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REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

Executive summary

Delivery of UNCTAD technical assistance increased by 16 per cent to reach \$35 million in 2006. Interregional projects from which all developing regions benefited accounted for some 50 per cent of total delivery. Delivery in support of Africa, Asia and the Pacific, and Latin America and the Caribbean also increased. The least developed countries accounted for 36 per cent of total delivery. Contributions to trust funds contracted by 16 per cent, amounting to \$29 million, with developed countries accounting for 56 per cent of it. Contributions from developing countries, mainly in support of self-sustained projects, accounted for 32 per cent of total contributions to trust funds. This level of contribution from developing countries reflects the relevance and utility of UNCTAD technical cooperation. Other sources of financing of operational activities included the United Nations Development Programme (UNDP), the United Nations regular programme of technical cooperation, and the Development Account.

At its forty-first executive session, the Trade and Development Board approved two recommendations related to technical cooperation contained in the Report of the Panel of Eminent Persons on Enhancing the Development Role and Impact of UNCTAD. Issues pertaining to the implementation of the above two recommendations are contained in chapters III and IV of this review. Chapter III discusses possible ways to improve the structure and funding of UNCTAD technical cooperation. Chapter IV describes the process of moving towards system-wide coherence and the implications for UNCTAD.

The report contains recommendations on ways to enhance the effectiveness of UNCTAD technical cooperation, for consideration by the Working Party on the Medium-term Plan and the Programme Budget and by the Trade and Development Board.

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Note

All references to dollars (\$) are to United States dollars.

Because of rounding, details and percentages do not necessarily add up to totals.

INTRODUCTION

1. This report is intended to facilitate the Trade and Development Board's annual policy review of the technical cooperation activities of UNCTAD. Technical cooperation activities in 2006 continued to be carried out in the context of the São Paulo Consensus and in line with the strategy for technical cooperation by UNCTAD adopted by the Trade and Development Board in 2003.

2. The report will be submitted to the Working Party on the Medium-term Plan and the Programme Budget for its forthcoming review of technical cooperation activities undertaken by UNCTAD in 2006.

I. SOURCES OF FUNDING FOR UNCTAD TECHNICAL COOPERATION

3. As in previous years, in 2006 UNCTAD's technical cooperation activities continued to be financed from three main sources: trust funds, the United Nations Development Programme (UNDP), and the United Nations regular programme of technical cooperation.

A. Trust fund contributions

4. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, non-governmental organizations (NGOs) and private institutions. In 2006, total voluntary contributions amounted to \$29.2 million, a decrease of 16 per cent over the previous year. It should, however, be noted that 2005 was an exceptional year in which contributions were 30 per cent higher than in 2003 and 2004. If compared with these years, the 2006 contribution reflects an increase of 10 per cent. Contributions from developed countries accounted for 56 per cent of overall contributions to trust funds in 2006 (\$16.3 million), an increase of 2.4 per cent over the previous year. In 2006, more than 75 per cent of total contributions by developed countries were provided by the following

six countries (in descending order): Norway, the United Kingdom, Switzerland, the Netherlands, Sweden and France. Important contributions to UNCTAD trust funds were also made by Germany, Italy, Finland, Luxembourg, Spain, Canada and Austria.

5. Contributions from developing countries and countries with economies in transition accounted for 32 per cent of total contributions to trust funds (\$9.2 million), a decrease of 12 per cent over the previous year. In this respect too, 2005 was an exceptional year, in which contributions from this group of countries more than doubled. The majority of contributions from developing countries take the form of self-financing arrangements in support of individual country projects. They are generally financed either from the proceeds of loans or grants from international financial institutions. Such contributions have been used, in particular, to finance country projects in the areas of customs reform (ASYCUDA) and debt management (DMFAS). The projects carried out under these two programmes require a relatively large amount of resources as compared to the average amount of UNCTAD

BOX 1

The three main sources of financing for UNCTAD technical cooperation, 2006

<i>Trust funds</i> 91.4%	<i>UNDP</i> 3.9%	<i>United Nations programme budget</i> 4.7%
\$32.2 million (an increase of 19.7% over 2005)	\$1.4 million (a decrease of 26.3% over 2005)	\$1.7 million (a decrease of 2.4% over 2005)

TABLE 1
UNCTAD trust fund contributions, 2003–2006^a
(in thousands of dollars)

	2003	2004	2005	2006
Developed countries' contributions ^b ..	17 107	17 137	15 881	16 262
Developing and transition countries ^c .	5 973	4 785	10 449	9 199
European Commission	2 173	691	2 888	2 343
United Nations system and other international organizations ^d	946	3 978	5 158	1 017
Private and public sectors	185	281	447	330
Total	26 384	26 873	34 823	29 151

^a Excluding third-party cost-sharing contributions through UNDP.

^b The figure for 2003 excludes \$616,463 for associate experts; for 2004 it excludes \$619,665 for associate experts; for 2005 it excludes \$759,436 for associate experts; and for 2006 it excludes \$809,055 for associate experts.

^c The majority of these contributions are self-financing, for activities in the donor's own country, and are financed from proceeds of loans or grants from international financial institutions.

^d For details see table 8 of the statistical annex (TD/B/WP/195/Add.2).

projects implemented in other areas. Cambodia, Cameroon, Côte d'Ivoire, Jordan, Lebanon, the Syrian Arab Republic, and the Bolivarian Republic of Venezuela accounted for more than 65 per cent of contributions from developing countries in 2006. All these contributions were in support of activities related to customs modernization.

6. Contributions from multilateral donors amounted to \$3.3 million, accounting for 12 per cent of total contributions to trust funds.

7. Contributions from the private sector continued to represent about 1 per cent of total contributions to trust funds in 2006.

B. Expenditures

8. Notwithstanding contraction in contributions to trust funds, the overall expenditures on technical cooperation increased by \$5 million to reach \$35.2 million in 2006, an increase of 16 per cent over expenditures in 2005.

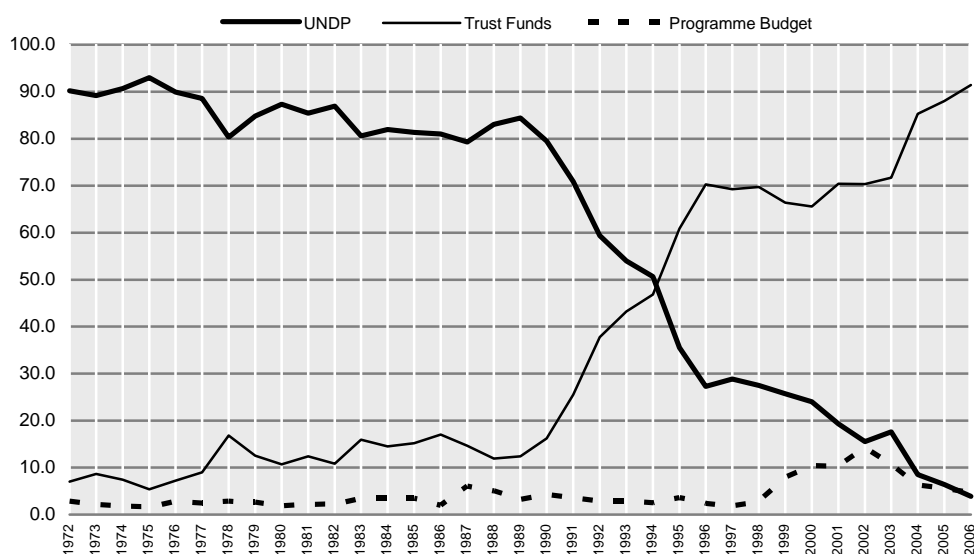
9. Trust funds are the main source of financing for UNCTAD technical cooperation activities, accounting in 2006 for 91.4 per cent of total expenditures. The other two sources of funding for UNCTAD operational activities are the United Nations regular programme of technical cooperation and development account, and UNDP-financed projects.

C. The United Nations regular programme of technical cooperation and the Development Account

10. Expenditures on operational activities financed from the regular budget of the United Nations and from the Development Account amounted to \$1.6 million in 2006. These resources are provided under section 22 (United Nations regular programme of technical cooperation) and section 34 (Development Account) of the United Nations regular budget. While the resources available under section 22 are used to provide advisory services to developing countries and

CHART 1

Trends in mobilization of UNCTAD technical cooperation, by source of funds, 1972–2006
(percentage of total project expenditures)



BOX 2**Spain donates \$700 million to advance Millennium Development Goals**

In December 2006, the Government of Spain donated to the UN System \$700 million (over the period 2007–2010) to help achieve the Millennium Development Goals. Part of this funding will be attributed to the coherence fund for the One United Nations pilot countries. This is the largest contribution yet made to the United Nations for this purpose by any country, and is intended to support the efforts of the United Nations system to coordinate and streamline its work on the ground and strengthen the United Nations reform process. This new Fund will focus on: environment and climate change; economic governance; gender equality and empowerment of women; cultural diversity and development; and youth employment and migration. A steering committee composed of representatives of the Government of Spain, UNDP and internationally recognized independent development experts will approve projects for funding. At the country level, United Nations country teams, under the leadership of resident coordinators, will be invited to submit consolidated proposals, reinforcing the coherence of United Nations development activities. Thematic advisory subcommittees will review the projects submitted by developing countries in collaboration with organizations of the United Nations system.

A number of principles will guide the activities of the fund and country-level interventions. The fund aims at: (a) support programmes anchored in national priorities; (b) ensure the sustainability of its investments, focusing on capacity-building for projects between one and three years in length; (c) apply the highest quality standards in programme formulation, monitoring and evaluation within a management framework oriented towards results and accountability; (d) consolidate the inter-agency planning and management system at the country level (applications should be aligned with the United Nations Development Assistance Framework); and (e) minimize transaction costs – the fund will restrict itself to programmes whose expenditure is estimated at between \$1 million to \$4 million per annum.

The fund will primarily finance activities at the country level. The 57 countries identified in the Spanish Master Plan for International Cooperation are eligible to apply for country-level support. All applications to the fund will be formally submitted by the United Nations resident coordinator on behalf of participating United Nations organizations. Activities supported by the fund at the country level are expected to take the form of joint programmes in which a number of United Nations organizations collaborate to achieve a common goal.

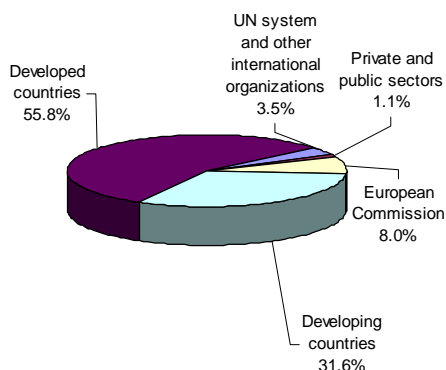
countries with economies in transition in the main areas of UNCTAD work, the resources from the Development Account are used to support the implementation of specific regional and interregional projects. Development Account projects follow the structure of the United Nations regular budget. They are expected to be implemented within two biennia.

11. The implementation of four projects under the fourth tranche of the Development Account that were initiated in 2004 continued in 2006. These projects are: (a) capacity-building for debt sustainability in developing countries; (b) strengthening capacity in developing countries with a view to meeting the Millennium Development Goals through policies and actions in trade and trade-related areas; (c) capacity-building in trade and transport facilitation for landlocked and transit developing countries; and (d) capacity-building for developing countries' investment promotion agencies through public-private partnerships and negotiations on international investment agreements.

12. Five projects under the fifth tranche of the Development Account (2006–2007) are currently being implemented. They are: (a) capacity-building for information and communications technology measurement and policy; (b) capacity-building for policymaking on the promotion and application of science and technology to the achievement of the Millennium Development Goals; (c) developing capacity in Africa for the identification of growth opportunities through resource mobilization; (d) strengthening national capacities for home-grown economic policies through the network of academic institutions of the UNCTAD Virtual Institute.

13. Under the sixth tranche of the Development Account (2008–2009), five new proposals from UNCTAD, at a total estimated cost of \$2.4 million, will be considered by the General Assembly at its current session. The proposals are as follows: (a) strengthening the competitiveness of small and medium-sized enterprises (SMEs) in the tourism sector of six African developing countries in the Economic Community of West African States

CHART 2
Origin of trust fund contributions, 2006
(Per cent of total contribution)



(ECOWAS) subregion; (b) support for decision-making and policy formulation regarding foreign direct investment in the context of the Millennium Development Goals and the Monterrey Consensus; (c) promoting subregional growth-oriented economic and trade policies towards achieving the Millennium Development Goals in Arab countries of West Asia and North Africa; (d) enhancing the effective participation of developing countries in dynamic and new sectors of international trade; and (e) building productive capacities in developing countries to enhance their participation in global supply chains. Should these proposals be approved by the General Assembly, UNCTAD would access approximately 16 per cent of the total resources allocated to the sixth tranche.

D. Resources provided by the United Nations Development Programme

14. The third source of the financing for UNCTAD operational activities is the United Nations Development Programme (UNDP). In 2006, expenditure on such activities accounted for 3.9 per cent of total expenditures (\$1.4 million) on UNCTAD technical cooperation.

E. Financing of associate experts

15. In addition to the three main sources of financing mentioned above, some donors participate in the UNCTAD Associate Expert Programme. In 2006, the following donors were financing 12 associate expert posts in the various areas of UNCTAD's work: Belgium (one expert), France (two experts), Germany (four experts), Italy (three experts) and the Netherlands (two experts).

16. This programme continues to be very successful. It allows young professionals from both developed and developing countries to participate in the analytical and operational activities of UNCTAD, and donors are urged to contribute to it. The donor commits resources to finance, for at least two years, the salary and benefits of young professionals who will be part of the UNCTAD staff for the period of their contract. Vacancies for associate experts in UNCTAD are circulated to donors three times a year by the Department of Economic and Social Affairs in New York. The vacancies match the needs of the substantive divisions of UNCTAD, and the selection process is carried out by the secretariat in consultation with the donor.

II. ALLOCATION OF TECHNICAL COOPERATION RESOURCES

A. Structure of technical cooperation projects

17. UNCTAD technical cooperation activities continue to be provided on the basis of national/country, regional and interregional projects (see chart 3).

I. Interregional projects

18. Expenditures on interregional projects, covering all developing regions and groupings (including least developed countries) and countries with economies in transition, amounted to \$17.3 million, accounting for almost half (49 per cent) of total expenditures. In addition to contributions to trust funds, which are the main source of financing for interregional projects, activities financed by the United Nations regular programme for technical

cooperation and the Development Account fall into this category.

19. Interregional projects are based on the different thematic areas of expertise of UNCTAD. Examples include projects concerning multilateral trade negotiations, investment promotion, international investment agreements, commodity trade, competition law and policies, trade and environment, enterprise development, trade facilitation and e-commerce.

20. Major interregional projects implemented in 2006 include the training programme on competition policies, capacity-building in the field of international investment agreements, the BioTrade Facilitation Programme, investment policy reviews and other investment-related activities, and accession to the World Trade Organization.

TABLE 2
Total expenditure by UNCTAD on technical cooperation, and source of funds, 2003–2006
(in millions of dollars)

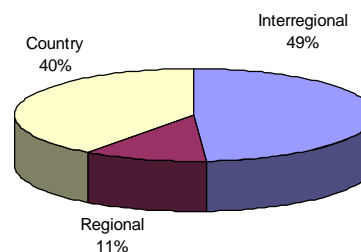
	2003	2004	2005	2006
UNDP	4.9	2.6	1.9	1.4
Trust funds	19.9	26.3	26.8	32.2
Regular budget and Development Account	3.0	1.7	1.7	1.7
TOTAL	27.8	30.6	30.5	35.2

2. Regional projects

21. Regional projects support activities in specific regions and subregions. Expenditures under these projects amounted to \$3.8 million in 2006, accounting for 11 per cent of total expenditures. Major regional projects, in terms of expenditure in 2006, were: in Asia, ASYCUDA implementation and support for the Asia and Pacific region, and TrainForTrade; in Africa, Joint Integrated Technical Assistance Programme (JITAP), and two major ASYCUDA regional projects; and, in Latin America and the Caribbean, Competition Policy in Latin America, ASYCUDA regional support for the Americas, and BioTrade.

CHART 3

**Technical cooperation expenditures,
by type of project, 2006**
(percentage of total project expenditures)



3. Country projects

22. Country projects are designed for activities to be undertaken exclusively in a given country. In 2006, expenditure on such projects amounted to \$12.8 million, or 40 per cent of overall expenditure.

23. The majority of UNDP-supported projects fall into this category. The bulk of the other country projects are self-financed or are financed using resources made available to UNCTAD under the bilateral aid programmes of certain donors.

24. The bulk of country projects are in the areas of debt management (DMFAS), customs automation and reform (ASYCUDA) and the transport sector.

25. ASYCUDA and DMFAS are by far the two largest UNCTAD technical cooperation programmes. In 2006, expenditure on these two programmes was respectively \$11.2 million (accounting for 32 per cent of total expenditure on technical cooperation) and \$3.9 million (accounting for 11 per cent of total expenditure on technical cooperation).

26. In 2006, activities in support of least developed countries amounted to \$12.8 million, accounting for 36.2 per cent of total expenditure on UNCTAD technical cooperation. This is in line with the priority assigned to this group of countries.

CHART 4
Technical cooperation expenditures, by region, 1997–2006
(percentage of total yearly expenditure)

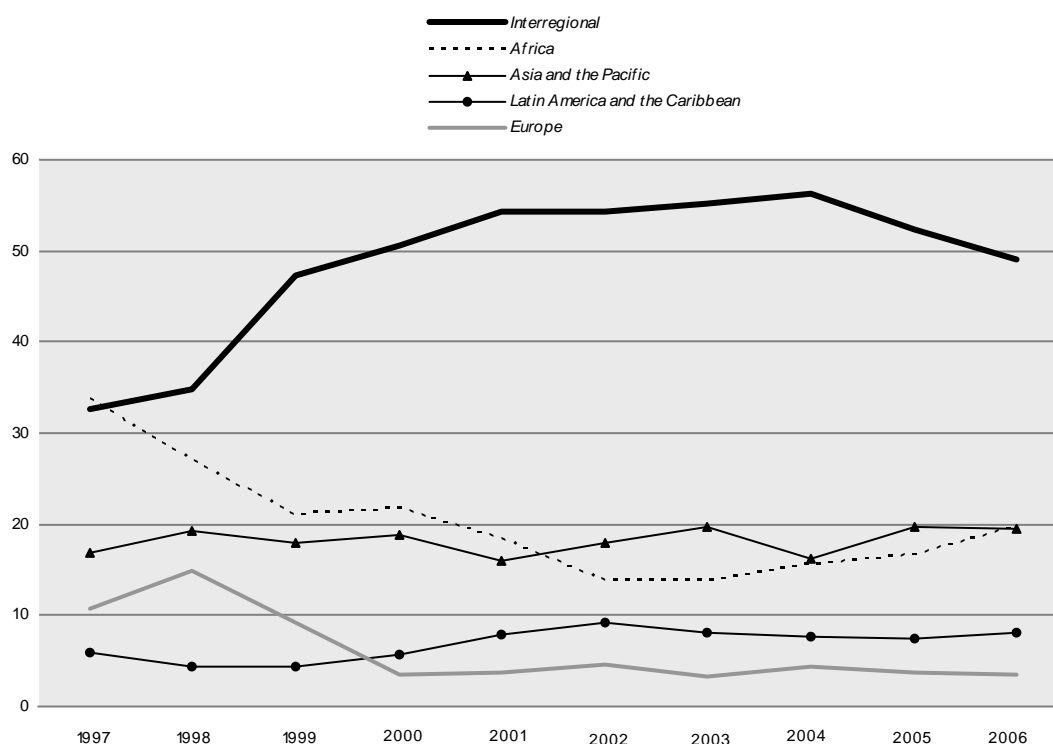


TABLE 3
Technical cooperation expenditures, by region and by programme, 2003–2006
(in thousands of dollars)

	2003	2004	2005	2006	
	Amount	Amount	Amount	Amount	%
Total	27 788	30 594	30 485	35 223	100.0
By region:					
Africa	3 842	4 929	5 103	6 985	19.8
Asia and the Pacific	5 503	5 056	5 975	6 841	19.4
Latin America and the Caribbean	2 239	2 138	2 265	2 887	8.2
Europe	906	1 360	1 155	1 241	3.5
Interregional	15 299	17 111	15 987	17 269	49.0
By programme:					
Globalization and Development Strategies	3 185	3 809	4 206	4 602	13.1
International Trade in Goods and Services, and Commodities	6 881	7 281	8 880	9 664	27.4
Investment, Technology and Enterprise Development	5 339	5 083	3 972	4 638	13.2
Services Infrastructure for Development and Trade Efficiency	9 066	10 783	11 182	14 150	40.2
Division for Africa, Least Developed Countries and Special Programmes ..	725	1 045	1 128	1 165	3.3
United Nations regular programme of technical cooperation (section 22)	1 178	1 135	814	807	2.3
Direction of Management and Support Services	1 413	1 252	228	172	0.5
Technical Cooperation Service	-	206	75	26	0.1
<i>Of which: least developed countries</i>	<i>8 763</i>	<i>10 415</i>	<i>11 394</i>	<i>12 758</i>	<i>36.2</i>

TABLE 4
Project expenditures by division/programme, as at 31 December 2006
(in thousands of dollars)

Division/Programme	UNDP	Trust funds	Programme budget	Total	
				Amount	%
GDS: Total	83	4 361	158	4 602	13.1
Macro-economic and development policies	-	160	158	318	0.9
DMFAS Programme	83	3 852	-	3 935	11.2
Special programmes	-	349	-	349	1.0
DITC: Total	226	9 245	193	9 664	27.4
Trade analysis	30	619	-	649	1.8
Trade negotiations and commercial diplomacy	147	4 575	193	4 916	14.0
Trade information	-	4	-	4	0.0
Commodities	-	697	-	697	2.0
Trade, environment and development	-	2 268	-	2 268	6.4
Competition law and policy and consumer protection	49	1 082	-	1 131	3.2
DITE: Total	192	4 340	106	4 638	13.2
Investment issues analysis	3	785	-	789	2.2
Policy and capacity-building	189	3 068	106	3 363	9.5
Investment, enterprise and competitiveness	-	384	-	384	1.1
Office of the Director	-	102	-	102	0.3
SITE: Total	790	12 962	398	14 150	40.2
Trade logistics	0	696	242	937	2.7
ASYCUDA	790	10 496	-	11 286	32.0
Human resources and ICT for capacity development	-	1 485	98	1 583	4.5
ICT and e-business for development	-	275	58	333	0.9
Office of the Director	-	10	-	10	0.0
ALDCs: Total	78	1 087	-	1 165	3.3
DOM: Total	-4	202	807	1 004	2.9
Division of Management	-4	176	-	172	0.5
Cross-Divisional Advisory Services	-	-	807	807	2.3
Technical Cooperation Service	-	26	-	26	0.1
GRAND TOTAL	1 365	32 196	1 662	35 223	100.0

B. Geographical distribution

27. In 2006, there was an increase in absolute terms of expenditure in all regions. Expenditure on technical cooperation in Africa and Asia accounted in each case for about 20 per cent of total expenditure. In the case of Africa, this percentage is an increase over the previous year. Total expenditure in Latin America and the Caribbean also increased, accounting for 8.2 per cent of overall expenditure. The share of expenditure in Europe continued to decrease.

C. Thematic distribution of expenditures in 2006

28. In addition to ASYCUDA and DMFAS projects, which together accounted for 43 per cent of total expenditure on UNCTAD technical cooperation, other major UNCTAD technical cooperation programmes were in the area of trade negotiations and commercial diplomacy, trade, the environment and development, and investment policy and capacity-building.

BOX 3

ITC/UNCTAD/WTO Joint Integrated Technical Assistance Programme to African Countries

The provision of trade-related technical assistance and capacity-building support to African countries is crucial in building the requisite capacities to engage effectively and beneficially in trade. It is in response to this need that the ITC/UNCTAD/WTO Joint Integrated Technical Assistance Programme to African Countries (JITAP) was developed and launched in 1996 at UNCTAD IX. JITAP has since then assisted 16 African countries in developing and strengthening their institutional, entrepreneurial and human capacities to engage in the multilateral trading system. In its 10 years of operation in 16 countries, JITAP has laid the basis for sustainable capacity-building for trade development in African countries. It has helped beneficiary African countries to create the necessary institutional basis through the formation of inter-institutional trade committees for stakeholder consultations and participation in policymaking, and the setting of negotiations agenda at the national level. It has helped the business community to become aware of emerging opportunities in the multilateral trading system and to take advantage of them by developing export-sector strategies, and it has helped Governments to assess the impact of WTO agreements on their economy and to design actions to meet their obligations, as well as to be better prepared to take advantage of trading opportunities. JITAP has been externally evaluated and commended on several occasions. The second phase of JITAP is set to expire at the end of 2007. The launching of a new phase to bring about a new generation of capacity-building support to African countries in their engagement in the multilateral trading system should be a key element in increasing aid for Africa in the area of trade and development.

BOX 4

Some key figures on UNCTAD technical cooperation

• Number of projects with expenditures in 2006*	280
• Number of multi-donor projects with more than five donors	20
• Number of new trust fund projects started in 2006	41
• Number of projects financially closed in 2006	57
• Number of new projects started in 2006 with a budget of less than \$200,000	23
• Number of ongoing interregional projects and programmes	164
• Number of ongoing regional projects and programmes	56
• Number of country-specific projects	231
• Number of country-specific projects for least developed countries only	79
• Number of countries that made contributions in 2006	75
• Number of self-financing projects	65
• Number of ongoing projects financed by UNDP	27
• Number of ongoing projects financed solely by the European Community	11
• Number of financial reports sent to donors in 2006**	490
• Ongoing regional and interregional projects by division: GDS 12; DITC 76; DITE 44; SITE 56; ALDC 13; EDM 19	220
• Total extrabudgetary contributions received in 2006	\$29,151,037
• Total extrabudgetary contributions from the top 10 donors in 2006	\$15,034,611
• ASYCUDA resources as a percentage of total expenditures, 2006	32 per cent
• DMFAS resources as a percentage of total expenditures, 2006	11 per cent

* Not all operational projects have expenditures in a given year.

** For Multidonor Trust Funds each donor receives an individual report.

III. IMPROVING THE STRUCTURE AND FUNDING OF UNCTAD TECHNICAL COOPERATION

29. The effectiveness and coherence of UNCTAD operational activities is hampered by the structure of extrabudgetary resources, which are mostly earmarked for specific short-term activities, leading to the fragmentation of funding.

30. Simplifying the financial structure of UNCTAD extrabudgetary resources is a necessary first step towards more efficient delivery and management of technical cooperation programmes. By the same token, the lack of predictability of resources, which has always been a matter of concern for both the secretariat and the beneficiaries, also needs to be addressed if the overall structure of the resources is to be improved, with a view to ensuring the reasonable continuation of activities and full implementation of projects.

31. The strategy for UNCTAD technical cooperation activities adopted by the Trade and Development Board at its fiftieth session in 2003 (decision 478 (L)) emphasizes the importance of finding ways to improve the predictability of resources and dealing with the question of fragmentation of projects and the earmarking of funds for UNCTAD operational activities. Over the past few years, the Working Party has on several occasions discussed this issue and considered a number of proposals related to it. One proposal was for the establishment of a number of thematic trust funds corresponding to the main areas of UNCTAD's work. The proposals were an attempt to introduce measures that would not only address the problems associated with fragmentation and the unpredictability of resources, but also reduce the transaction costs inherent in the management of a large number of often small, earmarked technical cooperation projects.

32. Notwithstanding the support of many member States for this approach, the proposal has not met with the consent of all stakeholders. This is due in particular to the different procedures and approaches governing the aid programmes of various donors, especially in cases where such procedures would not allow them to commit to multi-year and multi-donor pledges or contributions.

33. The Report of the Panel of Eminent Persons on Enhancing the Development Role and Impact of UNCTAD recommended in this respect that UNCTAD should "consolidate its 400-plus projects

into four-to-five major technical cooperation programmes centred on overarching themes, with a view to maximizing impact and increasing efficiency and coherence. UNCTAD should also diversify its funding base" (recommendation No. 19). This recommendation was approved by the Trade and Development Board at its forty-first executive session (TD/B/EX(41)/3 (Vol. I)) on the understanding that in the process of consolidation no specific technical assistance activity would be lost and that a decision on the matter should be taken in consultation with member States, including through the established mechanisms, in particular the Working Party on the Medium-term Plan and the Programme Budget. The implementation of this recommendation should result in more coherent and responsive operational activities.¹

34. The implementation of recommendation No. 19 of the Report of the Panel of Eminent Persons is applicable to activities that are currently carried out in the context of regional and interregional projects, as the nature of the activities and funding of country projects presents difficulties with respect to their consolidation.

35. The consolidation of regional and interregional projects requires the establishment of thematic trust funds able to attract multi-year, multi-donor contributions. Furthermore, it is necessary to ensure that the donors contributing to these trust funds (a) are willing to make multi-year pledges or contributions, (b) agree that their contributions can be pooled with those of other donors, and (c) are willing to finance thematic programmes that match the work programme of the divisions rather than small self-

¹ It is worth noting that other United Nations entities are facing similar problems regarding the fragmentation and earmarking of their resources allocated to technical cooperation. Many of them are introducing thematic funds based on the agreed priorities of the organization's work plan or are aiming to finance specific activities where an additional effort is required. For instance, the World Health Organization (WHO) is introducing the concept of "negotiated core voluntary funding", which pursues the objectives agreed with a group of donors according to the work programme. The United Nations Educational, Scientific and Cultural Organization (UNESCO) announced measures to align extrabudgetary resources with its major programmes. Similarly, the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Environment Programme (UNEP) are taking steps to reduce the fragmentation and unpredictability of their extrabudgetary funds (see Report of the Secretary-General, Triennial Comprehensive Policy Review of Operational Activities of the United Nations Development System, A/62 - E/2007, 1 May 2007, paras. 29-34).

contained projects. Box 5 presents a possible approach to the implementation of recommendation No. 19.

36. The establishment of thematic trust funds should enhance the effectiveness and impact of UNCTAD technical cooperation activities without compromising the scope and manner of delivery. It should also enhance the links between operational activities and the analytical work of UNCTAD and the results of intergovernmental deliberations.

37. As part of UNCTAD's internal reform efforts, an interdivisional technical cooperation project review committee has been established to review and monitor proposals for technical assistance projects, strengthen the links between the secretariat research and analytical work and technical cooperation, and improve delivery, reporting and fundraising. The committee aims to ensure greater coherence in divisions' approaches to the design and delivery of technical cooperation activities.

Box 5

A possible approach to the implementation of recommendation No. 19 of the Report of the Panel of Eminent Persons on Enhancing the Development Role and Impact of UNCTAD

Thematic trust funds to support the implementation of recommendation No. 19 of the Report of the Panel of Eminent Persons could be established on the basis of annual plans. The annual plans for 2008 that will be prepared by the divisions of UNCTAD immediately after the current session of the Working Party will contain their main thematic clusters of work, grouping, where possible, individual trust fund projects in various areas. This process would exclude the country-level operations of programmes such as DMFAS, ASYCUDA and BioTrade and certain other programmes that are traditionally implemented at the individual country level. In preparing their annual plans, the divisions would take due account of UNCTAD's mandates, work priorities, beneficiaries' requirements and complementarities between analytical work and operational activities. Consultations could be organized with member States on the scope and content of the thematic clusters, which would all be based on the UNCTAD work programme.

The thematic cluster programmes proposed above would then be discussed between October and December 2007 with potential donors prepared to finance such thematic trust funds.

As of January 2008, donors who agreed with the above proposal would be invited to contribute to the newly established thematic trust funds in each division. The funds would encompass all the technical cooperation activities relevant to the thematic area concerned. As of 2008, therefore, three options would be open to donors: (a) they could contribute to the new thematic trust funds; (b) they could continue providing earmarked contributions to individual trust funds (either existing ones or any new ones established); or (c) they could opt for a combination of the first two options. The sessions of the Working Party and the Trade and Development Board in 2008 would provide an opportunity for member States to assess and discuss the results achieved by this gradual implementation of recommendation No. 19 and decide on how to move forward.

IV. MOVING TOWARDS SYSTEM-WIDE COHERENCE

38. The “One United Nations” reform process was launched at the inter-agency level in 2004 by the United Nations Development Group and the United Nations System Chief Executives Board for Coordination (CEB). The process is intended to achieve more cohesiveness and efficiency in the development assistance operations of the United Nations system at the country level. It follows up on and enhances the reform of United Nations development operations initiated in 1997. General Assembly resolution 59/250 of 22 December 2004, on the triennial comprehensive policy review of operational activities for development of the United Nations system, gives United Nations entities several mandates designed to bring about more country-level coherence and coordination. Similar requests were made in 2005 and 2006 by the Economic and Social Council, by the United Nations Millennium Summit and the Secretary-General’s High-level Panel on System-wide Coherence. In December 2006, eight countries – Albania, Cape Verde, Mozambique, Pakistan, Rwanda, the United Republic of Tanzania, Uruguay and Viet Nam – volunteered to be included as One United Nations “pilot countries”, in addition to six countries – Afghanistan, Benin, Côte d’Ivoire, Ecuador, Niger and Nigeria – that were selected to benefit from greater involvement by non-resident agencies in United Nations national assistance plans.

39. Whatever the final outcome of the discussion on the recommendations of the High-level Panel and the ongoing process of the One United Nations reform, the issue of improving the efficiency and cohesiveness of United Nations development cooperation at the country level will be at the top of the agendas of the Chief Executives Board for Coordination, the Economic and Social Council and the General Assembly in 2007 and beyond. The increasing decentralization of donors’ development agencies and funds intensifies the pressure for more cohesion of the United Nations system at the country level.

40. Each organization will need to find its own way to participate in this reform, in view of the wide variety of mandates, operations, governance mechanisms and financial structures. For UNCTAD, this process introduces a number of constraints and caveats but also offers opportunities for it to increase

its visibility and its role in system-wide development cooperation policy.²

41. While supportive of the basic ideas contained in the One United Nations and “Delivery as One” processes, UNCTAD has been actively advocating (a) the need for coherence at the conceptual level, particularly the need to fully integrate economic and trade-related issues in national development strategic plans, and (b) the need to address practical issues related to the financing and management of reforms.

42. At the conceptual level, UNCTAD has mainly been concerned with emphasizing the need for policy coherence between the development policies and operations currently included in the United Nations Development Assistance Frameworks (UNDAF), which focus strongly on social, environmental and governance issues, as well as on the economic and trade-related policies and assistance that are missing from almost all United Nations country-level plans. A survey by the International Trade Centre (ITC) concluded that only 20 per cent of existing UNDAFs contain references to trade-related assistance delivered by UNCTAD, ITC or the World Trade Organization (WTO), and that, among those, the most frequent reference was only to WTO accession. The absence of policy coherence is particularly striking in the least developed countries, where Diagnostic Trade Integration Studies and action matrices for the Integrated Framework are implemented without links to the United Nations system-wide assistance plans.

43. UNCTAD faces obstacles to its timely and appropriate participation in the implementation of the “One UN” country-level reform: (a) the marginal treatment of trade-related assistance in the design of United Nations plans at the country level; (b) the current highly fragmented, unpredictable and earmarked structure of extrabudgetary resources provided to UNCTAD; and (c) its non-resident status.

44. To solve these obstacles, UNCTAD should implement a number of practical initiatives, which should be complementary, preliminary and non-exclusive, such as:

² The participation of UNCTAD in system-wide country processes is addressed in recommendation No. 18 of the Report of the Panel of Eminent Persons on Enhancing the Development Role and Impact of UNCTAD: “UNCTAD should increase its participation in country-level mechanisms for technical assistance and regional development programmes, including within the framework of the Millennium Development Goals.”

- (a) To establish a thematic cluster on trade and productive sectors and policies at the inter-agency level, that is, through the Chief Executives Board for Coordination, in cooperation with the agencies and entities involved in trade and productive-sector activities, with UNCTAD playing a key role. The inter-agency alliance formed within the thematic cluster should be reflected at the country level in order to ensure coherence and mutual support between the economic and trade-related components of national development plans and the social, environmental and governance policies that figure so prominently in existing UNDAFs. This alliance would help increase the impact of initiatives at the country level and facilitate inter-agency operations;
- (b) To establish, at the regional or subregional level, an UNCTAD representative, to be responsible for ensuring that UNCTAD analytical and operational inputs are injected into national plans and for maintaining regular contacts with trade authorities and the Resident Coordinators. Such representation would be financed from new extrabudgetary resources to be raised with the aim of helping UNCTAD contribute to the implementation of the One United Nations reform;
- (c) To organize, in conjunction with the United Nations System Staff College in Turin and in close cooperation with agencies involved in the thematic duties on trade and productive sectors, "trade-related induction courses" (intensive courses lasting 3–4 days) for resident coordinators, with a view to raising their awareness of the economic, productive and trade-related issues that should be covered in national plans;
- (d) Finally, UNCTAD could take advantage of staff mobility within the United Nations Secretariat by using UNCTAD staff transferred to the regional commissions of the United Nations to publicize UNCTAD's work and technical assistance operations in the various regions through the intergovernmental machinery of the regional commissions and through contacts with the States members of the commissions.

45. UNCTAD will need to play a more proactive role if it is to participate fully at the country level. To do this, it could make use of the services of existing project staff in the field to expand and publicize its work in the country and region concerned. The increased dissemination of information on UNCTAD technical cooperation activities would be especially important in this connection. More importantly, funds will need to be raised to implement the country-specific operations proposed by UNCTAD in the context of the One United Nations process, particularly in the countries that are not covered by the Integrated Framework.

46. In this regard, the support of the One UN pilot countries' Governments and missions in Geneva would be very welcome, with a view to identifying national demand and needs and facilitating the exchange of timely information between UNCTAD, the relevant national ministries and the United Nations resident coordinators. The secretariat has organized informal consultations with representatives in Geneva of all the pilot countries and major donor countries to discuss these matters. Updated information on the ongoing processes in the eight One UN pilot countries will be provided at the Working Party.

47. This country-level reform should help developing countries to have greater access to, and make better use of, the normative and operational work of UNCTAD, not only with regard to their country-specific needs but also with regard to the dissemination of the work of UNCTAD on systemic issues. However, before engaging in country-level operations in the context of the One United Nations process, it will be necessary to take into account the absorptive capacity of UNCTAD and its capacity to deliver technical assistance at the country level in addition to its regional and interregional operations, which currently represent, respectively, 20 per cent and 50 per cent of total UNCTAD resources for technical cooperation.

48. UNCTAD is implementing country projects that are financed from bilateral aid programmes. The possibility of utilizing such resources to engage in new technical assistance projects at the country level could be favourably viewed by donors, beneficiaries and the secretariat, with a view to broadening UNCTAD's financial base.

V. EVALUATION

49. In 2007, the in-depth evaluation to be reviewed by the Working Party examined UNCTAD technical assistance that involved advisory services on foreign direct investment. The evaluation was conducted by an independent evaluation team with a view to determining whether the management and results of the programmes concerned were to the satisfaction of stakeholders. Its findings and recommendations will be presented under the relevant agenda item of the forty-ninth session of the Working Party on the Medium-term Plan and the Programme Budget.

50. In 2006, an in-depth evaluation was conducted on the investment promotion activities financed by the Quick Response Window Trust Fund (QRW), at the request of its donor agency, the Swiss State Secretariat for Economic Affairs (SECO). This was the final in-depth evaluation of the related projects, and was conducted from June to October 2006 by an external evaluator under the guidance of the UNCTAD Evaluation and Planning Unit.

51. The Quick Response Window Trust Fund was set up in 1997 and was intended to respond flexibly to requests received by UNCTAD from Governments of developing countries and economies in transition for technical assistance in matters related to foreign

investment and its promotion. The evaluation examined in particular the effectiveness of this form of “quick and flexible” small-scale assistance, and pointed out difficulties associated with its mode of operation, for example in making a sustainable impact and in properly planning and managing the activities under time pressure.

52. UNCTAD co-hosted, with other Geneva-based agencies, the annual meeting of the United Nations Evaluation Group (UNEG) in April 2007. This group is one of the most active inter-agency groups, where evaluation specialists from the whole United Nations system and associated agencies work closely together to improve their service to their clients. At this meeting, the agencies presented, discussed and made decisions on issues such as: evaluation-capacity development; the harmonization of evaluation practices and functions within the system; the contribution of the evaluation to the results-based management in the United Nations system; and ways and means to develop mechanisms to evaluate the One United Nations pilots (UNCTAD is an active member of the core management group).

VI. CONCLUSIONS

A. One United Nations reform and its implications for UNCTAD

53. UNCTAD will continue to explore various practical initiatives in order to participate as fully as possible in the reform process at the system-wide level in accordance with its mandates and priorities.

54. The One United Nations reform process should be seen as an instrument that could enhance the role and development impact of UNCTAD (a) within the United Nations system and (b) at the country level, by giving UNCTAD a more active role and enabling it to respond to beneficiaries' requests.

55. The participation of UNCTAD in this process should neither exclude nor affect ongoing and future UNCTAD technical operations (be they country-specific, regional or interregional).

56. In the least developed countries, more attention should be paid to the interface between the United Nations country assistance plans and the Integrated Framework, with a view to ensuring policy coherence and maximizing the impact of UNCTAD assistance.

57. UNCTAD's own internal reform process should be complementary to the system-wide reform process. In ensuring UNCTAD's participation in the One United Nations process, it needs to be borne in mind that technical cooperation is only one of the three pillars of UNCTAD's work.

B. Enhancing coherence within the structure of UNCTAD extrabudgetary resources

58. The issues discussed in this section of the report concern not only the recommendations of the Panel of Eminent Persons but also the need to give UNCTAD a simplified, more transparent and more strategy-oriented financial structure of the extrabudgetary resources.

59. The introduction of thematic clusters within the Divisions, encompassing several projects and programmes of technical cooperation, and matching the mandates of the UNCTAD work programme, would result in: (a) more joint efforts by divisions, within broader operations and with a greater impact; (b) closer links between analytical work and the work of the intergovernmental machinery; (c) a greater contribution by UNCTAD to United Nations system-wide country plans, which are being designed according to aggregate thematic areas.

60. When revisiting and discussing the financial structure of UNCTAD's extrabudgetary resources, two concerns have to be kept in mind: on the one hand, each donor's aid policies and procedures, which imply various degrees of earmarking of resources according to the donor's priority areas for intervention and the countries given priority in its aid programmes; and, on the other hand, the overarching goal of increasing the impact of UNCTAD assistance, so that the new formulas introduced for the purposes of clustering do not reduce, but rather increase, the scope and content of its technical cooperation.