

United Nations Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity

Food and Agriculture Organization
International Trade Centre
United Nations Conference on Trade and Development
United Nations Development Programme
United Nations Economic Commission for Africa
United Nations Economic Commission for Europe
United Nations Economic Commission for
Latin America and the Caribbean
United Nations Economic and Social Commission
for Asia and the Pacific
United Nations Economic and Social Commission
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United Nations Environment Programme
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UN-CEB Inter-Agency Cluster on Trade and Productive Capacity

DELIVERING AID FOR TRADE



UNITED NATIONS
September 2009

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BACKGROUND

Further to a proposal made by the Secretary-General of UNCTAD at the UN System Chief Executive Board for Coordination (CEB) First Regular Session of April 2007, and as a result of consultations among UN agencies and entities involved in trade-related assistance, an informal meeting on the establishment of a CEB thematic cluster on “trade and productive capacity” was held at UNCTAD on 20 April 2007, with the participation of UNIDO, FAO, ITC. It was agreed that the establishment of an interagency thematic Cluster could play an important role in ensuring that the issues related to trade and productive sectors and their interface with the MDGs are adequately taken into account in the “Delivering as One” and UN-wide coherence process. The Cluster could also serve to strengthen the UN response to the “Aid for Trade” initiative. It was emphasized that the membership of the Cluster should be open and flexible.

At the CEB Second Regular Session of October 2007, the Chairman “*noted that the Committee had agreed to recommend the approval of a CEB cluster on trade and productive capacity*”.

A. MAIN GOALS

1. *Terms of reference*

1. Emphasise the linkages between trade, poverty reduction, human development and the MDG and, within this framework, the role of trade and productive sectors policies and operations in the overall UN analytical and normative work and development assistance, by enhancing and complementing the coordination role of the CEB (including the Executive Committee on Economic and Social Affairs (EC-ESA) and the United Nations Development Group (UNDG)) and other interagency mechanisms;
2. Coordinate a multidimensional, coherent and efficient approach and delivery of programmes and operations related to trade and productive sectors;
3. Contribute to more policy coherence, interagency cooperation and integrated activities on trade and productive sectors within the UN System and in particular at the country level;
4. Contribute to complementarities between the assistance provided by all members of the Cluster including through the Enhanced Integrated Framework (EIF) and the Aid for Trade (AfT) initiative;

5. Contribute to the introduction of trade and productive sectors policy issues and operations, as appropriate in each case, in the “One UN Pilots” and in all UN-wide country level plans, particularly through joint missions and joint operations;
6. Exchange experiences and information among secretariats on policy, managerial and financial issues raised by the “Delivering as One process” and UN-wide coherence reform;
7. Prepare joint proposals and initiatives regarding programmes and development operations to be submitted to member States, donors, interagency bodies (CEB and UNDG) and Resident Coordinators, as appropriate; and
8. Cooperate in the design and the delivery of training activities of Resident Coordinators and their staff, in coordination with the UNDG and the UN System Staff College, in view of raising awareness and understanding of the linkages between trade, poverty reduction, human development and the MDGs in specific trade and productive sectors policy issues and related assistance.

2. *Members of the Cluster*

The Cluster has an open-ended membership in view of preserving flexibility and effectiveness of the joint initiatives that the Cluster will launch. The Cluster will operate with a flexible membership in each initiative, particularly the joint missions and joint operations, i.e. including two or more agencies as required in each case and in each country.

Current members of the Cluster are: UNCTAD, UNIDO, FAO, ITC, WTO, UNDP, the five UN Regional Commissions, UNEP and UNOPS.

3. *The majority of members of the Cluster are non resident*

The non-resident status is not, and should not be, an obstacle to the participation of the members of the Cluster in the UN Country Teams and in the UN country assistance plans, as appropriate in each case, in view of the role of trade and productive capacity assistance in the policy-making of developing countries. The role of UN Resident Coordinators is crucial in ensuring that the assistance provided by the members of the Cluster is taken into consideration in the UN-wide national assistance plans according to the national demands and development priorities.

4. *What is the role of the Cluster's assistance in integrating trade and productive capacity in national development strategies?*

The members of the Cluster provide assistance on trade and productive policies addressing supply capacity; export capacity; capacity to implement trade and trade-related rules; dispute settlement capacity; negotiating capacity; research, analysis and training capacity on trade and related issues.

Acknowledging the pivotal role of trade as an engine for pro-poor economic growth and human development, the assistance aims at enhancing the development impact of trade and trade-related national policies and productive activities, both quantitatively and qualitatively with a view to contributing towards achieving the Millennium Development Goal (MDGs). The operations undertaken by the members of the Cluster encompass all national trade, investment and related policies, legal frameworks and negotiations, from the macroeconomic level (interface between trade, monetary and finance policies, and bringing the voice of business into policy making, management of external debt; trade, investment and technology agreements, trade and environment, competition) to the sectoral and microeconomic level (analysis and support to commodities trade, export development and building international competitiveness, strengthening trade support institutions, trade in services, support to SMEs, trade infrastructure, transport connectivity, e-commerce), as well as trade logistics. This multidimensional and multifaceted assistance aims at mainstreaming trade in the national development and poverty reduction strategies, in particular in least developed countries (LDCs).

Trade and trade-related policies, activities, institutional and legal frameworks have direct implications on all the domestic aspects of development and on the achievement of all the MDGs. The Cluster aims at highlighting that the insertion of developing countries in the international economy and trading system has wide and deep impact on all aspects of their social, economic, cultural life and development processes.

The Cluster emphasizes the need for greater focus on the ability of developing countries to derive development gains from the opportunities offered by the international trading system. It intends to raise the awareness at national level with regard to the development potential of trade policies and activities. One important objective to be achieved through greater interagency cooperation within the Cluster is the improvement of institutional and human capacity constraining the ability of many developing countries to undertake in-country trade policy formulation and prioritization, and building of trade infrastructure.

5. *How the Cluster's assistance to trade and productive capacity can contribute to the UNDAF and Delivering as One processes?*

According to a survey undertaken in 2006 by the International Trade Center (ITC) in cooperation with UNCTAD, less than 20% of the UNDAFs contained references to trade and related issues. The wide majority of UNDAFs did not include economic policies related to the external sector and the inclusion of the national economy in the international economic system. These issues lie at the core of all developing countries' priorities.

At the demand of developing countries and donors, the assistance provided by the members of the Cluster is increasingly being included in UNDAFs and One UN Programmes and Budgetary Frameworks in view of coherence between the domestic and the international environment of the national development processes.

6. *What is the role of the Cluster in the Enhanced Integrated Framework (EIF) and how it is linked to the "Delivering as One" and UN system-wide coherence at the country level?*

Launched in 1997, the Enhanced Integrated Framework (EIF) is a multilateral trade capacity development initiative for Least Developed Countries (LDCs) currently supported by twenty two, soon to be twenty three with Austria, once procedural requirements are concluded. In addition, the program is supported by six core agencies, namely IMF, ITC, UNCTAD, UNDP, World Bank and WTO. In May 2009 UNIDO signed up as an Implementing Agency and was granted observer status to the EIF Board. Forty three countries are full beneficiaries of the program. However, two more countries have applied to become beneficiaries.

The Enhanced Integrated Framework was launched in October 2008 when the Executive Secretariat was established. The Secretariat is supported by UNOPS who were selected as the Trust Fund Manager in June 2009. The Trust Fund was launched in December 2008. This facilitated the full operationalization of the program that saw the first Tier1 approvals and disbursements in July 2009.

The program's main objective is to support institutional capacity development in beneficiary countries to mainstream trade, coordinate support provided by development partners to the trade agenda, and assist in the implementation of the LDCs' national trade and development strategies as outlined in the National Development Plans or Poverty Reduction Strategy Papers.

Specific operating principles of the EIF are:

- The effective use of trade as a development tool by LDCs;
- LDC ownership of the in-country programme and projects funded by the EIF including the responsibility to identify their trade development priorities and manage their trade development activities with the support of the relevant national, regional and international bodies and donors; and
- A partnership approach in accordance to the principles of the Paris Declaration of Aid Effectiveness (“Paris Declaration”) whereby Donors and international agencies coordinate their response to the needs of LDCs, manage for results, ensure LDC leadership and accept mutual accountability.

In the One UN pilot countries that are LDCs, it is expected that the Enhanced Integrated Framework will provide a common platform for trade-related support provided by UN agencies thereby ensuring coherence, complementarities and synergies with UN- wide country interventions.

Accordingly, the Cluster aims at ensuring an effective interface between the EIF and the country level operations related to trade and productive capacity, as appropriate in each case and according to the national needs and demands.

7. *The mandates of the members of the Cluster*

UNCTAD¹

UNCTAD is the “focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development”, as provided by the UN General Assembly Resolution 1995(XIX) of 30 December 1964, that established UNCTAD as an organ of the General Assembly. This mandate was reaffirmed, in particular, at the Ministerial Conference of UNCTAD XII by the Accra Accord adopted in April 2008.

Since its inception, UNCTAD has offered a comprehensive and multidisciplinary perspective of the interface between trade and development, focusing on the international trading and financial system and its implications for developing countries. UNCTAD aims to ensure greater understanding of the interface and coherence between international processes and negotiations on trade and

¹ http://www.unctad.org/en/docs/dom20051_en.pdf

investment on the one hand, and on the other, the national development strategies that developing countries need to pursue in view of achieving the MDGs and reducing poverty. Therefore, UNCTAD focuses at the development implications of the international economic environment on developing economies and on the various interrelated components of national economic policies that have to address the external environment challenges.

UNCTAD provides technical assistance based on the research capacity of its secretariat and on the consensus resulting from its role as a policy forum between developed and developing countries. All developing countries (particularly LDCs) and transition economies are beneficiaries of UNCTAD technical assistance operations that are country-specific, regional or interregional. UNCTAD operations seek to:

- Enhance the human and institutional capacities of developing countries to strengthen their development policies and to create an institutional environment conducive to sustainable development;
- Help developing countries to better understand their economic problems and to find tailor-made solutions; and
- Enable developing countries to become effective negotiators in the fields of international trade, finance and investment, as well as help them implement the results of those negotiations.

UNCTAD's technical assistance, delivered through several modalities, as appropriate (research, policy advice, training and institutional building), encompasses the following areas:

- Trade policies and negotiations (trade in goods, services, and commodities; bilateral, regional and multilateral agreements; WTO accession and post-accession; trade and environment policies and negotiations, including trade and energy, and climate change; competition and consumers' policies);
- Investment, enterprise, and productive capacity policies (investment policies, investment promotion, and negotiation of investment agreements; corporate transparency; insurance; enterprise development and competitiveness; business facilitation; supply capacity and diversification; trade and intellectual property);
- Science and technology (formulation of policies and legislative frameworks, negotiations of technology agreements, networking with centers of excellence); and
- Trade logistics and ICT (transport and trade facilitation policies and negotiations; customs modernization and management; ICT policies, information economy, e-business and e-regulations).

UNIDO²

UNIDO is the UN agency responsible for the development of productive industrial capacities. Since more than 30 years, UNIDO provides technical assistance for the development of the productive sector, in particular the private small and medium enterprise sector. UNIDO's technical assistance includes the development of the enabling institutional environment for the development of competitive supply capacities and their integration into production, supply and trade relations in a national, regional and international perspective, with a specific focus on agro-industry.

UNIDO's technical assistance also includes the development of standards and conformity assessment infrastructures and services (testing, calibration laboratories, inspection services, accreditation, certification, traceability, quality promotion, etc.).

UNIDO integrates its trade capacity building activities in joint inter-agency activities with other UN Agencies such as WTO, UNCTAD, FAO, ITC, UNDP, UNECE, UNECA, the World Bank, etc, as well as with other international technical agencies in the area of standards and conformity assessment such as ISO, ILAC, IAF, inter alia.

FAO³

The FAO Trade Capacity Building Programme provides information and analysis on trade issues affecting agriculture, fisheries and forestry and assistance to member countries to build trade-related capacities. FAO is committed to providing its Member States with trade-related assistance, as mandated in the *World Food Summit Plan of Action*. In support of the new WTO negotiations on agriculture, FAO has strengthened its programme of technical assistance aimed at enhancing the capacity of Member States - especially developing countries and economies in transition - to participate effectively in the multilateral negotiations and to derive maximum benefit from global trade.

FAO's trade work dates back to well before the Uruguay Round of negotiations and addresses broader policy and market issues of relevance to agriculture, fisheries and forestry. FAO's approach is multidisciplinary in that it involves capacity building for trade, including analytical as well as operational field activities with a

² <http://www.unido.org>

³ <http://www.fao.org>

direct impact on supply-side capacities. As such, trade is one of FAO's Priority Areas for Interdepartmental Action.

The FAO Trade Capacity Building Programme aims to:

- Strengthening the supply-side capability of the agricultural sector, including fisheries and forestry, so that the sector is competitive and countries can take advantage of trade opportunities;
- Ensuring that trade and trade policies are conducive for overall economic development, agricultural development and food security;
- Promoting, developing and reinforcing policy and regulatory frameworks for food, agriculture, fisheries and forestry; and
- Improving decision-making through the provision of information and analysis on trade policy and practices.

This assistance is intended to address member countries' needs, particularly developing countries and countries in transition. The main beneficiaries are government and non-government entities in the agriculture, forestry and fisheries sectors.

ITC⁴

Since 1964, the International Trade Centre has helped to enable small business export success in developing countries by providing trade development programmes to the private sector, trade support institutions and policymakers.

ITC works in partnership with the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD), supporting their regulatory, research and policy strategies and helping to turn them into practical projects.

ITC's overarching goal is to help developing countries achieve sustainable development through exports; activating, supporting and delivering projects with an emphasis on competitiveness. To achieve this mandate, ITC works with national, regional and international bodies. However, it is the daily contact with business people and policymakers that gives ITC the unique perspective and the experience to deliver tangible results.

⁴ <http://www.intracen.org>

ITC's mission

ITC enables small business export success in developing countries by providing, with partners, sustainable and inclusive trade development solutions to the private sector, trade support institutions and policymakers. Its three strategic objectives are:

- Strengthen the international competitiveness of enterprises;
- Develop the capacity of trade service providers to support businesses; and
- Support policymakers in integrating the business sector into the global economy.

ITC can legitimately claim to be the '100% aid for trade' organization. Its three strategic objectives correspond closely to at least three of the five parts of the Aid for Trade agenda. ITC contributes the business perspective, offering solutions to supply-side constraints that keep developing countries from participating more fully in work trade.

ITC's technical assistance is delivered around its five key competency areas ("Business Lines") namely:

- *Business & Trade Policy* - ITC ensures that business priorities are integrated into national trade policies, and that small business needs are taken into consideration on the negotiation of international agreements. It also helps small businesses to conduct business strategically in today's increasingly competitive global trading system. It actively links businesses with policymakers through local trade support institutions.
- *Export Strategy* - ITC helps policymakers and governments, as well as enterprises, to develop successful export development strategies, compatible with national planning frameworks and action plans proposed in diagnostic studies.
- *Strengthening Trade Support Institutions* - ITC plays a critical role in the development of TSI networks. It develops and implements benchmarking methodologies and tools to enable TSIs to network more effectively and measure their performance at the international level.
- *Trade Intelligence* - ITC provides trade data, information, analysis and related capacity building to enterprises, TSIs and policymakers to facilitate decision-making on export-related matters.
- *Exporter Competitiveness* - ITC develops and delivers tools and services responding to the specific needs of exporting enterprises, with the aim of making them more competitive. These services are delivered in cooperation with, and through, TSIs by certifying trainers and programmes. Areas ITC

covers include enterprise management, procurement and supply chain management, quality and standards, export packaging, logistics and distribution. ITC also develops marketing and business environment.

*WTO*⁵

The mandate and products of WTO's Technical Cooperation and Capacity Building consist in the following:

(i) Mandate

Although WTO technical assistance (TA) existed from the GATT days, it took more prominence after the establishment of the WTO in 1995, mainly due to the increased scope of the mandate of the Organization, as well as the significant increase in developing country and LDC Members. Gradually, TA has now become firmly embedded in the work of the WTO.

The current mandate of WTO TA has been laid down by the Doha Ministerial Declaration, which unequivocally stated that:

“Technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system, and we welcome and endorse the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration”.

In pursuance of this, the Doha Declaration sets out the details of the mandate for TA as follows:

- Supporting domestic efforts for mainstreaming trade into national economic development plans and strategies for poverty reduction. The WTO Secretariat is required to do this in coordination with other relevant agencies;
- Ensuring that the delivery of WTO technical assistance assists developing, least-developed countries, and low-income countries in transition, to adjust to WTO rules and disciplines; and implement obligations and exercise the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system;
- According priority in TA delivery to small, vulnerable, and transition economies, as well as to Members and Observers without representation in Geneva;

⁵ http://www.wto.org/english/tratop_e/devel_e/teccop_e/tct_e.htm

- Significantly, Doha reaffirmed support for the work of the International Trade Centre (ITC), effectively making the private sector, a key constituency of ITC, an integral part of overall WTO TA; and
- Members have emphasized the urgent necessity for the effective coordinated delivery of technical assistance with bilateral donors and other relevant international and regional intergovernmental institutions, within a coherent policy framework and timetable.

This mandate is operationalised by the Annual TA Plans which have been consistently approved by Members. Effective from 2008, the TA Plan has now become bi-annual.

It is pertinent to mention that the WTO Secretariat is currently undertaking a review of its “mission statement” for TA. At the end of this review, proposals may be put forward to Members for a re-consideration of WTO's mandate for TA.

Members have put emphasis on the need for technical assistance to benefit from secure and predictable funding. The result is the creation of the Doha Development Agenda Global Trust Fund (DDAGTF), which has provided an annual dedicated fund for TA.

(ii) *The Products*

The TA products are designed to ensure a feasible number of high quality activities, with expected durable effects. Each product comes with clearly identified objectives. In this way outcomes become measurable, making evaluation more meaningful. In defining the products, the approach that was adopted reflects the situation that each product targets a different need, and is based on different levels of knowledge of the participants.

At the moment the products are:

- General WTO-related TA and training;
- Specialized and advanced TA and training;
- Academic support for training and capacity building;
- Trainee programmes and internships; and
- E-learning.

In addition to these products, which are essentially run by the WTO, there is the Enhanced Integrated Framework (EIF), which is a mechanism for identifying trade-related technical assistance to LDCs, implemented by six core agencies, namely WTO, ITC, UNCTAD, the World Bank, IMF and UNDP (see page 4).

*UNDP*⁶

UNDP is the United Nations development network, connecting development partners to knowledge and resources in finding locally-owned solutions for building capacity, reducing poverty, promoting human development and achieving the MDGs. UNDP is present on the ground in over 160 countries and territories.

UNDP takes the view that international trade can play an important role in raising levels of human development and achieving sustainable poverty reduction. From this perspective, trade is a means to an end, not an end in itself. Properly harnessed, international trade can create opportunities for growth, poverty reduction and human development through for example:

- Expanding markets: exports allow an economy to overcome the constraints of its domestic market;
- Raising productivity: increased returns to scale in production resulting from access to international markets; and
- Accelerated technological development: from increased exposure to new technologies and knowledge.

However, none of this is automatic or inevitable. Appropriate policies are also required across several fronts and sectors.

UNDP's trade-related support has three main objectives:

- To help developing countries build capacity to compete internationally by overcoming supply side constraints, especially LDCs;
- To help developing countries build capacity to negotiate, interpret and implement trade agreements (multilateral, regional and bilateral) in a manner that prioritizes poverty reduction and human development; and
- To help developing countries incorporate pro-poor, development-centered trade policies into national development strategies, including poverty reduction programmes.

UNDP also maintains an extensive private sector portfolio which seeks to foster inclusive markets and consists of two broad type of interventions: private sector development aimed at increasing the contribution of micro-, small and medium sized enterprises to economic growth and poverty reduction; and private sector engagement aimed at fostering partnerships with a range of companies from multinationals (northern and southern), to small and medium sized enterprises (SMEs), to enhance broad development objectives.

⁶ [http:// www.undp.org](http://www.undp.org)

THE FIVE UN REGIONAL COMMISSIONS:

1. UNECA⁷

The United Nations Economic Commission for Africa (UNECA) was established by the Economic and Social Council (ECOSOC) of the United Nations (UN) in 1958 as one of the UN's five regional commissions. UNECA's mandate is to promote the economic and social development of African countries, foster intra-regional integration, and promote international cooperation for Africa's development. UNECA's dual role as a regional arm of the UN, and a part of the regional institutional landscape in Africa, positions it well to make unique contributions to Africa's development. Its strength derives from its role as the only UN agency mandated to operate at the regional and sub-regional levels to harness resources and bring them to bear on Africa's priorities.

UNECA's work programme focuses on achieving results in two related and mutually supportive areas: *promoting regional integration in support of the African Union vision and priorities; and meeting Africa's special needs and emerging global challenges*. UNECA's support to the implementation of African Union Charter's regional integration agenda focuses on undertaking research and policy analysis on regional integration issues, strengthening capacity and providing technical assistance to institutions driving the regional integration agenda, including strengthening and supporting the Regional Economic Communities (RECs), and working on a range of trans-boundary initiatives and activities in sectors vital to the regional integration agenda.

UNECA recognizes the importance of focusing attention on Africa's special needs, particularly within the context of achieving the Millennium Development Goals (MDGs). In this regard, ECA places emphasis on supporting efforts to eradicate poverty, placing African countries on the path of growth and sustainable development, reversing the marginalization of Africa in the globalization process, and accelerating the empowerment of women.

In the area of *Trade, Finance & Economic Development, the work of the UNECA* focuses on issues relating to macroeconomic analysis, including monitoring of macroeconomic trends and macro-micro linkages. It also deals with international trade, developments in international trade negotiations, finance and financial sector policies, debt, aid, investment, and industrial policies. The UNECA undertakes analysis in order to make recommendations aimed at helping Africa benefit from globalization through trade; conducts research and outreach activities aimed at ensuring best practice in trade policy development and integration in countries' development strategies; undertakes research and dissemination activities on

⁷ <http://www.uneca.org>

international and bilateral trade negotiations, with a view to identifying how Africa could improve its development prospects via the international trading system; and analyzes how global trade reforms are likely to influence Africa's economic growth and development. Furthermore, UNECA's work in this area has also focused on research on analyzing how global trade reforms are likely to affect Africa's economic growth and development prospects and this has included: analysis of the Doha Round negotiations positions on African economies, especially in the development of agriculture and NAMA modalities; the Economic Partnership Agreements negotiations and their adjustment challenges; and optimization of benefits from trade reforms through the Aid-for-Trade initiative. Besides research on trade issues and organizing meetings for advocacy purposes, the UNECA undertakes technical missions for advisory services to African countries.

The UNECA set up the *African Trade Policy Centre (ATPC)* in May 2003 with the financial support of the Government of Canada, through its Canada Fund for Africa. The primary objective of the Centre is to strengthen the human, institutional and policy capacity of African governments to formulate and implement sound trade policies and participate more effectively in international trade negotiations. Specific activities of ATPC include: conducting trade research; disseminating trade-related information; providing training on trade issues; providing advisory services; building African consensus on trade issues; and creating partnerships on African trade issues. The ATPC's niche is to assist the articulation of Africa-wide perspectives and positions on trade issues. The Centre takes both a national and regional perspective and provides flexibility in responding to the needs of African countries, including a rapid response to technical needs arising from on-going trade negotiations.

2. UNECE⁸

The UN Economic Commission for Europe (UNECE) promotes cooperation among its 56 member countries as a way to foster development and economic growth in the region which includes a wide variety of countries ranging from Georgia, Moldova and Tajikistan to France, Germany, the Russian Federation and the United States. The UNECE provides a forum for communication and a platform for the negotiation of international legal instruments in a number of areas including trade, transport, statistics and the environment. With a history of more than 60 years of work on norms, standards, and recommendations in the field of trade, many of these UNECE tools are recognized as being of global relevance.

⁸ <http://www.unece.org>

While participation in the development of its norms and standards as well as their use is often global, the UNECE's technical assistance is mainly directed to the low and middle income countries of its region in southeast and eastern Europe, the Caucasus, and Central Asia. At the same time, UNECE supports other countries and the work of other international organizations that use its standards through guidelines, tools and advice.

The UNECE undertakes work in a number of trade areas including trade facilitation, regulatory cooperation, electronic business standards, supply capacity, transport and transport infrastructure.

One of the UNECE's best known areas of trade work is trade facilitation and electronic business where it is recognized as a focal point within the UN system. The motto of the responsible inter-governmental body (UN/CEFACT) is, "Simple, Transparent and Effective Processes for Global Commerce". One of its more recent and well-known recommendations is on Single Windows for Export and Import declarations. There is also a large and growing global use of its United Nations electronic Documents for trade (UNeDocs) standards.

Other important areas of UNECE's work in the field of trade and productive capacity include the following, each of these areas having associated capacity building activities:

- Transport and border crossing facilitation, especially as regards the application of the TIR Convention, and the development of Trans-European and Euro-Asian transport links (in collaboration with ESCAP).
- The development of agricultural quality standards that are used in many countries, including the European Union where they apply to over 90% of all fresh fruit and vegetable trade.
- Regulatory cooperation, including the launching of regional initiatives aimed at facilitating trade by harmonizing the regulatory requirements for selected products or services as well as assisting countries in designing and implementing national conformity assessment schemes that are the least restrictive to trade that is possible, while also ensuring both domestic consumer safety and a necessary international level of confidence in national tests for exported products;
- Identification and sharing of best practice in the area of Public Private Partnerships, where a guidebook on good governance has been developed and additional training is under development; and
- Strengthening the Protection of Intellectual Property Rights and their role in innovation-based development.

3. *ECLAC*⁹

The UN Economic Commission for Latin America and the Caribbean (ECLAC) is the regional Economic Commission of the United Nations for Latin America and the Caribbean. The 33 countries of Latin America and the Caribbean are member States of ECLAC together with several North American, Asian and European nations that have historical, economic and cultural ties with the region, reaching a total of 44 member States. Nine non-independent territories in the Caribbean are associate members of the Commission. ECLAC fulfills an important advisory and consensus-building role in the region and as such contributes to the economic and social development of Latin America and the Caribbean. Building upon the general framework which focuses on enhancing productive transformation while strengthening at the same time social cohesion in open economies, the Programme of Work of the ECLAC System for 2008-2009 identifies six priority areas for the region, including *Improvement of the region's position in the international economy* and *Increasing the region's productive potential*.

Under its general programme of work in the field of trade and development ECLAC carries out a subprogramme on Linkages with the Global Economy, Integration and Regional Cooperation intended to support the member States in strengthening their systemic competitiveness to achieve a more proactive and efficient global integration. Special attention is given to supporting regional cooperation and integration as vehicles for the enhancement of international competitiveness and trade diversification. To achieve these goals, the ECLAC's Division of International Trade and Integration is assisting the member countries with the following tasks:

- Assessment of the key analytical and policy issues associated with multilateral trade negotiations and the negotiation and implementation/administration of trade agreements at all levels and monitoring of compliance;
- Assessment of economic and social impacts of trade policy, including poverty reduction, and evaluation of existing trade agreements;
- Follow-up of the major national debates on the modalities, operations and principal decisions of sub-regional integration schemes and analysis of their economic and social impact, including poverty;
- Analysis on the impact that bilateral FTAs may have on the dynamics of regional integration and policy proposals;

⁹ <http://www.eclac.cl>

- Studies on economic and trade relations of the region with Asia Pacific with special emphasis on technical assistance directed towards governments and business organizations;
- Identification, implementation and monitoring of Aid for Trade (AFT) initiatives including trade facilitation measures, with appropriate technical assistance and proactive policy proposals directed towards Member States and the business community in this area;
- Analysis and technical assistance on human and institutional capacity-building on innovation and technological progress for trade diversification and greater international competitiveness not only in manufactures exports but also in natural resource-based sectors; and
- Analysis on links between trade and sustainable development.

ECLAC is currently executing several joint projects on the above-mentioned areas with agencies such as the German Agency for Technical Cooperation (GTZ), the Andean Development Corporation, the Inter-American Development Bank (IDB), the World Bank and the Andean Development Corporation (CAF) as well as regional integration organizations such as the Latin American Free Trade Association (ALADI), MERCOSUR, the Andean Community, the Central American Common Market (CACM) and the Caribbean Community (CARICOM). In the last two years, ECLAC has intensified joint activities with WTO, especially in the area of trade negotiation/administration. The subprogramme also maintains close collaboration with UNCTAD, other Regional Commissions of the United Nations, the UNDP, the Latin American Economic System (SELA), and the Ibero-American Secretariat

4. *ESCAP*¹⁰

The UN Economic and Social Commission for Asia and the Pacific (ESCAP) is the regional development arm of the United Nations for the Asia-Pacific region. With a membership of 62 Governments, 58 of which are in the region, ESCAP is the most geographically extensive of the United Nations five regional commissions. It is also the largest United Nations body serving the Asia-Pacific region. Established in 1947, with headquarters in Bangkok, Thailand, ESCAP focuses on those issues that are most effectively addressed through regional cooperation.

ESCAP has had a long-standing sub-programme in trade and investment. The three core functions of the programme are normative work, analytical work, and technical cooperation. In the area of trade policy, ESCAP and WTO have

¹⁰ <http://www.unescap.org>

implemented a joint technical assistance programme since 1999 comprising of trade policy courses and specific courses on WTO topics and topics related to the Doha Development Agenda negotiations. ESCAP also routinely organizes regional high-level multi-stakeholder policy dialogues also associated with WTO ministerial conferences. While most of ESCAP's activities are at the regional level, national level work is also undertaken at the request of countries through the provision of advisory services in trade and investment and, recently, in the area of WTO accession and implementation of agreement (e.g., through an EC-funded projects in Bhutan and Nepal). ESCAP is the secretariat of the Asia-Pacific Trade Agreement (APTA), the oldest regional trade agreement in Asia, and promotes APTA as a mechanism for regional trade and economic integration and South-South cooperation. ESCAP established the Asia-Pacific Trade and Investment Agreements Database (APTIAD) which serves as a starting point for a comparative analysis of regional trade agreements in the region and the design of common frameworks towards their consolidation. ESCAP is also the secretariat of the Asia Pacific Research and Training Network on Trade (ARTNeT) which seeks to build research and training of institutions in the area of trade and trade policies and brings researchers and policy makers together to ensure that research is policy oriented and meets the needs of policy makers.

In the area of trade facilitation and efficiency, ESCAP seeks to increase the capacity of member countries to implement trade facilitation measures based on innovative methods and techniques, ICT applications and better regional cooperation. To achieve this objective, ESCAP organizes information and knowledge-sharing activities; undertakes analytical work and technical assistance activities to promote the adoption of international conventions, standards and best practices with the view to simplify and harmonize trade procedures, documentary requirements and e-commerce practices. The current projects focus on landlocked and transit developing countries, including those in Central Asia. In order to provide a regional platform to share knowledge and practice to facilitate the implementation of Single Window and paperless trade in the region, ESCAP and UNECE created jointly the United Nations Network of Experts for Paperless Trade in Asia Pacific (UNNExT) for practitioners and policy makers. The UNNExT develops trade facilitation tools and undertakes capacity building activities to support the implementation of international standards and solutions for aligned trade documents and data, Single Window and Electronic Data Interchange (EDI). ESCAP's Trade Information Service (TIS), which became operational in 1980, continues to promote trade and investment in the region through the dissemination of relevant information and knowledge.

To increase the contribution of the private sector to inclusive and sustainable development, ESCAP promotes the development of regional supply chains and the development of SMEs through research and analysis and various capacity building

programmes, including for technology development, innovation and overall improvement of national business and investment climates. Through these programmes ESCAP helps build capacities of countries to benefit from gains in global and regional market access. ESCAP seeks to stimulate business to produce and trade in a sustainable manner by promoting more effective implementation of the principles of the Global Compact in the region. It also promotes public-private dialogue through the Asia-Pacific Business Forum (APBF).

5. *ESCWA*¹¹

The mission of the UN Economic and Social Commission for Western Asia (ESCWA) is to promote economic and social development in the West Asia region by fostering cooperation and integration among its members. The internationally agreed development goals, including the Millennium Development Goals (MDGs) provide the overarching framework for ESCWA's work. With regards to economic integration and regional trade, ESCWA works to strengthen the capacity of member countries to design and implement sound economic policies and strategies for sustainable economic growth and poverty alleviation and for regional integration in a globalizing world. ESCWA promotes the sustainable utilization of regional natural and human resources, integration of national markets, and facilitation of intraregional cross-boundary flows of goods, services, investment and people. ESCWA's work programme pursues the objective by promoting economic and social integration among its member countries at the subregional and regional levels and fostering solidarity in the international political arena and global economy.

ESCWA assists its member Countries to build their capacity in (i) trans-boundary flows of goods and services; (ii) Negotiation and accession skills for the World Trade Organization (WTO) and other trade agreements; (iii) Implementation of the Monterrey Consensus that emanated from the Financing for Development Conference; and (iv) Managing the opportunities and challenges posed by globalization.

ESCWA aims to facilitate trans-boundary flows of goods, services, persons and capital to foster regional integration and promote economic development. ESCWA's normative, analytical and operational activities assist member countries in addressing the evolving trends of the new regional and global trading systems, and place special emphasis on the Greater Arab Free Trade Area (GAFTA) and the World Trade Organization (WTO). ESCWA assists member countries in improving

¹¹ <http://www.escwa.org>

export performance and enhancing regional integration through encouraging domestic as well as foreign investments. ESCWA's technical assistance focuses on improving the capacity of countries through policy advice and capacity-building activities through advisory services, technical cooperation projects and workshops and training courses, to individual countries or at a regional/sub-regional level. Emphasis is also placed on strengthening the negotiation skills of member States in respect of the WTO negotiation process, continuing to increase their understanding of the opportunities and challenges presented by WTO as well as regional integration agreements, defining obstacles and barriers to participation in the multilateral trading system and organizing awareness drives on the role of the Arab free-trade areas and other bilateral agreements. Support is provided in enhancing regional development by analyzing existing credit and investment policies and formulating specific recommendations for the improvement of existing investment laws, regulations and incentives in order to increase significantly the attractiveness of member countries to domestic and foreign investors, with particular emphasis on interregional capital flows and the return of capital invested outside the region.

Among other tools adopted by ESCWA to fulfill its mandate and objectives are:

- Ministerial coordination meetings, such as the “Arab Ministerial Meeting in Preparation for the WTO Ministerial Conference”;
- Intergovernmental and expert group meetings, such as “Follow-up on the Results of the WTO 6th Ministerial Conference”;
- Seminars and training/capacity-building workshops on relevant topics such as agricultural trade, WTO negotiations, trade in non-agricultural goods, trade in services, and on intellectual property rights;
- Analytical and normative reports, such as the “Annual Review of Developments in Globalization and Regional Integration in the Countries of the ESCWA Region” and “Movement of Natural Persons in the ESCWA Region,” Aid for Trade and South-South Cooperation;
- Implementing and monitoring international agreements in the ESCWA region, such as adoption of the Agreement on International Railways in the Arab Mashreq and Integrated Transport System in the Arab Mashreq (ITSAM), adoption of the Memorandum of Understanding on maritime transport cooperation in the Arab Mashreq;
- Establishment of the “Technical Committee on Liberalization of Foreign Trade and Economic Globalization in the countries of the ESCWA region”;
- Responding to member country requests for technical assistance and advisory services on multilateral trade issues and negotiations;
- Maintenance and regular updating of ESCWA's WTO related website in Arabic on regional integration and responding to globalization;

- Networking and knowledge-sharing, as well as field projects, such as the development account, “Interregional partnership for promoting trade as an engine for growth through knowledge management and ICT”, where the five regional commissions are actively involved; and
- Cooperation with other UN agencies and entities, such as the “Joint Project on the Accession of the Syrian Arab Republic to the WTO”, in collaboration with UNDP and UNCTAD and other regional organizations, such as League of Arab States and Arab Labour Organization.

UNEP¹²

The United Nations Environment Programme (UNEP) is the United Nations systems designated entity for addressing environmental issues at the global and regional level. UNEP’s overall mandate is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.

UNEP’s Governing Council requested UNEP in 2001 to “assist countries, particularly developing countries and countries with economies in transition, to enhance their capacities to develop and implement mutually supportive trade and environmental policies”, in a manner that is “geared to reflect the socio-economic and development priorities, as well as the needs and capacities of individual countries” (GC 21/14).

Located within UNEP’s Division of Technology, Industry and Economics, UNEP’s Economics and Trade Branch (UNEP-ETB) seeks to conserve the environment, reduce poverty, and promote sustainable development by enhancing the capacity of governments, businesses, and civil society to integrate environmental considerations into economic, trade, and financial policies and practices.

Trade and environment policies are often developed in relative isolation from one another due to limited understanding of trade and environment linkages, insufficient coordination among policy-makers, and a lack of capacity to design integrated and mutually supportive policies. UNEP-ETB has been responding to this challenge by initiating a number of joint initiatives and activities with the

¹² <http://www.unep.org>

WTO, UNCTAD, UN regional economic commissions and secretariats of Multilateral Environmental Agreements (MEAs). Since 1997, UNEP has supported numerous country-driven, national-level integrated assessments of the environmental, social and economic impacts of trade liberalization in specific sectors, such as agriculture, fisheries, and forestry, with the goal of ensuring that trade liberalization supports national sustainable development objectives and poverty reduction strategies.

Based on these projects, UNEP has produced a *Reference Manual for the Integrated Assessment of Trade-related Policies and Integrated Assessment Guidance for Mainstreaming Sustainability into Policy Making*, which is tailored to the needs of policy-makers and practitioners in developing countries. Given the importance of the agricultural sector for poverty reduction and the environment in developing countries, UNEP also developed a handbook on integrated assessment of trade-related measures in the agricultural sector.

To further analyze the complex inter-relationships between agriculture, biological diversity, and trade liberalization, UNEP is currently implementing an initiative on Integrated Assessment of Trade-Related Policies in the Agriculture Sector with a focus on biological diversity. This initiative aims to identify and assess the impacts of agricultural trade policies on biodiversity, and build the capacity of African, Pacific and Caribbean (ACP) countries to develop policy recommendations that safeguard biological diversity, while maximizing sustainable development gains from trade liberalization in the agriculture sector.

The UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) is providing capacity building support to countries through a number of inter-related activities, including:

- Country projects, involving national experts and institutions, to enhance national capacities to develop mutually supportive trade, environment and development policies;
- Thematic research on major issues in the trade-environment-development domain and on practical approaches to address them in a sustainable way, bearing in mind the development priorities of countries;
- Policy dialogues to facilitate awareness-raising, consultations and the exchange of perspectives among experts, practitioners and negotiators at the national, regional and international levels;
- Training to enhance countries’ understanding of the relationship and complementarities between trade, environment and development; and

- Networking and information exchange to provide technical and operational support at the national and regional levels and to widely disseminate the results of TCB activities.

Since its inception in 2000, UNEP-UNCTAD CBTF has provided capacity building support to over 1,000 policymakers and stakeholders from 32 countries. Since 2004, the CBTF has focused its activities to build national capacities on WTO negotiations on Environmental Good and Services (EGS), MEA-WTO relationship, and promoting production and trade of organic products. In addition to capacity building seminars and workshops, 10 country projects have been completed including 3, which focused on promoting production and trading opportunities for organic agriculture in Kenya, Tanzania and Uganda. One of the recent successes of the CBTF has been the assistance provided for the East African Organic Agriculture Product Standard (EAOPS), which is the world's second regional standard after the European Union. The East African Community (EAC) adopted the EAOPS, developed with the support of the CBTF and its partners, as its official standard, which overrule all the existing national standards in the five East African Countries. As result of the collected evidence, research, advocacy and lobbying by the CBTF and its partners, organic products have been included in the Uganda's National Export Strategy 2008-2012. The United Republic of Tanzania, for the first time, included special reference to organic agriculture in its national agriculture policy and Kenya established a Desk for Organic Agriculture in the Ministry of Agriculture.

So far, UNEP ETB has supported over 30 country projects over the past eight years that analyze the environmental, economic and social effects of trade liberalization and other trade-related policies. Undertaken by national research institutions in collaboration with relevant government ministries, these country projects have strengthened countries' capacities for assessing trade-related impacts, instituting participatory processes, enhancing inter-ministerial coordination and developing integrated policy design and implementation. Lessons learned and findings from the country projects have been compiled as follows:

- *Sustainable Trade and Poverty Reduction: New Approaches to Integrated Policy Making at the National Level;*
- *Environmental Impacts of Trade Liberalization and Policies for the Sustainable Management of Natural Resources;*
- *Integrated Assessment of Trade Liberalization and Trade-related Policies; and*
- *Integrated Assessment of Trade Liberalization in the Rice Sector.*

UNOPS¹³

UNOPS provides project management, procurement and other support services to United Nations agencies, international financial institutions, governments and non-governmental organizations. Established as part of the United Nations Development Programme in 1974, UNOPS became an independent, self-financing organization in 1995.

With some 1,000 core staff and tens of thousands of consultants around the world, global headquarters in Copenhagen, Denmark and a decentralized network of five regional offices and over 20 operations and project centres, UNOPS oversees activities in more than 50 project countries.

UNOPS operates according to the principles and values of the United Nations. It has non-profit status and is exempted from tax and custom duties.

But UNOPS receives no core funding from the United Nations, relying instead on the quality of its services to generate income. Operating in a competitive global market, UNOPS applies leading private sector business practices. As a result, clients enjoy the benefit of UNOPS efficiency, flexibility and value-for-money. UNOPS always ensures that project ownership rests with its clients.

Services: UNOPS customizes its services to individual client needs, offering everything from one-time stand alone solutions to long-term project management. Core services include:

- Project management
- Procurement
- Human resources management
- Fund management
- United Nations common services

Experience: UNOPS is a proven service provider with more than 30 years experience implementing large-scale, complex efforts throughout the world. UNOPS often works in post-disaster and peace building settings, developing countries and economies in transition.

In recognition of its specialized expertise, Secretary-General Kofi Annan designated UNOPS as the lead United Nations entity for complex infrastructure projects in peacekeeping settings.

¹³ <http://www.unops.org>

UNOPS also has considerable capacity and experience in other sectors including education, environment, gender, governance, health, humanitarian relief and recovery, justice and reconciliation, poverty mitigation, and security and disarmament.

UNOPS role in the Cluster as EIF Trust Fund Manager

The TFM is the financial facility of the Enhanced Integrated Framework (EIF). UNOPS was appointed by the EIF Board as the TFM of the EIF following a competitive bidding exercise.

The EIF/TFM funding takes place through two project modalities:

Tier 1 is aimed at providing resources for institutional capacity building and mainstreaming activities (i.e. building the human resource capacity of the National Implementation Arrangements (NIA); providing operational support to the National Implementation Units (NIUs); preparing and/or formulating the LDC's Diagnostic Trade Integrated Studies (DTIS); facilitating and supporting trade mainstreaming actions such as workshops and studies.

Tier 2 is aimed at facilitating the implementation of the projects identified in the DTIS and its action matrix by providing funding to activities such as small priority projects, project development activities, feasibility studies and seed projects. Tier 2 projects should leverage resources and contribute to the overall coherence of Trade Related Technical Assistance (TRTA).

A primary aim of the Cluster is to organize the supply side of the UN technical assistance following the strategic purpose of "delivering as one", while a primary aim of the EIF/TFM is to help organize the demand side of the development cooperation process in the Least Developed Countries (LDCs) by supporting the creation of national capacities for change and fostering country ownership. The interface between the supply side (Cluster) and the demand side (LDCs) is very important and should happen through the balanced process of identification, formulation and implementation of Tier 1 and Tier 2 projects.

B. MAIN ACTIVITIES

The "Delivering as One" process and the ongoing reforms of the UN development operations provide new opportunities for more visibility, increased coherence and coordination among the UN entities that are involved in trade-related assistance. One of the highlights of the Cluster's activities was the Special Session chaired by the UN Secretary-General Mr. Ban Ki-moon at Accra in the context of the UNCTAD XII Ministerial Conference, on April 20, 2008¹⁴. The CEB Inter-Agency Cluster on Trade and Productive Capacity is now recognized as a very dynamic interagency mechanism dedicated to the coordination of trade development operations at the national and regional levels within the UN system.

On 20 April 2007, UNCTAD, UNIDO, FAO, ITC, WTO, UNDP and the five UN Regional Commissions established the Cluster. UNEP and UNOPS joined in 2008. The Cluster, that was incorporated into the UN Chief Executives Board chaired by the Secretary-General of the UN in November 2007, makes a concrete and direct contribution to the UN system-wide coherence reform by:

1. Coordinating its participation in the Delivering as One UN Pilots and countries involved in a new UNDAF process; and
2. Coordinating its participation, as appropriate, within United Nations Development Group (UNDG) machinery, in view of the formulation of new United Nations rules and standard mechanisms for development operations.

The following is a summary of the main initiatives undertaken by the CEB Cluster since its creation. It includes operations of the Cluster at the country level and at the level of the UN system.

¹⁴ See Concept Note of the CEB Inter-Agency Cluster on Trade and Productive Capacity: <http://www.unsystemceb.org> and <http://www.unctad.org>. The Cluster is led by UNCTAD and includes UNIDO, FAO, ITC, WTO, UNDP the five UN Regional Commissions, UNEP and UNOPS.

OPERATIONS OF THE CLUSTER AT THE COUNTRY LEVEL

1. *Participation of the Cluster in the One UN Pilots*

The “One Programmes”¹⁵ bring all the United Nations agencies together under one nationally-owned strategy that draws on the full range of UN expertise. The “One Programme” makes the UN Development Assistance Frameworks (UNDAF) operational through joint programming that entails the coordination of plans and their implementation. It is supported by a “One Budgetary Framework”¹⁶ which provides a holistic financial picture of the available and required resources for the UN participating agencies. Managed at the country level by the United Nations Resident Coordinator Office, the One Budgetary Framework provides a basis for allocating resources, setting priorities and mobilizing resources to cover funding gaps through the “One UN Fund”.¹⁷

The CEB Interagency Cluster is involved, through different levels, in the eight One UN Pilot Countries.

1. In **Albania**, further to a preliminary Cluster’s interagency mission in April 2008, including FAO, ITC, UNDP, UNIDO and UNECE and a second mission in October 2008, a Joint Programme entitled “Towards the EU: support to Albanian trade capacity” is being formulated based on national demands. The Cluster assistance consists in policy and institutional strengthening, enterprise

¹⁵ See <http://www.undg.org/index.cfm?P=7> and <http://www.undg.org/?P=154>

¹⁶ The “One Budgetary Framework” refers to the agreed and costed results of the One UN Programme in one consolidated financial framework, showing each Participating UN Organizations’ planned input together with funding source: (regular or other) as well as unfunded areas. It refers to the financial expression of the totality of the “One UN Programme”. The One Budgetary Framework is therefore the total Programme resource picture of One Plan for all participating organizations including regular (or core) resources of organizations involved, received/pledged other (or non-core) resources from all sources as well as the funding gap between existing resources and the total cost of the One Programme. <http://www.undg.org/?P=155>

¹⁷ The “One UN Fund” is a joint development fund modeled on the UNDG Joint Programme Pass-Through modality. It is aimed to maximize the efficacy of delivery of the United Nations system on the ground by channeling resources into a common fund for the strategic priorities of the One UN Programme. The amount estimated for the One UN Fund is therefore the total cost of the One Programme, net of existing regular (core) and other (non-core) resources.

<http://www.undg.org/docs/7883/InformationNoteOneBudgetaryFrameworkOneFund.doc>

competitiveness, export capacity, border crossing and trade facilitation The Albania Council of Ministers, responsible for donors’ coordination, is reviewing the Matrix for its final comments. In June 2009, UNCTAD Automated System of Customs Data (ASYCUDA), pillar of the Outcome 3 of the proposed One UN Programme was launched by the UNCTAD Deputy Secretary General in the presence of the Prime Minister of Albania.

2. In **Cape Verde**, the Cluster is implementing a Joint Programme entitled “Integration of Cape Verde into the world economy” which is led by UNCTAD in cooperation with FAO, ITC, ITU, UNDP and UNIDO. The Cluster’s assistance consists in graduation from LDCs status and WTO post accession including investment promotion and institutional strengthening on export-oriented development. The inclusion of future Enhanced Integrated Framework (EIF) operations is ensured for better coherence. As of September 2009, the Cluster is benefiting from the first round of allocation of the One-UN Fund Cape Verde and is implementing the 2009 planned activities.

A Special Session “One UN in Cape Verde” within the UNCTAD Trade and Development Board (TDB) was organized in Geneva on 22 September 2008, in view of presenting to the delegations, stakeholders and international community the Cluster’s Joint Programme. The agencies of the Cluster involved in the One UN Programme of Cape Verde were invited to attend this Special Session that included a statement from the Prime Minister, H.E. Mr. José Pereira Neves, remarks from Ms. Fátima Fialho, Minister of Economy and a presentation from Ms. Petra Lantz, United Nations Resident Coordinator in Cape Verde.

3. In **Mozambique**, the Cluster is implementing a Joint Programme entitled “Building Capacities for effective Trade Policy Formulation and Management” which activities are coordinated with the EIF process. The revised UNDAF (extension until end 2011) includes additional Joint Programmes, notably on SMEs development.

4. In **Pakistan**, the possibility of including trade as an additional thematic area in the One UN Programme for Pakistan was raised by the Ministry of Foreign Affairs at the High-level Committee meeting of 19 May 2009. Because of Pakistan current priorities focusing on conflict and humanitarian related issues, the Cluster’s assistance was declined by the Government through a communication from the United Nations Resident Coordinator Pakistan dated 16 June 2009.

5. In **Rwanda**, benefiting from the One UN Fund, the Cluster is continuing the implementation (started in 2008) of the activities on competition, investment and industrial policies. Coordination is ensured with the EIF process. Following new government requests for technical assistance, next steps before the end of 2009

include the preparation of a Cluster interagency mission to enlarge the proposed trade related assistance in the One UN Programme on the basis of the updated EIF Diagnostic Trade Integration Study (DTIS).

A Special session “One UN Rwanda” dedicated to the Cluster's Joint Programme was included in the Operational Activities Segment of the Economic and Social Council in Geneva on 15 July 2009. The agencies of the Cluster involved in the One UN Programme attended this Special Session including a statement from Minister Hon. Monique Nsanzabaganwa, Minister of Industry and Commerce, a presentation from Mr. Aurélien Agbénonci, United Nations Resident Coordinator in Rwanda and remarks from the United Nations Development Operations Coordination Office (DOCO)

6. In **Tanzania**, the Cluster has been invited by the United Nations Resident Coordinator to participate in the UNDAF-One UN Programme which have been revised and extended to June 2011. The inclusion of assistance carried out in coordination with the EIF process is being discussed within the Cluster in view of consultations with national authorities.

7. In **Viet Nam**, UNIDO is coordinating the activities of the Cluster carried out in cooperation with FAO, ITC and UNCTAD.

8. In **Uruguay**, contacts with the United Nations Resident Coordinator Office and Government of Uruguay have been established in view of the inclusion of Cluster assistance in the ongoing UNDAF and One UN. Cooperation within the cluster for the design of activities on strengthening small and medium size enterprises is currently being developed.

In the case of the Least Developed Countries (LDCs), the Cluster has played an important role in ensuring the interface and coordination between the Enhanced Integrated Framework (EIF) and the One UN Programmes.

2. *Role of the Cluster in new UNDAFs*

In addition to the One UN Pilot Countries, in 2009, thirty three countries are launching new UNDAFs based on the guidelines that have been revised in the context of the system-wide coherence process. The Cluster is assisting the UN Country Teams in the design or the review of these new UNDAFs by participating in training workshops and Peer Support Groups organized by the undg. In 2009, an increased number of countries are adopting a Delivering as One approach in these new UNDAFs. In this regard, many UN Resident Coordinators are requesting the Cluster assistance to address government priorities on international trade issues at the country level.

With reference to the UNDAF roll-out countries provided by the undg as well as UNDAF review processes, the Cluster initiated the design and implementation of joint programmes, with different intensity and configuration in the following countries: **Asia and Pacific** (Afghanistan, Bhutan, Cambodia, China, Indonesia, Lao PDR, Maldives, inter alia), **Arab States** (Oman, Syria, Yemen, inter alia), **Latin America and Caribbean** (Ecuador, Mexico, inter alia), **Europe and Commonwealth of Independent States** (Azerbaijan, Belarus, Georgia, Serbia, Ukraine, inter alia) and **Africa** (Benin, Comoros, Guinea, Lesotho, Madagascar, Mali, Senegal, inter alia).

3. *Participation of the Cluster in regional events*

In view of facilitating its contacts with the UN Country Teams, the Cluster participated in two regional training workshops organized by the secretariat of the undg (Development Operations and Coordination Office-DOCO) for the UN Country Teams that are starting the formulation of new UNDAFs in 2009:

- **Regional training workshop for UNCTs of Asian region in Bangkok** (9 March 2009): a parallel session of the training was organized by UNCTAD, UNDP, UNIDO and UNESCAP, aiming at explaining the role and goals of the Cluster. Further contacts, including the identification of specific operations of the Cluster, will be coordinated by UN-ESCAP.
- **Regional training workshop for UNCTs of Europe/CIS countries) in Bratislava** (16-18 March 2009): the Cluster was represented by UNECE, UNDP, UNCTAD and UNIDO.

The Cluster will increase contacts with DOCO and the UN System Staff College in view of its participation in similar regional events in 2009 and 2010.

4. *Support to the UN Resident Coordinators (UNRCs) and UNCTs in operational issues related to trade and productive sectors*

The Cluster organized or participated in learning events for UN Resident Coordinators and economic advisors in view of facilitating the inclusion of trade and productive capacity issues in the UNDAFs:

- In cooperation with the UN System Staff College, the Cluster organized a pilot training workshop in Turin, Italy (16-19 May 2008), on trade and productive issues for UN Resident Coordinators and economic advisors of the UNCTs of transition economies.

- A Special Session of the Cluster for the 25 new UN Resident Coordinators was organized in Geneva, on 25 November 2008, in the context of the induction programme prepared by DOCO.
- The Cluster (UNECE, UNCTAD UNDP and UNIDO) participated in the Peer Support Review for the region Europe and CIS organized on 17 and 18 March 2009 in Bratislava organized by the UNDP's Regional Bureau for Europe and the CIS (RBEC). In the region Europe/CIS, information on the UNDAF processes is collected and disseminated by the UNDP RBEC. Cluster's Joint Programming and specific operations are then coordinated by UNECE.

COOPERATION WITHIN THE CLUSTER AT THE UN SYSTEM LEVEL

1. *Examples of coordination within the Cluster*

- Under the coordination of WTO, a mechanism for regular contacts was established within the Cluster in view of the preparation of the Aid for Trade Ministerial Conference to be held in Baku at the end of 2009 or early 2010 for the **SPECA** countries.¹⁸ The agencies involved (i.e. WTO, UNECE, UNDP, UNCTAD, ITC, UNIDO) coordinated their position in view of the planning meeting for this project which was held in Bishkek on 25-26 March 2009 by the International Islamic Trade Finance Corporation. In April 2009, the agencies will organize a meeting with the Geneva-based missions of the countries concerned. The Cluster will also establish contacts with the Islamic Development Bank.
- Proposals aiming at strengthening the **“Supply-Side Needs” in selected Least Developed Countries** was prepared by UNIDO in close cooperation with UNCTAD, WTO and ITC. These proposals constitute a comprehensive support to the following countries: Benin, Cambodia, Lao PDR, Lesotho, Mozambique, Senegal, Rwanda and Yemen, in the framework of the Aid for Trade (AFT) initiative. The individual country proposals encompass activities identified by the EIF/DTIS Action Matrices. Relevant Ministries, industrial associations, representatives from business communities, donors

¹⁸ Afghanistan, Azerbaijan, Kyrgyzstan, Turkmenistan, Uzbekistan, Kazakhstan, Tajikistan.

and other relevant stakeholders were consulted during the preparation of the proposals in view of ensuring a high degree of ownership and alignment with the national development plans.

2. *Cluster's proposals on MDGs new targets and indicators*

In view of the 2010 review of the MDGs, the Cluster, under the leadership of UNIDO, initiated the identification of targets and indicators that could be included in some of the MDGs. This exercise is based on the data, the analytical capacity, and the operational expertise of the Cluster as a whole.

3. *Cooperation and coordination within the Cluster in setting-up new UN rules and standard mechanisms within the system-wide reform process*

The members of the Cluster increasingly exchange views and coordinate their positions in the UNDG meetings and in the UNDG Working Groups. On several occasions, common positions were adopted in these UNDG bodies among UNIDO, FAO, UNCTAD, the UN Regional Commissions, UNEP, in particular regarding:

- The new financial rules governing UN-wide Multi Donors Trust Funds (MDTFs) and Joint Programming Mechanisms (JPMs) adopted in 2008.
- The new Resident Coordinators' Job Description, the UN Country Teams Working Relations, and the updated CCA/UNDAF Guidelines, adopted by the UNDG on 28 January 2009.
- The UNDG Non-Resident Agencies Action Plan (coordinated by UNCTAD) adopted by the UNDG on 28 January 2009. The Cluster, through UNCTAD, is monitoring the update of these plans.
- The design of the training and induction courses of UN Resident Coordinators organized by DOCO and the UN System Staff College.
- Issues related to changes in management practices at the country level derived from the system-wide coherence reforms.
- The Cluster was invited to present its experience at the Senior Managers Group of UNOG that discussed the lessons learned by the One UN and the system-wide coherence process.

4. *Other Cluster's contribution to the United Nations system-wide coherence*

- Since 2007, the Cluster is increasingly using the practice of joint statements or presentations delivered by one of the agencies on behalf of the Cluster as

a whole at General Assembly (Second Committee), the ECOSOC, the EIF Board and other bodies.

- UNIDO organized a Conference entitled “United Nations System-wide Coherence: the Next Steps” in Vienna, Austria, on 4 and 5 March 2008. The UN Deputy Secretary-General, Ms. Migiro, was informed about the role of the Cluster in a briefing organized by Mr. Yumkella, Director-General of UNIDO.
- Within the fifty-fifth session of the Trade and Development Board, UNCTAD organized a “Briefing on the CEB Inter-Agency Cluster on Trade and Productive Capacity” in Geneva, Switzerland, on 16 September 2008. UNCTAD, UNDP, ITC, UN-ESCAP, FAO and UNIDO participated in the briefing that presented the goals, activities and achievements of the Cluster within the UN system wide coherence “Delivering as One” to the Geneva Delegations and international community in Geneva. These briefings are being organized annually in the framework of UNCTAD Trade and Development Board session in September.
- At the Enhanced Integrated Framework Focal Points Global Workshop, organized in WTO in July 2009, a joint statement on behalf of the Cluster was delivered by UNCTAD on the role of the Cluster in implementation of Diagnostic Trade Integration Study action matrices.

5. Publications

*Resource Guide on Trade-related Capacity Building*¹⁹ prepared by UNIDO in 2008, compiling the information on the assistance delivered by 22 UN entities. An enhanced 2010 edition is being prepared (see Annex 1).

The Contribution of UNIDO to United Nations System-Wide Coherence: Synergy at Work, UNIDO, Vienna 2009.

Aid for Trade and Human Development, A Guide to Conducting Aid for Trade Needs Assessment Exercises, United Nations, 2009. The publication prepared by UNDP in cooperation with the agencies of the Cluster, is a practical methodological tool to conduct needs assessments at the country level. It encompasses all the dimensions of trade and related assistance, how needs can be identified at the macro and micro levels, and how the operations can be envisaged within the national development priorities and the poverty reduction strategies.

¹⁹ See: <http://www.unido.org/en/doc/86537>.

ANNEX 1.

Trade Capacity Building Inter-Agency Resource Guide²⁰

2008

Overview and Main Categories

Introduction

UN organizations have expertise and experience, and can offer assistance in many of the specific areas where countries want to build up their trade capacity. However, precisely because there are many organizations offering assistance by means of a wide diversity of specialized services, the authorities in developing countries and UN Country Teams can find it difficult to know exactly what is available from which agencies, and hard to comprehend how to combine such services to form a holistic support package.

This Inter-Agency Resource Guide has been developed to address this challenge and to make it easier for developing countries and local UN Country Teams to draw on the wealth of UN-wide expertise, in particular when designing technical assistance programmes for trade capacity building. The Guide is also intended to facilitate collaboration between UN agencies. This Overview starts with a brief reference to the contribution that trade can make to development. It then describes the context of the increasing availability of ‘aid for trade’, coinciding with a UN-wide effort for more coherence in the delivery of technical assistance. This chapter also provides a systemic view of areas where UN agencies can support developing countries. For each of these areas, highlights and examples of UN System services and assistance are presented. More exhaustive, detailed information on the various services that are available from the UN is then given in the later sections of the publication.

The importance of trade for development

Trade has been recognized as a central element in development strategies since the 1950s, although different economic theories have emphasized different roles for it. Trade not only reflects increased demand, but also new types of demand that have stimulated specialization and encouraged technological change. With trade growing at about twice the rate of global production in the last 50 years, specialization and technological change have developed still further. It is generally accepted that international trade is beneficial for economic growth and development. It enables

²⁰ Available on-line at: <http://www.unido.org/en/doc/86537>

countries to exploit their ‘comparative advantage’ and use their resources in the productive activities that provide the highest returns. Access to new and larger markets for these products can lead to higher incomes, more jobs, and better standards of living. In the 1980s and 1990s, changes in policy reinforced the importance of trade for development, and policies have been directed specifically at improving the trading opportunities for developing countries, through special and differential treatment, preferences to encourage their exports, and special regimes for some commodities. The Multilateral Trading System has become more responsive to developing country interests, with reforms to trade rules concerning agriculture, and textiles and clothing, and greater efforts to prevent discrimination against developing country exports. Since the year 2000, new measures offering trade concessions to Least Developed Countries (LDCs) have been implemented. These measures have allowed some countries to rapidly increase their exports and use these as a tool for development. However, the increasing liberalization of all trade, both at multilateral level and in regional arrangements, is reducing the beneficial impact of these preferences. For many developing countries, providing opportunities and incentives has not been enough to stimulate an increase in trade. In LDCs, in particular, the productive supply capacity or export base is narrow, and relies strongly on commodities. Exporters trying to export new products and penetrate new markets often lack access to legal and commercial information services and to the technical support needed to develop and produce their products and then to reach the markets. Many countries lack supporting infrastructure, both physical infrastructure, such as transport and communications, and institutional infrastructure, such as bodies to implement international trade rules or to offer efficient financial services. Often countries find it difficult to develop a national strategy to support trade development.

The need for ‘aid for trade’ to complement trade opportunities

In the last five years, the fact that some countries have been unable to take advantage of apparently good opportunities and incentives to trade, and concerns about the diminishing impact of preferences as trade negotiations continue, have led both developing countries and donors to recognize the need for more aid to help countries to take advantage of trade opportunities. Trade-related aid comes in a wide variety of forms. Many programmes target specific obstacles that are inhibiting countries’ ability to respond to trade opportunities. Others offer assistance for all the stages of a trade response, from recognition of the importance of trade, through to market information, regulation, infrastructure, credit, and specific needs to develop productive capacities.

Recent initiatives, such as Aid for Trade, or the significant pledges made to support the Enhanced Integrated Framework for trade-related technical assistance to LDCs (EIF), have provided a boost for more trade-related technical assistance. At the

same time, UN-wide efforts for more coherence in the service delivery by the various UN organizations have also reached out to the area of trade-related assistance. Developing countries, donors, and UN agencies, are increasingly striving for more systemic packages of services which aim to combine the expertise of different agencies to provide technical assistance with a problem/solution approach. Some of these programmes have already been completed, while others are still continuing.

More and more pilot countries within the ‘One UN’ coherence exercise are now including trade-related capacity building in their programmes. This increased availability of ‘aid for trade’ is a welcome change, but it also brings challenges and risks for countries trying to use it effectively. The large number of donors and service providing agencies, both bilateral and multilateral, can make it difficult to design a coordinated inter-agency trade development programme. At the same time, the size of such programmes is growing as available funding increases. A country which faces many problems in trading may find it difficult to identify which are the most urgently needed support services. If it has little experience in trading, it may find it difficult to identify which of the possible suggested measures will be most effective and which agencies can deliver them.

The contribution of the UN System

Trade is usually driven by the economic interests of producers, buyers, and the final consumers. But governments and regional markets are also involved in determining which products, and with which specifications, are bought. Various intermediary agents facilitate the transactions. Development partners, including the UN, can provide facilitating support at some of the critical points linking the producer with the buyer or client, thereby making trade more likely to happen. This support ranges from general advocacy and policy support, to the strengthening of the institutional enabling environment, to direct match-making support. The diverse range of expertise and services available within the UN System can make it difficult for developing countries to know which agency to approach for which service. Countries, UN Country Teams, and indeed the agencies themselves, will benefit from a directory of available services. This directory also signals areas where there is less help available, and thus indicates where agencies or other development partners could consider designing new programmes or services. In some cases, where services are, or should be, closely complementary, increased information about who provides what service may facilitate coordination or joint programmes among agencies.

Some key areas where the UN System provides support to local trade capacity building efforts include:

1. Global advocacy for trade as a tool for development: The global advocacy category covers UN agency services that are designed to promote the use of trade as a development tool and to encourage support for developing countries' efforts to improve their trade capacity building. This includes analysis and dissemination of trade-related information, promoting the understanding of the relationship between trade and development, and supporting policies. Some agencies provide information on and support for the interactions between their more specialized interests and trade.

2. Trade policy development, including competition policies: Agencies' assistance to trade policy development is generally provided in four areas: design and implementation of trade policy; specific developing country issues in trade (such as commodity exports and preferences); support in trade negotiations; and assistance to strengthen the intersections between trade policies and other policies.

3. Design and implementation of legal and regulatory frameworks that facilitate WTO accession, and allow for the implementation of WTO agreements: Assistance under this category includes helping countries to bring their own regulations into conformity with international rules, and more generally, support to improve their legal institutions, including training of officials to deal with such rules. A number of the agencies specialize, rather than trying to provide expertise on the legal rules in all sectors. For several, the aim is to balance international obligations with other national or international interests.

4. Supply capacity development, including the improvement of the business environment and the investment climate, the provision of business services and access to financing, and private sector development in general: In line with the trade focus of this Guide, support activities to develop supply capacity are considered those that aim to increase the availability of goods and services for export. There is no easy distinction between this, and building capacity to produce more generally, say for local consumption, but this distinction is becoming less pertinent due to open borders and increased competition in local markets from imported products. Some agencies therefore no longer make this distinction in their work.

5. Compliance infrastructure and support services, in particular from standards, creditation and certification bodies, testing and calibration laboratories, inspection services: The assistance in this category is closely related to that under the Legal and Regulatory Framework category, but places more emphasis on building the institutions in developing countries to implement such legal frameworks. It is an area where the specialized agencies again have the main role.

6. Trade promotion by the development of export promotion strategies, and the strengthening of trade promotion institutions: Included in this category

are both direct support to exporters, and building institutions in-country which will provide such support. It is different from many of the other categories because of an almost entirely private sector focus.

7. Market and trade intelligence structures and services: Market Information and Trade Information services are different in their focus and methods. Market information is provided at the sub-sector and product level, while trade information focuses on aggregate level and includes data and trends in trade flows and policies affecting trade. Market information is usually targeted at producers, exporters, and traders. Trade information is, broadly speaking, intended to be used by policy-makers for analyzing trends and setting trade policy.

8. Import and export mechanisms and processes by the streamlining of customs procedures, and border and transport management: This category covers the development, harmonization, and implementation of rules and procedures that govern how goods cross borders.

9. Physical trade-related infrastructure such as ports, rail transport, roads, cool chains, and harbours: This category covers the development, harmonization, and implementation of rules and procedures that govern how goods cross borders.

10. Trade and export financing, international payments and other trade-related financing: Trade finance is one of the areas where exporters from developing countries are most disadvantaged compared to those from developed countries, because selling at a distance to purchasers who are not directly known within the country requires special skills, schemes, and risk assessment from banks. Only when exports reach a sufficiently high level is it profitable for banks in a country to acquire these skills. On the other hand, exports, in particular of SMEs, are hampered by the difficulty in accessing export finance. So, both the cost and the availability of appropriate finance are problems. Some agencies offer support to build national capacity, while others try to fill the gap until this can be done.

Twenty-one different agencies have participated in the development of this Resource Guide and provided descriptions of their services. For some agencies, such as the WTO, UNCTAD or ITC, trade-related activities are at the core of their work; for other agencies, trade development and trade-related technical assistance may not be spelt out as central to their mandate, but in their area of specialization they offer services that are important to support the development of trade capacity.

The following table identifies the areas of intervention where each of the 21 UN agencies provides services.

MAIN CATEGORIES	Refers (not limited) to:
1. - Global Advocacy	Services aimed to increase consciousness on trade and its impact on development: <ul style="list-style-type: none"> Millennium Development Goals PRPS Mainstreaming of trade issues into development
2. - Trade Policy Development	Services aimed to assist the development of policies regarding trade <ul style="list-style-type: none"> Trade Policy Competition policy Country studies and diagnostics (e.g.DTIS) Impact studies Enhancing business participation in trade policy issues
3. - Legal and Regulatory Framework	Service on issues related to the Multi-lateral trading system: <ul style="list-style-type: none"> WTO accession facilitation Trade agreements Trade Diplomacy Dispute resolution Good regulatory practice Awareness & negotiation WTO agreements (on TBT, SPS, etc.) Notification requirements Anti-dumping, subsidies, countervailing measures and safeguards Environmental policy Consumer policy Government procurement TRIPS
4. - Supply Capacity	Services aimed to enhance competitiveness of the supply capacity base: <ul style="list-style-type: none"> Development of process capacities Productive capabilities Production infrastructure Product design Quality management and infrastructure Labeling and packaging Business Networking Value chain integration Technology upgrade Cluster development Export consortia Cleaner production Financial services to supply capacity Energy cost & supply (electricity, gas, petrol) Industrial Policy FDI policy Rural linkage Investment climate development Private sector development
5. - Compliance Support Infrastructures and Services	Services targeting conformity and compliance: <ul style="list-style-type: none"> Framework for conformity system Good practices (GAP, GMP, HACCP) TBT, SPS compliance Standards and technical regulations compliance National/regional standardization Testing & metrology Inspection & certification Accreditation institutions and services International recognition Quality policy Consumer protection
6. - Trade Promotion Capacity Building	Services promoting trade and exports: <ul style="list-style-type: none"> Enhancing trade support institutions operations (Chamber of commerce, export promotion bodies, etc) Export strategy development and implementation

7. - Market and Trade Information	Services related to market analysis and information: <ul style="list-style-type: none"> Market information Trade information Cross country studies Export competitiveness analysis E-commerce Export competences
8. - Trade Facilitation	Services aimed to alleviate import and export procedures: <ul style="list-style-type: none"> Customs upgrading (valuation, procedures and mechanisms) Custom clearance and harmonization Border management and performance monitoring systems Pre-shipment Trade procedures Tariffs and market access barriers Rules of origin Aligned Trade Documents Electronic standards/EDI Paperless trade Single window environment Tariff negotiations Tariff development and reforms TRAINS Logistics and transport services: regulations and competitiveness
9. - Physical Trade Infrastructure	Services related to transport and transportation issues: <ul style="list-style-type: none"> Road & rail infrastructure Air Transport and Airport Operations Maritime Transport and Port Operations Port/harbor operations & efficiency Multimodal transport Handling procedures Transport security/Dangerous goods Pre-shipment inspection Cargo tracking systems Transport Vehicle standards Landlocked countries access Transit facilitation and logistics Transit guarantee systems ICT infrastructure for trade Rural-Urban transport logistics Warehousing Cool chain Transport & Communications policy.
10. -Trade Related Financial Services	Services aimed to facilitate financial aid to trade: <ul style="list-style-type: none"> Trade Finance Access Export financing Financial transactions (sell and buy) International payments

ANNEX 2.

Aid for Trade and Human Development, A Guide To Conducting Aid For Trade Needs Assessment Exercises 2009

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Executive summary

This guide is designed to help policy makers, trade officials and researchers conduct needs assessment studies on trade and human development under the Aid for Trade (AfT) initiative conceived at the 2005 World Trade Organization (WTO) Ministerial Conference in Hong Kong.

The AfT initiative is one of the most important development-related outcomes in recent years. The declaration in Hong Kong stated that AfT should help developing countries build supply-side capacity and trade-related infrastructure to help them benefit from trade agreements and, more broadly, to enhance the contribution of trade to development. The AfT initiative recognizes that existing trade negotiations need to be complemented by stronger domestic policy and international cooperation. Least Developed Countries (LDCs) already receive assistance under the Enhanced Integrated Framework for Trade Related Technical Assistance to LDCs, and this guide can be used to inform and update the Diagnostic Trade Integration Studies under the Enhanced Integrated Framework. As with LDCs, many developing and middle-income countries also continue to face problems with productive capacity: they generally have access to other markets but cannot produce in sufficient quality or quantity. This can be because infrastructure is weak, markets are isolated or distant, and bureaucracy is onerous or international rules too complex. According to estimates of the Organisation for Economic Cooperation and Development (OECD), Official Development Assistance (ODA) commitments in the aid categories associated with the definition of AfT accounted for \$21 billion on average between 2002 and 2005. Assuming that donors meet commitments to scale up aid up to \$130 billion in 2010, ODA in the categories most closely associated with AfT could increase by \$8.5 billion.

The trade needs assessment reports resulting from using this guide are intended to make trade and development policies more integrated with each other and thus conducive to human development. The needs assessments will result in concrete and actionable recommendations aimed at mainstreaming trade in national development strategies. The regional dimension, however, remains crucial. Maximizing coordination between regional economic communities and individual member countries will help ensure agreement on which projects are ready for support and what their implementation time-frame should be. Typically, an AfT needs assessment contains chapters on the macroeconomic and business environment; trade and investment policy; trade facilitation; and various sectors of the economy and the analysis of the impact of specific trade measures on human development. The guide does not suggest trade policy advice or provide regional and country analysis, but presents tools and methods for looking at trade policies from a human development point of view. Finally, the AfT needs assessments

should not make AfT conditional on trade liberalization. Rather, the primary intention is to use AfT for the development of trade, using whatever means are appropriate.

Trade and human development

Poverty is traditionally defined as a lack of income or ability to consume. Yet, the human development approach goes beyond income and consumption. Human development is about expanding the ability of people to make choices that improve their lives. Whilst consumption and income are important, human development has been defined as ‘human flourishing in its fullest sense — in matters public and private, economic and social, and political and spiritual’ — and, according to Nobel prize-winner Amartya Sen, as “a process of enlarging people’s choices and freedom”. Since women have the most to gain from human development, gender must form an intimate part of the needs assessments and should not be included just as a subheading or standalone section. The Millennium Development Goals (MDGs), of which 3 and 5 deal with gender equity and maternal health, are necessarily linked with the concept of human development and trade. Even if the MDGs do not necessarily reflect all aspects of human development, they comprise the most comprehensive set of human development goals and targets so far adopted.

The gains from trade are numerous, and extend beyond the immediate commercial benefits. Trade and investment can contribute to human development by helping to raise productivity, employment and economic growth. Trade and investment can also increase the variety and quality of goods available to consumers, and help lower the likelihood of political conflicts between countries. Yet, the links between human development and trade are complex and not always easy to discern. They depend partly on country-specific circumstances. To what extent does poverty exist, and what type? What kind of trade reform is involved? What kind of natural endowments does the country have? Many developing countries suffer from widespread rural poverty, although some do not; many are members of the WTO, although not all; most countries are involved in regional trade agreements; and several are rich in natural resources, while some have none. These variations between countries underline the requirement for the needs assessment exercises to be nationally-owned and driven.

Trade and underlying trade policies are redistributive in their nature, meaning that they impact different population groups in different ways. Therefore, trade liberalization may imply a net welfare transfer from one economic sector or group to another. Policy changes and trade agreements are, nonetheless, only one of the factors behind a country’s trade performance and their implementation might be not sufficient to boost trade, exports and growth. Trade policy should be addressed

together with other aspects of industrial policy and the macroeconomic setting. Country-specific factor endowments, the business climate and comparative advantages can be at least as important in the current global trading environment.

Despite the variations between countries and the challenges of linking trade policy and human development, it is possible to identify a number of standard links between human development and trade. The economic growth that may come with trade expansion is likely to enhance the rate of human development but not if it is accompanied by environmental degradation, poorer health care and weakened security. The relationships between trade, economic growth and human development are not automatic, and indeed it is possible to experience economic growth (accompanied by a significant level of trade) without any impact on human development. This guide looks at trade and human development from multiple perspectives, including gender and environmental considerations. This entails the identification of existing patterns in the economy, market opportunities to increase people's well-being, and the risks arising from globalization that people should be prepared to face.

Successfully using trade to maximize the rate of human development depends on the coherence of national and international policies. Government policy, including trade policy, has a crucial role to play. This guide is not a blueprint and does not cover the relationship between trade and human development in a comprehensive or exhaustive manner. Rather, it aims to enable countries to systematically analyse their capacity constraints, identify their needs in the current international trading context and express them in a document embodying a credible and actionable programme that enables them to benefit fully from AfT.

Trade needs assessments

The most important goal of the needs assessment studies is to identify a set of policy recommendations and technical assistance needs aimed at improving the contribution of trade to human development and poverty reduction. This set of recommendations should:

- help overcome the identified constraints;
- meet the costs of adjusting to current or anticipated trade agreements;
- tackle institutional and infrastructure capacity limitations;
- suggest action plans to remove bottlenecks and seize opportunities.

In order to derive these recommendations, the needs assessment studies should analyse the existing and potential impact of trade on human development. The use of participation techniques and public consultations has had an increasingly

beneficial impact on policy-making. Participation brings political, legal and social benefits and can reduce the risks of strong opposition and unrest. Trade policy is no different. The analysis should include the perspectives of key stakeholders in government, the private sector, academia and civil society. Thus, the main objectives of the analysis are the following:

- review current investment and trade policies and their linkages with economic growth and human development;
- assess the country's business environment and investment climate;
- analyse selected existing (ex-post) trade policies and agreements — bilateral, regional, and WTO — and those under negotiation (ex ante) for economic growth, employment, equity and poverty, policy space and public sector capacity implications;
- review economic and export performance as well as any specific constraints that the country's exports face in international markets;
- analyse key economic sectors for expansion of output, productivity, exports, employment and sustainability;
- consider the impact of the above on poverty, inequality, social exclusion and regional disparities, as well as on policies to address these and related development challenges.

This is not a checklist but provides an indication as to the content of the needs assessment exercises. Each country needs assessment will differ depending on its specific circumstances. The guide also proposes that the AfT study establishes a matrix of specific policy recommendations and institutional reforms, outlining ways in which trade might contribute more to economic growth, human development and poverty reduction.

The second chapter briefly describes how trade can be mainstreamed into government policies. The third chapter describes the link between trade and human development from a theoretical perspective, examining the relationship between trade and such factors as gender, environment and poverty. The bulk of this guide, beginning with chapter four, offers practical guidance on undertaking AfT needs assessments. Concepts such as trade mainstreaming and ownership should be central in any approach to this exercise.

While the human development perspective should be reflected throughout the AfT study, practical and operational recommendations should be established on a sector- by-sector basis. Quantitative and qualitative tools and methods to address these issues are presented in chapter 8 (sector assessments — including SWOT, value chain analysis) and 9 (trade policy impact assessment — HDIA, PSIA, CGE, the gravity model).