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Item 4 of the provisional agenda

**Review of the technical cooperation activities of  
UNCTAD**

**Report by the Secretary-General of UNCTAD**

*Executive summary*

The two-track approach for addressing technical cooperation-related issues in UNCTAD that was put in place two years ago in response to important United Nations system-wide reform continued in 2007. At the UNCTAD level, actions were taken to enhance the management of technical cooperation. The UNCTAD Project Review Committee was established and is now meeting regularly. Progress was made with respect to reducing the number of trust funds, and moving towards establishment of thematic trust funds. Contributions to trust funds amounted to approximately \$37 million, reflecting a 26 per cent increase, in nominal terms, over 2006. Expenditures on technical cooperation activities contracted by more than 10 per cent and amounted to \$31 million. Geographical distribution of delivery remained more or less unchanged. Seven new projects, with a total budget of \$3.5 million, were approved for implementation by UNCTAD under the fifth tranche of the United Nations Development Account. The Automated System for Customs Data (Asycuda) continued to remain the largest technical cooperation programme of UNCTAD, accounting for 36 per cent of total delivery. At the United Nations level, actions were taken in support of the "Delivering as One" reform process and system-wide coherence. As an instrument and platform for UNCTAD to contribute to that process, the establishment of the inter-agency cluster on trade and productive capacity, led by UNCTAD, was approved by the United Nations Chief Executives Board (CEB) for Coordination. The cluster met several times and important initiatives were taken and headway was made in several areas. Within the framework of the cluster, joint programming missions and coordinated operations were undertaken in the "One United Nations" pilot countries. The cluster is rapidly moving beyond the scope of pilot countries to encompass other initiatives that require inter-agency coordination. These include (a) arrangements to ensure a wider role of trade and productive capacity issues in the United Nations development operations; (b) formulation of common views on Aid for Trade; (c) inter-agency training programmes for United Nations resident coordinators; and (d) joint operations in the context of the Enhanced Integrated Framework. The present report contains proposals for action in support of enhancing the effectiveness of UNCTAD operational activities.

## Introduction

1. This report has been prepared to facilitate the Trade and Development Board's annual policy review of technical cooperation activities of UNCTAD. It describes technical assistance activities carried out by UNCTAD in 2007 and contains information on the implementation of Trade and Development Board decision 492 (LIV), "Review of the technical cooperation activities of UNCTAD". It also discusses developments with respect to the follow-up by UNCTAD of the relevant provisions of the General Assembly resolution A/RES/62/208, "Triennial comprehensive policy review of operational activities for development of the United Nations system", and their implications on the delivery of UNCTAD technical assistance.

## I. Sources of funding for UNCTAD technical cooperation

2. UNCTAD technical cooperation activities are financed from three main sources: trust funds (i.e. voluntary contributions from donors), the United Nations Development Programme (UNDP), and the United Nations programme budget (see table 1).

**Table 1. Expenditures from the three main sources of financing of UNCTAD technical cooperation, 2007**

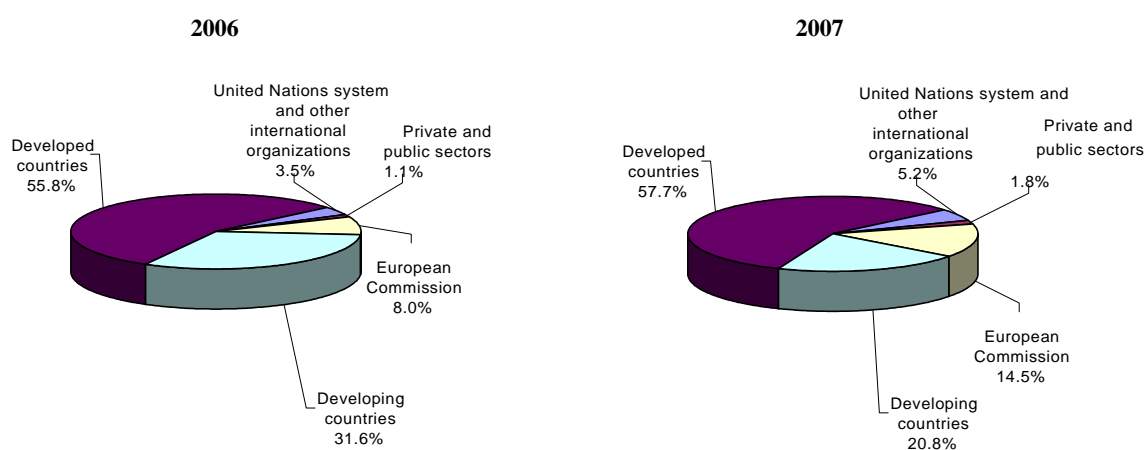
<i>Trust funds</i> 88.1 %	<i>UNDP</i> 3.9 %	<i>United Nations programme budget</i> 8.0 %
\$27.8 million (a decrease of 13.8 % as compared to 2006)	\$1.2 million (a decrease of 10.8 % as compared to 2006)	\$2.5 million (an increase of 52.4 % as compared to 2006)

### A. Trust fund contributions

3. Trust fund contributions are provided on a voluntary basis by individual Governments, multilateral donors, non-governmental organizations, the enterprise sector and foundations (see chart 1). About 80 Governments and a score of multilateral and other organizations contribute to UNCTAD trust funds. In 2007, contributions to trust funds amounted to \$36.8 million, reflecting, in nominal terms, a 26.4 per cent increase over 2006, and a 2.9 per cent increase over 2005 (see table 2). Between 2004 and 2007, trust fund contributions grew at an annual average rate of 11 per cent. The depreciation of United States dollars in the last quarter of 2007 played a role in shaping the dollar amount and rate at which the contribution grew in 2007. Nonetheless, the increase in contributions is mainly attributable to a marked growth of resources provided by developed countries and multilateral donors. Contributions from developed countries increased by 30 per cent in nominal terms and accounted for approximately 58 per cent of the total contributions to trust funds. Altogether, 17 developed countries contributed to UNCTAD trust funds in 2007. The following 11 countries with contributions of more than \$500,000 accounted for 95 per cent of developed countries' contributions to trust funds: Finland, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States. Contributions from developing countries declined by 17 per cent compared to 2006, and accounted for 21 per cent of total contributions to trust funds. The following 10 countries with contributions of more than \$200,000 accounted for approximately three quarters of contributions from developing countries: Albania, Cambodia, the Central African Republic, Côte d'Ivoire, Georgia, Haiti, Mauritania, the Syrian Arab Republic, the

Bolivarian Republic of Venezuela and Zimbabwe. The major part of contributions from developing countries takes the form of self-financing arrangements in support of individual country projects. Self-sustained projects are either financed by the beneficiary country itself or through the use of resources from grants, credits or loans by regional and international development and financial institutions. As in previous years, such contributions have been directed in particular to finance country projects in the areas of customs reforms and debt management. This is an indication of the relevance and utility of the two major programmes of UNCTAD technical assistance, namely Asycuda and the Debt Management and Financial Analysis System (DMFAS).

**Chart 1. Origin of trust fund contributions, 2006–2007**  
(% of total contribution)



**Table 2. UNCTAD trust fund contributions, 2004–2007<sup>a</sup>**  
(in thousands of dollars)

	2004	2005	2006	2007
Developed countries' contributions <sup>b</sup> .....	17 137	15 881	16 262	21 273
Developing and transition countries <sup>c</sup> .....	4 785	10 449	9 199	7 656
European Commission .....	691	2 888	2 343	5 330
United Nations system and other international organizations .....	3 978	5 158	1 017	1 913
Private and public sectors .....	281	447	330	678
<b>Total</b> .....	<b>26 873</b>	<b>34 823</b>	<b>29 151</b>	<b>36 851</b>

<sup>a</sup> Exclusive of third-party cost-sharing contributions through UNDP.

<sup>b</sup> Exclusive of contributions to the Associate Expert Programme.

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

4. Contributions from multilateral donors increased sharply, thanks to contributions from the European Commission, which more than doubled as compared with 2006. The European Commission continues to be the single largest multilateral donor for UNCTAD operational activities, accounting for 8 per cent of total trust fund contributions. The \$5.3

million contribution from the European Commission – an increase of 127 per cent over the previous year – was mainly in support of three country projects in the area of customs reforms, one country project on TrainForTrade and one interregional project on commodities issues.

## B. Expenditures

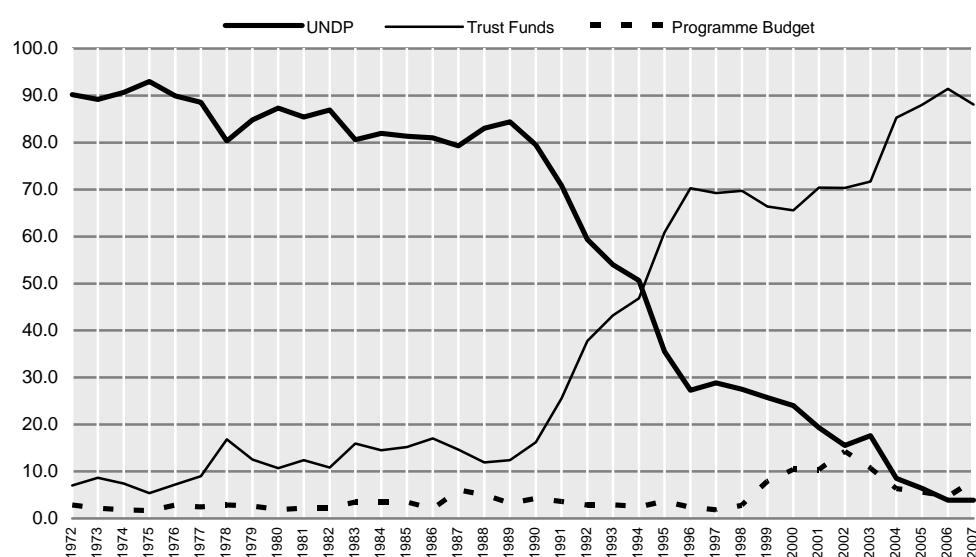
5. Overall expenditures from all three sources of financing of UNCTAD's technical cooperation – i.e. trust funds, United Nations Regular Programme of Technical Cooperation and UNDP – amounted to \$31.5 million in 2007, a contraction of more than 10 per cent as compared with the previous year (see table 3). It should be noted that 2006 was an exceptional year, in which expenditures on technical cooperation increased by 16 per cent over 2005. Over a five-year period – from 2003 and 2007 – expenditures on technical cooperation grew on average by 3.2 per cent annually.

6. Trust funds are the major source of financing for UNCTAD technical cooperation, and in 2007 accounted for 88 per cent of total expenditures (see chart 2).

**Table 3. UNCTAD's total expenditures on technical cooperation and source of funds, 2004–2007**  
(in millions of dollars)

	2004	2005	2006	2007
UNDP .....	2.6	1.9	1.4	1.2
Trust funds .....	26.3	26.8	32.2	27.8
Regular budget and development account	1.7	1.7	1.7	2.5
<b>Total .....</b>	<b>30.6</b>	<b>30.5</b>	<b>35.2</b>	<b>31.5</b>

**Chart 2. Trends in mobilization of UNCTAD's technical cooperation, by source of funds, 1972–2007**  
(% of total project expenditures)



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

7. Programme budget resources are provided under the United Nations Regular Programme of Technical Cooperation and under the Development Account – sections 22 and 34 respectively of the United Nations programme budget. Total UNCTAD expenditures on technical cooperation provided in the context of both sections of programme budget resources amounted to \$2.5 million, i.e. 8 per cent of total expenditures.

8. Support provided to UNCTAD by the Regular Programme of Technical Cooperation amounted to slightly more than \$1 million in 2007. Resources of the Regular Programme of Technical Cooperation are used for provision to developing countries and countries with economies in transition of sectoral advisory services, and training in the main areas of UNCTAD's work. The training component of the programme was mainly used for the organization and delivery of training courses on key international economic issues conducted in support of the implementation of paragraph 166 of the UNCTAD X Plan of Action. In 2007, two such courses were held – one for Latin American and the Caribbean, and one for African countries. With respect to the second element of the programme budget resources – resources from the Development Account – total expenditures on eight projects of the fourth (2004–2005 biennium) and fifth (2006–2007 biennium) tranches implemented by UNCTAD in 2007 amounted to \$1.5 million.

9. In 2007, the United Nations General Assembly approved the implementation by UNCTAD of five project proposals under the sixth tranche of the Development Account (2008–2009). These projects were: (a) strengthening the competitiveness of small and medium-sized enterprises in the tourism sector of six developing countries in the Economic Community of West African States (ECOWAS); (b) support for decision-making and policy formulation on 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.

10. In addition to the above projects, and in the light of General Assembly resolution A/RES/62/238 that decided to appropriate an additional \$2.5 million dollars for the Development Account, UNCTAD was requested to submit additional projects for implementation under the sixth tranche. Subsequently, the following two projects were approved: (a) science, technology and innovation for development in Latin America; and (b) building capacities to address financial implications of external shocks and climate change mitigation through innovative risk management instruments. The total budget of the seven projects to be implemented by UNCTAD is approximately \$3.5 million. This is equivalent to approximately one fifth of total resources allocated to the development account under the sixth tranche. All economic and social departments and units of the United Nations Secretariat compete for the resources of the Development Account. For the six consecutive tranches, UNCTAD is an important partner in the Development Account.

### **D. Resources provided by UNDP**

11. Expenditures on UNDP-financed projects dropped from \$1.4 million in 2006 to \$1.2 million in 2007, and accounted for 4 per cent of overall expenditures.

## E. Financing of associate experts

12. In addition to the three main sources of financing technical cooperation referred to above, some donors support the Associate Expert Programme of UNCTAD. This programme functions under the Associate Expert Programme of the United Nations. In 2007, the following donors were financing 10 associate expert posts in the various areas of UNCTAD's work: Belgium, France, Germany, Italy and the Netherlands.

13. This programme allows young professionals from both developed and developing countries to participate in both analytical and operational activities of UNCTAD. There is scope for strengthening this programme. On the one hand, the UNCTAD secretariat is willing to receive young professionals and give them the opportunity to benefit from the experience of working for an international organization. On the other hand, young professionals can be a great asset in support of certain programmes.

14. The Associate Expert Programme is administratively managed from United Nations Headquarters in New York. The donor commits resources to finance for a minimum of two years the salary and benefits of young professionals who, during the period of their contracts, are fully integrated and perform as United Nations staff. With respect to UNCTAD, the terms of reference of the associate experts are formulated by the UNCTAD secretariat according to the needs of the divisions and proposed to donors. The selection process is carried out by the secretariat in consultation with the donor.

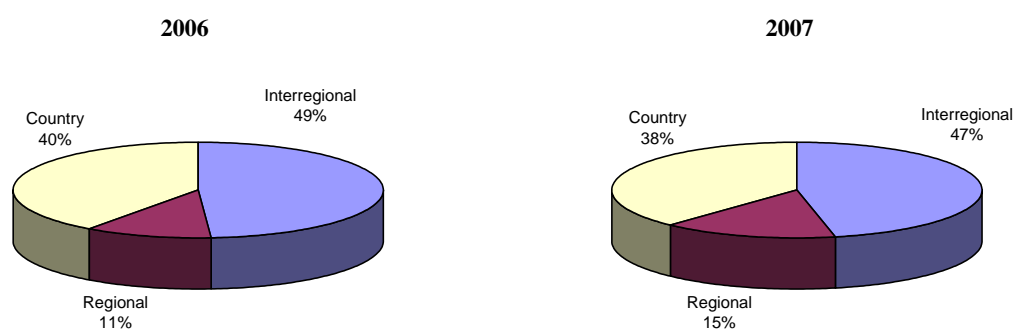
15. The secretariat is very grateful to those donors that have traditionally supported this programme and hope that they will continue to do so. Other participating donors in the United Nations Associate Expert Programme may wish to consider including UNCTAD as one of the beneficiary organizations of the programme. It is worth noting that some donors finance associate experts that are nationals of developing countries.

## II. Allocation of technical cooperation resources

### A. Structure of technical cooperation projects

16. UNCTAD technical cooperation continued to be provided on the basis of country, regional and interregional projects and programmes (see chart 3).

**Chart 3. Technical cooperation expenditures, by type of project, 2006–2007**  
(% of total project expenditures)



#### 1. Interregional projects

17. Interregional projects are thematic projects from whose activities different countries in different regions benefit. The major part of UNCTAD technical assistance is delivered

within the framework of these projects. In 2007, they accounted for 47 per cent of delivery. The most important sources of financing of UNCTAD interregional projects are trust funds financed by voluntary contributions of UNCTAD's major bilateral donors. In 2007, trust funds financed 85 per cent of expenditures of interregional projects. The other sources of financing interregional projects are the United Nations Regular Programme of Technical Cooperation and the Development Account.

## **2. Regional projects**

18. Regional projects support regional and subregional activities. Projects from whose activities more than one country in a region and subregion benefits also falls within this category. In 2007, the regional projects accounted for 15 per cent of total delivery. Major regional projects implemented by UNCTAD in 2007 included (a) the Joint Integrated Technical Assistance Programme (JITAP) and two subregional Asycuda projects in Africa; (b) TrainForTrade and two Asycuda subregional projects in Asia and the Pacific; and (c) a project on competition law and policy, BioTrade, and an Asycuda subregional project in Latin America and the Caribbean.

## **3. Country projects**

19. Country projects, in terms of volume, are the second major form of delivery of UNCTAD technical cooperation. With an expenditure of \$12 million in 2007, they accounted for 38 per cent of total delivery. Most country projects are either self-financed or financed by resources made available to UNCTAD under bilateral aid programmes of certain donors. Most are in the areas of customs reform or debt management.

## **B. Thematic and geographical distribution**

20. Asycuda is by far the single largest technical cooperation programme. Notwithstanding the 10 per cent contraction in overall delivery on UNCTAD technical cooperation in 2007, expenditures on Asycuda projects remained at the same level of 2006, amounting to \$11.2 million. This pushed up the share of Asycuda to 36 per cent of total UNCTAD expenditures on technical cooperation. Other major programmes of UNCTAD technical cooperation include DMFAS, the trade negotiation and commercial diplomacy programme, investment policy and capacity-building, and human resources and information and communications technology (ICT) for capacity-building (see table 4).

21. In 2007, the share of Africa in total delivery of UNCTAD technical cooperation remained unchanged as compared to the share of 2006, at around 20 per cent of total UNCTAD delivery on technical cooperation. There has been a contraction in expenditures on country projects in Africa, attributable to a \$2 million decrease in expenditures, mainly in Asycuda-related country projects, and as a result of reduced overall expenditures. However, expenditures on regional African projects increased sharply on account of an important increase on expenditures on a regional Asycuda project, and the start of activities of two new Asycuda projects and one regional Development Account project. Expenditures in favour of Asia and the Pacific, and Latin America and the Caribbean, remained more or less unchanged. The share of Europe<sup>1</sup> decreased from 3.5 per cent in 2006 to 2.2 per cent in 2007, on account of reduced expenditures for three Asycuda projects, due to their termination, and one Empretec project (see table 5 and chart 4). It is expected that delivery to Europe will increase as a result of activities of two new Asycuda projects that came into operation in late 2007. No regional project is under implementation in Europe.

<sup>1</sup> Country projects under implementation in 2007 in Europe included projects in Albania, Bosnia and Herzegovina, Georgia, Lithuania, Moldova, Romania and the Russian Federation.



**Table 4. Project expenditures by division/programme, as at 31 December 2007**  
(in thousands of dollars)

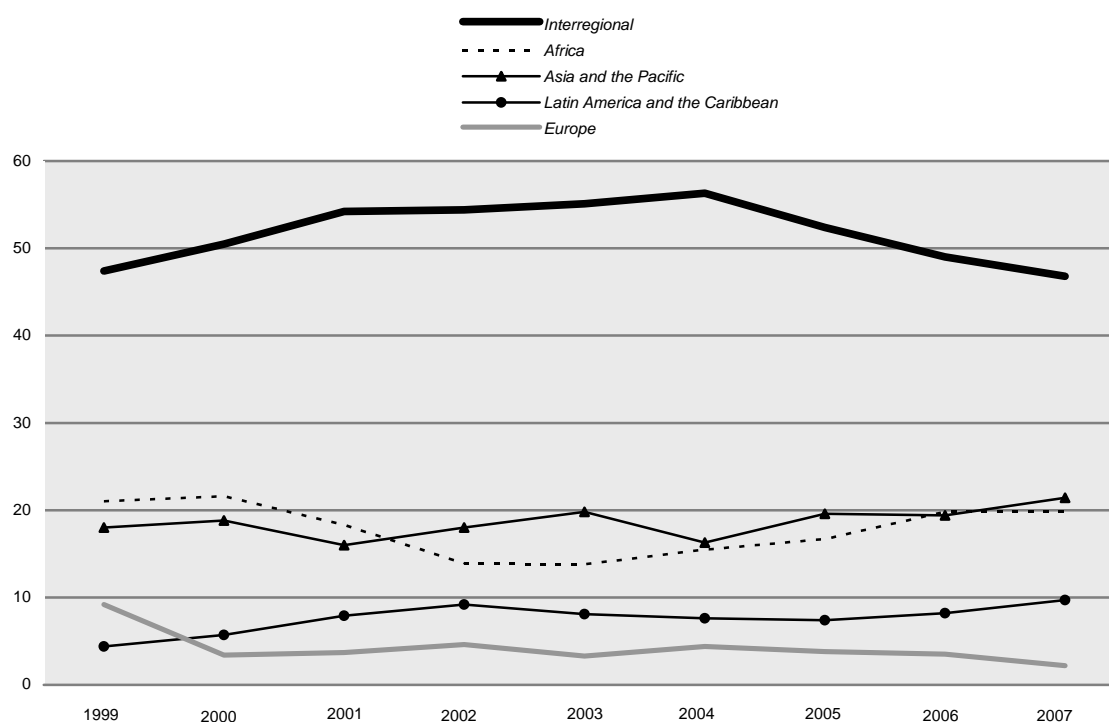
Division/Programme	UNDP	Trust funds	Prog. budget	Total	
				Amount	%
<b>GDS: Total</b> .....	<b>268</b>	<b>4,757</b>	<b>211</b>	<b>5,236</b>	<b>16.6</b>
Macroeconomic and development policies .....	-	181	211	392	1.2
DMFAS programme .....	268	4,355	-	4,623	14.7
Special programmes .....	-	224	-	224	0.7
Other GDS .....	-	-4	-	-4	0.0
<b>DITC: Total</b> .....	<b>114</b>	<b>, 968</b>	<b>81</b>	<b>6,163</b>	<b>19.6</b>
Trade analysis .....	53	492	-	544	1.7
Trade negotiations & comm. diplomacy .....	64	2,973	81	3,118	9.9
Trade information .....	-	-7	-	-7	0.0
Commodities .....	-	558	-	558	1.8
Trade, environment and development .....	-	1,367	-	1,367	4.3
Competition law & policy & consumer prot. ....	-2	585	-	582	1.8
<b>DITE: Total</b> .....	<b>80</b>	<b>3,464</b>	<b>367</b>	<b>3,911</b>	<b>12.4</b>
Investment issues analysis .....	25	447	-	472	1.5
Policy and capacity-building .....	28	2,277	367	2,671	8.5
Investment, enterprise and competitiveness .....	27	609	-	637	2.0
Office of the Director .....	-	130	-	130	0.4
<b>SITE: Total</b> .....	<b>755</b>	<b>12,323</b>	<b>519</b>	<b>13,598</b>	<b>43.2</b>
Trade logistics .....	-	309	236	545	1.7
Asycuda .....	755	10,473	-	11,229	35.6
Human resources and ICT for cap. dev. ....	-	1 425	147	1,572	5.0
ICT and e-business for development.....	-	107	136	243	0.8
Office of the Director .....	-	9	-	9	0.0
<b>ALDC: Total</b> .....	<b>-</b>	<b>1,035</b>	<b>310</b>	<b>1,344</b>	<b>4.3</b>
<b>DOM: Total</b> .....	<b>-</b>	<b>205</b>	<b>1,045</b>	<b>1,249</b>	<b>4.0</b>
Division of Management .....	-	205	-	205	0.7
Cross-Divisional Advisory Services .....	-	-	1,045	1,045	3.3
<b>Grand total</b> .....	<b>1,217</b>	<b>27,752</b>	<b>2,532</b>	<b>31,501</b>	<b>100</b>

22. In addressing the geographical distribution of delivery of UNCTAD technical assistance, and in interpreting data related to the share of different regions, the following should not be overlooked: (a) only regional and country projects are taken into account for calculating regional shares; (b) UNCTAD is not a financial organization and has no resources of its own to carry out its operational activities, and is therefore dependant on other sources of financing; (c) technical cooperation activities of UNCTAD are carried out in the light of beneficiaries' needs and requirements, and donors' concerns; and (d) the majority of country projects are either "self-sustained" or implemented by UNCTAD through accessing the bilateral aid programmes of donors, which are decided between the beneficiary country and its development partner(s). Moreover, considering that Asycuda is by far the largest single technical cooperation activity of UNCTAD, it is not surprising that Asycuda-related projects – which are only country and regional projects – play a major role in shaping the overall structure of the delivery of UNCTAD operational activities, and thus its geographical distribution.

**Table 5. Technical cooperation expenditure, by region and by programme, 2004–2007**  
(in thousands of dollars)

	2004	2005	2006	2007	
	Amount	Amount	Amount	Amount	%
<b>Total</b> .....	<b>30,594</b>	<b>30,485</b>	<b>35 223</b>	<b>31 501</b>	<b>100.0</b>
<b>By region:</b>					
Africa .....	4,929	5,103	6,985	6,249	19.8
Asia and the Pacific .....	5,056	5,975	6,841	6,748	21.4
Latin America and the Caribbean .....	2,138	2,265	2,887	3,056	9.7
Europe .....	1,360	1,155	1,241	701	2.2
Interregional .....	17,111	15,987	17,269	14,747	46.8
<b>By programme:</b>					
Globalization and Development Strategies .....	3,809	4,206	4,602	5,236	16.6
International Trade in Goods and Services, and Commodities .....	7,281	8,880	9,664	6,163	19.6
Investment, Technology and Enterprise Development .....	5,083	3,972	4,638	3,911	12.4
Services Infrastructure for Development and Trade Efficiency ...	10,783	11,182	14,150	13,598	43.2
Africa, Least Developed Countries and Special Programmes .....	1,045	1,128	1,165	1,344	4.3
United Nations reg. prog. of technical cooperation (section 22) .....	1,135	814	807	1,045	3.3
Executive Direction and Management and Support Services .....	1,252	228	172	126	0.4
Technical Cooperation Service .....	206	75	26	79	0.3
<i>Of which: LDCs</i> .....	<i>10,415</i>	<i>11,394</i>	<i>12,758</i>	<i>13,072</i>	<i>41.5</i>

**Chart 4. Technical cooperation expenditure by region, 1999–2007**  
(% of total yearly expenditure)



23. As part of its strategy in delivering technical cooperation services, UNCTAD assigns priority to least developed countries (LDCs) and countries with the greatest needs. Between 2004 and 2007, expenditures in support of LDCs grew on average by 8 per cent annually. The share of LDCs in total delivery of UNCTAD technical cooperation amounted to \$13 million in 2007, accounting for 41 per cent of delivery. Their corresponding share in 2006 was 36 percent.

24. The second phase of JITAP ended in December 2007. The three agencies are discussing a possible follow-up programme to support African countries in the multilateral trading system.

25. The Enhanced Integrated Framework (EIF) for trade-related technical assistance to the LDCs is expected to become operational soon. The contribution of UNCTAD to the implementation of the EIF calls for increased interdivisional cooperation and proactive engagement with the beneficiary countries to ensure timely responses to requests for follow-up and implementation of individual country action matrices. UNCTAD, as one of the executing agencies, would also be expected to provide assistance to individual countries for project preparation to speed up submission of project proposals through the appropriate bodies for appraisal and approval for funding under tiers 1 and 2. In strengthening the EIF partnership, UNCTAD will work closely with beneficiary countries institutions, other implementing agencies and donor facilitators to maximize use of relevant expertise where certain projects call for collaboration for optimal results and impact.

### **III. Towards a renewal of UNCTAD technical cooperation**

#### **A. Improving the structure and functioning**

26. Actions in support of the implementation of Trade and Development Board decision 492 (LIV), “review of technical cooperation activities of UNCTAD”, have been continuing vigorously. As a result of consultations with member States, 17 thematic clusters (see box 2), including existing and proposed multi-year, multi-donor trust funds, have been identified.<sup>2</sup> The objective is now to start the consolidation process within each cluster, with a view to reducing the number of projects and streamlining the structure of UNCTAD technical cooperation. This process has to be gradual, taking into account that the secretariat cannot merge ongoing trust funds without the consent of donors. The consolidation process is being prepared by the Project Review Committee and is evolving according to consultations with member States. The thematic clusters will also guide UNCTAD fund-raising initiatives. Adjustments are being made, in further consultations with member States, in the number and scope of thematic clusters, taking into consideration the outcome of UNCTAD XII.

27. Clustering of projects into thematic trust funds will lead towards a greater integration among projects and programmes, within the divisions and at the interdivisional level. This process of integration depends on the donors’ decisions regarding the earmarking in terms of activities and beneficiaries. Member States may wish to address this issue at the working party and provide guidance to the secretariat on how to move forward.

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<sup>2</sup> In paragraph 18 of the Trade and Development Board decision, the Board – recalling recommendation 19 of the Report of the Panel of Eminent Persons concerning the need of consolidation of technical cooperation projects – requested the secretariat to initiate, in consultation with member States, the process of the establishment of thematic trust funds within and among divisions. This was reiterated in paragraph 217 of the Accra Accord.

**Box 1. Some key figures on UNCTAD technical cooperation***(number)*

	<b>2006</b>	<b>2007</b>
• Projects with expenditures* .....	281	296
• Multi-donor projects with more than five donors .....	20	21
• New trust fund projects started .....	41	47
• New projects started with a budget of less than \$200,000 .....	23	24
• Interregional projects and programmes .....	129	131
• Regional projects and programmes .....	31	29
• Country-specific projects .....	121	136
• Country-specific projects for least developed countries only .....	45	51
• Projects financially closed .....	57	46
• Countries that made contributions.....	78	80
• Self-financing projects .....	63	62
• Projects financed by UNDP .....	26	29
• Projects financed solely by the European Community .....	10	14
• Financial reports sent to donors ** .....	490	496
• Regional and interregional projects by division:		
2006 – GDS 7; DITC 56; DITE 35; SITE 46; ALDC 8; EDM 8.....	160	
2007 – GDS 9; DITC 55; DITE 34; SITE 44; ALDC 8; EDM 10.....		160
• Total extrabudgetary contributions received .....	\$29,151,037	\$36,850,881
• Total extrabudgetary contributions from the top 10 donors .....	\$15,034,611	\$19,528,174
• Asycuda resources as a percentage of total expenditures .....	32%	36%
• DMFAS resources as a percentage of total expenditures .....	11%	15%

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

\*\* For multi-donor trust funds, each donor receives an individual report.

**Note:** Projects listed in this box had expenditures. They also include projects that are operationally terminated but are not yet financially closed.

**Box 2. Thematic clusters of UNCTAD technical cooperation**

The following clusters identified as a result of consultations with member States reflect the current mandate of the secretariat: (a) capacity-building on trade negotiations and commercial diplomacy; (b) trade analysis capacities and information systems; (c) commodity development sector and poverty reduction; (d) competition policy and consumer protection; (e) trade, environment and development; (f) trends, impact and policies related to foreign direct investment and transnational corporation activities; (g) investment policies, treaties and facilitation, (h) enterprise development; (i) corporate transparency, accounting and insurance; (j) globalization and development strategies; (k) strengthening the debt management strategies of developing countries; (l) transport and trade facilitation; (m) information and communication technology policies and application for development; (n) cross-divisional training and capacity-building; (o) science, technology and innovation; (p) productive capacities in landlocked developing countries, small-island developing States and structurally weak, vulnerable and small economies; and (q) strengthening support for trade mainstreaming into national development plans and/or poverty reduction strategy papers in least developed countries in the context of the integrated framework.

28. The working party should play its role fully as the mechanism for consultations among member States on all issues regarding technical cooperation. This includes matters related to the financial structure, the effectiveness of UNCTAD extrabudgetary resources, and improved sustainability and predictability of such resources. At the same time, a more efficient use of this intergovernmental body would create a greater consistency between requests for technical cooperation and available financial resources. In this context, the working party should review the overall financial requirements of UNCTAD technical assistance based on an assessment presented by the secretariat. This assessment, previously discussed in and approved by the UNCTAD Project Review Committee, will take into account (a) requests for technical assistance;<sup>3</sup> (b) the absorptive capacity of the secretariat; (c) past performance and/or evaluations of the proposed theme/project; and (d) the cash balance of extrabudgetary resources available for the proposed theme/project. The large amount of UNCTAD extrabudgetary expenditures – over \$30 million annually in the past four years – well warrants and justifies this proposed approach. Moreover, consolidation of projects and departure from individual trust funds to thematic trust funds – requiring greater coordination between beneficiaries, donors, and the secretariat – makes the fuller utilization of the working party all the more necessary. A more efficient use of the working party could contribute to the implementation of paragraphs 215(c), 216 and 217 of the Accra Accord, which call for, respectively (a) tracking the demand for assistance and the availability of funding; (b) increased predictability, transparency and coherence in the planning and implementation of technical assistance programmes; and (c) improvement in fund-raising procedures.

29. The second important development at the UNCTAD level is the establishment and functioning of the interdivisional Project Review Committee (PRC). The committee, comprising focal points from all UNCTAD divisions, serves as an in-house mechanism for interdivisional coordination of UNCTAD technical cooperation policy and activities. The committee meets on a monthly basis. It is entrusted with the task of reviewing and monitoring proposals for technical cooperation. In its short lifetime, since March 2007, it has strengthened the linkages between the secretariat's analytical work and technical cooperation, and facilitated interdivisional cooperation. The PRC is also instrumental in coordinating the inclusion of UNCTAD operations in the United Nations country plans, particularly in the "One United Nations" joint programmes. The PRC needs to be further consolidated in view of becoming an effective and transparent managerial mechanism within the secretariat. It should make proposals for review by the management on new operations to be launched and on fund-raising initiatives.

## **B. Role of UNCTAD in the system-wide coherence**

30. In addition to its in-house work on all issues related to the management and coordination of technical cooperation activities – including fund-raising and the general implementation of UNCTAD's technical cooperation strategy – the secretariat, through the Technical Cooperation Service, continued to be heavily involved in inter-agency processes related to the Delivering as One system-wide coherence process. (This process includes the establishment of "One United Nations" programmes and funds in eight pilot countries.) It was also involved in the United Nations Development Group (UNDG), the Chief Executives Board (CEB) cluster on trade and productive capacity (including training for resident coordinators), and inter-agency tasks in support of non-resident agencies (NRAs).

31. As an instrument and platform for contributing to the United Nations reform and system-wide coherence, the inter-agency cluster on trade and productive capacity was informally established in April 2007, and formally endorsed by the CEB in October 2007.

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<sup>3</sup> In response to paragraph 14 of the Trade and Development Board decision 492 (LIV), the Technical Cooperation Service initiated a systematic inventory of all requests for technical cooperation formally communicated to the secretariat by member States.

The purpose of the inter-agency cluster is to allow United Nations organizations working on trade and development and related issues to join forces to increase their impact at the country level. The cluster was launched by the United Nations Secretary-General during UNCTAD XII, in Accra, Ghana. In addition to UNCTAD, the current members of the cluster are the United Nations Industrial Development Organization (UNIDO), the Food and Agricultural Organization of the United Nations (FAO), UNDP, the World Tourism Organization (UNWTO), the International Trade Centre (ITC), and all United Nations regional commissions. The cluster has an open-ended membership.<sup>4</sup> Moreover, the implementation of core activities within the cluster does not preclude cooperation between the cluster and other United Nations entities on specific activities.

32. The cluster enhances the coordination role of the CEB and ensures that issues related to trade and productive capacity are adequately taken into account in the Delivering as One and United Nations-wide coherence processes. The cluster aims at a coordinated multidimensional and multifaceted United Nations approach to address the implications and impacts of integration into the international economy, and an international trading system for developing countries.

33. The cluster is already making an important contribution to system-wide coherence. Since its inception in early 2007, it has converted itself into one of the most dynamic clusters of the CEB, and is the only one in the area of economic development assistance. It exemplifies the translation of the concept of system-wide coherence into operational terms at the field level. It provides for an integrated approach in delivery of services of the United Nations system on trade and productive capacity. The cluster also aims at translating into field operations the linkages between trade, poverty reduction and human development. It provides for joint programming missions and formulation of joint technical cooperation programs (see box 3).

**Box 3. Participation of UNCTAD within the CEB cluster on trade and productive capacity in the eight “One United Nations” pilot countries**

In Albania, UNCTAD is leading a joint programme entitled “Towards the European Union: support to Albanian trade capacity”, carried out in cooperation with FAO, ITC, UNDP, UNIDO and the United Nations Economic Commission for Europe. In Cape Verde, UNCTAD is leading a joint programme entitled “Integration of Cape Verde into the world economy”, carried out with FAO, ITC and UNIDO. In Mozambique, UNCTAD assistance is carried out in cooperation with FAO, ITC, UNDP and UNIDO. In Pakistan, contacts are established to discuss joint operations. Reply from the Government is waiting. In Rwanda, UNCTAD assistance is carried out in cooperation with UNIDO, benefiting from the One United Nations Fund first round allocation. In the United Republic of Tanzania, contacts are established with UNIDO and other agencies within the CEB Cluster to discuss joint programming activities. In Viet Nam, UNCTAD assistance is proposed in a joint programme led by UNIDO in cooperation with FAO and ITC. In Uruguay, contacts are established with the United Nations resident coordinator for proposed assistance.

34. The next steps on all the Delivering as One pilot countries include the implementation of the “One United Nations” budgetary framework. Each agency starts operations with its own resources. The “funding gap” will be financed by a joint budget –

<sup>4</sup> See concept note and the document of the cluster in <http://www.unctadxii.org/en/Programme/Other-Events/Parallel-and-Side-Events/Launching-of-the-United-Nations-Chief-Executives-Board-CEB-cluster-on-trade-and-productive-capacity>.

to which donors would contribute – whose resources are allocated by an interagency–Government steering committee and managed by the United Nations Resident Coordinator’s office. The implementation of this new joint financial mechanism in the “One United Nations” pilot countries will be a learning exercise for all the United Nations entities and for the donors’ community. The major donors are currently aligning their mechanisms to allocate important financial resources through the “One United Nations” exercise at the country level.

35. In December 2006, the Government of Spain established the Millennium Development Goals Fund (MDG-F)<sup>5</sup> to support United Nations reform efforts at the country level. In addition to resources allocated to specific thematic windows, the MDG-F is now proposing a “One United Nations pilot window”, specially designed to provide direct resources to the “One United Nations Fund” (also referred to as the “Coherence Fund”). The “MDG-F” is providing support to four of the eight pilot countries.

36. In concrete terms, the value added of collective action expected to be achieved from a well-functioning inter-agency cluster are (a) streamlining coordination of technical cooperation; (b) avoiding duplication and creation of synergies; and (c) better sequencing activities of different agencies involved. Success of the cluster is dependant on (a) the leadership, commitment of the heads of agencies, and support of the CEB; (b) sustained communication and strong cooperation among its members; (c) capacity to take actions that engage the agencies’ field operations; (d) a clear understanding of decisions on actions at the headquarters level in relation to outcomes at the field level; (e) a clear understanding of what the members of the cluster can do collectively over and above the assistance provided by individual organizations; and (f) its ability to attract financial support and pool resources from different sources and different financial structures.<sup>6</sup>

37. The establishment of the cluster and coordinated country programming is a critical platform through which beneficiary countries can access expertise of non-resident agencies in the context of the system-wide approach at the country level. The non-resident status has limited the potential of UNCTAD’s contribution to the overall country-level approaches. The UNCTAD secretariat has been very proactive in the undg task force on non-resident agencies and in the assessment of the role of NRAs in United Nations country-level plans. Because of the nature and modalities of UNCTAD technical cooperation (policy advice, training and analytical inputs), a permanent field presence is not needed. The effectiveness of UNCTAD assistance largely depends on the extent its expertise is injected in country plans in an appropriate manner.

38. One concrete initiative under the cluster already underway is the design and delivery of inter-agency training on trade and productive capacity issues for United Nations resident coordinators and their staffs. The training aims at raising awareness and understanding of linkages between trade, poverty reduction, human development and the Millennium Development Goals. This is particularly important for inclusion of trade and trade-related issues into the national plans and provision of trade-related technical assistance that so far have a marginal role within the United Nations country assistance plans. The training programme is being organized in collaboration with the United Nations Staff College.<sup>7</sup>

<sup>5</sup> For more information see the UNDP–Spain Millennium Development Goal achievement fund at <http://www.undp.org/mdgf>.

<sup>6</sup> The financial structures of the members of the cluster vary enormously, entailing different decision-making processes in the formulation of joint programmes, ranging from un-earmarked resources of UNDP, to several mixes of regular budget and voluntary contributions of the specialized agencies, including highly earmarked and fragmented UNCTAD contributions.

<sup>7</sup> The first pilot training course took place in May 2008 for United Nations resident coordinators and economic advisors in UNDP offices in transition economies. The reason for choosing the transition economies is that a new United Nations Development Assistance Framework (UNDAF) generation is being formulated for these countries in 2008–2009. A similar training workshop for sub-Saharan Africa is planned to be held in the first quarter of 2009. It is expected that these efforts will result in enhanced UNCTAD involvement at the system-wide country operations. Funding for UNCTAD participation and for the preparation of substantive training materials needs to be secured.

39. With respect to the “One United Nations” operations for the LDCs, it is expected that the EIF will provide a common platform for trade-related support by United Nations agencies, thereby ensuring coherence, complementarities and synergies with United Nations-wide country interventions. The inter-agency cluster therefore aims at ensuring the interface between the EIF and the country-level operations related to trade and productive capacity, as appropriate, and in accordance with national needs and demands.

40. Cooperation between UNCTAD and UNDP is expected to intensify in the light of recent developments. The draft of a memorandum of understanding to govern future relationships between the two organizations is being discussed. This memorandum of understanding is expected to be a turning point in UNCTAD–UNDP relations, including the spelling out of the role that the two institutions, as complementary partners, could play in the system-wide coherence and the “One United Nations” process. The UNDP Strategic Plan (2008–2011) identifies the important role of trade capacity development in building national capacities for a more inclusive and equitable globalization, including the achievement of the Millennium Development Goals. In that context, UNDP strategy to support trade capacity-building initiatives seeks to address the capacity of developing countries to negotiate, interpret and implement trade agreements, and the capacity to compete internationally by overcoming supply-side constraints. These objectives are in line with the provisions of the Accra Accord and Trade and Development Board decisions on UNCTAD technical cooperation. Considering that UNCTAD is the lead organization in providing trade-related technical assistance, and has an excellent record of performance in the areas indicated above in the UNDP Strategic Plan (2008–2011), closer cooperation is all the more necessary.

41. With regard to the immediate future of “One United Nations”, UNCTAD, within the framework of the CEB cluster on trade and productive capacity, will (a) continue the organization/participation in joint programming missions; (b) be involved in the evaluation of progress in pilot countries; and (c) closely follow up and participate in the process leading to formulation of new UNDAFs, with a view to ensuring a proper reflection of trade-related issues. An increasing number of Governments and United Nations resident coordinators’ offices are seeking to apply “One United Nations” pilot mechanisms or similar approaches in their countries. The majority of the United Nations entities are introducing adjustments to adapt to the changes stemming from this process by setting new mechanisms and allocating human resources to the monitoring of the UNDAFs.

42. In addition to its leading role in the cluster, UNCTAD has been also proactive in the UNDG task force on NRAs. Discussions are also ongoing with UNDP on its possible financial support to NRAs to facilitate their participation in and inclusion of their inputs in United Nations country development plans, in particular in the light of the “One United Nations” exercise. UNCTAD leads contacts and negotiations between UNDP and a group of NRAs in view of establishing a mechanism to support their participation in field-level operations.

43. In its spring session of 2007, the CEB called on the United Nations Evaluation Group (UNEG) to undertake the evaluation of the Delivering as One United Nations pilot initiatives. It was agreed that UNEG would undertake this evaluation in stages. The first step – i.e. an assessment of the “evaluability” of the pilot initiatives – took place in the spring of 2008. This will be followed by a process evaluation in 2009 and an evaluation of the results and impacts in 2010–2011. In parallel, the General Assembly, in its resolution for the 2007 Triennial Comprehensive Policy Review (TCPR), encouraged the United Nations system to support pilot countries to evaluate and exchange their experiences with the support of UNEG, and also called for an independent evaluation of lessons learned from these efforts for consideration of member States. The evaluability assessment studies were conducted for all eight pilot countries during the spring of 2008, among which UNCTAD has led the UNEG evaluation team for Albania. The evaluability assessment



study for each pilot country will be made available to interested delegations upon request. A synthesis paper of the eight country studies will also be made available.

#### **IV. Evaluation**

44. In 2007, the working party examined the in-depth evaluation of UNCTAD's advisory services on foreign direct investment. The evaluation was conducted by an independent evaluation team which found that, overall, the investment advisory services programme had been relevant, had an impact, and was delivered efficiently and effectively. Strategic and operational recommendations to strengthen programme effectiveness were endorsed by the working party. A key outcome sought is for an integrated approach to the work programme elements reviewed, by restructuring the service that currently fulfils these functions, and by re-branding and re-designing its services with a view towards achieving a single, comprehensive, holistic, coherent and all-encompassing coverage of investment advisory services that emphasizes the identification and emulation of best practices.

45. In the same year, a mid-term evaluation was conducted on the TrainForTrade project implemented in both the Lao People's Democratic Republic and Cambodia, at the request of its donor agency, the French Ministry of Foreign Affairs. The evaluation concluded that this was a good project which had obtained tangible results in a difficult context, and that it would be prejudicial to suspend activities at the planned conclusion of the project in 2009. Indeed, to have a real impact, this type of project had to be set in a long-term perspective. The evaluation team also recommended that measures should be adopted to facilitate the extension of the TrainForTrade programme to other developing countries, in a national or regional framework.

46. UNCTAD hosted the annual meeting of UNEG in April 2008. UNEG's mandate is to further professionalize and harmonize evaluation practice within the United Nations system so that it can better serve the member countries. UNCTAD has actively participated in task forces within UNEG on issues such as evaluation methodologies and the development of training courses for United Nations evaluators. UNCTAD is also an active member of the core management group of the evaluation of the Delivering as One United Nations pilots.

47. A new website – <http://www.unctad.org/evaluation> – provides access to evaluation reports on UNCTAD programmes and describes the ways in which the evaluations are conducted. The site will also serve as a resource guide for those who need to conduct or organize evaluations, making broadly available the relevant policies and guidelines. This initiative aims at promoting better public accountability and is also intended to serve as a repository of lessons learned in carrying out evaluations. It should enable the secretariat and member States to reflect systematically on the organization's activities and to increase the effectiveness of programmes by altering their content and, if necessary, revising their objectives.

48. UNCTAD is developing its own evaluation policy within the framework of relevant United Nations regulations and rules and the UNEG norms and standards of evaluation in the United Nations system.

#### **V. Looking forward: conclusions and recommendations**

49. The future of UNCTAD's technical cooperation activities will be shaped in the light of ongoing rapid changes in addressing technical cooperation-related issues, both at the levels of UNCTAD and the United Nations system. At the UNCTAD level, changes in the structure and management of technical cooperation and the revised programme of work resulting from UNCTAD XII have repercussions on technical cooperation activities. At the United Nations level, and in the context of system-wide coherence and "Delivering as One", far deeper changes are being introduced with respect to technical cooperation, to

which UNCTAD is expected to fully contribute. UNCTAD's response to both sets of changes has to converge and be coherent. Changes regarding the role of United Nations development operations at the field level continue to unfold faster than changes concerning UNCTAD's structure and management of resources for technical cooperation.

50. The increasing inter-agency joint programmes and budgets that are being established at the country level – whereby trade-related assistance is part of the United Nations development plans – requires a consolidated financial structure centred on overarching themes as stated in recommendation 19 of the Report of the Panel of Eminent Persons, as well as paragraphs 18 and 19 of Trade and Development Board decision 492 (LIV), and paragraph 217 of the Accra Accord. The increasing role that UNCTAD technical cooperation should and could play within United Nations system development assistance already faces difficulties stemming from financial constraints. If UNCTAD is to play a role consistent with its mandate, it must enhance its internal coherence and integrated operations, to allow for effective inclusion in United Nations country operations.

51. At the secretariat level, the enhanced role for the PRC – in particular with respect to the formulation of new interdivisional operations and its further consolidation as the interdivisional steering body for all UNCTAD technical cooperation activities – is an important step forward in improving the management of UNCTAD technical cooperation. The effective implementation of the relevant provisions of the Accra Accord and the Trade and Development Board decision 492 (LIV) requires (a) strengthening the role of the working party, including in matching demand and supply for technical cooperation, and in reviewing annual reports of divisions and annual plans for thematic clusters; (b) strengthening linkages and communications between divisions and technical cooperation services; and (c) establishing a trust fund for UNCTAD participation individually as well as within the inter-agency CEB cluster in United Nations development assistance plans at the country level. Such trust fund would facilitate UNCTAD visibility as a non-resident agency in country-based plans.

52. The effectiveness and impact of UNCTAD's technical cooperation assistance should be addressed in the light of its contribution to the development process of beneficiary countries and regions. In order to complement information provided by the secretariat in its reports on the impact of UNCTAD operational activities, and in consonance with paragraphs 215(a) and 220 of the Accra Accord – calling respectively for greater attention to the evaluation of technical cooperation activities and a more structured interaction between the secretariat, beneficiaries, and donors – it might be useful to invite officials from the field in beneficiary countries that are directly involved in the implementation of technical cooperation to participate in the sessions of the working party on the medium-term plan and programme budget and provide, from their perspective, an assessment of the impact of technical assistance in their countries. The Technical Development Board may wish to consider the possibility of inviting one such official from each regional group to participate in the meeting of the working party dealing with technical cooperation.

53. The cluster on trade and productive capacity is an inter-agency alliance that needs to build on its coordination and functioning. Challenges ahead of the cluster include how to move forward beyond the pilot countries, and how to have one voice in the Aid for Trade process. The cluster should enable donors to allocate financial resources through the One United Nations process in support of the CEB agenda for coherence. In theory, the cluster should enhance the partnership amongst agencies that otherwise would be competing for accessing development aid in the area of trade and productive capacity. The cluster could therefore serve to strengthen the United Nations response to the Aid for Trade initiative.

54. In order to ensure that training workshops conducted within the framework of the CEB cluster on trade and productive capacity respond to their expected outcome, it is proposed that an assessment be made, a few months after the conduct of each workshop, of

the extent to which trade and trade-related issues have been included in United Nations country assistance plans.

55. In paragraph 178, the Accra Accord envisages designation of regional focal points with a view to deepening UNCTAD regional perspective. The regional focal points are also expected to provide support with respect to technical cooperation. In that context, they should be in regular and close contact with the Technical Cooperation Service. It is proposed that the terms of reference of these regional focal points should include the following tasks regarding technical cooperation: (a) providing support to the secretariat to ensure that the regional needs and priorities are reflected in technical assistance activities of each division; (b) facilitating contacts, including in the context of the CEB inter-agency cluster on trade and productive capacity; (c) providing support and feedback to the secretariat regarding its contacts with the United Nations resident coordinators and country teams; and (d) strengthening contacts and identifying joint initiatives of trade-related assistance with the regional and subregional organizations.