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A REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

*Report by the Secretary-General of UNCTAD**

Executive summary

The São Paulo Consensus adopted at UNCTAD XI reiterated the importance of UNCTAD's technical cooperation activities as one of the three main functions of UNCTAD. Technical cooperation activities continue to be financed from trust funds, UNDP and the UN regular programme. In 2004, contributions to trust funds amounted to \$26.9 million. Two-thirds of the contributions were made by developed countries. The developing countries and multilateral donors contributed the rest. UNDP-financed projects remained modest and reached their lowest level yet in 2004. Technical cooperation activities were carried out on the basis of country-specific, regional and interregional projects and programmes. In 2004, total expenditures on technical cooperation activities amounted to \$27.5 million. Activities of interregional projects are directed towards all developing countries and regions. They account for more than half of UNCTAD's technical cooperation expenditures. Country projects designed for activities to be undertaken exclusively in a given country accounted for more than one-third of UNCTAD's total expenditure on technical cooperation in 2004. Major programmes of technical assistance in order of expenditures were ASYCUDA; investment policies and capacity building; DMFAS; trade negotiations and commercial diplomacy; and trade, environment and development.

This review includes final remarks regarding the main features of UNCTAD assistance, as well as the secretariat's reflections on the context surrounding technical cooperation that member States may wish to consider in their discussions. In this regard, four elements are shaping – and will continue to shape – the context that impacts on UNCTAD technical cooperation: (a) the implications of the São Paulo Consensus mandates (that are considered in section I, as requested in last year's Board decision); (b) the changes taking place within the UN system, in particular the ongoing reforms of UN development operations; (c) the increasing attention given to ownership, sustainability and predictability of operations, as well as their development impact; (d) the proliferating bilateral, regional and international initiatives in the area of trade-related assistance and their implications from the point of view of quality, dispersion of resources and coherence with the development strategies of beneficiary countries.

* This report was submitted on the above -mentioned date for technical reasons.

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

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

INTRODUCTION

1. The São Paulo Consensus adopted at UNCTAD XI reiterated the importance of UNCTAD technical cooperation as one of the three functions of UNCTAD. Confirming a trend already apparent in recent years, the delivery of operational activities of UNCTAD continues to increase. This trend mirrors the growing demand of both beneficiary and donor countries, as well as the widening scope of the trade and development challenges faced by all developing countries.

2. In accordance with the mandates adopted at UNCTAD IX, this report is being submitted to the Working Party on the Medium-term Plan and the Programme Budget. The report focuses on the activities in 2004, and has three components: the review, which synthesizes the main features of last year's technical cooperation activities; a summary of the activities carried out by each division of the UNCTAD secretariat (annex I); and detailed statistical tables containing information on the financial resources allocated to UNCTAD technical cooperation by project, by region, by division and by source of funds (annex II). This comprehensive information covering all UNCTAD technical

cooperation activities is provided to the Working Party on an annual basis, in addition to the detailed progress and financial reports provided to each donor in April each year on all the projects corresponding to its contributions of the previous year, and as well as regular contacts between the secretariat and the representatives of member States on the implementation of technical cooperation activities. Specific evaluations of selected technical cooperation activities are undertaken in accordance with Board decisions.

3. The report presented to the Working Party in September 2004 focused on the evolution of UNCTAD technical cooperation in the four years between UNCTAD X and UNCTAD XI and on the main issues raised by the implementation of the technical cooperation strategy adopted by the Trade and Development Board in October 2003. The present review aims at complying with the Board decision of October 2004 requesting the secretariat to improve the presentation of information on technical cooperation resources and to consider the possible implications of UNCTAD XI for the new strategy on technical cooperation.

REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD AND THEIR FINANCING*

The Trade and Development Board,

1. *Takes note* with appreciation of the information provided in the report on the review of technical cooperation activities of UNCTAD (TD/B/WP/172 and Add.1 and 2), and *requests* the secretariat to further improve the presentation of the information on the allocation of trust fund contributions to different regions and thematic areas;
2. *Takes note* of the information provided by the secretariat on the implementation of the new technical cooperation strategy adopted by the Trade and Development Board at its fiftieth session in October 2003 (decision 478(L));
3. *Expresses its appreciation* to bilateral and multilateral donors for their contributions to UNCTAD trust funds, and *invites* them to continue contributing so that UNCTAD can respond to increasing demand for technical cooperation;
4. *Expresses* the need to ensure a more equitable distribution of resources among the developing country regions in the overall delivery of technical cooperation;
5. Notwithstanding some recent improvement in the delivery of technical cooperation to LDCs, which complies with paragraph 5 of the annex to decision 478 (L), *urges* donors and the secretariat to continue their efforts, building on the relevant conclusions of UNCTAD XI;
6. *Reaffirms the importance* of further implementation of the technical cooperation strategy with a view to enhancing the delivery of technical cooperation services of UNCTAD, in accordance with decision 478 (L) and the São Paulo Consensus;
7. *Takes note* of the conclusions and recommendations of the secretariat contained in document TD/B/WP/172;
8. *Requests* the secretariat, in cooperation with donors and beneficiaries, to continue disseminating the content of the technical cooperation strategy, as well as information regarding UNCTAD's operational activities and instruments;
9. *Requests* the secretariat to consider the possible implications of UNCTAD XI for the new strategy on technical cooperation;
10. *Takes note* of the cooperation between UNCTAD and other international and regional organizations, as well as development partners, including the private sector and civil society, in several UNCTAD technical cooperation activities, and *requests* the secretariat to continue its efforts in this regard, in accordance with paragraph 11 of the São Paulo Consensus.

* Decision 481 (LI) of the Trade and Development Board, fifty-first session, Geneva, 4-15 October 2004.

I. THE MANDATES GUIDING UNCTAD TECHNICAL COOPERATION ACTIVITIES

A. Mandates contained in the São Paulo Consensus

4. Several mandates adopted in the São Paulo Consensus (SPC) have general as well as specific implications for UNCTAD technical cooperation. The main orientation is provided, in the first place, by the reaffirmation that UNCTAD is the “focal point of the UN for the *integrated treatment* of trade and development and *interrelated issues* in the areas of finance, technology, investment and sustainable development” (SPC, para. 2); this implies that UNCTAD technical cooperation encompasses all these areas in a comprehensive, articulated and balanced fashion, based on their interface and their relevance to development processes. The contribution of UNCTAD to the Millennium Development Goals (MDGs) provides further guidance for technical cooperation, particularly regarding assistance provided in relation to the MDG 8 and to all the MDGs where trade and trade-related assistance is instrumental in reducing poverty and contributing to development strategies (SPC, paras. 2, 6, 10). Indeed, the reaffirmation of UNCTAD's role as “the focal point of the UN system for the integrated treatment of trade and development” is relevant in relation with the MDGs: UNCTAD operations provide substantive inputs in terms of integrating and ensuring synergies among the various economic components of developing countries' strategies. UNCTAD assistance also plays a key role in streamlining trade in the development processes and in maximizing the benefits of trade in the context of the MDGs. Finally, because of its location at the junction between the domestic and the international economic environment, UNCTAD assistance is directly instrumental in achieving MDG 8, which specifically concerns the coherence between national development policies and international processes.

5. The SPC refers to the role of UNCTAD in “the implementation of the outcomes of recent global conferences” and “internationally agreed goals in the Doha Ministerial Declaration”, and many UNCTAD operations (for example, those tailored to the LDCs, those aimed at sustainable development, and those related to the links between trade and finance and to the ICTs) are directly related to the implementation of the outcomes of international conferences.

6. The SPC reiterates three key features of UNCTAD operations that were already acknowledged in previous decisions: (i) the need to assist all developing countries and economies in transition, with particular attention devoted to the LDCs, Africa, small and vulnerable economies, small island developing States (SIDS), landlocked and transit countries, and the Palestinian people, (paras. 32-35, 49, 64, 66, 83, 94, 107, 108), implying that resources have to be allocated among all beneficiaries in the light of their needs; (ii) different levels of development and the “no-one-size-fits-all” approach, implying that operations have to be customized (SPC, paras. 13, 23, 24, 32, 33); (iii) the role of technical assistance as one of the three interrelated “major pillars” of UNCTAD, implying that the research work of the secretariat, consensus building, and technical cooperation constitute a virtuous circle of mutually supportive and coordinated functions (SPC, para. 3).

7. The main theme of UNCTAD XI was “the interface and coherence between international processes and negotiations on the one hand and the development strategies and policies that developing countries need to pursue on the other”. A large majority of UNCTAD operations are based on and shaped according to the links between domestic and international processes, for instance: activities aimed at enhancing negotiating capacities in respect of trade and investment issues; the participation of UNCTAD in inter-agency schemes such as the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP) and the Integrated Framework (IF); support to enhance the productive and exporting capacities of small enterprises and commodity producers; assistance provided in relation to the management of external debt; and activities backstopping local research and training capacity on trade and development issues. Ensuring coherence for development between domestic and international dimensions (SPC, paras. 4, 5, 17) will continue to be a key facet of UNCTAD technical cooperation in future years. Coherence and complementarities have also to be achieved in operations related to the respective roles of the market and the state: UNCTAD assistance takes into account the “balance between the objectives of

efficiency and equity”, supporting the development of the private sector and market mechanisms as well as the role of the state (SPC, para. 7).

8. UNCTAD XI identified several factors that are inducing rapid changes in the international economic environment, and UNCTAD assistance cannot ignore these changes if it is to react in a timely and appropriate fashion. The “new geography” of South-South trade and investment flows (SPC, para. 25) is one of the main forces entailing new ways of delivering technical cooperation. For many years, a number of UNCTAD operations have aimed at backstopping subregional economic processes among developing countries. Recent South-South developments, such as the New Economic Partnership for Africa's Development (NEPAD), the Tokyo International Conference on African Development, and the support for the new round of the Global System of Trade Preferences among Developing Countries (SPC, paras. 25 and 97), need to be taken into account from the point of view of the demand for UNCTAD operations.

9. The SPC refers to the role of UNCTAD technical assistance in the context of UN development activities and cooperation with other international organizations “within their respective mandates, to enhance synergies, consistency, complementarity, coherence and mutual supportiveness of policies (...) and create genuine partnerships, including the private sector and civil society”.

10. The number of UNCTAD operations based on different sorts of partnerships with other international and regional organizations, civil society, academia and the business community has steadily increased in recent years. The number of UNCTAD operations based on cooperation with academic institutions (such as the Virtual Institute), with the UN Regional Commissions and the regional secretariats (such as the training courses provided under para.166 of the Bangkok Plan of Action), and with various public and private counterparts (such as national stakeholders involved in the areas of commodities, investment, biotrade and competition) is constantly increasing. On the one hand, these partnerships address practical concerns, such as providing a local interlocutor to monitor an operation in the field and provide feedbacks on its results; but on the other hand, and more importantly, the close cooperation with national or regional partners aims at deepening local ownership of the assistance provided by UNCTAD.

11. In this regard, the concepts of “partnership” and “ownership” imply that the dialogue between UNCTAD and local players occurs at all stages of

assistance: from the design of the project document, through all stages of implementation, to evaluation of the development impact. This approach is particularly visible and meaningful in the case of country-specific operations, where UNCTAD expertise is customized by the recipients themselves (as in activities regarding investment promotion, trade negotiations or trade facilitation). The ideas contained in the secretariat's note on capacity development submitted to the Working Party in September 2003¹ are the source of this thinking. However, non-fungible budgets, procurement rules and financial regulations governing the management of UN resources as well as the management of resources of other providers of trade-related assistance, including international loans, raise practical and legal obstacles in this regard.

12. The issue of productive capacities and international competitiveness is central to the SPC (chapter II) and to UNCTAD work in general. From the point of view of UNCTAD technical cooperation, it means that the “the objective (...) is to assist developing countries, in particular LDCs, to design and implement active policies for building productive capacity and international competitiveness, based on an integrated treatment of investment, corporate responsibility, technology transfer and innovation, enterprise development and business facilitation (including transportation and ICT), competitiveness, diversification and export capacity, to sustain a high level of growth and promote sustainable development” (SPC, paras. 49, 50). These areas have been part of UNCTAD assistance for many years, based on UNCTAD analytical expertise in respect of development policies and on the results of the work of the intergovernmental machinery. In addition to changes that are introduced regularly to update UNCTAD activities in these areas in the light of evolving situations and topics, the SPC identified a new issue that is being addressed through UNCTAD's ongoing research and analysis activities in the area of trade facilitation, i.e. the “impact of security measures on developing countries' trade and (...) the support that their implementation will require” (SPC paras. 41, 47, 59). Other specific SPC mandates that would require more funding concern, inter alia: assistance for developing countries “in identifying ways and means to operationalize technology transfer clauses in international agreements, and in maximizing the potential benefits of those agreements”; help for LDCs and African countries in attracting FDI and benefiting more from it; capacity

¹ “Capacity development”, Note by the UNCTAD secretariat, TD/B/50/9 - TD/B/WP/168, 27 August 2003.

building related to “home country measures to encourage investment flows to developing countries, particularly LDCs”; and assistance regarding ICT policies and e-business (SPC, paras. 52, 54, 57, 61, 62).

13. In the area of international trade, UNCTAD operations have an outstanding history and are characterized by a wide range of topics and modalities. The SPC provides for several mandates regarding technical cooperation in this area. There are general provisions calling for the allocation of “adequate resources” to support participation in international trade and the negotiating capacity of developing countries (SPC, paras. 94-95), as well as specific mandates (paras. 96-109) in areas such as trade policy capacity at the regional level; WTO accession; services trade; commodities; trade and environment; competition; trade and poverty; trade and gender; transport supply capacity; UNCITRAL; and infrastructure facilities, particularly for landlocked and transit developing countries, highly indebted poor countries and small vulnerable economies. References are also made to strengthening the UNCTAD contribution to the IF and JITAP. It appears that the current allocation of extrabudgetary resources for trade and trade-related areas is not fully in accordance with the work programme set by the SPC. A similar observation has to be made concerning the mandate contained in paragraph 166 of the Bangkok Plan of Action, providing for training courses on key issues of the international economic agenda, which is not receiving extrabudgetary contributions.

14. The SPC also provides for “an appropriate follow-up” to UNCTAD operations “with a view to strengthening their effectiveness”, and refers to the issue of “continuous and predictable funding of UN development activities” (SPC, paras. 10, 11).

B. The technical cooperation strategy

15. The technical cooperation strategy that was adopted by the Board in October 2003 is based on several consultations with member States initiated the previous year and on the application to UNCTAD assistance of the “capacity development” concept being used in the UN system. The strategy aims at setting the overarching principles, objectives and instruments of UNCTAD operations. The main goal is to enhance the endogenous capacity of beneficiary countries to face challenges and benefit from opportunities and to set and implement their own development strategies, as well as to emphasize the development of human, institutional, productive and export capacities of beneficiary countries.

16. The strategy states that “UNCTAD's technical cooperation will be determined in the light of the outcome of UNCTAD XI, by its work programme priorities set out in the final document of UNCTAD X” (para. 7). It calls for more inter-divisional cooperation within the secretariat and strengthened cooperation with other agencies providing technical assistance in the field of trade and investment. The strategy also refers to: intensified country-level activities, subject to availability of human and financial resources, partnerships with civil society, and networking activities; and monitoring and evaluation instruments. Both the Board decision and its annex pinpoint the need for predictable and sustainable resources and call for “long-term sustainable activities, particularly through multi-year funding mechanisms and interdivisional operations based on the thematic priorities set by the UNCTAD work programme”.

17. In conclusion, the SPC sets thematic priorities that orient the content and determine the scope of UNCTAD's assistance. In parallel with these UNCTAD XI mandates, the 2003 technical cooperation strategy sets the overarching goals, the conceptual framework and the operational modalities that allow UNCTAD's assistance to be effective. The following section describes the current structure of the financial resources available for UNCTAD technical cooperation, with a view to assessing whether this structure matches the substantive priorities indicated by the SPC, as well as the goals set by the strategy.

II. THE STRUCTURE OF TECHNICAL COOPERATION RESOURCES

A. Sources of funding

18. As in previous years, in 2004 UNCTAD's technical cooperation activities continued to be financed from three main sources: trust funds, UNDP and the programme budget of the United Nations (see chart 1).

1. Trust funds

19. *Trust fund* contributions are provided on a voluntary basis by individual Governments, multilateral donors, NGOs, the enterprise sector and foundations. About 75 Governments and a score of multilateral and other organizations contributed to UNCTAD trust funds in 2004. Contributions to those trust funds amounted to \$26.9 million, about the same amount as in 2003 (see table 1 and chart 2). Contributions from developed countries accounted for approximately two-thirds of total contributions to trust funds, reaching \$17.4 million in 2004, an increase of 6.3 per cent over the previous year. Contributions from developing countries and transition economies accounted for about 20 per cent of total contributions to trust funds, amounting to \$5.3 million in 2004, a decrease of 22 per cent as compared with 2003. More than 90 per cent of these

contributions take the form of self-financing arrangements in support of individual country projects and are generally financed either from domestic budgetary resources or by utilizing the proceeds of loans or grants from international financial institutions. Such contributions have been directed, in particular, to financing country projects in the areas of custom reform and debt management. This is an indication of the continuing relevance and utility of UNCTAD's two major technical assistance programmes, ASYCUDA and DMFAS.

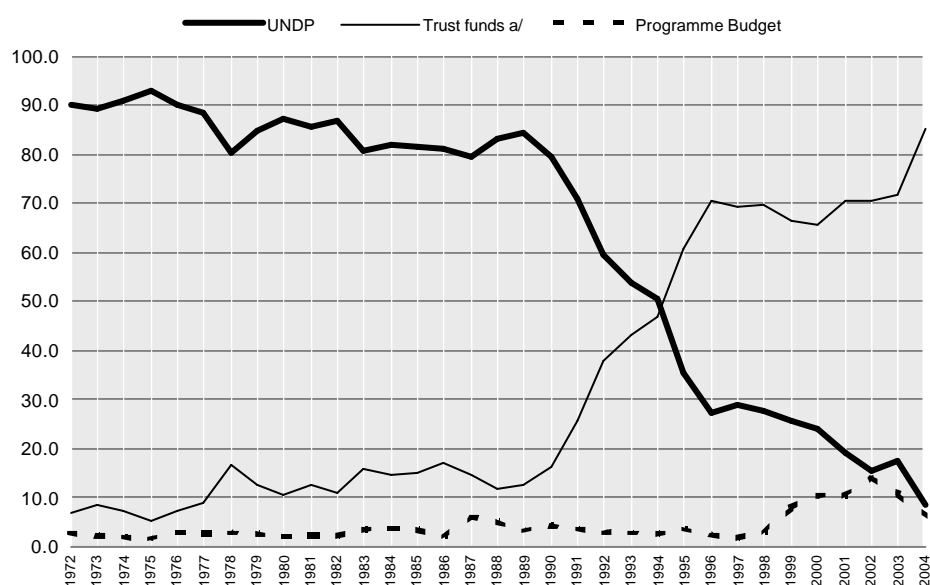
20. In 2004, trust funds accounted for more than 85 per cent of total expenditures of UNCTAD's operational activities.

2. UNDP

21. The downward trend in UNDP-supported activities, which started in the early 1990s, continued, and these activities reached their lowest level yet in 2004. They accounted for only 8.5 per cent of total expenditures of UNCTAD's technical cooperation, and amounted to \$2.3 million, a decrease of more than 50 per cent as compared with the previous year.

Chart 1

Trends in funding of UNCTAD's technical cooperation, 1972-2004
(Per cent of total project expenditures)



^a

Includes expenditures for United Nations Fund for International Partnership and Associated Experts.

Table 1
UNCTAD trust fund contributions, 1998-2004^a
(In thousands of US dollars)

	1998	1999	2000	2001	2002	2003	2004
Developed countries' contributions	9 373	7 863	13 312	10 744	14 243	16 353	17 465
Developing and transition countries - general contributions	624	1 195	639	378	320	169	490
Developing and transition countries - self sustained ^b	2 070	938	2 330	4 819	3 822	6 653	4 833
European Commission	3 527	1 139	675	551	1 374	2 173	691
Other multilateral ^c	1 055	1 758	594	956	675	996	3 034
Foundations/miscellaneous	557	742	1 127	589	271	284	455
Total	17 207	13 635	18 677	18 037	20 705	26 628	26 968

^a Exclusive of third-party cost-sharing contributions through UNDP.

^b For activities in their own countries, financed from domestic budget resources or through loans from the World Bank and regional development banks.

^c For details, see table 5 of the statistical annex (TD/B/WP/181/Add.2).

3. United Nations Programme budget

22. *Programme budget* resources are provided under the regular technical cooperation programme and the Development Account, respectively sections 23 and 35 of the United Nations programme budget. The regular budget accounted for 6.3 per cent of total UNCTAD expenditures on technical cooperation.

(a) Regular programme

23. The regular programme of technical cooperation complements technical assistance available to countries from other sources of funds. In many countries it continues to play an important role in several areas of operational activities, including capacity building to increase competitiveness in the global economic environment and support for institutional reform. Within the framework of existing guidelines, individual technical cooperation activities under the regular programme are determined by the

nature of requests received from Governments and the recommendations of intergovernmental legislative bodies. Funding is directed towards activities which will have an impact on the development process, which are in accord with development needs and priorities of individual countries, and which are consistent with the outcome of global United Nations Conferences.

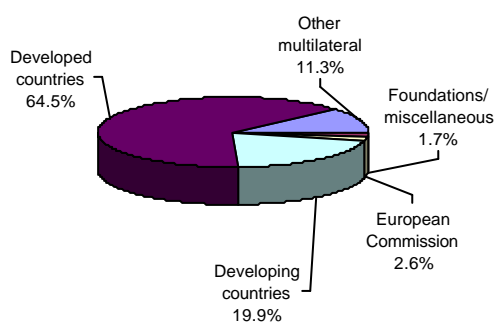
24. The regular programme is divided into two components: sectoral advisory services, executed by certain UN departments and offices, including UNCTAD, and regional and subregional advisory services, executed by the UN regional economic commissions. The main types of technical cooperation activities under this programme are short-term consultancy services, field projects, and training. In each biennium, an approximate amount of \$2 million is allocated to the trade and development sector, implemented by UNCTAD, and in support of the objectives outlined in the UNCTAD X Plan of Action and the São Paulo Consensus adopted at UNCTAD XI.

(b) Development Account

25. Under section 35 (Development Account), in 2004 implementation began for the four new projects under the fourth tranche of the Account (biennium 2004-2005), with a total budget of \$2.6 million. Proposals were also made under the fifth tranche (biennium 2006-2008). These proposals concern: (a) capacity building for ICT measurement and policy-making; (b) capacity building for policy-making on the promotion and application of science and technology to meet the MDGs; (c) mobilizing financial resources: developing local capacities for growth towards attaining the MDGs in Africa; and (d) enhancing national capacities for home-grown

Chart 2

Origin of trust fund contributions, 2004
(Per cent of total contribution)



Box 1

The three main sources of expenditures of UNCTAD technical cooperation, 2004

<i>Trust Funds</i> 85.2 per cent	<i>UNDP</i> 8.5 per cent	<i>UN programme budget</i> 6.3 per cent
\$23.4 million (an increase of 17 per cent as compared to 2003)	\$2.3 million (a decrease of 50 per cent as compared to 2003)	\$1.7 million (a decrease of 42 per cent as compared to 2003)

economic policies through the virtual institute university network. These proposals are currently under consideration by the United Nations General Assembly, and should they be approved, their implementation will begin in early 2006. The total budget for these four proposals amounts to approximately \$2 million.

B. Structure of technical cooperation projects

26. UNCTAD technical cooperation activities continued to be carried out on the basis of interregional, regional and country-specific projects (see chart 3). Total expenditures from all sources in 2004 amounted to \$27.5 million, i.e. about the same as in 2003 (see table 2).

1. Interregional projects

27. Interregional projects, whose activities are directed towards all developing countries and regions, including LDCs, account for the bulk of UNCTAD's trust funds. At \$15.5 million, they accounted for 56 per cent of overall expenditures of UNCTAD technical cooperation in 2004.

28. Interregional projects are based on the thematic areas of expertise of the UNCTAD secretariat. Examples include projects concerning: commodity trade, competition law and policies, biotrade, assessment of trade in services, commercial diplomacy, FDI statistics, support for investment promotion agencies, international investment agreements, support for trade facilitation policy makers and negotiators, corporate transparency, insurance markets, e-commerce and e-tourism, assistance on science and technology policies, and EMPRETEC. Some of the interregional projects entail assistance tailored to each country's needs, such as support for WTO-acceding countries, investment guides, and investment policy reviews.

2. Regional projects

29. Regional projects are designed for activities that are undertaken at a specific regional or subregional level. Expenditures under these projects accounted for 9.5 per cent of overall expenditures of UNCTAD technical cooperation, amounting to \$2.6 million.

Table 2

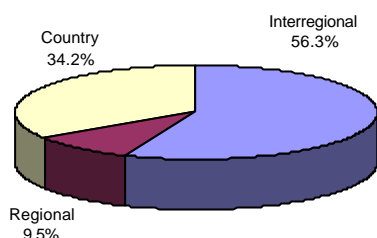
UNCTAD's total expenditures on technical cooperation and sources of funds, 1990, 1997- 2004
(In millions of dollars)

	1990	1997	1998	1999	2000	2001	2002	2003	2004
UNDP	17.4	6.8	6.0	6.5	5.8	4.5	3.4	4.9	2.3
Trust funds ^a	3.6	16.1	15.2	16.9	15.8	16.3	15.3	19.9	23.4
Programme budget	0.6	0.4	0.6	2.0	2.5	2.4	3.1	3.0	1.7
TOTAL	21.6	23.3	21.8	25.4	24.1	23.2	21.8	27.8	27.5

^a Includes expenditures for United Nations Fund for International Partnership (UNFIP) and Associate Experts.

Chart 3

**Technical cooperation expenditures,
by type of project, 2004**
(Per cent of total project expenditures)



3. Country projects

30. Country projects are designed for activities to be undertaken exclusively in a given country. In 2004, expenditures for such projects amounted to \$9.4 million, corresponding to more than one-third of overall expenditures of UNCTAD technical cooperation. Two-thirds of UNDP-supported projects fall into this category. Other projects are self-financed or are financed using resources made available to UNCTAD from the bilateral aid programmes of certain donors.

31. One-third of total UNCTAD technical cooperation expenditures goes towards activities in support of LDCs. Projects exclusively in support of LDCs include LDC country-specific projects, LDC Trust Fund projects, and the Integrated Framework. In addition, LDCs benefit from the activities of interregional and regional projects. *LDCs continue to be the major beneficiaries of UNCTAD technical cooperation. Expenditures in their favour amounted to \$9.2 million, reflecting an increase of 6.2 per cent over the previous year and representing one-third of total expenditures in 2004.*

C. The geographical distribution of regional and country-specific projects

32. There have been slight changes in the pattern of geographical distribution of activities (see table 3 and chart 4) that are specifically designed for a region or a country. The share of Africa in these two categories of projects increased by 1.7 per cent to reach 15.5 per cent of overall delivery of UNCTAD technical cooperation in 2004. This increase is due to increased expenditures on both country and regional projects. The share of Asia and the Pacific in UNCTAD's overall expenditures on regional and country projects decreased from 19.8 per cent in 2003 to 16.3 per cent in 2004, mainly on account of decreased country-level expenditures. The share of Latin America and the Caribbean in regional and country projects also decreased slightly and amounted to 7.6 per cent of total expenditures.

Table 3

Technical cooperation expenditure, by region and by programme, 2001-2004
(In thousands of dollars)

	2001	2002	2003	2004	
	Amount	Amount	Amount	Amount	%
Total	23 152	21 832	27 788	27 459	100.0
By region:					
Africa	4 232	3 025	3 842	4 252	15.5
Asia and the Pacific	3 696	3 923	5 503	4 465	16.3
Latin America and the Caribbean	1 820	2 008	2 239	2 079	7.6
Europe	851	1 006	906	1 197	4.4
Interregional	12 553	11 871	15 299	15 465	56.3
By programme:					
Globalization and Development Strategies	2 296	2 818	3 185	3 419	12.5
International Trade in Goods and Services, and Commodities ...	4 819	4 394	6 881	6 399	23.3
Investment, Technology and Enterprise Development.....	3 274	4 260	5 339	4 558	16.6
Services Infrastructure for Development and Trade Efficiency ..	8 624	8 009	9 066	9 689	35.3
Least Developed, Landlocked and Island Developing Countries	2 262	365	725	926	3.4
Cross-Divisional Advisory Services	848	1 054	1 178	1 135	4.1
Executive Direction and Management and Support Services	1 030	933	1 413	1 332	4.9
<i>of which: LDCs</i>	<i>10 000</i>	<i>6 327</i>	<i>8 682</i>	<i>9 207</i>	<i>33.5</i>

33. The above figures relating to geographical distribution only take into account country- and regional-specific operations. As indicated above, all regions benefit from interregional projects, which constitute the bulk of the delivery of UNCTAD's technical cooperation and are based on the thematic expertise of the secretariat.

D. Thematic distribution of expenditures

34. The thematic distribution of expenditures on technical cooperation varied only marginally in 2004 as compared to 2003. Activities were distributed as follows between the four main areas of UNCTAD's work: globalization and development (12.5 per cent of total expenditures, an increase of 7.4 per cent); international trade in goods and services and commodity issues (23.2 per cent of total expenditures, a decrease of 7 per cent); investment, enterprise development and technology (16.6 per cent of total expenditures, a decrease of 14.5 per cent); and services infrastructure for development and trade efficiency (35.3 per cent of total expenditures, an increase of 7.8 per cent).

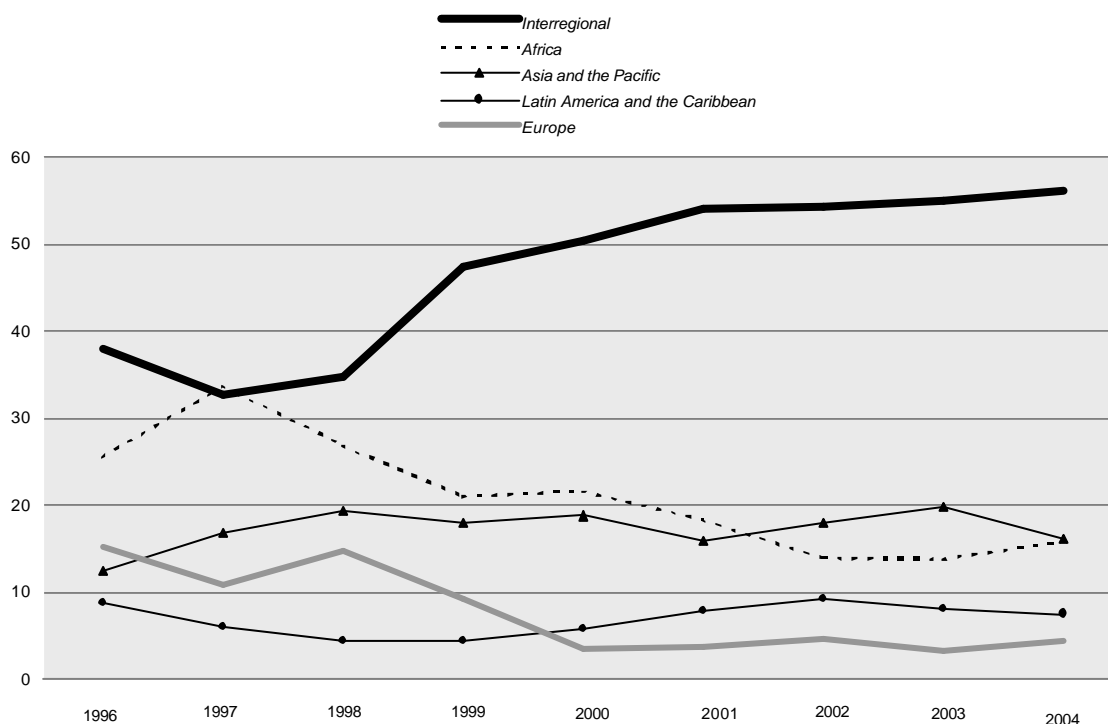
35. In 2004, major technical assistance programmes by order of expenditures were ASYCUDA (\$7.3 million); investment policy and capacity building (\$3.2 million); DMFAS (\$3.2 million); trade negotiations and commercial diplomacy (\$2.5 million); and trade, environment and development (\$2.2 million) (see table 4).

E. Trust fund for least developed countries

36. The trust fund for least developed countries, whose objective is to facilitate the start-up of new technical cooperation activities in support of least developed countries, was established and became operational in 1997. Contributions to this trust fund are both unearmarked (window 1) and earmarked (window 2). Earmarked contributions are allocated to specific objectives and activities agreed with donors and are implemented by the respective divisions of UNCTAD. Unearmarked contributions finance the core project of the trust fund. The core project is coordinated and back-stopped by UNCTAD's Special Programme for Least Developed, Landlocked and Island Developing Countries.

Chart 4

Technical cooperation expenditure, by region, 1996-2004
(Per cent of total yearly expenditure)



37. Over the past two years and as a result of the reduction in the size of UNCTAD's Special Programme for Least Developed, Landlocked and Island Developing Countries, part of the resources of the core project has been made available for research work required for the *Least Developed Countries Report*. In addition, analytical work has been financed through this fund in connection with the substantive preparation and servicing of various intergovernmental and expert meetings on issues of interest and relevance to least developed, landlocked and small island developing countries. Funding has also been made available under the project to support least developed countries' negotiations at the WTO,

the organization of meetings such as LDC trade ministers' meetings in preparation for WTO ministerial meetings, and participation of LDCs' representatives/experts at various expert meetings and conferences. Moreover, depending on the availability of funds, the trust fund is used as a source of support in ensuring UNCTAD's effective and proactive participation in the Integrated Framework process. Activities have included UNCTAD's closer involvement in the preparation of the Diagnostic Trade Integration Studies, action matrixes, and trade-related technical assistance project formulation in line with UNCTAD's mandate and comparative advantage.

Box 2

Trade and poverty: Interface between research and operations

Further progress was made in 2004 on the integration of UNCTAD's operational activities with secretariat research and analytical work and the work of intergovernmental bodies. The activities of many programmes and projects sought to enhance the policy relevance of research work and prepare the basis for future analytical work, as well as for intergovernmental deliberations, while in turn research work and the outcomes of deliberative work were fed into the activities of technical cooperation programmes and supported policy-making capacity. A good example of such an interaction was the work – research, operational activities and intergovernmental meetings – related to linking international trade and poverty reduction. This was the main theme of the *Least Developed Countries Report 2004*, and its analysis was used in the joint UNCTAD–World Bank Institute training workshop on trade and poverty (Geneva, May 2004), and the High-level Round Table on Trade and Poverty held during UNCTAD XI.

The objective of the training workshop was to raise awareness on linkages between trade and poverty and provide a forum for analysing policy issues surrounding trade and poverty. The workshop also advanced participants' understanding of how trade impacts poverty and how trade policy relates to development and poverty reduction policies.

The Round Table provided a forum for policy makers in least developed countries and their development partners to debate the issues related to the linkages between trade and poverty from a developmental perspective. It also debated national and international policy options to be pursued to ensure that trade effectively supports poverty reduction.

The *LDC Report 2004* proposed an approach to achieving this goal in the context of the LDCs, identifying reasons why export growth is often not linked to poverty reduction in LDCs and putting forward a three-pillar strategy to improve the trade–poverty relationship. The strategy includes (i) two-way mainstreaming of trade and development in national poverty reduction strategies, (ii) increased international assistance to develop trade and production capacities, and (iii) a more enabling international trade regime encompassing issues beyond the Doha trade agenda.

Table 4

Project expenditures by division/programme, as of 31 December 2004*(In thousands of dollars)*

Division/Programme	UNDP	Trust Funds ^a	Programme budget	Total	
				Amount	%
GDS: Total	222	3 197	-	3 419	12.5
Macro-economic and development policies	-	28	-	28	0.1
DMFAS Programme	222	3 034	-	3 256	11.9
Special programmes	-	136	-	136	0.5
DITC: Total	78	6 253	69	6 399	23.2
Trade analysis	-3	510	-	507	1.8
Trade negotiations and commercial diplomacy	80	2 443	2	2 525	9.2
Trade analysis and information	-	38	-	38	0.1
Commodities	0	298	50	349	1.3
Trade, environment and development	-	2 230	-	2 230	8.1
Competition law and policy and consumer protection	0	733	17	750	2.7
DITE: Total	350	4 048	160	4 558	16.6
Investment issues analysis	43	1 181	-	1 224	4.5
Policy and capacity building	298	2 828	160	3 286	12.0
Investment, enterprise and competitiveness	9	39	-	48	0.2
SITE: Total	1 230	8 111	348	9 689	35.3
Trade logistics	12	707	52	771	2.8
ASYCUDA	1 056	6 222	-	7 277	26.5
Information and training	46	1 120	297	1 462	5.3
Trade points	117	62	-	179	0.7
Electronic commerce	-	-	-	-	-
LDCs: Total	-2	928	-	926	3.4
Cross Divisional Advisory Services: Total	-	-	1 135	1 135	4.1
EDM: Total	454	851	26	1 332	4.8
GRAND TOTAL	2 332	23 388	1 739	27 459	100.0

^a Includes expenditures for UNFIP and Associate Experts.

III. FINAL REFLECTIONS

A. Concluding remarks

38. Last year's review of technical cooperation provided information on the progress made in the implementation of the strategy adopted in October 2003. It highlighted strengths and weaknesses that, in general terms, can still be observed in 2004. The implementation of the SPC, and the role that technical cooperation should play in this regard, emphasize some of these strengths and weaknesses. In general, the former lie in UNCTAD's research capacity, which is injected directly into operations, and in UNCTAD's understanding of development needs, which ensures credibility among developing countries' stakeholders. The weaknesses stem from UNCTAD's limited human and financial resources as compared to demand, from the wide and evolving scope of assistance, and from the fragmented structure of operations. The following are some remarks based on recent experience:

➤ As compared to many other organizations involved in trade and trade-related technical assistance, UNCTAD has predominantly "*customized*" operations, since its projects are usually designed after consultations with donors and beneficiaries, and only a few initiatives (such as some training courses) are "standardized" products. Tailor-made operations designed in response to specific demands ensure ownership and successful results. However, tailoring is a demanding exercise, whereby the expert's knowledge has to be merged with the national or regional stakeholders' knowledge of local needs. Tailoring also implies more individual projects (and therefore separate small budgets and reporting procedures), in the absence of a consensus on the establishment of thematic trust funds at the divisional level. Tailoring is often based more on donors' targets and views on topics than on developing countries' needs. Sometimes, tailored, small and limited operations are not justified from the point of view of the topic involved: as mentioned in the technical cooperation strategy, more interdivisional operations would increase the impact of UNCTAD assistance, for example in areas such as trade and poverty, negotiations on trade facilitation, services and investment, competition and investment, environmental issues and technology policies.

➤ UNCTAD's assistance is *flexible* because it can be adapted to the evolving needs and topics of the

trade and development agenda. New issues and priorities such as those emphasized by the SPC and mentioned in section I can be incorporated into current activities, thanks again to the ongoing research work that is used as the main substantive input for UNCTAD projects. However, the inclusion of new areas of assistance such as those related to the SPC mandates has implications from the point of view of human and financial resources, particularly for projects that are shaped around narrow terms of reference, limited budgets and short-term timetables.

➤ UNCTAD's *accountability* towards donors matches the fragmented structure of the operations; every April, each donor receives financial and progress reports on each of the projects financed with its contributions. This ensures an official reporting procedure that complements the regular contacts between project officers and other staff members involved in operations and the donors' authorities at all stages of the operations: from design until evaluation. But the number of individual projects generating these specific reports complicates the overall management and assessment of UNCTAD technical cooperation, and entails a heavy administrative workload. As said before, consolidating small individual projects within thematic and divisional programmes would streamline the substantive work and enhance the delivery of assistance provided by UNCTAD. It is worth recalling that, in addition to the evaluations undertaken within individual projects, the Working Party decides which thematic programmes will be evaluated.

➤ Enhancing the *institutional and negotiating capacity* of developing countries in order to develop endogenous trade and development policies is one of the main goals of many UNCTAD projects. UNCTAD's multidisciplinary approach, combining legal and economic components of trade and related topics, facilitates the design of operations addressing several interrelated aspects of competition laws, trade rules, investment agreements, electronic commerce, trade logistics, etc.. Almost all the mandates contained in the SPC are couched in multidisciplinary terms. However, institutional and negotiating capacities require a sustained, comprehensive and long-term effort that is at odds with short-term operations.

➤ **Interagency cooperation and participation of local civil society** are frequently part of UNCTAD projects. In fact, many activities are designed according to a clear division of labour involving, for example, local producers of commodities, national public and private entities, and academic institutions. More inter-agency cooperation could be envisaged at the international, regional and country levels, but with the exception of JITAP and the Integrated Framework, UNCTAD's funds are allocated to specific projects and are therefore not easily transferable to other activities, which raises practical obstacles in this regard. For instance, joint operations with the WTO are undertaken only insofar as the technical cooperation resources of both institutions coincide for a given mission or initiative in the field. As mentioned in section II, the number of joint UNDP/UNCTAD projects has been drastically reduced in recent years because of UNDP's shifting role as a provider of funds: this shift has important implications for the participation of UNCTAD in inter-agency national assistance plans such as the United Nations Development Assistance Frameworks (UNDAFs).

39. As reaffirmed in the SPC, UNCTAD's technical cooperation will continue to play a key role as one of the three pillars of the organization. The content and modalities of UNCTAD assistance are constantly evolving, reflecting both donors' and beneficiaries' concerns. Many innovations and improvements have been introduced in UNCTAD's technical cooperation in recent years – most of them producing positive managerial and substantive results. Further improvements may be required in order to keep UNCTAD up to date from the point of view of the new topics emerging in the trade and development arenas and efficient from the point of view of the impact of its work on development.

B. The context surrounding UNCTAD's technical cooperation

40. Finally, the technical cooperation of UNCTAD has to be assessed in light of the overall context that surrounds it and to which it belongs. Four elements that member States may wish to consider in their discussions are shaping this context and will continue to be particularly important in the medium-term:

(a) In the first place, technical cooperation activities represent one of the main instruments for achieving the goals set by the UNCTAD XI mandates. The preliminary identification of the São Paulo Consensus topics that have implications for UNCTAD technical cooperation

(section I of this review) is directly relevant in this regard.

- (b) Secondly, UNCTAD's technical cooperation should not be envisaged in isolation from trends and changes taking place within the UN system such as the ongoing reforms of UN development operations, implying that greater attention will be paid to country-intensive activities and to UN Resident Coordinators,² and the role of non-resident agencies in this process. This has significant implications for UNCTAD, which has no field offices, and for its role in operations such as the Integrated Framework, which are country-intensive.
- (c) Thirdly, increasing and legitimate attention is being paid to ensuring beneficiaries' ownership of operations, the sustainability and predictability of resources, and measurement of the development impact of assistance.
- (d) Last but not least, UNCTAD operations are part of the proliferating bilateral, regional and international initiatives in the area of trade and trade-related assistance, involving an increasingly wide spectrum of players in addition to the traditional governmental aid and international organizations. While this trend towards more trade-related activities may benefit developing countries, it has implications from the point of view of the quality of the services delivered, the dispersion of resources among an increasing number of executing institutions, and the coherence between the various disconnected operations and the development strategies of beneficiaries.

² UN General Assembly resolution 59/250 of 17 December 2004 states, inter alia (paras. 42-43): “Welcomes the efforts made so far by the United Nations system in the context of an improved functioning of the resident coordinator system, including through the Common Country Assessment and the United Nations Development Assistance Framework, in order to achieve greater country-level programmatic coherence within the system and to foster teamwork among the organizations of the system, in particular those represented at the country level; *Recognizes* that, in spite of these efforts, participation of the funds, programmes and agencies of the United Nations development system in country-level operational activities for development and coordination mechanisms still differs in level, quality and intensity, and that for some organizations it is inadequate, and in this context calls upon the United Nations development system to improve its country-level coordination so as to optimize its support to national development efforts, at the request of national authorities”.