

UNDP

WHAT IS YOUR AID FOR TRADE STRATEGY?

UNDP's strategy to support the Aid-for-Trade initiative is guided by its corporate mandate and has the following specific objectives:

- Supporting trade mainstreaming in national development/poverty reduction plans
- Building capacity to negotiate trade agreements
- Enhancing competitiveness and overcoming supply side constraints.

While the main focus of UNDP's support is at the country level with national priorities and national ownership providing the context and framework, addressing cross-border issues is emerging as an important part of UNDP's regional trade programmes in Africa, Asia and the Pacific, Arab states and the countries in transition.

HOW MUCH AID-FOR-TRADE DO YOU PROVIDE?

UNDP's trade capacity development support including on the Integrated Framework (IF) for the most part falls under the following Aid-for-Trade categories: (a) trade policy and regulations (b) trade development and (c) building productive sector capacity.

Specific activities under trade policy and regulations include research, policy analysis, trade mainstreaming in national development/poverty reduction strategies, training, and institutional development. Support through global, regional and country programmes is estimated at between US\$8-10 million a year for approximately 60 interventions in over 40 countries.

Support for trade development and building productive sector capacity is provided under UNDP's private sector portfolio which seeks to foster inclusive markets and consists of two broad type of interventions: private sector development aimed at increasing the contribution of micro-, small and medium sized enterprises to economic growth and poverty reduction; and private sector engagement aimed at fostering partnerships with a range of companies from multinationals (northern and southern), to small and medium sized enterprises (SMEs), often with a broader range of development objectives in mind.

The private sector development portfolio accounts for approximately US\$80 million of programme spending annually on over 400 projects in 101 country offices. It comprises a wide range of predominantly 'single theme' private sector development interventions, including support for business development services, access to micro-credit, and entrepreneurship development. Single

theme projects of this kind account for approximately 57 per cent of the portfolio in terms of simple project headcount. A further 25 per cent goes to sectoral and supply chain projects of various kinds, and approximately 11 per cent to policy related interventions, mainly in the area of improving the business environment.

Private sector engagement initiatives generate approximately US\$20 million per year in private sector funding contributions to UNDP through approximately 130 programmes in 75 country offices and regional centres. Cost sharing private sector partnerships are a relatively recent phenomenon in the development community at large but performance to date suggests that UNDP is extremely well positioned in this area with a strong and rapidly growing portfolio. Approximately 60 per cent of partnership projects are in the area of poverty reduction, followed by energy and environment and the social sectors. The majority is motivated by Corporate Social Responsibility (CSR) objectives and consequently includes a wide spectrum of interventions ranging from philanthropic donations to market-led investments.

UNDP is also active in the area of advocacy on trade-related issues especially from a poverty reduction and human development perspective and provides Trust Fund management services for the Integrated Framework.

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

UNDP's regional bureaus and country offices collaborate with its Bureau for Development Policy which maintains a Trade and Human Development Unit in Geneva to implement various trade capacity development interventions with country ownership as a guiding principle. Trade-related support in UNDP's just-approved Strategic Plan (2008-11) falls under the inclusive globalization key result area. Approximately 40 staff are actively engaged either full or part-time in supporting trade capacity issues with the support of UNDP's poverty reduction practice community which includes over 300 economic development/poverty reduction specialists and maintains an e-knowledge network to facilitate information exchange and capacity building.

UNDP's capacity development and democratic governance practice communities are also active on private sector support which is mainly carried out through the Bureau of Partnerships and the UNDP affiliate, the UN Capital Development Fund (UNCDF), in collaboration with regional bureaus and country offices.

Overall, UNDP's trade capacity interventions are consistent with the Paris Principles on aid effectiveness.

DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

No. However, UNDP's programming and service delivery is carried out on the basis of a results-based management approach which is an integral part of its governance and accountability arrangements supervised by its governing Board.