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**REPORT OF THE EXECUTIVE SECRETARY
ON THE ACTIVITIES OF THE COMMISSION****MOBILIZING FINANCIAL RESOURCES AND FUNDING***Proposed multi-year funding plan***Summary**

At its twenty-third session, the Economic and Social Commission for Western Asia (ESCWA) adopted resolution 263 (XXIII) of 12 May 2005 on promoting partnership and resource mobilization, which, inter alia, requested the Executive Secretary to prepare a multi-year funding plan and submit it to the twenty-fourth session of the Commission.

The report, which has been prepared pursuant to that resolution by the Commission, reiterates the need for member countries to take active part in the ESCWA technical cooperation programme as an expression of their commitment to the development objectives contained in the approved work programmes, thereby furthering regional cooperation and integration. Member countries in particular and donors in general are therefore encouraged to facilitate the flow of extrabudgetary resources to ESCWA through financial and in kind contributions.

The Commission is invited to take note of this report when formulating its decisions and setting strategic direction for supporting the secretariat in its partnership development and fund-raising efforts.

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I. CONTEXT

1. The mission of the Economic and Social Commission for Western Asia (ESCWA) is to promote economic and social development with a view to assisting its member countries (clients) in achieving increased regional cooperation and integration. In order to accomplish its mission, ESCWA follows a two-pronged course of action by way of analytical and normative work, on the one hand, and of operational activities, on the other.
2. ESCWA relies on the steady inflow of regular budget resources to implement the following: (a) the regular programme of work, which is dedicated primarily to parliamentary work and setting of norms, analytical studies, expert group meetings and conferences; (b) capacity development and technical support through policy advice, training, networking and field projects, which are financed from the Regular Programme of Technical Cooperation (RPTC); and (c) regional and interregional field projects, which are financed from the Development Account. Activities in the operational sphere are complemented by the extrabudgetary contributions of Governments of member countries, donor Governments, other United Nations entities, and international and regional organizations.
3. Following the adoption of resolution 258 (XXIII) on strengthening technical cooperation in the Economic and Social Commission for Western Asia, member countries endorsed the ESCWA Technical Cooperation Strategy, which aims to reinforce technical cooperation services at the regional level and increase the coherence and harmonization of development efforts by focusing on the Commission's priority areas, and by linking the analytical and normative work with operational activities, with a view to realizing greater development impact and sustainable results.
4. Building on the comparative advantages of ESCWA as a regional commission of the United Nations with intergovernmental status, on multidisciplinary staff with in-depth regional knowledge and on the role of ESCWA as regional advocate with a global perspective, the Commission broadened its technical cooperation modalities to encompass the following: (a) policy advocacy and dialogue; (b) policy advice and technical support; (c) training; (d) networking and generation of regional knowledge; and (e) field projects. The Commission redefined its target beneficiaries beyond the public sector and civil society to include individuals, institutions and society at large.
5. In order to strengthen the technical, managerial and organizational capacities of its clients and plan and deliver more effective policies and programmes, particularly in support of the United Nations Millennium Development Goals (MDGs) and the outcomes of the major United Nations conferences and international agreements since 1992, the Commission has developed the technical cooperation programme by converting the findings and recommendations of the analytical and normative work into operational activities, while ensuring that the programme is aligned with the regional and national priorities as defined in the strategic framework and reaffirmed by the 2005 evaluation exercises.
6. The technical cooperation programme of ESCWA focuses on four regional priorities, namely: support for managing globalization and regional integration, social policies, water and energy, and information and communication technologies (ICTs), while giving special emphasis to the cross-cutting issues of empowerment of women, statistics, and countries and territories emerging from conflict. With a view to bringing real value to technical cooperation, the programme is demand-driven and results-oriented.

II. RECENT TRENDS AND CURRENT SITUATION

7. Extrabudgetary resources endow the Commission with greater flexibility to accommodate technical assistance services and offer the possibility to amplify the extent, reach and quality of these services at the regional, sub-regional and national levels. During the past two bienniums, namely, from 2002 to 2005, efforts by the Commission aimed at generating additional extrabudgetary resources have been fruitful to a certain extent. The result of these efforts is reflected in the level of extrabudgetary expenditures, which

amounted to \$2.6 million in 2002-2003 and increased to \$4.4 million in 2004-2005, representing an increase of 70 per cent.

8. In 2002-2003, total expenditures of \$56.3 million were distributed among the various components as follows: the analytical and normative work of the Commission (regular budget) accounted for \$50 million, or 88.8 per cent; and technical cooperation, which accounted for \$6.3 million, or the remaining 11.2 per cent, and consisted of the RPTC at \$3.4 million, or 54.2 per cent of total technical cooperation expenditures; the Development Account at \$0.3 million, or 4.4 per cent; and extrabudgetary funds at \$2.6 million, or 41.4 per cent.

9. In 2004-2005, total expenditures amounted to \$59.3 million, which was distributed between the analytical work, at \$49.8 million, or 84 per cent; and technical cooperation activities and projects, at \$9.5 million, or 16 per cent. The latter amount was spread over the different technical cooperation components, as follows: spending on the RPTC amounted to \$3.9 million, or 6.5 per cent of total ESCWA expenditures; Development Account activities accounted for \$1.2 million, or 2 per cent; and extrabudgetary disbursements totalled \$4.4 million, or 7.5 per cent.

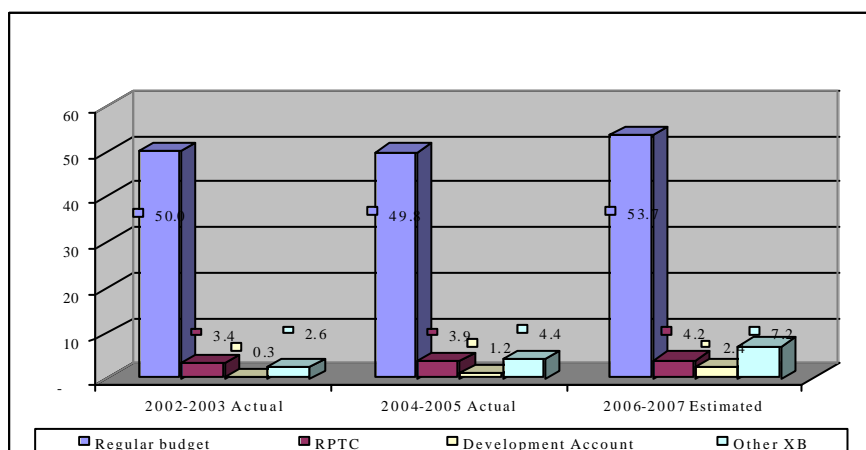
10. Despite the steady increase in the flow of extrabudgetary funds recorded over the past four years, the level of these resources was not commensurate with the requirements and demands of the Commission's clients for policy advice, technical support and capacity-building workshops.

11. At the end of February 2006, the contributions from extrabudgetary sources for the biennium 2006-2007 totalled \$7.2 million, reflecting an increase of 62 per cent compared to the previous biennium. It is noted that more than 80 per cent of funds mobilized so far for 2006-2007 address socio-economic development in Iraq. Moreover, additional pipeline projects will soon be finalized and funding will be secured from the United Nations Development Group - Iraq Trust Fund (UNDG-ITF).

12. For the 2006-2007 biennium, planned expenditures for technical cooperation are set at just under \$14 million, including \$4.2 million on the RPTC, or 6.2 per cent; \$2.4 million on the Development Account, or 3.6 per cent; and \$7.2 million from extrabudgetary resources, or 10.7 per cent. These planned expenditures are modest in monetary as well as in absolute terms, particularly compared to the planned expenditures for the analytical and normative work of ESCWA at \$53.7 million, or 79.6 per cent of total planned expenditures for the biennium.

13. Figure I provides a comparison of actual expenditures of ESCWA from 2002 to 2005 and planned spending for 2006-2007, distributed by source of funding, namely, the regular budget, RPTC, Development Account and extrabudgetary (see also annex I).

Figure I. ESCWA: Distribution of expenditures by budget source, 2002-2007
(Millions of US dollars)



III. COMPARATIVE DISTRIBUTION OF RESOURCES AMONG THE REGIONAL COMMISSIONS

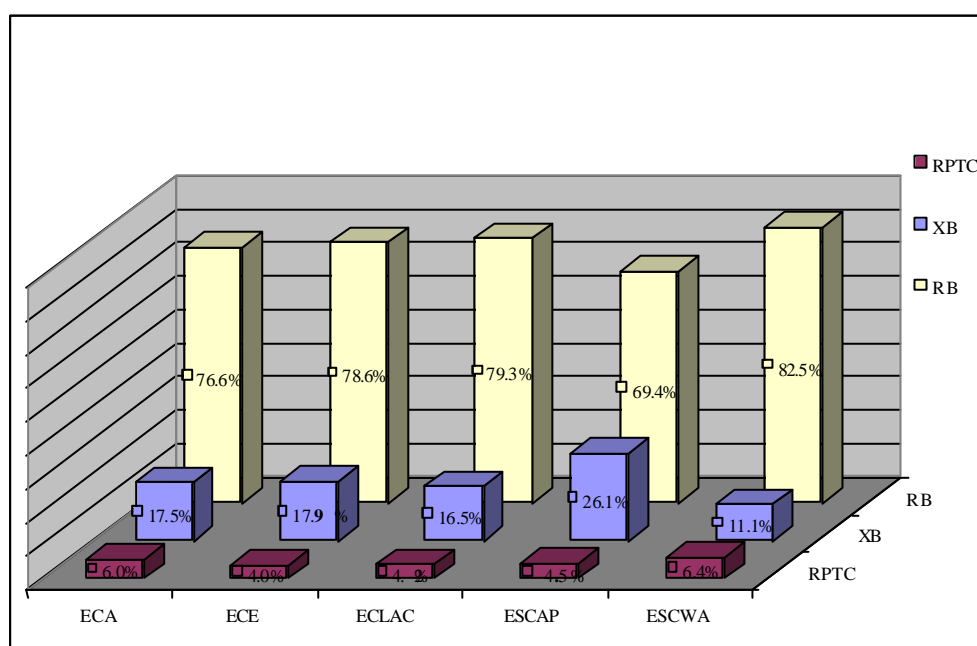
14. The technical cooperation resources of ESCWA are equally modest when compared to the availability of extrabudgetary resources of the other four regional commissions, namely, the Economic Commission for Africa (ECA), the Economic Commission for Europe (ECE), the Economic Commission for Latin America and the Caribbean (ECLAC), and the Economic and Social Commission for Asia and the Pacific (ESCAP).

15. In the past two bienniums, namely, 2002-2003 and 2004-2005, the average disbursements in each biennium for the analytical and normative work of the regional commissions were as follows: \$85.8 million for ECA, or 74 per cent of the total; \$50.7 million for ECE, or 74 per cent; \$78.6 million for ECLAC, or 76 per cent; \$61.8 million for ESCAP, or 79 per cent; and \$49.9 million for ESCWA, or 87.5 per cent.

16. Moreover, the average disbursements by the regional commissions for technical cooperation (RPTC and extrabudgetary only) in each of the past two bienniums were as follows: \$30.9 million for ECA, or 26 per cent of the total; \$18.1 million for ECE, or 26 per cent; \$24.6 million for ECLAC, or 24 per cent; \$25.7 million for ESCAP, or 21 per cent; and \$7.2 million for ESCWA, or 12.5 per cent.

17. Figure II portrays a comparison of resources between ESCWA and the other four regional commissions for the biennium 2006-2007 by source of funding, namely, regular budget, RPTC and extrabudgetary as available (see also annex I).

Figure II. Distribution of resources available for technical cooperation in the regional commissions, 2006-2007
(Percentages of total)



IV. FUNDING TARGET

18. The Commission has set the benchmark of 17 per cent for extrabudgetary expenditures in 2006-2007 in order to respond better to the needs of its member countries and to address regional and national priorities and emerging issues in a timely and flexible manner, while maintaining the highest standards of quality.

This benchmark, which corresponds to \$9.8 million, represents an increase from 11.7 per cent for extrabudgetary expenditures as initially planned.

19. Based on the above target, the Commission needs to mobilize at least an additional \$2.6 million in 2006-2007. These resources would be directed towards financing the general economic and social development programmes of the Commission, activities and/or projects in specific countries or sub-regions, or activities and/or projects in specific economic sectors or sub-sectors; and with the overall objective of promoting successful regional integration and accelerating the pace of economic, social and technological development in member countries to achieve the internationally agreed development goals, including the MDGs. Annex II provides a list of projects that have been approved by the General Assembly and the secretariat of ESCWA for the biennium 2006-2007, and that are still in need of extrabudgetary financing.

20. For 2008-2009, the Commission has set the target of 20 per cent for extrabudgetary contributions as a percentage of total resources, or \$11.6 million. Consequently, there is a need for ESCWA, its member countries and other organizations benefiting from the range of technical cooperation services provided by ESCWA to attempt collectively to sustain an average inflow of extrabudgetary resources of \$12 million per biennium.

21. The table below presents the minimum amounts that the Commission needs to mobilize in order to achieve the targeted resource availability and expenditure levels. Achieving these amounts in terms of expenditures implies that, in the coming period, the Commission will have achieved resource mobilization in excess of the stated amounts.

TABLE. MINIMUM AMOUNTS NEEDED TO ACHIEVE THE TARGETED RESOURCE AVAILABILITY AND EXPENDITURE LEVELS

Year	2006	2007	2008	2009
United States dollars	900 000	1 700 000	6 000 000	6 000 000

V. FUNDING PRIORITIES

22. The four priority areas identified by ESCWA member countries were reaffirmed by the 2005 evaluation exercise of the RPTC. Accordingly, the extrabudgetary contributions will be directed towards strengthening the institutional and human capacities, through a unified regional approach, in following up on the outcomes of the major United Nations conferences and international agreements since 1992, with special consideration to the countries and territories emerging from conflict and to the Least Developed Country in ESCWA, namely, Yemen. These contributions will focus on the following:

(a) The integrated management of water resources and the development of renewable energy, in following up on and implementing the Arab Initiative of the World Summit on Sustainable Development (WSSD);

(b) Managing social policies with particular attention to the adoption and adaptation of good practices and knowledge sharing in managing social policies, including determining the characteristics of mechanisms used in designing, implementing, coordinating and evaluating social policies;

(c) Economic cooperation, including the implementation of the Monterrey Consensus of the International Conference on Financing for Development, issues of the World Trade Organization (WTO), and regional trade and transport facilitation and development;

(d) Implementation of the Regional Plan of Action for Building an Information Society;

(e) Mainstreaming a gender perspective in policies and programmes at the national and regional levels and reducing gender imbalances, with particular emphasis on networking mechanisms and forging synergy between national machineries of women and non-governmental organizations (NGOs);

(f) Monitoring progress and reporting on the implementation of the MDGs at the regional level, including statistical development;

(g) Providing special assistance to countries in crisis and emerging from conflict.

23. The Commission promotes the establishment and development of strategic partnerships with centres of excellence, particularly at the regional and national levels; collaboration and joint implementation of ESCWA technical cooperation programme with other organizations of the United Nations system, particularly the United Nations Development Programme (UNDP); and the active participation and involvement of member Governments and civil society institutions.

VI. MODALITIES FOR CONTRIBUTIONS

24. Donations are administered and managed in accordance with the United Nations financial rules and regulations. Annual progress reports and completion reports are required.

25. Contributions can take several forms, as outlined below.

A. REGULAR ANNUAL CONTRIBUTIONS TO THE ESCWA TRUST FUND FOR REGIONAL ACTIVITIES

26. Notably, selected member countries in the other regional commissions make regular annual contributions of substantive amounts. These contributions in turn facilitate the contributions from donors outside their respective regions. Contributions of member countries are a concrete expression of the ownership of the Commission and of the commitment to the promotion of regional cooperation and integration.

27. The ESCWA Trust Fund for Regional Activities, which was established by resolution 33 (III) of 24 May 1976, is funded from voluntary contributions of ESCWA member countries. Governmental and non-governmental regional organizations and institutions have equally contributed to the Trust Fund.

28. Funds can be earmarked to finance normative and analytical work, and/or projects and activities preferably at the regional/sub-regional level. Moreover, such funds can target specific countries or an individual country, including the donor country itself; specific economic or social sectors or sub-sectors; or certain agreed upon priorities or areas that are within the mandate of ESCWA and its scope of work.

29. Funds that have not been earmarked offer the secretariat of ESCWA the flexibility and capability for meeting requests from member countries with regard to emerging issues and priorities, at the regional and sub-regional levels.

30. Fostering partnerships and increasing the level and frequency of contributions by ESCWA member countries and donors reflects commitment and the expression of concrete support to ESCWA and, moreover, encourages the direct participation of such contributors in furthering regional cooperation and integration in a competitive international economic environment.

B. PROJECT/ACTIVITY AGREEMENTS BETWEEN ESCWA AND DONORS

31. Under this modality, ESCWA and a potential donor negotiate the full or partial financing of a field project or of selected activities therein, based on the relevant concept paper(s) developed by the Commission.

Upon reaching a final agreement with the interested parties for joint execution, a full-fledged project document is developed, which reflects the necessary adjustments and improvements in the light of the consultations; elaborates the roles and functions of each implementing party; and indicates the relevant human and financial resources, including contributions in kind as applicable, to be administered and managed by the respective entities. The final step is the signature of the project/activity agreement detailing the frequency and timing of the contributions to be received and the reporting requirements.

C. REACHING AN AGREEMENT FOR IN KIND COOPERATION AND SUPPORT

32. This modality enables the Commission and partner(s) to amplify their endeavours for cooperation, coordination, collaboration, knowledge-sharing, exchanging experiences and finding innovative solutions, taking into consideration the comparative advantage(s) of the entities in their respective fields of competence. The most salient results of this form of venture, in addition to the development of strategic long-term partnership(s), is in terms of enhancing the synergy and consolidating and focusing the development and technical cooperation efforts; avoiding duplication and dissipating resources; reaching a wider array of beneficiaries and extending knowledge beyond the regional level; and achieving greater impact for and sustainability of development assistance.

Annex I

DISTRIBUTION OF RESOURCES IN MONETARY AND PERCENTAGE TERMS

ANNEX TABLE 1. DISTRIBUTION OF ESCWA RESOURCES OVER THREE BIENNIUMS
 BY SOURCE OF FUNDING
 (Thousands of United States dollars)

	Regular budget	Regular Programme of Technical Cooperation	Development Account	Extrabudgetary	Total
2002-2003	50 017.1	3 419.7	276.1	2 608.6	56 321.5
2004-2005	49 829.7	3 885.9	1 179.5	4 443.8	59 339.0
2006-2007	53 651.0	4 173.7	2 421.5	7 194.7	67 440.8

ANNEX TABLE 2. DISTRIBUTION OF ESCWA RESOURCES OVER THREE BIENNIUMS
 BY SOURCE OF FUNDING
 (Percentages)

	Regular budget	Regular Programme of Technical Cooperation	Development Account	Extrabudgetary	Total
2002-2003	88.8	6.1	0.5	4.6	100.0
2004-2005	84.0	6.5	2.0	7.5	100.0
2006-2007	79.6	6.2	3.6	10.7	100.0

ANNEX TABLE 3. DISTRIBUTION OF ESTIMATED RESOURCES OF THE FIVE REGIONAL COMMISSIONS
 FOR THE BIENNIUM 2006-2007, REFLECTING DATA AVAILABLE
 BY SOURCE OF FUNDING
 (Thousands of United States dollars)

	Regular budget	Regular Programme of Technical Cooperation	Extrabudgetary	Total
ECA	100 669.6	7 831.7	22 972.3	131 473.6
ESCAP	69 233.6	4 496.2	26 080.9	99 810.7
ECE	58 586.3	2 993.2	13 467.0	75 046.5
ECLAC	92 717.4	4 895.5	19 285.4	116 898.3
ESCWA	53 651.0	4 173.7	7 194.7	65 019.4

ANNEX TABLE 4. DISTRIBUTION OF ESTIMATED RESOURCES OF THE FIVE REGIONAL COMMISSIONS
 FOR THE BIENNIUM 2006-2007, REFLECTING DATA AVAILABLE
 BY SOURCE OF FUNDING
 (Percentages)

	Regular budget	Regular Programme of Technical Cooperation	Extrabudgetary	Total
ECA	76.6	6.0	17.5	100.0
ESCAP	69.4	4.5	26.1	100.0
ECE	78.1	4.0	17.9	100.0
ECLAC	79.3	4.2	16.5	100.0
ESCWA	82.5	6.4	11.1	100.0

Annex II

**LIST OF PROJECTS APPROVED BY THE GENERAL ASSEMBLY
AND ESCWA SECRETARIAT FOR 2006 AND 2007**
(By Subprogramme)

Project title	Amount to be mobilized (in USD)	Approved by
Subprogramme 1: Integrated policies for the management of regional resources for sustainable development		
Arab Integrated Water Resources Management Network (AWARENET)	335 000	General Assembly
Disseminating renewable energy services to rural and remote areas in ESCWA member countries	2 000 000	General Assembly
Supporting the assessment and prevention of land degradation in West Asia and North Africa	1 240 000	ESCWA secretariat
Subprogramme 2: Integrated social policies		
Enhancing the institutional capacities of policymakers in member States to formulate integrated social policies	395 000	ESCWA secretariat
Empowering visually disabled persons through information and communication technology	755 000	ESCWA secretariat
Developing a regional framework for responding to HIV/AIDS	365 000	ESCWA secretariat
Subprogramme 3: Economic analysis and forecasting for regional development		
East Asia development models and Arab development requirements: public investment policy formulation	385 000	General Assembly
Subprogramme 4: Regional integration and responding to globalization		
Networking of expertise on foreign direct investment in the ESCWA member countries	610 000	ESCWA secretariat
Subprogramme 5: Information and communication technology for regional integration		
Development on an Arabic Domain Name System and implementation of a regional pilot project	630 000	General Assembly
Establishment of information and communication technology incubating facilities for promoting Digital Arabic Content industry	600 000	General Assembly
Arabized information and communication technology e-glossary	410 000	ESCWA secretariat
Capacity-building for information society measurement	320 000	ESCWA secretariat
Subprogramme 6: Comparable statistics for improved planning and decision-making		
Development of disability statistics in the ESCWA region	485 000	General Assembly
Strengthening the development of environment statistics and accounts in the ESCWA region and North Africa	470 000	General Assembly
Subprogramme 7: Advancement and empowerment of women		
Capacity-building of women's national machinery for promoting gender equality in selected ESCWA member countries	460 000	ESCWA secretariat
Countries and territories emerging from conflict (Iraq and Palestine)		
Strengthening agricultural and agro-industrial competitiveness in the Gaza Strip through Arab-international partnerships	1 900 000	ESCWA secretariat
Total	11 360 000	
