation and/or upgrade of institutions supportive to an enabling environment for economic development;
- (c) Training programmes carried out in the context of implementing capacity-development projects to manage the institutions that have been set up to implement policies and enforce laws.

92. At the external level, more and more countries are adopting the "Delivering as one" approach. Since 2008, the positive results achieved by the Cluster show that despite the complexity of this thematic area of work, "Delivering as one" can be achieved. UNCTAD is very proud of these results that deserve to be known and replicated. The Cluster demonstrates that inter-agency coordination adds substantive value and paves the way to effective, tangible coherence in a key area of development aid. Through its multidimensional approach, the Cluster is helping to meet the different requirements of strategic, institutional and operational support. There are, however, still several practices and traditional mindsets at the operational level regarding the role of non-resident agencies that need to be changed because they continue to undermine the role of non-resident agencies, system-wide coherence and the efficiency of United Nations assistance.

93. “Delivering as one” represents a major challenge for the agencies of the Cluster, but also for donors and beneficiaries. Greater coherence is necessary among all the parties involved in trade-related assistance. Agencies must coordinate their participation in the “Delivering as one” United Nations pilots and in countries involved in a new UNDAF process, as well as their participation within the United Nations Development Group, in view of the formulation of new United Nations rules and standard mechanisms for development operations. Beneficiaries must ensure that their national priorities are fully reflected in the UNDAF processes designed and launched in their countries to allow the Cluster to respond effectively to their needs. Finally, through their contributions to multi-year, multi-donor thematic clusters and the new multi-donor trust fund mechanisms at the country level, donors provide UNCTAD and other agencies the flexibility and capability to propose activities with corresponding funds and therefore, to fully participate in the joint programming efforts in this context. Donors are thus invited to provide adequate resources to the above-mentioned financing mechanisms in view of ensuring a smooth and coherent implementation of the reform of United Nations development operations. No significant progress will be made in inter-agency cooperation, coordination and coherence unless donors move towards more multi-donor mechanisms.

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