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**Review of the technical cooperation activities of  
UNCTAD and their financing**

Report by the Secretary-General of UNCTAD

**Annex I: Review of activities undertaken in 2008**

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## Abbreviations

<b>AAACP</b>	All ACP Agricultural Commodities Programme
<b>ACP</b>	African, Caribbean and Pacific (Group of States)
<b>ALADI</b>	Latin American Integration Association
<b>APEC</b>	Asia–Pacific Economic Cooperation
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASYCUDA</b>	Automated System for Customs Data
<b>BIT</b>	bilateral investment treaty
<b>CBD</b>	Convention on Biological Diversity
<b>CBTF</b>	Capacity-building Task Force on Trade, Environment and Development
<b>CDM</b>	clean development mechanism
<b>CEB</b>	Chief Executives Board
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COMPAL</b>	Competition and Consumer Protection Policies for Latin America
<b>COSA</b>	Committee on Sustainability Assessment
<b>CTF</b>	Consultative Task Force on Environmental Requirements and Market Access for Developing Countries
<b>DFID</b>	Department for International Development (United Kingdom)
<b>DMFAS</b>	Debt Management and Financial Analysis System
<b>DTIS</b>	diagnostic trade integration study
<b>EAC</b>	East African Community
<b>EC</b>	European Commission
<b>ECLAC</b>	Economic Commission for Latin America and the Caribbean
<b>ECOWAS</b>	Economic Community of West African States
<b>EGS</b>	environmental goods and services
<b>EIF</b>	Enhanced Integrated Framework
<b>Empretec</b>	Entrepreneurship Development Programme
<b>EPA</b>	economic partnership agreement
<b>ESA</b>	Eastern and Southern Africa
<b>ESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>ESCWA</b>	United Nations Economic and Social Commission for Western Asia
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FDI</b>	foreign direct investment
<b>FIATA</b>	International Federation of Freight Forwarders' Associations
<b>FTA</b>	free trade agreement
<b>G-24</b>	Intergovernmental Group of Twenty-Four on International Monetary Affairs
<b>GATS</b>	General Agreement on Trade in Services
<b>GDP</b>	gross domestic product
<b>GI</b>	geographical indication
<b>GSP</b>	Generalized System of Preferences
<b>GSTP</b>	Global System of Trade Preferences among Developing Countries
<b>GTZ</b>	German technical assistance corporation
<b>ICC</b>	International Chamber of Commerce
<b>ICT</b>	information and communications technology
<b>ICTSD</b>	International Centre for Trade and Sustainable Development
<b>IDB</b>	Islamic Development Bank
<b>IDRC</b>	International Development Research Centre
<b>IFOAM</b>	International Federation of Organic Agriculture Movements
<b>IIA</b>	international investment agreement
<b>ILO</b>	International Labour Organization

<b>IMF</b>	International Monetary Fund
<b>IPA</b>	investment promotion agency
<b>IPR</b>	investment policy review
<b>ISAR</b>	International Standards of Accounting and Reporting
<b>ISO</b>	International Organization for Standardization
<b>ITC</b>	International Trade Centre UNCTAD/WTO
<b>ITF</b>	International Task Force on Harmonization and Equivalence in Organic Agriculture
<b>LDC</b>	least developed country
<b>LLDC</b>	landlocked developing country
<b>MDG</b>	Millennium Development Goal
<b>MEA</b>	multilateral environmental agreement
<b>MERCOSUR</b>	Southern Common Market
<b>NAFTA</b>	North American Free Trade Agreement
<b>NAMA</b>	non-agricultural market access negotiations
<b>NGO</b>	non-governmental organization
<b>NSPR</b>	national services policy review of the services sectors
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>OECS</b>	Organization of Eastern Caribbean States
<b>PFESP</b>	Palestinian Fund for Employment and Social Protection
<b>PIPA</b>	Palestinian Investment Promotion Agency
<b>PSC</b>	Palestinian Shippers' Council
<b>RTA</b>	regional trade agreement
<b>SADC</b>	Southern African Development Community
<b>SCAN</b>	Sustainable Commodity Assistance Network
<b>SCI</b>	Sustainable Commodity Initiative
<b>SECO</b>	State Secretariat for Economic Affairs (Switzerland)
<b>SIDS</b>	small island developing State
<b>SME</b>	small and medium-sized enterprise
<b>SPS</b>	sanitary and phytosanitary
<b>STI</b>	science, technology and innovation
<b>STIP</b>	science, technology and innovation policy
<b>STRATSHIP</b>	strategic planning for senior shipping managers
<b>SWVSE</b>	structurally weak, vulnerable and small economy
<b>TNC</b>	transnational corporation
<b>TNF</b>	Trade Negotiating Forum
<b>TRAINS</b>	Trade Analysis and Information System
<b>TrainForTrade</b>	Training Development in the Field of Foreign Trade
<b>TRIPS</b>	Agreement on Trade-Related Aspects of Intellectual Property Rights
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>UNDP</b>	United Nations Development Programme
<b>UNECE</b>	United Nations Economic Commission for Europe
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNFIP</b>	United Nations Fund for International Partnership
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNITAR</b>	United Nations Institute for Training and Research
<b>USAID</b>	United States Agency for International Development
<b>Vi</b>	Virtual Institute
<b>WAEMU</b>	West African Economic and Monetary Union
<b>WAIPA</b>	World Association of Investment Promotion Agencies
<b>WHO</b>	World Health Organization

<b>WIPO</b>	World Intellectual Property Organization
<b>WITS</b>	World Integrated Trade Solution
<b>WSIS</b>	World Summit on the Information Society
<b>WTO</b>	World Trade Organization

## Country/territory/region codes

<b>AFG</b>	Afghanistan	<b>CVI</b>	Cape Verde
<b>ALB</b>	Albania	<b>CYP</b>	Cyprus
<b>ALG</b>	Algeria	<b>CZE</b>	Czech Republic
<b>ANG</b>	Angola	<b>DJI</b>	Djibouti
<b>ANL</b>	Anguilla	<b>DMI</b>	Dominica
<b>ANT</b>	Antigua and Barbuda	<b>DOM</b>	Dominican Republic
<b>ARG</b>	Argentina	<b>DRK</b>	Democratic People's Republic of Korea
<b>ARM</b>	Armenia	<b>ECU</b>	Ecuador
<b>ARU</b>	Aruba	<b>EGY</b>	Egypt
<b>AZE</b>	Azerbaijan	<b>ELS</b>	El Salvador
<b>BAH</b>	Bahrain	<b>EQG</b>	Equatorial Guinea
<b>BAL</b>	Baltic States (regional)	<b>ERI</b>	Eritrea
<b>BAR</b>	Barbados	<b>EST</b>	Estonia
<b>BDI</b>	Burundi	<b>ETH</b>	Ethiopia
<b>BEN</b>	Benin	<b>FIJ</b>	Fiji
<b>BER</b>	Bermuda	<b>GAB</b>	Gabon
<b>BGD</b>	Bangladesh	<b>GAM</b>	Gambia
<b>BHA</b>	Bahamas	<b>GBS</b>	Guinea-Bissau
<b>BHU</b>	Bhutan	<b>GEO</b>	Georgia
<b>BIH</b>	Bosnia and Herzegovina	<b>GHA</b>	Ghana
<b>BKF</b>	Burkina Faso	<b>GIB</b>	Gibraltar
<b>BOL</b>	Bolivia (Plurinational State of)	<b>GRN</b>	Grenada
<b>BOT</b>	Botswana	<b>GUA</b>	Guatemala
<b>BRA</b>	Brazil	<b>GUI</b>	Guinea
<b>BRU</b>	Brunei Darussalam	<b>GUY</b>	Guyana
<b>BUL</b>	Bulgaria	<b>HAI</b>	Haiti
<b>BVI</b>	British Virgin Islands	<b>HON</b>	Honduras
<b>BYE</b>	Belarus	<b>HUN</b>	Hungary
<b>BZE</b>	Belize	<b>IND</b>	India
<b>CAF</b>	Central African Republic	<b>INS</b>	Indonesia
<b>CAM</b>	Central America (regional)	<b>IRA</b>	Iran (Islamic Republic of)
<b>CAR</b>	Caribbean (regional)	<b>IRQ</b>	Iraq
<b>CAY</b>	Cayman Islands	<b>IVC</b>	Côte d'Ivoire
<b>CHD</b>	Chad	<b>JAM</b>	Jamaica
<b>CHI</b>	Chile	<b>JOR</b>	Jordan
<b>CIS</b>	Commonwealth of Independent States	<b>KAZ</b>	Kazakhstan
<b>CKI</b>	Cook Islands	<b>KEN</b>	Kenya
<b>CMB</b>	Cambodia	<b>KIR</b>	Kiribati
<b>CMR</b>	Cameroon	<b>KUW</b>	Kuwait
<b>COI</b>	Comoros	<b>KYR</b>	Kyrgyzstan
<b>COL</b>	Colombia	<b>LAO</b>	Lao People's Democratic Republic
<b>COS</b>	Costa Rica	<b>LAT</b>	Latvia
<b>CPR</b>	China	<b>LEB</b>	Lebanon
<b>CRO</b>	Croatia	<b>LES</b>	Lesotho
<b>CUB</b>	Cuba		

<b>LIB</b>	Libyan Arab Jamahiriya	<b>SAM</b>	Samoa
<b>LIR</b>	Liberia	<b>SAU</b>	Saudi Arabia
<b>LIT</b>	Lithuania	<b>SEN</b>	Senegal
<b>MAG</b>	Madagascar	<b>SEY</b>	Seychelles
<b>MAL</b>	Malaysia	<b>SIL</b>	Sierra Leone
<b>MAR</b>	Mauritius	<b>SIN</b>	Singapore
<b>MAT</b>	Malta	<b>SLO</b>	Slovakia
<b>MAU</b>	Mauritania	<b>SOI</b>	Solomon Islands
<b>MCD</b>	The former Yugoslav Republic of Macedonia	<b>SOM</b>	Somalia
<b>MDV</b>	Maldives	<b>SRL</b>	Sri Lanka
<b>MEX</b>	Mexico	<b>STH</b>	Saint Helena
<b>MOL</b>	Republic of Moldova	<b>STK</b>	Saint Kitts and Nevis
<b>MON</b>	Mongolia	<b>STL</b>	Saint Lucia
<b>MOR</b>	Morocco	<b>STV</b>	Saint Vincent and the Grenadines
<b>MOT</b>	Montserrat	<b>STP</b>	Sao Tome and Principe
<b>MOZ</b>	Mozambique	<b>SUD</b>	Sudan
<b>MYA</b>	Myanmar	<b>SUR</b>	Suriname
<b>MLI</b>	Mali	<b>SVN</b>	Slovenia
<b>MLW</b>	Malawi	<b>SYR</b>	Syrian Arab Republic
<b>NAM</b>	Namibia	<b>SWA</b>	Swaziland
<b>NAN</b>	Netherlands Antilles	<b>TAI</b>	Taiwan Province of China
<b>NEP</b>	Nepal	<b>TAJ</b>	Tajikistan
<b>NCA</b>	New Caledonia	<b>TCI</b>	Turks and Caicos Islands
<b>NER</b>	Niger	<b>THA</b>	Thailand
<b>NIC</b>	Nicaragua	<b>TIM</b>	Timor-Leste
<b>NIR</b>	Nigeria	<b>TOG</b>	Togo
<b>NIU</b>	Niue	<b>TOK</b>	Tokelau
<b>OMA</b>	Oman	<b>TON</b>	Tonga
<b>PAK</b>	Pakistan	<b>TRI</b>	Trinidad and Tobago
<b>PAL</b>	Palestinian Authority	<b>TUK</b>	Turkmenistan
<b>PAN</b>	Panama	<b>TUN</b>	Tunisia
<b>PAR</b>	Paraguay	<b>TUR</b>	Turkey
<b>PER</b>	Peru	<b>TUV</b>	Tuvalu
<b>PHI</b>	Philippines	<b>UAE</b>	United Arab Emirates
<b>PNG</b>	Papua New Guinea	<b>UGA</b>	Uganda
<b>POL</b>	Poland	<b>UKR</b>	Ukraine
<b>PRC</b>	Congo	<b>URT</b>	United Republic of Tanzania
<b>PUE</b>	Puerto Rico	<b>URU</b>	Uruguay
<b>QAT</b>	Qatar	<b>UZB</b>	Uzbekistan
<b>RAF</b>	Africa (regional)	<b>VAN</b>	Vanuatu
<b>RAS</b>	Asia and the Pacific (regional)	<b>VEN</b>	Venezuela (Bolivarian Republic of)
<b>RER</b>	Europe (regional)	<b>VIE</b>	Viet Nam
<b>RLA</b>	Latin America and the Caribbean (regional)	<b>YEM</b>	Yemen
<b>ROK</b>	Republic of Korea	<b>YUG</b>	Yugoslavia
<b>ROM</b>	Romania	<b>ZAI</b>	Democratic Republic of the Congo
<b>RUS</b>	Russian Federation	<b>ZAM</b>	Zambia
<b>RWA</b>	Rwanda	<b>ZIM</b>	Zimbabwe
<b>SAF</b>	South Africa		

## **Introduction**

1. This annex provides a description of the main technical cooperation projects and programmes undertaken by UNCTAD in 2008. It is presented in accordance with the structure of the new thematic clusters, around which the technical cooperation projects and programmes are grouped. A table showing the individual projects implemented by each cluster follows the relevant section.

## **Cluster I. Capacity-building on trade negotiations and commercial diplomacy**

Lead division: Division on International Trade in Goods and Services, and Commodities (DITC)

2. The programmes under this cluster aim to strengthen the capacities of developing countries, least developed countries (LDCs), and countries with economies in transition to integrate beneficially into the global economy and the international trading system, and to design and implement trade policies and participate effectively and coherently in bilateral, regional (including South–South) and multilateral trade negotiations, including on goods, agriculture, and services, placing greater emphasis on practical solutions.

### **A. Enhanced trade negotiations and trade policy formulation capacities for meeting the Millennium Development Goals**

#### **1. Support to developing countries on trade negotiations**

3. *Development context:* Ongoing trade negotiations at multilateral, interregional, regional and subregional levels continue to affect the development prospects of developing countries. While trade negotiations can open up access to new markets and to other opportunities, and can promote the redesigning of national trade-related policy frameworks geared towards development, they also represent daunting challenges, as new rules and commitments resulting from such negotiations would define a country's participation in international trade. Since developing countries have relied on international trade for their national income and for employment over the past decades, the way in which – and the extent to which – they participate in international trade would significantly affect their future development and poverty alleviation prospects. Therefore, the challenge facing policymakers and trade negotiators in developing countries in this regard is to design adequate national policy and negotiating strategies that best reflect their national development objectives, and to effectively participate in the negotiations so as to facilitate development-oriented outcomes. Nevertheless, human, analytical, policy-related, regulatory and institutional capacity and resource constraints continue to impede their full and beneficial participation in these negotiations. Parallel and simultaneous negotiations at multilateral and regional levels covering a wide array of issues ranging from tariffs to regulatory issues – combined with subregional integration processes – place further onus on developing countries.

4. 2008 witnessed an intensification of World Trade Organization (WTO) negotiations under the Doha Round negotiations, in the run-up to the mini-ministerial meeting in July 2008 and to its follow-up towards the end of the year. Against the backdrop of proliferating regional trade agreements, regional trade negotiations accelerated too, most notably in the African, Caribbean and Pacific Group of States (ACP)–European Union (EU) negotiations for economic partnership agreements and in various South–South regional integration initiatives.



5. **Objective:** UNCTAD's support has aimed at helping developing countries – particularly LDCs – to better understand and appreciate the development dimension of the negotiations, including their implications for meeting the Millennium Development Goals (MDGs). The objective is to help them establish their own negotiating priorities and their capacity for negotiating and implementing bilateral, regional and multilateral trade agreements, to maximize the chance that the outcomes fully reflect their critical development concerns and interests. This objective is pursued through support aimed at enhancing both analytical capacities and expertise on trade-negotiating issues in developing countries; facilitating better understanding and assessments of different elements of the negotiating issues in light of their development objectives; building human and regulatory capacities on trade-related policy and negotiations; and promoting multi-stakeholder consultations at regional and national levels. Technical support addressed key areas of the negotiations, such as agriculture, non-agricultural market access negotiations (NAMA), services, rules, trade facilitation, issues connected with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and the development dimension such as Aid for Trade.

6. **Outputs:**

(a) **WTO Doha negotiations and regional trade agreements**

7. In 2008, keeping pace with the intensified negotiations at the multilateral and regional levels, UNCTAD extended support to developing-country policymakers and negotiators and to other stakeholders – both in Geneva and on the ground – in their preparations for these negotiations, particularly those aimed at completing modalities for agriculture and NAMA, and at making commensurate progress in services, trade facilitation, rules and TRIPS, and on development issues, such as Aid for Trade. Substantive support was provided to ministerial and other high-level meetings of regional groupings, such as LDCs (27–28 February 2008, in Maseru). Important capacity-building support was provided, and advisory services and analytical support were extended, upon request, to trade negotiators and policymakers in individual developing countries, as well as to country groupings such as LDCs, the African Group and the ACP Group. UNCTAD contributed to the analysis and assessment of the development implications of the technical issues under discussion, and facilitated the establishment of their own negotiating priorities on such topics as agriculture, NAMA, services, TRIPS and rules, and in other areas. Assistance was extended in compiling and computing tariff and trade data to ascertain the possible impacts for developing countries of the trade measures under consideration, in conducting economic and legal research and providing analysis and commentaries, and in contributing to the assessment of proposed measures among the members of the groups. UNCTAD contributed to various technical meetings, seminars and retreats organized by developing countries and groupings in and around Geneva. Separately, various national and regional thematic programmes also include support on the Doha Round negotiations as a key component.

(b) **Aid for Trade**

8. UNCTAD continued to contribute to policy discussions on the conceptualization, operationalization and implementation of Aid for Trade. UNCTAD contributed to international dialogue and assisted developing countries and country groupings in their preparation for the conceptualization and operationalization of the initiative. UNCTAD participated in the WTO consultative group on Aid for Trade. Within the framework of the Working Group on Trade of the United Nations Executive Committee on Economic and Social Affairs, UNCTAD organized a pre-UNCTAD XII event entitled “Aid for trade and

development: towards a new global solidarity initiative”, which was held in Bangkok on 24 and 25 January 2008.

**(c) ACP–EU negotiations on economic partnership agreements**

9. The ACP–EU negotiations on full economic partnership agreements (EPAs) continued for most ACP regions during 2008, after the signing of a full EPA by the Caribbean region and the signing of a number of “interim EPAs” by several ACP subregions and individual countries in 2007. The ACP–EU negotiations in 2008 revolved around two parallel processes: formalization/ratification and implementation of the full and interim EPAs concluded in 2007, and region-to-region negotiations aimed at concluding full EPAs. Concluding full region-to-region EPAs that would serve as a real instrument for sustainable development, poverty alleviation and regional integration remains the parties’ stated objective.

10. UNCTAD extended targeted substantive support to ACP States and regions individually and collectively on these negotiations, and also on the interface between these negotiations and the WTO Doha Round negotiations, in close cooperation with partners of UNCTAD such as the ACP secretariat and the African Union. UNCTAD participated in and contributed to a number of national and regional technical and consultative discussions and events. These included:

- (i) Support to the ACP Group of States in Geneva on issues interfacing the Doha negotiations and EPA negotiations, including the developmental aspects of WTO rules on regional trade agreements, and agricultural and non-agricultural market access negotiations, particularly in respect of preference erosion, as well as on services;
- (ii) Substantive support to the African Union on EPAs, including contributing to the high-level technical meeting in preparation for the African Union Conference of Ministers of Trade and of Finance, on EPA negotiations, (held 1–3 April 2008 in Addis Ababa);
- (iii) Substantive contribution to the preparatory processes of regional configurations in preparation for the EPA negotiations, including to: the East African Community (EAC) (21 June 2008, Kenya); Eastern and Southern Africa (ESA) (24 June 2008, Brussels); the Common Market for Eastern and Southern Africa (COMESA) (25–27 August 2008, Zambia); and to the Southern African Development Community (SADC) (5–8 February 2008, Botswana; 3 June 2008, South Africa; 8 July 2008, Zambia; 25–26 August 2008, South Africa; and 26 September 2008, Geneva);
- (iv) Substantive support to individual ACP States and regions in preparation for EPA negotiations; in particular by reviewing the status of the negotiations; by conducting impact assessments; by analysing technical issues such as WTO compatibility and interface, market access in goods and services, and other “new issues”; and by analysing and examining options for EPAs. Substantive contributions to national and regional consultative workshops, seminars, training, technical meetings and other events organized by the ACP Group (20 October 2008, Brussels); the United Nations Economic Commission for Africa (8–10 October 2008, Addis Ababa); the Commonwealth Secretariat (5 March 2008, London); Islamic Development Bank (13 October 2008, Senegal); Swaziland (17–19 June 2008, 25–28 August 2008); Botswana (20 June 2008, 22–24 October 2008); and Cape Verde (8–12 December 2008).

(d) **Support for developing Africa's trade-negotiating capacity**

11. African countries continue to face particular challenges in their engagement in multilateral and regional trade negotiations. UNCTAD continued to provide capacity-building support to African countries and groupings. The focus of the support in 2008 was on strengthening the capacity of African countries and policymakers on trade policy formulation and on trade negotiations in WTO, EPAs, and regional integration processes.

12. UNCTAD provided substantive contributions to various events, for example to the National Workshop on Negotiating Skills and Strategy for Trade in Services and Investment in the EPA Negotiations for Botswana (22–28 October 2008, Gaborone). A workshop on trade policy formulation for policymakers from the Democratic Republic of the Congo was organized in Kinshasa to review the issues at stake in the various negotiations that the Democratic Republic of the Congo is involved in. In addition, a separate awareness-raising exercise was held on regional and multilateral trade issues, for parliamentarians of the Democratic Republic of the Congo (June 2008, Kinshasa).

13. Continued technical assistance was provided to African subregional integration groupings such as SADC and COMESA, with regard to trade in services aimed at capacity-building in the fields of services assessments and negotiations. UNCTAD extended support to services assessments and preparations for (a) regional negotiations with a view to developing a regional framework on services trade; (b) participation in WTO General Agreement on Trade in Services (GATS) negotiations; and (c) the challenges associated with parallel negotiations between various regional groupings and the EU on EPAs.

14. In 2008, UNCTAD contributed to the following national and regional technical events: the SADC Workshop on Trade in Services (5–8 March 2008, Botswana); the eleventh SADC Trade Negotiating Forum (TNF) services meeting (3 June 2008, South Africa); EPA domestic stakeholder consultations (17–19 June 2008, Swaziland); EPA domestic stakeholder consultations (20 June 2008, Botswana); the special meeting of the SADC TNF services meeting (8 July 2008, Zambia); the SADC EPA Services and Investment Meeting (25–28 August 2008, South Africa); the SADC Consultative Meeting on Trade in Services (26 September 2008, Geneva); and the EPA Services and Investment Meeting (22–24 October 2008, Botswana).

15. The expertise and knowledge of the member countries' trade officials in services negotiations were strengthened through contributions to national training workshops and seminars, through the preparation of national assessment studies in priority services sectors and technical papers on issues, and through provision of analytical support on specific issues and problems identified during regional and multilateral negotiations.

16. **Results/impacts:** UNCTAD's support contributed to facilitating effective and beneficial participation by developing countries – particularly LDCs, African countries, and other structurally weak and vulnerable economies – in the international trading system and in trade negotiations. UNCTAD's support has enhanced the understanding of developing-country trade negotiators, policymakers and stakeholders with regard to the developmental implications of trade negotiations, and has enhanced their ability to analyse, formulate and implement trade policies and strategies in promoting their developmental interests. The positive feedback received from beneficiaries indicates that UNCTAD's support and activities resulted in and contributed to:

- (a) The advancement of multilateral and regional trade negotiations with greater focus on the development dimension, including the objective of achieving MDG 8 to develop an open, rules-based, predictable, non-discriminatory trading system;
- (b) Greater preparedness and improved ability to analyse, formulate and implement trade policies and strategies to promote their developmental interests;
- (c) Enhanced understanding by developing-country trade negotiators, policymakers and stakeholders of the developmental implications of various technical issues under negotiation, such as agriculture, NAMA, services, rules, trade facilitation and development issues;
- (d) Better-informed and better-trained trade officials in country groupings such as Africa, the LDCs and the ACP Group – as well as in individual countries – who are better equipped with expertise to assess and establish their own negotiating priorities in the light of their developmental implications on specific areas of trade negotiations; and
- (e) Greater awareness and appreciation of the importance of the coherence of bilateral and regional trade agreements with the multilateral trading system, and of strengthened regional cooperation mechanisms such as a new frontier of services-related policies, regulations and institutions.

## 2. **Dispute settlement in international trade, investment and intellectual property, and WTO dispute settlement**

17. *Development context:* In the increasingly rules-based international trading system, beneficial participation in the global economy demands knowledge of the rules and their interpretation by designated regional and international judicial or quasi-judicial bodies.

18. *Objective:* The UNCTAD Project on Dispute Settlement in International Trade, Investment and Intellectual Property develops materials and delivers capacity-building activities on the procedural and substantive rules and main issues in international dispute settlement by the principal dedicated institutions. The project covers international investment dispute settlement under the rules of the International Centre for Settlement of Investment Disputes (of the World Bank group); WTO's dispute settlement system as regards international trade in goods, services and intellectual property; dispute settlement in the field of intellectual property under the rules of WIPO's Arbitration and Mediation Centre and on internet domain name dispute resolution; the rules of the United Nations Commission on International Trade Law (UNCITRAL) on international commercial arbitration as a mode of international dispute settlement as well as dispute settlement under selected regional arrangements, namely the Association of Southeast Asian Nations (ASEAN), the Common Market of the South (MERCOSUR), and the North American Free Trade Agreement. The project seeks to help developing countries avoid disputes where possible and to manage unavoidable disputes effectively, thereby allowing their participation in the international economy to be as effective as possible.

19. *Outputs:* The dispute settlement project implemented a series of activities in 2008, such as publishing updated training modules, outreach, and training. A regional workshop was held in 2008 in collaboration with the Islamic Development Bank and the Gulf Cooperation Council on WTO agreements on antidumping, subsidies and safeguards and on dispute settlement (1–4 June 2008, Riyadh). The project provided inputs to a conference on arbitration and mediation in ACP–EU

relations, organized by the Association for International Arbitration (21 May 2008, Brussels).

20. Strategic collaboration with regional academic institutions was further enhanced by concluding a Memorandum of Understanding with the City University of Hong Kong on capacity-building in international dispute settlement in the Asia-Pacific region (10 March 2008).

21. **Results/impacts:** The capacity-building/outreach activities and collaborative agreements have contributed to understanding of the rapidly expanding fields of international economic law and dispute settlement practice, and also of the importance of the issues under the project. The activities guided developing-country officials and legal practitioners from both the public and the private sectors, and from different legal systems, on the interpretation of rules by international institutional and arbitral bodies.

### 3. UNCTAD project on strategies and preparedness for trade and globalization in India

22. **Development context:** The pace of globalization in India is increasing rapidly, yet the challenges to human development remain formidable. To achieve the Millennium Development Goals, the Government of India is committed to promoting pro-poor globalization by building capacities for international trade negotiation, and matching this both with appropriate domestic policies and with human and institutional capacities to tackle the challenges of globalization.

23. **Objectives:** The major objectives of the project are to assist India in utilizing trade to promote development by: developing capacities to address trade negotiations in multilateral forums – particularly WTO, but also at subregional and interregional levels; building capacity in and understanding of the trade laws and regulations governing market-access conditions in the international trading system; dealing with trade disputes; and utilizing preferential trade arrangements. The project has two main interrelated components: the first component focuses on trade negotiations, while the second component focuses on strengthening human and institutional capacities and on developing an enabling policy environment for trade and development.

24. **Outputs:** Activities in 2008 focused on: technical studies and stakeholder consultations related to the WTO work programme and to free trade agreements (FTAs); providing high-level training to strengthen institutional capability to analyse trade and globalization developments; and undertaking analytical studies that seek to deepen understanding of the impacts of trade development on reducing poverty. Six stakeholder consultations were held as part of the project. Stakeholder consultations on the WTO negotiations on fisheries subsidies provided stakeholders with an opportunity to improve their understanding of the likely impact of the result of these negotiations. Analytical study on quantifying the likely benefits in goods and services as a result of the South Asia Free Trade Agreement was finalized after obtaining detailed inputs from stakeholders in countries in South Asia. Analytical studies on how the poor are affected by international trade were completed. These studies, inter alia, examined the effect of trade on employment and wages in agriculture and the unorganized sector in India; and the impact of exports on gender employment. Two international conferences were organized: (i) Moving towards Gender Sensitization of Trade Policy; and (ii) How are the Poor Affected by Trade?

25. Through targeted activities in four universities/institutions (Allahabad University, the Centre for Development Studies in Trivandrum, Jadavpur University, and the University of Mizoram), the project sought to build the capacity of

researchers to undertake research on trade issues, with an emphasis on quantifying the effects of international trade.

26. Through analytical studies, workshops, and direct interaction with government officials and national and international experts, the project has sought to enhance the understanding of stakeholders – particularly those in agriculture, textiles, handicrafts, small and medium-sized enterprises, and fisheries – regarding the opportunities and challenges resulting from trade and globalization.

27. Activities relating to geographical indications (GI) were implemented with additional momentum during 2008 through awareness-creation, facilitating the filing of applications for GI registration, and impact-assessment studies of GI registration.

28. The project has taken a multi-pronged approach to facilitating better collection, dissemination and analysis of trade-related information. A detailed database on the rules of origin of about 40 free trade agreements (FTAs) and regional trade agreements (RTAs) has been created. Detailed studies on the barriers facing exports of hand-woven products, marine products and electronic products were completed. A comprehensive mapping of various testing laboratories in India was undertaken.

29. The analytical studies and the broadly inclusive stakeholder consultation meetings organized under the project were useful in defining the negotiating positions of India, while keeping the pro-poor dimension of trade in view. The stakeholder consultations also provided an opportunity to enhance understanding of the implications of trade-related policies. Inputs from the project were useful in assisting India in negotiations on the India–Japan Comprehensive Economic Partnership agreement, and particularly in finalizing the list of products with a negative impact and in identifying products that have potential for export to Japan.

30. Various project activities have enhanced the appreciation of quantitative research of trade issues, and have increased the demand for and supply of such research to feed into the policymaking process.

31. Effective intervention by the project at the grassroots level has resulted in two products securing GI registration. This would assist resource-poor artisans to leverage the uniqueness of their products for commercial gain. In addition, applications for GI registration were filed for 10 other products during 2008.

32. With almost 50 per cent of the fish catch in India being exported, the marine sector represents a balance between the interests of small-scale fishermen and large-scale exporters. In order to assist fishermen in realizing better prices from exporters for their catch, the project has implemented a web-based mechanism whereby fishermen are provided with information on the prevailing market prices at 20 different markets and landing sites, for 34 varieties of fish. This is helping the fishermen to sell at the markets and landing sites where they can maximize their returns. It has also provided a platform for the next stage of intervention – the dissemination of market-related information through mobile phones.

## **B. Support for accession to WTO**

33. *Development context:* Developing countries, countries with economies in transition and LDCs which are in the process of acceding to WTO face particular challenges in their efforts to join the multilateral trading system. While accession to WTO could open up new economic opportunities, these countries face the daunting tasks of establishing strategies for and engaging in negotiations with trading partners so that their national development objectives and needs are duly reflected

in the final commitments and in undertaking resource-intensive trade-related and economy-wide policy reforms. The terms of accession would define their integration into the international trading system and would therefore have an important bearing on their development prospects.

34. **Objectives:** The objective of the programme is to build human, institutional and regulatory capacities in trade policy and negotiations in acceding countries, so as to enable them to accede to WTO on terms commensurate with their level of development, in light of their individual national development objectives. The programme also aims to build up the ability to fully meet the obligations associated with WTO membership, and to exercise rights and obligations to promote their national development strategies. This programme is a major area of the UNCTAD technical assistance programme, through which 21 acceding countries are successfully being assisted. The support is geared towards direct, tailor-made and hands-on assistance to the negotiating teams from the acceding countries at all stages of the WTO accession processes – before, during and after WTO accession – including implementation of WTO accession commitments and policy, and institutional and regulatory reforms subsequent to the accession. Such hands-on assistance is attuned to the development realities on the ground and fully takes into account the WTO rules and obligations which countries have to adhere to upon their accession. The importance of trade policy reform in all trade-related areas is also a key message in this regard.

35. UNCTAD's short- and medium-term intervention, which highlights the importance of the development dimension of WTO accession, has included analytical support on trade negotiating issues, the preparation of impact studies, advisory services on technical issues and the preparation of documentation, market access offers in goods and services, national policy reform plans, training of trade negotiators and stakeholders, and the holding of multi-stakeholder consultative meetings and sensitization workshops. A longer-term objective is to enable acceding countries to benefit from and contribute to the multilateral trading system.

36. **Outputs:** The outputs can be categorized into three main areas:

- (a) Improvement of acceding countries' awareness and understanding of the rules and disciplines associated with their WTO membership, and of their capacity to implement them by adopting requisite legislations and practices;
- (b) Training of government officials, parliamentarians and the private sector – in acceding countries and countries in the process of application for WTO accession – in trade-related policy and WTO matters and processes; and
- (c) Completion and dissemination of a wide range of accession-related trade-policy studies and reviews, including legal reviews of the WTO-consistency of trade-related domestic legislations, building up the national knowledge base to serve for the accession process.

37. In 2008, support was provided, inter alia, through provision of advisory services, training of government officials on WTO-related issues, preparation of impact studies, and reviewing of trade-related domestic legislation for WTO-consistency. Sectoral studies and assessments on issues related to the impact of WTO accession on the economy were prepared by national experts in a number of countries. Field missions were undertaken for and advisory services were provided to: Azerbaijan, Cape Verde, the Lao People's Democratic Republic, and Sudan. Consultations on accession-related issues were held with Algeria, Azerbaijan, Bhutan, Bosnia and Herzegovina, and the Lao People's Democratic Republic, in preparation for their working party meetings at WTO. Public awareness workshops on key issues regarding WTO accession and the multilateral trading system were

held for Members of the Afghan Parliament (in Kabul), and for Members of the Algerian Parliament. Technical workshops were organized in Geneva for members of the negotiating teams of Afghanistan, Belarus, Bosnia and Herzegovina, Ethiopia, Iraq and Yemen. Additionally, an outreach programme on the dynamics and operations of the multilateral trading system was held in Geneva for Members of the National Assembly of Sudan – with the participation of WTO, the International Trade Centre UNCTAD/WTO (ITC), the World Intellectual Property Organization (WIPO) and the secretariat of the Inter-Parliamentary Union.

38. In response to specific requests from beneficiaries, tailor-made assistance was provided and events were organized. Accordingly, a joint informal consultative session was organized (28 November 2008) among the accession teams of three countries – Azerbaijan, Belarus and Iraq – to encourage the exchange of experiences and lessons, and to give officials from the three acceding countries the opportunity to network. Workshops were also held in Geneva on GSP schemes and rules of origin for Yemeni officials (15–16 May 2008), and for Iraqi officials (26–28 November 2008). The seminars benefited from invaluable contributions by preference-granting countries (Canada, the European Commission (EC), Japan, and the United States) and by partner agencies such as WTO and the Inter-American Development Bank. A one-week attachment program in UNCTAD for junior trade officials from Bhutan and Kazakhstan was organized (26–30 May 2008), in order to familiarize them with the secretariats of international organizations and with various trade and development issues affecting their countries.

39. UNCTAD also contributed to joint events and to events organized by other institutions. It participated in the United Nations Development Programme (UNDP) National workshop on accession for Syrian stakeholders (15–16 June 2008, Damascus); the seminar on international trade and the Doha Round organized by WTO and the United Nations Institute for Training and Research (UNITAR) for New York-based diplomats; the seminar on international trade law and policy organized by WTO and UNITAR for New York-based diplomats; the workshop on accession-related issues for developing countries, organized in cooperation with the Islamic Development Bank (6–8 October 2008, Tehran); the UNDP national workshop on issues related to WTO accession (21–24 October 2008, Minsk); and the Food and Agriculture Organization of the United Nations (FAO) regional workshop on agriculture-related issues in the Syrian WTO accession process (26–28 October 2008, Damascus).

40. **Impacts/Results:** Positive feedback and expressions of appreciation largely point to a high degree of satisfaction on the part of beneficiary countries for UNCTAD's assistance on WTO accession. Beneficiary countries indicated a considerable positive impact from the assistance provided towards their efforts to accede to WTO. Cape Verde and Ukraine – to which UNCTAD assistance was extended throughout their accession processes – became the 152<sup>nd</sup> and 153<sup>rd</sup> members of WTO in 2008. Progress was achieved in the accession processes of other countries through the submission of documentation and the successful holding of WTO working party discussions. At a more operational level, the following could be cited as major results:

- (a) Greater preparedness for – and improved performance in – the working party discussions, including technically sound drafting of accession documents and their timely submission;
- (b) Training of government officials, and enhanced expertise among negotiating teams on the technical issues involved in the accession process, backed by sound data and impact assessments;



- (c) Improved understanding among the stakeholders involved in the accession process of the implications of WTO accession and the potential benefits, as a result of awareness-raising exercises undertaken on these issues for civil society, parliamentarians, the media and the business community;
- (d) Better appreciation of a broader international trading system, for example of the Generalized System of Preferences (GSP) and of other unilateral preferential schemes and rules of origin, including an understanding of where there is underutilization of the schemes in existence, and consideration of the steps necessary to better utilize the schemes.

41. UNCTAD's programme on WTO accession continued to follow the established methodology and build upon its growing body of experience and expertise. The programme was evaluated positively by independent evaluators and commended by the Working Party on the Medium-term Plan and Programme Budget. An independent evaluation noted, among other things, that such activities were "considered to be very relevant, focused and timely, pro-development, and responsive to the changing needs of the beneficiary countries" (TD/B/WP/190; 21 July 2006). The Working Party at its forty-seventh session expressed its appreciation for the "timely, comprehensive, demand-driven and development-focused assistance", and at its forty-ninth session noted "with appreciation the integral technical assistance provided by UNCTAD, including post-accession assistance provided to member States and the unique, comprehensive and high quality of the technical assistance programme on accession to the World Trade Organization (WTO)" (TD/B/WP/198/Rev.1; 5 October 2007).

### C. Trade in services for development

42. **Development context:** The services economy continues to grow both in size and in significance as regards the attainment of development objectives. There is a trend towards increasingly liberalized services trade with multiple negotiations at the multilateral and regional levels. In order to generate the expected development benefits, liberalization of the services trade needs to be properly paced and sequenced alongside the establishment of effective regulatory and institutional frameworks. This poses a challenge for developing countries, since for many of them, regulatory and institutional frameworks are still in their infancy.

43. **Objectives:** Project activities are aimed at raising the awareness of national stakeholders – including civil society, entrepreneurs, policymakers and trade negotiators – of the opportunities to secure development gains from the development of the services sector and services trade. Our activities also stress that the integration of developing countries into the global services economy, through increased services trade, requires them to design and implement appropriate policies and regulatory frameworks, negotiate and manage trade agreements that cover services, establish institutional structures, create an enabling environment for entrepreneurship, and build competitive services supply capacities.

44. Both multilateral and regional negotiations should enable developing countries to benefit from the fast-growing services trade, not only by securing increased market access for their exports, but also by providing them with improved access to imported producer services. Services should also contribute to their overall national development by ensuring universal access to basic services such as health, education, energy, water services and telecommunications, and achievement of the Millennium Development Goals. However, we continue to stress in all of our research, technical assistance and consensus-building activities that to ensure gains from services trade liberalization, adequate content, pacing and sequencing of domestic reforms and regional and multilateral liberalization remain essential.

45. **Outputs:** With a view to achieving these objectives, UNCTAD carries out numerous activities, including group training (in Geneva and in capitals); the provision of specific technical advice on legal, economic and policy issues; support for stakeholder consultations; and conducting national services assessments or other types of customized assistance. These activities are informed by continuous evidence-based and cutting-edge research and analysis, covering market trends and the economic and legal aspects of the services economy, regulatory and institutional frameworks, and international trade negotiations.

46. The following are selected examples of activities carried out in 2008:

- (a) Technical assistance for developing countries regarding GATS negotiations through, for example, the preparation of technical papers, seminars, training, and group or individual meetings (including one-on-one meetings) in Geneva and in capitals. Topics addressed included: request/offer negotiations under GATS article XIX (including plurilateral negotiations and assistance in the review and development of countries' GATS offers); rulemaking negotiations, including domestic regulations; sector-specific issues and systemic issues such as special and differential treatment; and preparations for the July negotiations in WTO and for the Signalling Conference.
- (b) Technical assistance specifically targeted at LDCs. In collaboration with other development partners, UNCTAD contributed to numerous meetings (e.g. various LDC retreats) assisting LDCs to better participate in WTO and other service trade negotiations; UNCTAD assistance typically included the preparation of technical background material and the provision of technical advice and analysis during the discussions. The topics addressed included the operationalization of LDC modalities (including through the LDC proposal on a mechanism for preferential treatment); future disciplines on domestic regulation and the manner in which such disciplines would apply to LDCs; issues related to mode 4; and mechanisms to enhance the transfer of technologies through international trade.
- (c) Throughout 2008, UNCTAD provided demand-based assistance on issues of common interest to groupings of countries such as SADC, COMESA, the Andean Community, the landlocked developing countries (LLDCs), ASEAN, and the Latin American Integration Association (ALADI). For example, UNCTAD facilitated a regional workshop on building services capacity, which covered such issues as the global services market, GATS principles and obligations, and regional approaches to services liberalization through RTAs and GATS negotiations for the COMESA countries, and which was followed by several negotiating sessions on a regional framework for services liberalization, to which UNCTAD provided technical advice. UNCTAD contributed to an SADC regional workshop on trade in services by reviewing the draft framework agreement for the liberalization of trade in services in the SADC region, and provided technical advice on related negotiations in the context of the SADC TNF services meetings. UNCTAD assisted both the SADC and ESA countries in defining an approach to trade in services in EPAs. UNCTAD was requested to assist countries in these groupings in devising negotiating strategies/positions for the EPA negotiations with the EC on services and trade-related issues, while taking into account the development objectives and interests of ESA countries. A regional workshop on trade in services for ALADI member States was organized, in cooperation with both the Economic Commission for Latin America and the Caribbean (ECLAC) and ALADI.

- (d) Technical advice was delivered to high-level officials during ministerial meetings covering services trade issues. Such support was provided to LDC officials meeting in Maseru, Lesotho for the LDC Trade Ministers' Meeting in February 2008, which elaborated the Maseru Declaration aimed at advancing and promoting the interests of LDCs in the Doha Development Round. Later, in April, UNCTAD provided technical assistance to backstop the African Union Ministerial Conference in Addis Ababa. Declarations of the Conference call on UNCTAD to strengthen its work in services. In their declaration on EPA negotiations, the African Union also stressed that the EU–Africa EPA agreement must not compromise the regional integration and development priorities and interests of countries in Africa, but rather help to strengthen them.
- (e) Services assessments, including specific country- and sector-focused services assessments that examine policy and regulatory frameworks and the (potential) impact of trade liberalization. Such assessments provide beneficiary countries with the data and information necessary for making informed policy choices about accelerating national services development, and about the liberalization and regulation of service sectors at the national, regional and international level. Through collaboration with national consultants, services assessments also directly build capacity at the country level.
- (f) UNCTAD has been engaged in working with national experts in each of the SADC countries on services assessment studies covering six priority sectors (communications, construction, energy, financial, tourism and transportation services). These studies examine the extent of liberalization, the policy environment, the regulatory environment, the market structure, and the performance of each sector. They provide an overall insight on opportunities to advance the development of these services sectors, and some concrete recommendations for government officials involved in these negotiations. Separately, UNCTAD also launched services assessment studies in the Lao People's Democratic Republic and in Sudan on distribution services in 2008.
- (g) A draft methodology for use in undertaking national services policy reviews of the services sectors (NSPRs) was prepared by UNCTAD and is currently being used to support NSPR studies in Kyrgyzstan, Nepal and Uganda. UNCTAD's NSPRs respond to the increased demand from countries for national services assessment studies. Each NSPR guides a full range of national stakeholders in requesting countries, through a systematic review of the economic, regulatory, institutional and trade policy environments characterizing their services sectors, with the aim of assisting them in improving regulatory and institutional frameworks and identifying trade policy options that advance national sectoral development objectives. Beneficiaries choose specific sectors of national interest for in-depth study within the NSPR. In Uganda, the NSPR focuses on an examination of insurance, professional, education and construction services; in Kyrgyzstan, on energy and tourism services; and in Nepal, on information and communications technology (ICT) and on tourism services. Together with national partners from government ministries, UNCTAD organized and facilitated national stakeholder workshops to launch NSPRs in Kyrgyzstan and Uganda in 2008.
- (h) UNCTAD contributes to efforts to improve the availability and quality of the services trade data collected by developing countries, and to ensure that international recommendations take account of developing-country needs in

data collection, through its participation in the Inter-agency Task Force on Statistics of International Trade in Services which is currently finalizing the second edition of the Manual on Statistics of International Trade in Services for release in 2010.

47. UNCTAD also continued to follow crucial development-related issues arising in the ongoing international debate on services trade liberalization:

- (a) Regarding the temporary movement of natural persons supplying services (mode 4), UNCTAD helped developing countries – and particularly LDCs – to continue to pursue their trade negotiating objectives in multilateral services negotiations. UNCTAD also focused on the trade and development aspects of migration, including by collaborating with other international organizations – for example, within the Global Migration Group – and by contributing to workshops and meetings organized by other bodies. Among other things, UNCTAD contributed to and participated in the Global Forum on Migration and Development, held in October 2008 in Manila.
- (b) UNCTAD enhanced the profile of services-specific issues arising in the context of regional services integration (South–South and North–South, including EPAs) and the interface between regional services negotiations and GATS negotiations. The ad hoc expert group meeting on the development interface between the multilateral trading system and regional trade agreements (15–16 March 2007) strengthened the relevant knowledge base and created a platform for an open debate about the benefits and challenges of regionalism at the international level.
- (c) UNCTAD contributed to various migration and development events during the course of 2008. For example, UNCTAD participated in a workshop on labour migration (in March) and the International Symposium on International Migration and Development (in June), in the run-up to the High-level Dialogue on Migration (in September). UNCTAD also contributed to relevant analyses and meetings on migration organized by partner agencies (the International Organization for Migration, WTO, the World Bank, and United Nations bodies such as the Economic and Social Council), to the United Nations Secretary-General’s report on international migration and development, and to the Global Migration Group’s report on human rights and migration.
- (d) Between May and December 2008, UNCTAD chaired the Global Migration Group, and coordinated its work in preparation for the Global Forum for Migration and Development, which was held from 27 to 30 October in Manila. UNCTAD has highlighted the importance of the potential benefits and opportunities of trade, investment and development links between the countries of origin of migrants and their communities abroad. Furthermore, UNCTAD contributed to improving the knowledge base on circular migration and the emigration of highly skilled workers, and contributed to a paper entitled “Mauritius pilot project on circular migration: labour market needs in receiving countries”, which was delivered at the EC–Mauritius Workshop on Circular Migration (8–9 September 2009).
- (e) UNCTAD strengthened advice and policy debate on domestic regulation in the services sector. UNCTAD continued providing technical assistance and advice to developing countries engaged in WTO negotiations on domestic regulation, and increasingly turned the focus of its services assessments to sector-specific, domestic regulatory issues, including best practices.

- (f) UNCTAD also continued its work on other areas of GATS rules, notably negotiations on an emergency safeguards mechanism, possible disciplines on subsidies that distort trade, and government procurement. Advice – including in the form of participation in relevant meetings and preparation of background notes – was offered to developing countries and regional groupings, such as Asian-Pacific Economic Cooperation (APEC).

48. UNCTAD continued strengthening its sector-specific approach to services policymaking with a view to strengthening developing countries' knowledge bases. Priority sectors addressed over the years include: distribution, financial (including insurance), tourism, health, outsourcing-related and universal access-related sectors, and logistics services.

- (a) UNCTAD strengthened its work on financial services, a sector whose key infrastructural functions and central importance was highlighted by the emerging sub-prime crisis. UNCTAD helped developing countries enhance their capacity to derive tangible benefits from financial services liberalization by, for example, strengthening work on assessing the opportunities that the liberalization of financial services can generate for developing countries (including, for example – as regards export markets – microfinancing or Islamic financing); increasing the common knowledge base of best practices for regulatory and institutional frameworks (e.g. prudential and technical) in the financial services sector; and indicating the possible impact of the various methods for making commitments on financial services within the framework of WTO, as well as future disciplines on domestic regulation. A two-day expert meeting on financial services (18–19 September 2007, Geneva) strengthened the capacities of capital-based services policymakers, financial services regulators, and trade negotiators, among others, by exploring crucial issues and sharing experiences and best practices;
- (b) UNCTAD continued to work on the interface between the liberalization of health services and the attainment of health policy goals. Following the Expert Meeting on Universal Access to Services in 2006, and in collaboration with the World Health Organization (WHO), UNCTAD conducted research on ensuring policy coherence between trade and health policies. UNCTAD also contributed to the development of an “assessment toolkit” aimed at enhancing the capacity of developing countries to consciously promote trade and health coherence through, for example, its participation in relevant technical meetings, and its analytical contributions;
- (c) In collaboration with the permanent missions of Bolivia and Spain and the International Development Research Centre, and with the support of the Economic Commission for Latin America and the Caribbean, UNCTAD organized a high-level seminar on water services and free trade (8 June 2007, Geneva). In view of the importance of water for human survival, for development and for the achievement of the Millennium Development Goals, the meeting examined policy issues pertaining to the provision of water services, including its treatment under GATS and other international trade and investment regimes, and its economic and social policy implications for developing countries;
- (d) UNCTAD also addressed other priority sectors, including energy services and tourism services. For example, UNCTAD organized a meeting on the trade and development implications of international tourism for developing countries (19–20 November 2007) to examine issues and policy options to enhance the development dividends from tourism for developing countries.

The meeting helped enhance awareness and understanding of the development potential of international tourism, and it provided a platform for sharing experiences on successful policies for and approaches to developing national tourism sectors in a holistic way that generates economy-wide gains and pro-poor results.

49. **Results/impacts:** UNCTAD's wide-ranging and innovative work on the trade in services has helped developing countries, LDCs, and countries with economies in transition to assess the contribution of services to development; reform their services sectors with an emphasis on development (e.g. strengthen access to essential services, develop pro-poor services policies and build supply capacity); generate important data and reference material for negotiations and policy decisions; and improve their participation in multilateral and regional services trade negotiations. UNCTAD studies, advisory missions, workshops, ground-level support and customized advice to specific countries have enhanced the technical capacity of developing countries' ministries and state agencies that manage the services sectors; of services trade negotiators and policymakers in Geneva and in capitals; and of the relevant regional institutions. By addressing new topics and emerging challenges, UNCTAD continues to adapt its technical assistance on services to the realities of a highly dynamic services economy, and to strengthen the linkages between the organization's research, capacity-building and technical assistance activities.

#### **D. Capacity-building on market access, preferences, GSP, GSTP, and other trade laws**

50. **Development context:** The Generalized System of Preferences (GSP), instituted in 1971 under the aegis of UNCTAD, has contributed over the years to creating an enabling trading environment for developing countries, particularly LDCs. Recently, following the WTO Hong Kong Ministerial Decision in 2005, improvements were made to various schemes to grant duty-free and quota-free market access for LDCs. Challenges arise for beneficiaries in fully exploiting market access opportunities available under these schemes, including by effectively meeting rules of origin requirements. The provision and utilization of trade preferences is a key goal of the United Nations Programme of Action for LDCs and the MDGs. The Global System of Trade Preferences Among Developing Countries (GSTP) was established in 1988 as a framework for the exchange of trade preferences among developing countries, and it conducted two rounds of negotiations. The participants decided to launch the third round of negotiations (the São Paulo round) at UNCTAD XI in 2004.

51. **Objectives:** The objective of UNCTAD's support on GSP and other preferential arrangements is to help developing countries – particularly LDCs – to increase utilization of GSP and other trade preferences, essentially by raising awareness and enhancing understanding among exporters and government officials in beneficiary countries of the trading opportunities available under the schemes; strengthening understanding of technical and administrative regulations and laws governing preferential market access, particularly rules of origin; and disseminating relevant information for users of GSP and other preferential schemes. The objective of UNCTAD's support to GSTP participants is to facilitate the operation of GSTP, including providing substantive and administrative support to GSTP participants for their conducting of GSTP negotiations.

52. **Outputs:**

## 1. Global System of Trade Preferences among Developing Countries

53. UNCTAD's Global System of Trade Preferences Among Developing Countries project has provided technical and administrative support for the implementation of the Agreement on the GSTP, for the operations of the GSTP committee of participants, and for the conducting of the third round of GSTP negotiations launched in 2004 in São Paulo, Brazil. At their April 2008 meeting in Accra, Ghana, ministers of GSTP participant countries provided guidance on key elements of a linear cut formula for exchanging tariff preferences, and instructed their Geneva negotiators to settle outstanding technical issues. They called for an expeditious conclusion of the negotiations, in light of the anticipated economic downturn and financial uncertainty in the world economy.

## 2. Generalized System of Preferences (GSP) and other trade preferences

54. UNCTAD continued to promote awareness and understanding among developing countries of better utilizing the preferences available under GSP, through regular provision of information on the dedicated website, compilation and updating of GSP trade data, publication of GSP handbooks and newsletters, and provision of other technical and administrative services. Several GSP handbooks and a study on rules of origin are in preparation, including on the EU's GSP scheme. Seminars on various GSP schemes and rules of origin were held for Yemen (15–16 May 2008) and Iraq (26–28 November 2008), within the framework of UNCTAD's assistance on WTO accession for these countries, to build and strengthen understanding of the trading opportunities available under GSP schemes and of the rules and regulations that must be met in order to benefit from such opportunities. These seminars were organized in cooperation with preference-granting countries (Canada, EC, Japan and the United States), and with partner agencies such as WTO and the Inter-American Development Bank.

55. *Results/impacts:* UNCTAD's support in this area has contributed to building the knowledge base and to wider dissemination of GSP-related information, including through the preparation of GSP handbooks, GSP newsletters, and compilation of GSP trade data, as well as improved understanding and awareness of GSP among exporters and government officials in some individual beneficiary countries. UNCTAD support to participants in GSTP has ensured its smooth functioning and has facilitated the conduct of the third round of GSTP negotiations by GSTP participants, which is expected to further expand and deepen South–South cooperation in trade.

**Table 1. Capacity-building on trade negotiations and commercial diplomacy**

<i>Project number</i>	<i>Short title</i>	<i>Date</i>	<i>Source of fund</i>
KEN/04/102	Enhancing capacities through trade expansion and diversification	2004–	UNDP
KEN/04/106	Enhancing foreign direct investment in Kenya	2004–	UNDP
IND/0T/2CC	Strategies and preparedness for trade and globalization in India	2002–	United Kingdom
INT/9X/00M	Negotiations for a global system of trade preferences among developing countries	1990–	Multi-donor
INT/0T/0AG <sup>a</sup>	Building capacity through training in the settlement of disputes in international trade, investment and intellectual property	2001–2008	Multi-donor
INT/0T/1CY	Services and development capacity-building	2001–	United Kingdom
INT/0T/2CT	Training in LDCs and developing countries on trade policies formulation	2003–	Norway
INT/0T/4AU <sup>a</sup>	Capacity-building for integration into the multilateral trading system	2004–2008	Norway
INT/0T/4BQ <sup>a</sup>	Support for SADC regional integration and the multilateral trading system	2004–2008	European Commission
INT/0T/4CN	Project for WTO accessions	2004–	Germany
INT/0T/5AU <sup>a</sup>	Project for WTO accessions	2005–2008	United Kingdom
INT/0T/5BH <sup>a</sup>	Support to LDCs in their preparation for the Sixth WTO Ministerial Conference, Hong Kong	2005–	Norway
INT/0T/7BG	Project for assistance to developing countries on services, development and trade negotiations	2007–2008	United Kingdom
INT/0T/8BD	Assistance aux pays membres de l'OIF engagés dans le processus d'accession à l'OMC	2008–	France
RAF/0T/3AI	Joint Integrated Technical Assistance Programme Phase II	2003–	Multi-donor
RAF/04/006 <sup>a</sup>	Trade capacity development for sub-Saharan Africa	2004–2008	UNDP
RLA/0T/6BF	Support for the negotiations on services at the multilateral, regional and bilateral levels for Latin American countries	2006–	Spain
ROA-2166 (L4)	Meeting Millennium Development Goals through policies and actions	2004–	Development Account

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## **Cluster II. Trade analysis capacities and information systems**

Lead division: Division on International Trade in Goods and Services, and Commodities (DITC)

56. The programmes under this cluster aim to strengthen analytical, statistical and information bases and tools for trade and trade-related decision-making – including by addressing non-tariff barriers – in developing countries, LDCs and countries with economies in transition, at the national, regional, South–South and international levels, and for enhanced global understanding of the interactions among trade, competitiveness and development (see Accra Accord, para. 96).

### **A. Strengthened analytical tools and database (including on non-tariff barriers)**

57. *Development context/objectives:* The Trade Analysis and Information System (TRAINS) is an information system intended to increase transparency in international trading conditions. More specifically, it is aimed at government officials and researchers, who are provided with comprehensive, up-to-date information on market-access conditions, together with a corresponding software tool. One component of the system relates to the Generalized System of



Preferences, as it includes information on tariffs, preferential margins, rules of origin, and other regulations affecting the export interests of developing countries in relation to the preference-giving countries. A subsystem – TRAINS for the Americas – has been developed in collaboration with the Inter-American Development Bank to expand the database by including information on bilateral preferential trade agreements and extending coverage of non-tariff measures. For the purposes of dissemination, a piece of computer software called the World Integrated Trade Solution (WITS) has been developed. It is a web-based, client-server application, which was developed jointly with the World Bank. Free and unlimited access to TRAINS is provided to member Governments through WITS. TRAINS is available to other parties that make a minimum contribution to the UNCTAD trust fund created for that purpose.

58. **Outputs/results:** The TRAINS data accessible through WITS are organized like a specialized library, and contain the following “books” on trade-related topics: 166 volumes of tariff schedules, of which 70 are for 2008 and 122 are for 2007; 56 volumes with para-tariff measures; 95 publications on non-tariff measures, produced by UNCTAD; and 71 volumes on detailed import statistics at tariff-line level by origin. The number of new requests for access to TRAINS via the WITS software continued to increase in 2008. Over 2,000 of the approximately 10,000 licences issued to users of WITS were issued in 2008.

59. The widespread use of TRAINS, particularly in the publications of such organizations as the World Bank and the International Monetary Fund (IMF), attests to the recognition of its usefulness. Internally, TRAINS served as the primary data source for various research papers aimed at measuring the potential impact of the current WTO multilateral trade negotiations, and also for the GSTP negotiations. In addition, the database continued to provide tariff and trade data for the Agricultural Market Access Database, which, in turn, is often referenced as an information source in many publications on trade in agriculture.

60. Among the regional institutions actively collaborating with UNCTAD are the Latin American Integration Association, the South Asian Association for Regional Cooperation, and the Permanent Secretariat of the General Treaty on Central American Economic Integration.

61. TRAINS has contributed data for the calculation of MDG indicators on market access.<sup>1</sup> At the beginning of 2004, UNCTAD, WTO and the International Trade Centre decided to create the Common Analytical Market Access Database, bringing together all data sources collected or received by each organization and thereby creating the most comprehensive market-access database in the world. At the technical level, as of December 2008, the database contained the combined data for the last 12 years (1996–2007); however, because of a dissemination rule on WTO data, access to the database is limited to those that already have access to WTO databases, namely WTO member States and selected international organizations.

## **B. Increased participation in new and dynamic sectors of world trade**

62. **Development context:** The strengthened participation of developing countries in dynamic and new sectors of world trade is vital for promoting economic diversification and development, particularly for contributing to the achievement of the Millennium Development Goals and the goals and objectives of the 2005 United Nations World Summit Outcome.

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<sup>1</sup> Namely, indicator 8.6 (proportion of total developed-country imports from developing countries and least developed countries, admitted free of duty) and indicator 8.7 (average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries).

63. Increased participation in these sectors can provide substantial new opportunities for developing countries – especially LDCs and other commodity-dependent economies – with the multiplier effects of accelerating growth, increasing the domestic value-added of exports, and enhancing employment and the quality of jobs.

64. In light of the current economic slowdown, diversification into new/dynamic exports is increasingly seen as one of key survival strategies for developing countries, with a view to restoring the power of trade as the engine of economic growth.

65. **Objectives/features of the programme:** The project conducts research and analysis, in order to: (a) identify export sectors with strong growth prospects for Africa; (b) assess Africa's stand in selected new and dynamic sectors in world trade; and (c) assess the economic viability of Africa participating in dynamic and new sectors of world trade, in terms of – among other things – available resources, infrastructure, market-access conditions and constraints, and South–South trade potential.

66. **Activities in 2008:** A study entitled “Prompting TNC–SME linkages in the SADC region” was prepared, based on a report commissioned to Dr. Glen Robbins, Mr. Likani Lebani and Mr. Mike Rogan, School of Development Studies, University of KwaZulu-Natal.

67. October 2008: A case study entitled “The Phillips Amandla project – create an energy-saving light bulb industry in Southern Africa using regional cooperation” was completed. This case study provides a number of policy suggestions arising out of the experiences encountered during the planning and implementation of the Phillips project, which showed (a) how environmental concerns could lead to the production of new products (in this case energy-saving light bulbs); and (b) how new and regional integration could promote foreign direct investment (FDI) into a region.

68. November 2008: A case study on identifying potential sectors for new and dynamic exports in Benin and Uganda was completed, by Dr. Bailey Klinger of the Centre for International Development, Harvard Kennedy School, Harvard University. This study suggests a new methodology, based on the “product space” theory, for identifying diversification opportunities based on the current (revealed) comparative advantage of a country in world trade.

69. Analytical research was also completed on generating revealed factor-intensity indices, by a group led by Professor Olivier Cadot of the University of Lausanne. The research generated the indices that allow a comparison of factor intensity (in physical capital, human capital or land) in traded products classified at the most disaggregated level (e.g. HS 6-digit). The revealed factor-intensity indices data are to be made available to the public in 2009 on the website of UNCTAD's Trade Analysis Branch.

### C. Creative industries

70. **Development context:** The São Paulo Consensus that came out of UNCTAD XI called upon the international community to support the efforts of developing countries to increase their participation in – and to benefit from – dynamic sectors, including creative industries (para. 91), noting that the participation of these countries in such sectors is vital if they are to achieve development gains from international trade and trade negotiations (para. 65). It has been recognized that creative industries can foster socio-economic development, and that special measures at the national and the international level are needed. Today, creative

goods and services are among the most dynamic sectors of world trade. The emerging creative economy is a new source of income, job creation and export earnings, and seems to be a feasible option for diversifying the economies of developing countries, particularly those of the LDCs, offering new opportunities for these countries to leapfrog into high-growth areas of the world economy.

71. In 2008, in fulfilling its mandates, the UNCTAD secretariat provided a platform for intergovernmental debates; provided policy advice to Governments; carried out policy-oriented research to identify issues and policy options; promoted synergies inside the United Nations system aiming at complementarities and policy coherence; and undertook technical cooperation projects to assist developing countries, with a view to enhancing their creative capacities for trade and development gains. At intergovernmental level, the UNCTAD Secretary-General's High-level Panel on the Creative Economy and Industries for Development, held in Geneva on 14 and 15 January 2008 as a pre-event to UNCTAD XII, helped to advance the policy and research agenda in the area of the creative economy. The Panel recognized that UNCTAD's work in the area of creative economy and the creative industries should be pursued and enhanced (see TD/423, February 2008).

72. **Outputs/results:** UNCTAD and UNDP's Special Unit for South-South Cooperation set up a Partnership for Technical Assistance aimed at enhancing the creative economy in developing countries. A series of joint activities were carried out over the period 2006–2008, namely studies, conferences and policy advice. The purpose was to facilitate understanding of the key issues underlying the emerging creative economy and to identify policy options to increase the economic contribution of the creative industries as a new source of growth.

73. The *Creative Economy Report 2008: The Challenge of Assessing the Creative Economy towards Informed Policymaking* is the main output from the project. The Report provides a comprehensive analysis of the conceptual, institutional and policy framework in which the creative economy is flourishing worldwide. This 330-page policy-oriented analysis was prepared by UNCTAD and financed by UNDP. It is the first study to present the United Nations perspective on this new topic, and it is also an example of multi-agency cooperation, since it brings together contributions from five United Nations agencies, namely UNCTAD, UNDP, the United Nations Educational, Scientific and Cultural Organization (UNESCO), WIPO and ITC. The first Creative Economy Report was released at UNCTAD XII. The study has been very well accepted, and it is being used as a reference in both policy and research circles. UNCTAD has been receiving many requests for copies of the publication, and also many invitations to present the findings of the report in different countries.

74. This project has contributed to sensitizing Governments to the vast potential of the creative industries for boosting sustainable economic growth, employment, and social cohesion. There are greater political calls in both developing and developed countries for nurturing their creative capacities for development gains:

- (a) Political support and public awareness with regard to the unrealized potential of the creative industries for development has been manifested in several intergovernmental forums;
- (b) Several Governments – including in developing countries – are giving prominence to the creative industries in their policy strategies, and are prioritizing the creative economy to foster job creation and exports while promoting social inclusion, investments and business opportunities;
- (c) A growing number of events spotlighting the creative economy have taken place worldwide, both in developed and developing countries. This is an

illustration of how strategic policies around the creative economy are being shaped;

- (d) Multi-agency cooperation has increased. UNCTAD set up the Multi-Agency Informal Group on Creative Industries, comprising UNCTAD, UNDP, UNESCO, ITC, the International Labour Organization (ILO) and WIPO in 2004, and since then it has convened at least one meeting of the six collaborating agencies per year.

75. In 2008, a multi-agency project entitled “Strengthening the creative industries in five selected ACP countries through employment and trade” started to be jointly implemented by UNCTAD, ILO and UNESCO, with funds provided by the European Commission and with institutional support from the ACP secretariat. The beneficiary countries are Fiji, Mozambique, Senegal, Trinidad and Tobago, and Zambia. A specificity of this pilot project is that by bringing together the competences of the three implementing agencies, issues related to economic, social and cultural aspects will be simultaneously tackled in a holistic and strategic manner. Nurturing and building upon existing cultural and creative assets, the project is intended to develop the music, film, performing arts, publishing, and other related creative industries, through a variety of targeted activities spread over three years. The project responds to the needs expressed by ACP countries by offering effective policy guidance and capacity-building activities to help transform local talent into a catalyst for dynamic creative industries that can foster economic growth and sustainable employment, and optimize trade opportunities.

76. In the context of UNCTAD XII, the UNCTAD secretariat launched the Creative Africa Initiative, aimed at assisting African Governments, artists, and all those involved in creative businesses to build strong creative capacities to foster inclusive development on the continent. The rationale was to showcase the diversity of African culture and its creative industries through a series of cultural events during the Conference, emphasizing the enormous potential of the creative economy as a viable alternative for generating income and employment while promoting culture and peace on the continent. The Creative Africa concept is based on African ownership and partnerships. The objective was to provide a tool for concrete initiatives to promote both government and business interests, and to open up new avenues for effective international cooperation. The initiative combined a series of cultural events with policy debates, as an illustration of the opportunities that the creative economy offers for Africa. Creative Africa marked the first step towards a strategy rooted in African cultural identities and in Africa’s economic and social aspirations, bringing greater pragmatism to the policy debate on this area. During the Conference, cultural events showcased six African creative industries: (a) art and crafts; (b) poetry; (c) music; (d) dance; (e) fashion and (f) film. Furthermore, two “free dialogues” provided a platform for open discussions involving stakeholders from governments, international organizations, professionals from creative industries, and non-governmental organizations (NGOs).

77. As a follow-up, some concrete initiatives are materializing around Creative Africa. At the second session of the African Union Conference of Ministers of Culture, held in October 2008 in Algiers, the Creative Africa concept was debated and was then reflected in the adoption of the African Cultural Policy Framework, with a view to strengthening the harmonization of cultural initiatives and activities on the continent. UNCTAD is also providing technical advice and working in collaboration with the ARTERial Network and other relevant African institutions in shaping the establishment of an African Fund for Arts and Culture, along the lines of UNCTAD’s proposals for the Creative Africa Investment Fund. The lack of funding is a vital constraint on the development of the creative sector in Africa, and a specific and professionally managed African fund could help in responding to this

essential need. Funds are also required to articulate strategies to promote African creative goods and services in world markets, and to enhance creative capacities on the continent. Furthermore, the Nigerian chapter of Creative Africa in Abuja was launched in November 2008. The initiative is in line with the country's seven-point agenda, as it relates to wealth creation and employment generation. Another concrete deliverable from Creative Africa was the famous Alta Roma Alta Moda fashion show, held in January/February 2009. The Italian spring-summer collection was motivated by African ethical fashion, and it showcased the creations of three African designers. Creative Africa helped to link designers, retailers and distributors from the world fashion market with the African designers, with the aim of providing business opportunities and promoting the use of socially and environmentally friendly materials in fashion. UNCTAD was also invited to make an address at the European Parliament in Brussels, in order to brief parliamentarians from Europe and Africa on the potential for cooperation in the area of the creative economy.

78. UNCTAD has also been invited to co-organize and/or address a number of international, regional and national events in 2008 related to the creative industries: the Organization of Eastern Caribbean States (OECS) development conference on "OECS Creative Industries: Music and Film", held in St. Vincent and the Grenadines in April 2008; the UNESCO Intergovernmental Committee for the Implementation of the UNESCO Convention on the Diversity of Cultural Expressions, held in Paris in June 2008; the Fifth German Annual Conference on the Creative Economy held in Berlin in October 2008; the China International Cultural Industries Forum, held in Beijing in October 2005; the Creative Clusters Conference held in Glasgow in November 2008; and the Fourth Inter-American Meeting of Ministers of Culture of the Americas, held in Barbados in November 2008.

**Table 2. Trade analysis capacities and information systems**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
GUI/0T/5BI <sup>a</sup>	Renforcement des capacités nationales pour une participation plus effective aux négociations commerciales multilatérales	2005–2008	Cadre Integre, CCI
INT/9X/00J	TRAINS: development and dissemination of selected computerized trade data	1991–	Multi-donor
INT/0T/1AB <sup>a</sup>	High-level meeting on tourism and development in LDCs	2001–2008	Spain
INT/0T/1AT	Increasing the developing country representation in the Agricultural Market Access Database	2001–	Ireland
INT/0T/6BH	Adjusting to trade liberalization in selected developing countries	2006–	Norway
INT/0T/6BI	Strengthening participation of selected developing countries in dynamic and new sectors of world trade	2006–	Norway
INT/06/001	Creative economy report	2006–	UNDP
INT/0T/7BA <sup>a</sup>	Pilot project on collection and quantification of non-tariff measures (NTMs) database	2007–2008	Switzerland
INT/0T/8AZ	The operational Aspects of a Joint Programme Strengthening the Creative Industries in five selected African, Caribbean and Pacific Countries through Employment and Trade Expansion	2008–	ILO
RAF/9X/78M	Post-Uruguay Round Assistance to African Countries	1997–	France
ROA-2166 (06)	Enhancing effective participation of Developing countries in Dynamic and New Sectors of International Trade	2008–	Development Account

<sup>a</sup> Project that had been "operationally but not financially completed" or "completed" in 2008.

## Cluster III. Commodity sector development and poverty reduction

Lead entity: Special Unit on Commodities

79. The programmes under this cluster aim to improve the capacity of commodity-dependent developing countries, LDCs, and countries with economies in transition, to harness development gains from the 2008 boom in commodity prices and enhanced international cooperation to address trade and development problems associated with the commodity economy, including the food crisis and poverty reduction (Accra Accord, paras. 91–93, 98 and 183).

### A. EU-funded All ACP Agricultural Commodities Project

80. **Development context:** The production and trade of commodities continue to constitute the key economic activity in most developing countries in terms of foreign exchange earnings, fiscal revenues, income growth, employment creation and livelihood sustenance for over 2 billion people dependent on the agricultural sector.

81. However, the commodity problématique continues to be of major concern in the twenty-first century, despite unprecedented levels of trade liberalization and globalization, which have created both phenomenal wealth and opportunities over the past two decades. The recent commodity price boom generated substantial windfall revenues (especially in the extractive industries); it increased both the growth of gross domestic product (GDP) and inflows of foreign capital investments,<sup>2</sup> and lifted millions out of abject poverty. However, since the second half of 2008, commodity prices have collapsed in the wake of the global financial crisis and economic downturn. And commodity-dependent economies are once again facing falling and volatile commodity prices.

82. In consonance with paragraph 91 of the Accra Accord, immediately after UNCTAD XII, UNCTAD engaged in the following activities: It contributed to analyses of the food crisis caused by soaring food commodity prices, and participated in the High-Level Conference on Food Security held in Rome in June 2008; it remained active in the High-Level Task Force on the Global Food Security Crisis,<sup>3</sup> including making contributions to the Comprehensive Framework of Action<sup>4</sup> in July 2008 for addressing the global food crisis in a coherent and coordinated way; and it implements – jointly with four other international organizations – the EU-funded €45 million project called the All ACP Agricultural Commodities Programme (AAACP).

83. **Objectives:** The AAACP's main objectives are to: (a) support the participatory formulation and implementation of commodity strategies; (b) promote efforts to develop regional markets, policies and services in support of the commodity sector; (c) support consolidation and diversification initiatives; and (d) extend access to market-based commodity risk management instruments.<sup>5</sup>

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<sup>2</sup> Foreign direct investment and loans to sub-Saharan Africa rose from \$11 billion in 2000 to \$53 billion in 2007. Much of this has stemmed from the commodities boom. Africa's oil-producing countries – such as Angola, Nigeria and Sudan – have enjoyed soaring growth figures due to substantial investments in the extractive industries.

<sup>3</sup> The United Nations Secretary-General's High-Level Task Force on the Global Food Security Crisis is composed of the heads of the United Nations specialized agencies, funds and programmes, Bretton Woods institutions, and relevant parts of the United Nations Secretariat. The task force is chaired by the United Nations Secretary-General.

<sup>4</sup> The Comprehensive Framework of Action is available online at <http://www.un.org/issues/food/taskforce/Documentation/CFA%20Web.pdf>.

<sup>5</sup> The five partnering international organizations are: the Common Fund for Commodities; the Food and Agriculture Organization of the United Nations; the International Trade Centre UNCTAD/WTO; UNCTAD; and the World Bank. UNCTAD's share of the programme funding is €2.5 million, which is being disbursed in four instalments, starting in

84. Under the AAACP, UNCTAD makes four interventions in selected beneficiary countries, namely: (a) market information systems, including information on prices, technology, marketing chains and economic policies; (b) commodity finance (including warehouse receipt systems and the review of regulatory frameworks); (c) commodity exchanges (including support for the development of physical commodity exchanges, facilitation and enhancement of human capital), and (d) the sustainability claims portal (including information on sustainable agriculture labels and agrifood standards, enhanced accountability, food laws and technical regulations).

85. **Outputs:** UNCTAD held numerous consultations with strategic partners between February and June 2008 under phase I of the AAACP, and established work plans with regional stakeholders in West Africa, Southern Africa, the Pacific and the Caribbean, in one or more of the four areas of intervention by UNCTAD. In 2008, UNCTAD presented its interventions to potential beneficiaries under the auspices of the kick-off workshops organized by the Coordinating Unit of the EU/AAACP programme, namely: the Pacific Regional Consultative Kick-Off Workshop, Apia, Samoa, 27–29 February 2008; the Caribbean Regional Consultative Workshop, Montego Bay, Jamaica, 1–3 April 2008; the Atelier de consultation Afrique centrale, Douala, Cameroon, 6–8 May 2008; the Western Africa Regional Consultative Kick-Off Workshop, Dakar, Senegal, 27–29 May 2008; and the Kick-Off Workshop for the All ACP Agricultural Commodities Programme for Eastern and Southern Africa, Arusha, United Republic of Tanzania, 17–20 June 2008.

86. **Results:** The following results were achieved in 2008: (a) updating some of the commodity profiles in the InfoComm portal; (b) convening a brainstorming meeting on strategies for providing market information services to developing countries; (c) identifying market information services projects in selected ACP countries; (d) implementing a pilot market information system project, involving the use of its InfoShare software in Cameroon; (e) initiating the creation of a web-based sustainability claims portal that provides information on claims (e.g. fair trade, organic, environmental and geographical indications), certifier requirements, contact details for sustainability label providers, general information on sustainability issues and useful documents for users. A two-day consultation and follow-up meeting held in Brussels on 16 and 17 April 2008 confirmed the usefulness of the portal both to consumers in Europe and to commodities producers and exporters in ACP countries.

## **B. A model for the development of a private–public safety control system for horticultural exports in Guinea**

87. **Development context:** In recent years, agricultural exports to developed country markets have emerged as a potentially major source of export growth for many developing countries. Exploiting this potential, however, poses many challenges. The capacity of developing country exporters to enter these markets depends critically on their ability to meet stringent food safety standards imposed by developed countries. Not only are these standards stringent, but they are increasingly demanding. They now go well beyond traditional quality standards, as suppliers must pay close attention to the responsible use of agro-chemicals, energy, water and waste, and also to the social and environmental impact. These standards are significantly higher than those prevailing in developing countries, they are subject to frequent changes, and they are, ultimately, often difficult and costly to meet. These agricultural standards in developed countries pose major challenges for

continued developing-country success in international markets for high-value-added products such as fruit and vegetables. At the same time, such standards have played a positive role, providing the catalyst and incentives for the modernization of export supply and regulatory systems and for the adoption of safer and more sustainable production and processing practices.

88. Much of the policy discussion pertaining to developing-country trade and standards focuses on finding ways to increase the participation of developing countries in international standard-setting bodies, or otherwise influencing the level and nature of the standards themselves. However, this is a partial solution, which needs to be complemented by strengthening the public and private capacities of all actors along the agricultural supply chain to effectively manage agrifood food safety standards and quality assurance. Developing countries faced with rising standards can maintain and improve market access, position industries for long-term competitiveness, mitigate potential adverse effects on vulnerable groups, and improve domestic food safety and agricultural productivity through capacity-building and by adopting a strategic approach to food safety, agricultural health, and trade. For countries and suppliers that are well prepared, rising standards represent an opportunity; for those that are poorly prepared, they pose safety and market-access problems.

89. **Objectives:** The “model” implemented in Guinea aimed to help the Government of Guinea, producers, and exporters to comply with GlobalGap and quality assurance systems, and to facilitate exports. Within this project in Guinea, various activities took place – including consultations with local authorities, and seven national workshops. All categories of stakeholders participated in these national training workshops: producers, exporters, traders, experts from the public and private sectors, ministries in charge of sanitary and phytosanitary (SPS) issues, international experts from development agencies (the United Nations Industrial Development Organization (UNIDO), FAO and the World Bank), and certification bodies.

90. **Outputs:** UNCTAD completed the Guinea project (model) in December 2008. In accordance with the recommendations that stemmed from a national workshop held in July 2005 in Conakry, the current model was initiated to assist the Government of Guinea, producers and exporters to comply with GlobalGap and with the SPS rules used by importing firms in international markets. The project was financed by the Standards Trade Development Facility and was launched in November 2005. Activities included: (a) reviewing the national legislation guiding food quality issues in the selected countries; (b) developing and implementing good agricultural practices in production, harvest and post-harvest operations; (c) training stakeholders on agrifood safety standards and safety assurance systems; (d) setting up a national joint project management committee composed of representatives of producers’ associations and public institutions; (e) strengthening the capacity of laboratories; (f) preparing a comprehensive inventory of existing national standards and publishing a manual of procedure; and (g) developing and creating a website to disseminate the project’s information.

91. **Results:** The two-year project contributed to: (a) establishing a safety management expert force to assist companies seeking GlobalGap certification; (b) setting up a public inspection force for the horticultural sector; (c) developing a national certification body by training private/public auditors, in close cooperation with the Institute for Market Ecology, a Swiss certification body. Three selected pilot farms, producing bananas, pineapples and potatoes, benefited from seven training workshops and on-site demonstrations on the farms, with a special focus on GlobalGap and quality assurance. Consequently, the project directly benefited the three private selected pilot farms, including more than 1,500 small-scale producers,



with strategic tools to meet official and commercial standards. These training courses have helped the main beneficiaries to understand ways and means to manage safety and quality assurance for perishable products. As horticultural exports are the products for which standards compliance is the most difficult and costly, the project has had positive impacts both on market participation for smallholder farmers and on poverty reduction. ICT equipment was bought by the project, and the project's portal was designed to disseminate the project's information in order to develop and expand the impact of the results and to facilitate the replication of the model in other developing countries.

### **C. Support to the horticultural sector of Mozambique to improve its ability to understand and comply with GlobalGap and organic regulations**

92. *Development context:* Mozambique has strong agricultural potential, with 36 million ha of arable land, of which only 10 per cent is currently used. Furthermore, it has a total potential irrigated area of 3.3 million ha. If Mozambique can unlock this agricultural potential, it can position itself as a significant exporter of agricultural products. Mozambican horticultural exports have shown a dramatic increase over the last two years, and this expansion is expected to continue as Mozambique diversifies its export and customer base. However, in order to access new markets, Mozambique will have to demonstrate that it is able to meet international sanitary and phytosanitary requirements.

93. *Objectives:* The Mozambique project focuses on developing a strategy to: (a) improve the compliance of Mozambican horticultural producers with GlobalGap and Organic Standards; (b) ease the certification process for a number of Mozambican producers; and (c) facilitate exports. The project also focuses on building the capacity of public and private organizations to meet official and commercial standards, so as to ensure that the project delivers industry-wide results that are sustainable.

94. *Output:* In April 2007, UNCTAD launched the project: GlobalGap and Organic Standards to be implemented on four selected pilot farms in Mozambique. In accordance with recommendations stemming from a national workshop held in July 2005 in this country, the current project aims to assist the Government of Mozambique, producers and exporters to comply with GlobalGap and Organic Standards applied by importing firms such as supermarket chains. This project is financed by the Department for International Development (DFID)/ComMark. Activities include: (a) providing the selected pilot farms with the capacity to comply with GlobalGap and Organic Standards through training courses; (b) building a local certification body and certifying pilot farms; (c) setting up a scheme for local certification through an internationally accredited certification body, and developing and implementing certification plans for each selected pilot project; (d) preparing the operational costs manuals for each section of the protocols (GlobalGap and Organic Standards); (e) developing a pesticide management database and crop protocols; (f) strengthening the capacity of inspection services to attribute phytosanitary certificates; and (g) developing an information system on internationally recognized standards. These activities continue to be implemented at the farm level with no major problems.

95. The second national GlobalGap training workshop took place from 15 to 17 July 2008 in Maputo, Mozambique. All stakeholders – producers, exporters, traders, experts from the public and private sectors, inspection services, ministries in charge of SPS issues, international experts from development agencies (e.g. UNIDO and FAO) and certification bodies (Société générale de surveillance and South African

certifiers) participated in the workshops. The training modules and teaching materials – as well as the documentation required – were prepared by UNCTAD, in close cooperation with Links Drive Leisure Isle Knysna 6571, a South African certifying body. The second national organic training workshop was scheduled for the middle of 2009.

96. **Results:** Once implemented, the project's activities are expected to contribute to increasing the market participation of almost 10,000 small-scale farmers selected from four pilot farms producing grapefruit, mango and honey. Consequently, the project will directly benefit the producers' cooperatives, with strategic tools to meet official and commercial standards and to facilitate understanding of ways and means to manage food safety and quality assurance for perishable products. As horticultural exports are the products where standards compliance is the most difficult and costly, the project will impact on improvement of access to lucrative markets and on poverty reduction. The project bought ICT equipment (computer, fax, printer and scanner) for the beneficiaries and recruited an ICT expert to design and create the project's portal, which is aimed at storing all teaching materials and training modules, including the pesticide management database, and establishing links with other specialized websites in the area of standards. The website will contribute to disseminating the project's information on standards, developing and expanding the impact of the project's results, and facilitating the replication of the current project in other developing countries.

97. The training workshops organized in the context of this project were complemented by stakeholders' views and experiences and by presentations from trainers and resource persons on ways and means by which the Mozambican Government smallholder farmers could improve the quality of horticultural exports by complying with GlobalGap and organic regulations.

98. A national joint project management committee designed to oversee the day-to-day implementation of activities at the national level has been created; so far, 85 stakeholders have participated in these training workshops on GlobalGap and Organic Standards, and nine auditors and inspectors have been selected to participate in the preparation of certification plans with regard to GlobalGap. In July 2008, technical assistants were trained to understand the compliance criteria to meet requirements for GlobalGap certification, and thereby to help farmers to implement the compliance criteria to meet the requirements of GlobalGap on the farm. Trainees were taken through the GlobalGap document "Control points and compliance criteria"; each point was explained, and where possible, photographs were shown to illustrate what can be done. Documentation was provided in template form, which allowed technical assistants to supply farmers with the required documentation for record-keeping purposes and for the procedures or policy statements required for certification. In addition, research and analysis was carried out to identify and assess problems in Mozambique in the area of standards. A study entitled "Linking African small producers to large distribution networks: Enhancing capacity of Mozambican producers to supply the South African market" was prepared and published.

#### **D. SPS compliance, agrifood safety standards and quality requirements, and technical regulations and food laws in the Pacific – Samoa, the Solomon Islands and Vanuatu**

99. **Development context:** Agricultural commodities production and trade remain important drivers of economic growth and development in most commodity-dependent developing island economies in the Pacific. These small, Pacific Island countries encounter inherent difficulties in international commodities trade, which

are now being inflamed by the current financial and economic crisis. These difficulties include economies of scale, an apparent higher vulnerability to economic shocks, low capacity and volume inconsistencies, poor supply chain linkages, and – in the case of small island developing States (SIDS) – the tyranny of distance from major export markets and oil supplies, which makes the cost of doing business high, relative to other developing countries that are otherwise similar.

100. In addition, there is a proliferation of complex and restrictive non-tariff measures applied “at and behind” borders in export markets of interest to Pacific Island countries. Compliance costs are so high that these island economies have neither the budgetary means to adhere to compliance procedures, nor the technical competencies to administer performance and conformity-adherence measures locally, even if financial resources were readily available. The market entry requirements imposed by the private sector are – more often than not – much higher than public standards, and they are, therefore, beyond the capacity of local producers and traders to comply with, let alone the budget-strapped and cash-strapped governments of Pacific Island countries.

101. Left unchecked and unmitigated, these non-tariff measures impose severe constraints and compliance costs on agrifood producers, exporters and entrepreneurs in developing countries, diminishing the real and potential benefits of commodities trade.

102. Many of the problems faced by Pacific Island countries with regard both to food safety standards and quality controls, and to divergent food laws and technical regulations, reflect their wider resource and supply-side constraints. Without technical and financial assistance – from national, regional and international sources – to improve and curb these bottlenecks at the producer and supplier levels, the opportunities and gains from international trade can neither be assured nor sustained.

103. **Objectives:** Since 2006, UNCTAD has strengthened its work on the market access problems facing commodity-dependent developing countries, focusing on SPS measures and on compliance with food safety standards and quality requirements, and also on divergent food laws and regulations. Under the project, UNCTAD has implemented trade-related capacity-building activities for Samoa, the Solomon Islands and Vanuatu. The capacity-building workshops aim to help small- and medium-scale agrifood producers and exporters to improve their capacities and build supply-side infrastructure and services (e.g. quarantine facilities and laboratories), in order to enhance their export competitiveness, raise per capita incomes, and reduce poverty.

104. In collaboration with Vanuatu’s competent authority, the Vanuatu National Codex Committee, UNCTAD ran a trade-related national capacity-building workshop in Port Vila, Vanuatu, from 19 to 21 November 2008. Its major objectives were to: (a) improve the regulatory oversights needed to assure the safety of agrifood products traded; (b) inform key stakeholders (e.g. policymakers, producers, retailers, exporters and small and medium-sized enterprises (SMEs)) about the proliferation of stringent food safety and quality requirements in export markets and need to meet them, and about the need to adhere to divergent food laws and technical regulations; (c) sensitize key stakeholders in Vanuatu to the €45 million EU-funded AAACP; (d) assess national preparedness and the availability of complementary resources, and forge strategic alliances with key national counterparts to assist UNCTAD in implementing its project components – market information, commodity finance, commodity exchanges, and the sustainability claims portal; and (e) discuss and explore options to integrate or nest the SPS-

compliance, food safety standards and quality requirements project with ongoing or planned broad-based development programmes and/or projects in Vanuatu.

105. **Outputs:** UNCTAD funded and facilitated the workshop in Port Vila with financial assistance from the Government of Finland and from UNDP. Fifty participants attended the workshop, 80 per cent of whom were at the forefront of agriculture and rural development, interacting directly with farmers, exporters, traders and consumers. Eight substantive papers were prepared (in English) and presented (in Bislama – Vanuatu’s common dialect). The awareness and extension material distributed related to food safety standards and food laws, and included 1,000 A2 posters, 2,000 flyers, 3,000 stickers and 500 adhesive magnets.

106. The Government of Vanuatu is committed to implement key recommendations made at the workshop, such as developing and establishing VanuGAP (national) based on GlobalGAP, and conducting training courses on VanuGAP; to develop and establish a Vanuatu bureau of standards; to develop and establish provincial codex and standards subcommittees; and to develop and establish a food control authority. In terms of the EU/AAACP programme, the Government of Vanuatu pledged to provide resources and support in kind, where feasible; nominate national focal points; and dovetail the VanuGAP training programme with the official launching of the sustainability claims portal in Espirito Santo, Vanuatu. VanuGAP, when fully developed and operational, would be a first in the Pacific region.

107. **Results:** Since 2006, this programme has: (a) increased the awareness and competencies of small- and medium-scale agrifood producers, traders, manufacturers, exporters, policymakers, politicians and municipal authorities; (b) built supply-side infrastructure and services (e.g. quarantine facilities and laboratories); (c) enhanced competitiveness, raised per capita incomes, and reduced poverty; (d) increased awareness among the international community to support the national efforts of small island economies to overcome complex and dynamic non-tariff barriers to trade, including an appropriate aid for trade strategy tailored to their specific needs; and (e) contributed towards the development of sustainable national and regional follow-up programmes in the Pacific region and in other developing countries.

## **E. Commodity risk management, finance and energy**

108. **Development context:** Governments that liberalize their commodity sectors risk leaving a vacuum behind. Will there be a level playing field where supply and demand meet? How will farmers cope with risks if Governments no longer provide a safety net? Will private sector banks be willing and able to assume the risks of lending to the country’s commodity producers? Will private sector entrepreneurs be able to provide value-added services to their countries’ commodity sectors if they have to compete with well-funded, well-connected foreign entities? Without a strong capacity-building and institution-building programme to accompany a process of liberalization, much of its potential benefit is likely to be lost, and certain groups – most likely the more vulnerable ones – may well be losers. UNCTAD’s work in the area of commodity risk management, finance and energy aims to assist in building the local strengths necessary for private-sector-led commodity sector development, using modern financial tools such as commodity exchanges and structured commodity finance to fill the vacuum left by liberalization and to build commodity sector competitiveness (while playing due attention to the role that Governments need to continue playing, even in a liberalized environment).

109. **Objectives/features:** Poor access by developing countries to modern financial instruments makes it difficult for these countries to become competitive. The main objective is to improve the use of modern risk management and financing

techniques in the commodity sectors of developing countries. This not only makes important cost savings possible, but it also helps level the playing field in the local commodity sector, and also allows Governments, parastatals and private sector entities to plan and manage more efficiently. The programme has focused on raising awareness and understanding of modern financial techniques through the publication of technical reports and training materials, as well as through seminars and workshops. Financial support for this programme has come entirely from private sector donors; however, many demands from developing countries – particularly LDCs – cannot be met due to lack of funding.

110. **Outputs:** In 2008, the largest activity in this area was the twelfth African Oil and Gas Trade and Finance Conference, held in Malabo, Equatorial Guinea. This annual meeting, which has been organized by UNCTAD since 1996, expanded on the central theme of natural resources for development, with a special emphasis on issues related to the negotiation of exploration contracts, strategic regional storages, and the promotion of liquefied natural gas and liquefied petroleum gas. The meeting also featured a mini-workshop on the subject of African petroleum services and safety.

111. Support for the development of new commodity exchanges continued. This is a very important issue in many countries, as Governments continue withdrawing from their agricultural marketing and price-setting roles, and there is a need for new marketing and price discovery mechanisms. Analytical work was continued on strategic and technology considerations for commodity exchanges in the developing world. The major achievements in 2008 were: (a) ongoing involvement in defining the concept and implementation plan of the Pan African Commodity and Derivatives Exchange, including technical support to the African Union; (b) UNCTAD again co-organized an emerging markets workshop, back to back with one of the world's major futures industries conferences (in Interlaken, Switzerland, in September 2008), which attracted several dozen participants; (c) the Annual Overview on Commodity Exchanges 2008; (d) a major publication on the development impact of commodity exchanges in five leading developing countries. Country-level support, policy advice and training were provided in Africa (in a regional context, and in individual countries such as Ethiopia, Ghana, Malawi and Nigeria), in Thailand, in Central America (Honduras, Nicaragua and Panama), and in the Dominican Republic. These activities were supported by beneficences as well as by the World Bank.

112. In 2008, UNCTAD's work on supply chain finance mainly focused on the identification of projects and the establishment of detailed work plans in ACP regions, based on the demands expressed during the kick-off workshops, expert consultations and field missions.

113. In this regard, a one-day brainstorming meeting was held in July 2008 in Geneva. Experts in the areas of commodity finance, warehouse receipt systems and collateral management participated in the meeting. The meeting discussed obstacles to access to finance in agriculture and agri-sectors, ways to structure agri-supply chain finance (including warehouse receipt systems and collateral management) and UNCTAD areas of intervention. The meeting confirmed UNCTAD's strategy in supply chain finance and identified priority projects at regional and country levels.

114. Generally speaking, UNCTAD has identified eight supply chain finance projects involving different agricultural commodities such as cereals, coffee, nutmeg, gum arabic, fruits and vegetables, and cotton. More concretely, UNCTAD is working on four types of supply chain finance activities: (a) development of appropriate financing mechanisms (including pilot projects); (b) awareness-raising

and capacity-building; (c) financing strategy development and policy advice; and (d) development of enabling legal and regulatory frameworks.

115. The successful implementation of these projects will contribute to the development of national commodity supply chain strategies, the improvement of legal and regulatory frameworks affecting the commodity chain and financing, and the development of financing mechanisms such as warehouse receipt systems and inventory credit. The main stakeholders of the selected commodity value chain will benefit directly or indirectly from the improved financing environment and viable financing mechanisms.

## **F. Commodity sector development and poverty reduction – Infocomm and Infoshare**

### **1. Improved commodity market transparency for farmers**

116. *Development context:* Commodity-dependent developing countries continue to face difficulties in getting broad-based, well-organized and verified information. The imperfect nature of the information and the disequilibrium in the distribution of information lead to what is termed “asymmetric information” on price, quality, quantity, credit, and many other relevant variables. Long-established commodity-related sources of information are relatively dispersed and are not always well-structured. Above all, there is a massive flow of electronic news and information, which is usually quite diverse and hardly accurate. It is therefore costly, time-consuming and rather difficult to identify the relevant set of unbiased, specialized information in a specific commodity sector. As a result, policymakers do not always have the proper analytical tools to assess the rapid changes in commodity market structures, to adjust their policies accordingly, and to be able to improve their competitiveness. Similarly, emerging commodity operators and smallholders are looking for intelligence sources and friendly and operational systems to be able to increase efficiency, expand markets, respond to business opportunities, obtain negotiating powers, and capture more of their commodities’ value. Reducing the digital divide and increasing access to and use of structured information on commodities are prerequisites for establishing effective production and trading strategies.

117. *Objectives/features:* The objectives are as follows: To promote market information and transparency, reduce the asymmetry in accessing strategic commodity-related information, improve understanding of commodity structures, and provide access to the analysis that is vital to the formulation of pertinent policies for commodity production, marketing, processing and financing. To design ICT tools in this field that improve developing countries’ access to key information and data at both domestic and international levels. To manage, organize and develop – in a practical and innovative manner – knowledge management and sharing instruments to assist decision-making processes in both the public and private sectors. Targeted work to increase knowledge and strengthen domestic and international capacities has given impetus to material and effective actions. Such work usually takes the form of a series of activities that interlink commodity information, market intelligence and knowledge management. The UNCTAD programme in this area is designed to review, adapt and disseminate information – useful for the different strategic, informational, organizational and economic aspects of the commodity sectors – on a series of products, in an innovative way.

118. *Outputs:* The development of international knowledge management tools, including Infocomm – the project dealing with market information in the commodities area, which is an extranet electronic platform, and Infoshare – the

database sharing system; as well as other specialized schemes. The outputs in 2008 were the following:

- (a) Maintenance and enhancement of the Infocomm online knowledge management instrument, through which key strategic information on selected commodity and energy products is available. In 2007, the Infocomm site had 40 commodity profiles, containing information on all aspects of commodity markets and regularly updated links to other sites with up-to-date price information, covering 23 commodities in three languages (English, French and Spanish). In 2008, besides site maintenance and updating, a new strategy for the commodity portal was articulated to maximize the cost-effectiveness of the tool and to magnify its development potential. The strategy, elaborated within a brainstorming consultation with major international experts in the area of market intelligence services (July 2008), hinged on: (a) technology and layout upgrading; (b) a more structured outsourcing strategy involving key authoritative information sources; and (c) the provision of more compacted information on a wider range of products. The strategy will be implemented through 2009;
- (b) Building partnerships with selected authoritative sources of information and organizations with a specific skill or expertise. In 2008, the strategic partnership with the International Tropical Timber Organization was strengthened through the joint implementation of a web-based data access and retrieval application for the International Tropical Timber Organization annual report data. Efforts were pursued to enhance complementarity, synergies and coherence with the International Cocoa Organization in the area of market information and transparency, laying the basis for the joint implementation of market intelligence platforms in Cameroon, Côte d'Ivoire and Nigeria, the sharing of a methodology on computing production and marketing costs in the cocoa chain, and the outsourcing of the Infocomm cocoa profile to the International Cocoa Organization. Within the framework of strategic partnerships with the International Cotton Advisory Committee and the Centre de coopération internationale en recherche agronomique pour le développement, monthly reports (in English, French and Spanish) on the world rice, banana, citrus fruits and cotton markets were made available through the Infocomm facility.

## **2. Implementing the Infoshare database sharing system in 2008**

119. Infoshare (selected in 2005 for the United Nations list of ten stories that the world should hear more about) is a database for sharing information to improve market transparency at the local level, which aims to bring relevant and timely commodity market information to small-scale producers. It is based on a communal approach, with stakeholders collecting, sharing and disseminating a wide range of quantitative and qualitative information (commodity prices, intermediate costs, quality standards etc.). A pilot, scalable version of the Infoshare database had been implemented in Cameroon in 2007. A key concern in 2008 was to scale up the pilot version and to tailor/integrate the technology to suit the location and situation of specific rural areas. Based on a thorough field assessment of the actual and potential capacity of government delegations, producer associations and telecommunication centres (March–April 2008), a network of 55 staging posts was identified for data collection and dissemination. Beyond its activities in Cameroon, Infoshare was selected under the All ACP Agricultural Commodities Programme financed by the European Development Fund to be further replicated in selected ACP countries. Three in-depth feasibility studies to assess Infoshare replicability/adaptation were carried out by experts between August and October 2008, in the Pacific, Caribbean

and Central African regions. Eight fully-fledged project proposals were formulated, three of which will be implemented in 2009.

120. **Training and awareness-raising activities:** Infoshare was presented at the International Tech for Food Symposium held in February 2008 in Paris. There were 150 participants, from developing countries that suffer from a lack of access to information. Infoshare is part of the UNCTAD portfolio of services in the framework of the All ACP Agricultural Commodities Programme, which is financed by the European Union. Infoshare was thus presented at each of the five regional workshops of agricultural commodity stakeholders that were organized jointly with the European Commission, FAO, the World Bank, ITC and the Common Fund for Commodities. Workshops took place in Samoa (Pacific), Jamaica (Caribbean), Cameroon (Central Africa), Senegal (West Africa), and the United Republic of Tanzania (Southern and East Africa).

121. A study on market concentration in the cocoa and chocolate sector was published in 2008, pooling together expertise from the Special Unit on Commodities (then known as the Commodities Branch) and the Competition and Consumer Policies Branch.

122. **Results:** The above-mentioned activities have resulted in a significant improvement in market transparency, as strategic market information is provided at no cost to developing countries, thus improving their ability to position themselves in world commodity markets. The Infocomm web page is the most visited of all the UNCTAD subsites, attracting roughly 10,000 visits a day. In 2008, approximately 1,200 enquiries from industry, governments, universities and research bodies were answered through the Infocomm site, illustrating the demand for this type of information. Information services projects have been identified in eight countries and project documents developed.

## G. Trust fund on iron ore

123. **Development context:** Following the cessation of the activities of the Association of Iron Ore Exporting Countries on 1 June 1989, the governments of certain countries decided to establish a trust fund on iron ore information to be administered by UNCTAD.

124. **Outputs/results:** The *Market Report on Iron Ore* is an annual publication (usually issued in May) that contains updated data on iron ore production, trade and prices, and the short-term outlook, as well as a market analysis. *Iron Ore Statistics* – a statistical report published annually around August – continues a series that started in 1989. It contains tables with worldwide and country-specific data for iron ore production, exports, imports and prices, as well as pellet production, exports, production capacity, and other data relevant to the world iron ore market. A statistical update (only available in electronic form) is published in November. The sales income from these reports, as a proportion of the total income of the fund, increased from around 25 per cent in the early 1990s to over 80 per cent in 2007, but it decreased to 66 per cent in 2008 because some supporting governments made extra contributions that year.

125. In 2008, the *Market Report on Iron Ore* was issued in June and *Iron Ore Statistics* was issued in September.

126. **Results:** The trust fund's publications are very much in demand by iron ore producers, shipping agents, steel companies and consultants on the iron ore and steel markets. The publications provide up-to-date, accurate and comprehensive information on developments in the world market for iron ore, including statistical data and analyses.



**Table 3. Commodity sector development and poverty reduction**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
MOZ/0T/7AB	Support to the Mozambique horticultural sector	2007–	United Kingdom/ComMark
INT/9X/42Z	Collection and dissemination of iron ore statistics	1994–	Multi-donor
INT/9X/65N	Commodity risk management and finance	1996–	Multi-donor
INT/9X/9C2	L'intelligence économique au service des plus démunis	1999–	France
INT/0T/4AF	Selected commodity issues in the context of trade and development	2004–	Finland
INT/0T4/CM <sup>a</sup>	Partnership on sustainable economic development and mining	2005–2008	Multi-donor
INT/0T/5BQ <sup>a</sup>	SPS/A Model for the development of a private/public safety control system for the horticultural exports	2005–2008	Standard Trade Development Facility
INT/0T/7BE	All ACP Agricultural Commodity Programme	2007–	EC
RAF/9X/9DE	Improving oil and gas trade and finance in Africa	1999–	Multi-donor

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster IV. Competition policy and consumer protection

Lead division: Division on International Trade in Goods and Services, and Commodities (DITC)

127. The programmes under this cluster aim to create capacities in developing countries and countries with economies in transition to prepare and implement national and regional (including South–South) competition laws and frameworks that reflect prevailing conditions for achieving domestic and international competitiveness, and enhanced international cooperation for better implementation of the United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, in particular section F (Accra Accord, paras. 103, 104 and 74).

128. *Development context:* UNCTAD is the focal point on all work related to competition policy and consumer protection within the United Nations system. Its mandate, which dates from the adoption of the United Nations Set of Principles and Rules for the Control of Restrictive Business Practices in 1980, has as its prime objective to ensure: “that restrictive business practices do not impede or negate the realization of benefits that should arise from liberalization of tariff and non-tariff barriers affecting world trade, particularly those affecting the trade and development of developing countries”. The Set also recognizes that the basic norms of competition law, which have long been in use in developed countries, should extend to the operations of enterprises – including transnational corporation (TNCs) – in developing countries.

129. Thus, the section of the Set dealing with objectives emphasizes that the interests of developing countries in particular should be taken into account in the elimination of anti-competitive practices that may cause prejudice to international trade and development. Furthermore, the section on objectives indicates that the Set is an international contribution to a wider process of encouraging the adoption and strengthening of laws and policies in this area at the national and regional level.

130. Despite a general widespread trend towards the adoption, reformulation or better implementation of competition laws and policies in developing countries and countries with economies in transition, many of these countries still do not have either up-to-date competition legislation or adequate institutions for their effective

enforcement; they rely to a large extent on UNCTAD capacity-building for this work. In this connection, the Set calls on UNCTAD to provide technical assistance and advisory and training programmes, particularly to developing and least developed countries. The validity of the Set was reaffirmed by the Fifth United Nations Review Conference of the Set, held in November 2005. Subsequently, in the agreed conclusions of the annual session of the Intergovernmental Group of Experts on Competition Law and Policy (15–18 July 2008), member States requested the UNCTAD secretariat to pursue its capacity-building and technical cooperation activities.

131. **Objectives/features:** The programme aims at assisting developing countries – including LDCs and countries with economies in transition – in formulating and reviewing competition policies and legislation; implementing competition laws by building national institutional capacity; promoting the creation of a competition culture among government officials, the private sector, consumers and academics; supporting regional cooperation on competition policy; and assisting countries and regional groups to better evaluate the implications of regional cooperation on competition issues.

132. Assistance is provided in accordance with the requests received, the needs of the countries concerned, and the resources available. The main types of technical cooperation activities can be described as follows:

- (a) Provision of information about anti-competitive practices, their existence, and possible adverse effects on the economy. This may involve a study on these practices in a specific country;
- (b) Introductory seminars and workshops on the role of competition in promoting development, directed at a wide audience including government officials, academics, and members of business- and consumer-oriented circles;
- (c) Assistance to countries or regional organizations that are in the process of drafting competition legislation, in the form of provision of information on such legislation in other countries or advice on drafting competition law and related legislation;
- (d) Advisory services for the setting-up or strengthening of competition authorities, which usually includes preparation of institutional framework reports and training of the officials responsible for the actual control of anti-competitive practices, including the judiciary; this may involve training workshops and/or on-the-job training with competition authorities in countries with experience in the field of competition;
- (e) Seminars and workshops for countries that have already adopted competition legislation, have experience in the control of anticompetitive practices, and wish to better enforce competition legislation or consult each other on specific cases and exchange information;
- (f) Assistance to countries or regional organizations that wish to revise their competition legislation and seek expert advice from UNCTAD and competition authorities in other countries, so as to amend their laws in the most effective manner possible;
- (g) Conducting voluntary peer reviews of the competition law and policies of interested countries;
- (h) Assistance to developing countries – including LDCs and countries with economies in transition – with a view to helping them better evaluate the implications of regional and bilateral cooperation on competition issues;

- (i) Assistance to countries and regional organizations in identifying the role of competition policy in the promotion of competitiveness and development, the need for a development-oriented competition policy and its implications at national, regional and international levels, as well as strategies for international cooperation in this area; and
- (j) Assistance in formulating appropriate sector regulations and competition policies.

133. *Output/results:* In 2008, UNCTAD continued its demand-driven efforts to help individual countries create a culture of competition.

## **A. Assistance to individual countries**

### **1. Competition advocacy**

134. UNCTAD's various advisory and training activities were combined with or provided through different seminars, workshops or other meetings and activities directed at stakeholders, specific officials or a wide audience, including government officials, academics, and business and consumer-oriented circles. These activities contributed to raising awareness about the role of competition, and promoting a competitive culture. Thus, a national seminar on Cameroonian competition policy and internationalization was co-organized by UNCTAD and the Government of Cameroon, in Doula, on 30 May 2008. Two courses on the competition legislation of the EU and Latin American countries were given at the University of Monterrey (Mexico) on 4–5 July and 15–16 August 2008. The courses were aimed at post-graduate students, with a view to increasing both knowledge on competition legislation, and awareness of the need to establish and deepen cooperation between Mexican academia and UNCTAD in the area of competition. A national seminar entitled "Competition policy within the framework of economic reforms and poverty reduction" was held in Madagascar with the Ministry of Economy, Trade and Industry, on 5 November 2008. In the framework of the Competition and Consumer Protection Policies for Latin America (COMPAL) programme, a dissemination event was held on 8–9 September 2008 in Managua on the outcome of four sectoral studies which were carried out in 2008 on sectors of key importance to the Nicaraguan economy.

### **2. Assistance in the preparation of national competition laws**

135. Within the framework of efforts to help countries draft and/or review their competition legislation, assistance was provided to Mozambique; the draft law was reviewed with government officials and experts, in cooperation with the Portuguese competition authority. The Zambian competition commission was assisted in preparing the annual strategic plan for the implementation of its competition legislation, and in drafting the terms of reference for the review of competition law and formulation of competition policy. The assistance was provided with a view to ensuring that the Government commences the process of a complete revision of the Competition and Fair Trading Act. The Government of Zambia is expected to come up with a national competition policy framework. In October 2008, the UNCTAD secretariat provided commentaries on Rwanda's draft competition bill, which were sent to the Ministry of Trade and Industry. This was followed by a national workshop on competition law and policy held in Kigali on 18 November 2008, and by consultations with officials in charge of the draft competition bill; this allowed the bill to be finalized and opened the way for the establishment of the national competition authority, taking into consideration various country-specific aspects. In October–November a mission was undertaken to Botswana to prepare an institutional framework report for enforcement of the competition legislation,

including through undertaking consultations with government agencies, reviewing the draft competition bill, and collecting information from stakeholders. The mission contributed to the enhancement of skills and understanding among government officials regarding the competition bill, and regarding the requirements for the establishment of a competition authority. The report was finalized in December, and its draft was presented to the Government.

### **3. Training of competition case handlers**

136. Within the framework of training activities for competition case handlers, a round table discussion on competition and regulation in the telecommunications sector was organized for the staff of Indonesia's competition authority and for judges of the Indonesian Supreme Court, in Jakarta, from 24 to 29 January 2008. It was co-organized by UNCTAD, Indonesia's competition authority, and GTZ of Germany. UNCTAD and the National Competition Commission of Cameroon co-organized a national training workshop on competition law and policy for the Commission's staff, on 28–29 May 2008 in Yaoundé. On 30 June 2008 in Tunis – in coordination with the International Development Research Centre of Canada and the Ministry of Commerce – UNCTAD organized the first regional workshop on the role of competition policy in the current food crisis. It was held within the newly established UNCTAD/Tunisia Regional Centre on Competition Policy. The workshop was the first step in maintaining coherence in Governments' approaches to competition policy, taking into account the need for Government intervention to alleviate the impact of price hikes on the poor while enforcing the objectives of the competition law. In August–September, assistance was provided to the newly established Swaziland Competition Commission in assessing the first merger application and the provision of skills in merger assessment. In September–October, the Swaziland Competition Commission was also assisted in assessing a merger case in the energy sector. As a result, the Government of Swaziland was made aware of anti-competitive practices in the energy sector, and it has commissioned a consultancy to formulate a national energy policy. A training course on competition law and policy and the introduction of consumer protection issues was organized in Geneva from 2 to 9 September 2008 for government officials and academics from the Kurdistan region of Iraq. The course allowed inputs to the draft competition law of the Kurdistan regional government of Iraq to be provided, to create a greater awareness of competition law and policy issues among participants and to establish links with governmental and academic circles and with civil society for the promotion of competition advocacy. A COMPAL training workshop on competition law and policy was held on 20–26 November 2008 in Managua. A national competition seminar for investigators from the National Competition Committee of Cameroon was organized together with Central African Economic and Monetary Community and the Government of Cameroon from 1 to 5 December 2008 in Kribi. It contributed to increasing the ability of Cameroonian officials to efficiently enforce competition legislation at both national and regional levels.

### **4. Institution-building**

137. UNCTAD support for countries that have adopted national legislation, and for newly established competition agencies, includes activities in support of institution-building. In this area, UNCTAD provided consultancy to Mauritius on formulating its Institutional Framework for the Implementation of the Competition Act. The consultancy will lead to the appointment of a chief executive officer to commence the operations of the Competition Commission. An executive report was prepared by UNCTAD to assist the Ministry of Industry, Small and Medium Enterprises, Commerce and Cooperatives on steps to be taken to make the Competition Act operational. During the UNCTAD mission to Madagascar in November, the institutional framework report on competition law and policies was

finalized, in parallel with the appointment of commissioners for the future competition authority.

#### **5. Consumer protection**

138. In the area of consumer protection, a national seminar on advocacy for the implementation of the Unfair Trade Practices and Consumer Protection law, and an awareness workshop for local judiciary and the “ombudsman” responsible for consumer redress, were held on 13–18 December in Monger and Gelephu (Bhutan). They contributed to the removal of various obstacles to the implementation of the newly adopted legislation. A training course on consumer protection and consumer welfare for government officials from both central and provincial agencies in Botswana was organized on 24–28 November in Francistown. The course provided enhanced understanding of the interpretation of the provisions of the Consumer Protection Act, as well as of its implementation, in particular with respect to the procedure for handling consumer complaints.

#### **6. Peer reviews and follow-up**

139. In addition, and in order to ensure coherence between overall governmental approaches to privatization and the liberalization of trade and investment regimes, UNCTAD initiated an ad hoc voluntary peer review on competition law and policy, which provides a forum to review how competition-related reforms can promote development and ensure that markets work for the benefit of the poor. The ninth session of the Intergovernmental Group of Experts on Competition Law and Policy (Geneva, 15–18 July 2008) provided a framework within which UNCTAD could carry out a voluntary peer review of competition law and policy in Costa Rica. The voluntary peer review highlighted the challenges and opportunities faced by Costa Rica’s competition commission, and addressed the issues of independence, investigative tools, and law reform. UNCTAD also looked at the way forward to tackle the issues that arose from the peer review report and discussion, and presented a concrete proposal for further technical assistance to be undertaken in the framework of the COMPAL programme.

### **B. Assistance to regional and subregional groupings**

140. UNCTAD technical cooperation and capacity-building activities are increasingly provided within the framework of regional and subregional activities. Activities under the COMPAL programme, supported by the Swiss State Secretariat for Economic Affairs (SECO), contributed to strengthening competition and consumer protection law and policies in five Latin American beneficiary countries, namely the Plurinational State of Bolivia, Costa Rica, El Salvador, Nicaragua and Peru. Several activities – including seminars, workshops, the preparation of sectoral studies on the conditions of competition in selected sectors, and brochures to increase awareness among stakeholders and others – were carried out in beneficiary countries. Following the successful implementation of COMPAL programme, resources were obtained to launch the COMPAL II programme (including Colombia).

141. Assistance was provided to West African Economic and Monetary Union (WAEMU) members on the implementation of common competition rules (see the competition case handlers section in para. 136). In this connection, UNCTAD participated in the regional meeting of the steering committee for the WAEMU capacity-building project on competition policy, held from 7 to 11 April 2008 in Niamey. Together with the secretariats of the Economic Community of West African States (ECOWAS) and WAEMU, UNCTAD also organized two regional seminars for participants from ECOWAS/WAEMU member States, held from 30 April to 2

May 2008 in Bamako. The first seminar – the Regional Training and Information Seminar on Competition Law and Policy in ECOWAS – was aimed at introducing the draft regional competition rules and at discussing the regional regulatory framework on competition policy. The second seminar provided an exchange of views among competition experts from ECOWAS, WAEMU and UNCTAD on ways of using the WAEMU experience to promote common competition rules in West Africa.

142. Following UNCTAD's assistance in drafting competition legislation for member States of COMESA, and the adoption of the common competition regulations and rules, UNCTAD continued to provide assistance to oversee the implementation and enforcement of competition law and policy across the regional economy. Therefore, in order to assist the newly established COMESA Competition Commission in the implementation of the regional competition regulations and rules, and to assist the newly appointed commissioners, UNCTAD provided a resource person for the seminar which was held in Lilongwe on 9–10 April 2008.

143. A regional basic competition seminar for the countries of Eastern and Southern Africa was organized by UNCTAD in collaboration with the Zambia Competition Commission and the Competition and Tariff Commission of Zimbabwe, in Siavonga, Zambia, from 26 to 30 May 2008. The seminar provided enhanced training skills in the administration and enforcement of competition law and policy for officials responsible for investigation of anti-competitive practices and merger control enforcement in many ESA countries. Within the framework of the ESA–EU Economic Partnership Agreement negotiations, UNCTAD also provided technical advice on the preparation of the ESA–EU competition and consumer policy text and other related issues during the meetings held in Lilongwe on 19–21 April 2008 and in Lusaka on 4–8 May 2008. UNCTAD also provided advisory assistance on the implementation of the SADC Cooperation Agreement on Competition Law and Policy, from 25 to 27 August 2008 in Gaborone.

**Table 4. Competition policy and consumer protection**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
INT/8X/603	Training programme on restrictive business practices (competition policies)	1986–	France, Norway, Sweden
INT/9X/651 <sup>a</sup>	Strengthening competition policy and legislation in developing countries and countries in transition	1996–2008	Netherlands
INT/0T/1CO	Institutional and capacity-building in the area of competition law	2001–	United Kingdom
INT/0T/5AZ <sup>a</sup>	Trade and competition issues: experiences at regional level	2005–2008	Canada/IDRC
RLA/0T/3BF	Strengthening institutional and capacity-building in the area of competition and consumer law and policy in Latin American countries	2003–	Switzerland

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## **Cluster V. Trade, environment and development**

Lead division: Division on International Trade in Goods and Services, and Commodities (DITC)

144. The programmes under this cluster aim to strengthen the capacity of developing countries to formulate and implement mutually supportive trade, environment, climate change and sustainable development objectives, and increase

attention to developing countries' sustainable development objectives in international discussions (Accra Accord, paras. 99–102 and 105).

## **A. Addressing environmental, health, and food safety requirements and market access**

### **1. Consultative Task Force on Environmental Requirements and Market Access for Developing Countries**

145. *Development context and needs of beneficiary countries:* As countries seek to enhance environmental protection and promote sustainable development, environmental requirements are expected to become more frequent, stringent and multi-dimensional, including in sectors of key export interest to developing countries. While recognizing that governmental and non-governmental requirements need to be differentiated, many voluntary requirements developed by the private sector or by NGOs are de facto mandatory through market power, and tend to be globalized through international supply chains. They are largely outside WTO disciplines, yet some of them may be the precursor of future regulation. This contrasts with the lack of capacity in many developing countries to raise awareness on new environmental requirements in key export markets, to gather and disseminate much-needed information on them, and to encourage effective public-private partnerships to adjust to the new requirements in a developmentally beneficial way. Also, there is not enough consistent and credible information on the types of problems that exist in developing countries, and the interplay between policy and capacity-constraints issues is not well understood. Furthermore, there is an insufficient exchange of information among international organizations and other initiatives on their analytical, capacity-building and policy dialogue activities on environmental requirements and market access, although a strategic partnership among them would be required. Unfortunately, voluntary sustainability standards are seen by most key policymakers in developing countries as a technicality, not a strategic policy issue of (a) cost internalization; (b) promotion of sustainable production and consumption methods; and (c) sustainable competitiveness in lucrative and very dynamic markets.

146. *Objectives/features:* The Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF) is an open-ended multi-stakeholder forum of government, private sector and NGO representatives that assists developing countries in analysing key trends of environmental requirements in export markets and in exchanging national experiences on proactive approaches to meeting these requirements with a view to maintaining market access, harnessing developmental gains and safeguarding social welfare. CTF activities are not intended to “second-guess” the legitimacy and objectives of environmental requirements or to develop guidelines for good regulatory practice. Rather, CTF activities will analyse and discuss ways of overcoming specific developing-country challenges regarding development and implementation of – and adjustment to – environmental requirements. The added value of the CTF is that it: (a) links policy and capacity-constraints issues aimed at developing a more holistic and development-oriented approach on environmental requirements and market access; (b) interfaces discussions in WTO with other debates at international and national levels; (c) includes the voluntary environmental requirements of the private sector and NGOs in the analysis and discussion, and thus provides a formal exchange mechanism between these stakeholders and governments; (d) draws stakeholders normally not involved in WTO debates into the discussions; and (e) allows a regular exchange of information among agencies and initiatives that provide technical and capacity-building assistance in fields relevant to CTF discussions.

147. **Output:** A pre-UNCTAD XII event entitled Making Sustainability Standards Work for Small-Scale Farmers was organized by the CTF and the Capacity-building Task Force on Trade, Environment and Development (CBTF), in Arusha, United Republic of Tanzania, in April 2008. The international workshop brought together some 80 experts, from the public and private sectors of about 15 sub-Saharan African countries and the rest of the world. The event analysed the impact of sustainability standards on small-scale farmers, particularly in Africa, and their links to markets, and identified effective strategies to minimize the costs and maximize the benefits for smallholders of this persistent and important global trend.<sup>6</sup>

148. An UNCTAD XII side event entitled Making Sustainability Standards Work for Pro-Poor Agricultural Trade and Development was held in Accra, Ghana, in April 2008.

149. In terms of publications, the CTF brought out the last volume of a series of three studies<sup>7</sup> synthesizing – at a regional level – country case studies reviewing the developmental and market access impacts of private voluntary standards on good agricultural practice for exporters of fresh fruit and vegetables. The study is entitled Private-Sector Standards and National Schemes for Good Agricultural Practices: Implications for Exports of Fresh Fruit and Vegetables from sub-Saharan Africa (UNCTAD/DITC/TED/2007/13).

150. The CTF – in collaboration with the Department of Agriculture and the Philippine Exporters' Association – prepared a project proposal on strengthening the national programme on good agricultural practice for fresh fruit and vegetable exports in the Philippines, which was approved for implementation by the WTO/World Bank/FAO Standards and Trade Development Facility.

151. **Results of CTF activities:** CTF activities strengthened the capacity of several developing countries, both at the macroeconomic and microeconomic level, to respond proactively to voluntary sustainability standards in key export markets. Furthermore, it enabled interested developing countries to actively participate in international discussions on voluntary sustainability standards, in particular in the WTO committees. The Vietnamese Fruit Exporters' Association and the Thai Chambers of Commerce translated into the relevant local language (at their own cost) the Asian volume of the above-mentioned CTF series of country case studies on the developmental and market access impact of good agricultural practice standards, notably GlobalGAP.

## 2. Sustainable Commodity Initiative

152. The Sustainable Commodity Initiative (SCI) is a partnership led by UNCTAD and the International Institute for Sustainable Development. Through the creation of a multi-stakeholder platform, the SCI has identified critical areas that are required in order to create an effective enabling infrastructure to support producers' ability to effectively address requirements for sustainably produced products and to access those markets. These areas are impact assessment, finance, and capacity-building services. Under each area, projects have been developed through global partnerships:<sup>8</sup>

153. **Impact assessment:** A global consortium – the Committee on Sustainability Assessment (COSA) – has developed tools and techniques for measuring the costs and benefits of implementing sustainability programmes at the field level. All

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<sup>6</sup> All presentations at the workshop and the conclusions and recommendations are available at [http://www.unctad.org/trade\\_env/meeting.asp?MeetingID=249](http://www.unctad.org/trade_env/meeting.asp?MeetingID=249).

<sup>7</sup> The complete series of studies is accessible at [http://www.unctad.org/trade\\_env/EurepGAP\\_series.asp](http://www.unctad.org/trade_env/EurepGAP_series.asp).

<sup>8</sup> For more information, see the Sustainable Commodity Initiative website at <http://www.sustainablecommodities.org>.



stakeholders – i.e. producers, policymakers, industry stakeholders, standard-setters and consumers – need independent and credible information on the costs and benefits associated with implementing sustainability programmes, in order to make informed, fact-based decisions on these programmes. The tools developed by COSA are currently being applied in Colombia, Côte d’Ivoire and the United Republic of Tanzania, and in the coffee and cocoa sector.

154. **Finance:** Access to affordable finance is a critical issue for SMEs of producers that adopt sustainable practices in order to be successful enterprises and to access sustainable markets. To address this situation, the SCI has formed the Finance Alliance for Sustainable Trade – a trade alliance of financial lending institutions to increase the availability of affordable finance to SMEs. To date, the Finance Alliance for Sustainable Trade has focused on the development and delivery of four “cornerstone” projects: (a) the development of an SME online marketplace, allowing SMEs and lenders to meet virtually through a web-based portal; (b) the construction of a generic financial literacy toolbox to improve SME borrowing capacity; (c) the negotiation of improved access to loan guarantees for sustainable trade financial service institutions; and (d) a shared impact assessment tool, as a benchmark for best practice and impact in the sustainable trade finance sector. The Finance Alliance for Sustainable Trade currently has over 100 members.

155. **Capacity-building:** Limited technical assistance and a lack of harmonization among existing service providers has greatly hindered producers’ ability to engage in and benefit from voluntary standards. The Sustainable Commodity Assistance Network (SCAN) was formed as a partnership of leading standard-setters, industry actors and technical assistance providers, to identify the key needs of producers to function as sustainable enterprises and to increase harmonization and collaboration in the provision of technical assistance. Currently, needs assessments are being conducted in four pilot countries – Honduras, Peru, the United Republic of Tanzania, and Viet Nam) – including the creation of platforms for the provision of appropriate technical assistance services.

### 3. Impact assessment and cost benefit analysis: the Committee on Sustainability Assessment

156. **Development context and needs of beneficiary countries:** Voluntary standards programmes, and in particular, programmes based on sustainability criteria, have grown rapidly in the past decades. Niche market programmes have shown significant growth, and this has led to an expansion in conventional markets of these concepts and similar programmes. As these programmes have increased, producers in developing countries have felt increasing pressure to comply with the requirements in order to maintain (or expand) market access. Significant public and private funds have also been invested in these voluntary standards programmes, with the objective of promoting sustainable development.

157. To date, however, there has been almost no independent, credible impact assessment to measure the costs and benefits of implementing these programmes. Without this information, it is impossible for stakeholders throughout the supply chain (in particular, producers and policymakers) to make fact-based decisions on their investments and the benefits that can be obtained through that investment.

158. The need was therefore identified, and confirmed by a unanimous vote of support at the International Coffee Organization, to create accessible tools for national-level actors to be able to measure and compare the costs and benefits of implementing these programmes.

159. **Objectives/features:** The COSA programme has, therefore, been created to develop tools and an implementation methodology for measuring the costs and benefits of implementing sustainability initiatives. The programme to date focuses on the farm-gate level, and is structured to conduct interviews with producers, workers, exporters, leaders of cooperatives and associations, and local research institutions, to gather data. A global database is being launched to house the resulting data, so that comparisons can be made of the impacts of the different programmes, based on different regions, production systems, agro-ecological characteristics etc.

160. A multi-criteria analysis approach is being used to allow analysis of the data to be customized to meet the specific interests of the user.

161. COSA is structured to work directly with local actors to adapt the survey and process to the local context and to train local actors in data collection and analysis. This allows the programme to be integrated into local extension services and activities.

162. **Output:** The COSA programme is managed by an executive committee consisting of UNCTAD, the International Institute for Sustainable Development, the Centre de coopération internationale en recherche agronomique pour le développement, CATIE (a Latin American agroforestry research institute), and INCAE/CIMS (a Latin American sustainable development market research institute). A broad multi-stakeholder advisory panel has also been formed to guide the development of COSA and to allow it to become the reference tool for measuring the impacts of sustainability initiatives. This panel is chaired by the executive director of the International Coffee Organization.

163. To date, the survey tool has been tested in five countries (Costa Rica, Honduras, Kenya, Nicaragua and Peru). A report on this testing was published in 2008 and is entitled "Seeking sustainability". The report is available at [http://www.iisd.org/pdf/2008/seeking\\_sustainability.pdf](http://www.iisd.org/pdf/2008/seeking_sustainability.pdf).

164. The programme is now being implemented full-scale (i.e. over a three-year period) in Colombia, Côte d'Ivoire and the United Republic of Tanzania. In each of these countries, COSA is working closely with ministry representatives, technical assistance agencies and producer groups to develop the tool and train in its implementation and use.

165. **Results/impacts:** The results of the testing showed that the impact of these programmes was varied, with some having higher impacts in one area and some in other areas. This confirmed the need to better understand these impacts, in order to minimize costs and maximize benefits in a comprehensive way through the promotion of sustainable production, processing, and management practices. It also showed that, in many cases, the costs could be prohibitive – particularly for smallholders – further emphasizing the need to identify and mitigate those costs.

166. The testing was limited in its scope, however, so support for full, time-based (three-year) support was obtained. The project began in August 2008 in the United Republic of Tanzania through funding from SECO, with a series of validation workshops and the training of local actors. Data are now being collected, and first-year results are expected soon. In Côte d'Ivoire, COSA is working with other partners to develop and implement COSA on their sustainable cocoa projects. In Colombia, COSA is working directly with the National Coffee Federation, with support from the United States Agency for International Development (USAID) to implement the process.

167. An interesting and unexpected result of COSA is that it appears to have instigated a great deal of interest in impact assessment. When the programme first

began three years ago, many stakeholders, in particular standards bodies, argued that it was too difficult and/or unnecessary to measure impacts. Now, however, partners of these programmes are actively pursuing impact assessment activities and are interested in linking more closely with COSA. Public agencies are increasingly requiring credible impact measurement, and the private sector is also demanding a better understanding of the impacts of these programmes.

#### 4. **Capacity-building for sustainable agricultural producers: the Sustainable Commodity Assistance Network (SCAN)**

168. *Development context:* Sustainable agricultural has proven to have a significant impact on the environmental, economic and social development of producers in LDCs. In particular, the mitigation of environmental degradation, the controlled management of natural resources and inputs, and access to higher-value markets have led to poverty reduction and sustainable development in producing countries.

169. However, the multiplicity of standards and market-based approaches to sustainable agricultural and the removal of support services and technical assistance through liberalization programmes have left producers with limited capacity to address the requirements of these programmes and therefore to benefit appropriately from them. In response to this situation, the SCAN programme addresses two inter-related issues: (a) the lack of focused technical assistance built from a risk-based analysis to support smallholders' sustainable agricultural production and access to sustainable markets; and (b) the harmonization of technical assistance providers through the formation of a multi-stakeholder partnership of intergovernmental organizations, the private sector, NGOs, standards bodies, researchers and producer groups.

170. *Objectives/features:* The primary objective of the programme is to promote the development of sustainable enterprises of smallholder agricultural producers. This is achieved by: (a) identifying the needs of the producer groups through risk-based needs assessments at the national and the producer level; (b) formation of delivery networks at the national level, consisting of the representatives of the SCAN partnership and national actors; (c) development of harmonized training tools for the delivery of technical assistance; (d) delivery of prioritized assistance to producers and producer groups; and (e) linking the results and tool development from the national-level work to the global curriculum development process conducted by the SCAN partnership.

171. *Outputs:* The process began at the international level with the formation of a global partnership. This was necessary to overcome the inherent competition between many of the actors (in particular the standards bodies). Through this process a broad global framework was developed, emphasizing the need to support producers in the following areas: (a) good agricultural practices; (b) financial literacy and risk management; (c) organizational development; (d) market information; and (e) internal control systems/traceability.

172. Seed funding was obtained to begin needs assessments in four countries, through a partnership with the Dutch NGO Solidaridad. These began in November 2008 in Honduras, Peru, the United Republic of Tanzania, and Viet Nam. They were scheduled to be completed by the first quarter of 2009 and presented at a global workshop of the SCAN partnership in June 2009. This will then form the foundation to roll out the programme in those and other countries. The necessary funding is actively being sought.

173. *Results/impacts:* Given the early stage that this programme is at, the substantive results are focusing on the harmonization of key stakeholders in standards-based sustainable markets. By promoting an understanding of the need to

leverage the experience and skills of the individual partners, the SCAN programme has allowed these groups to accept working together to increase the services provided to smallholder producers, to broaden the scope of that support, and to focus on developing sustainable enterprises, thereby empowering producer groups.

174. The needs assessment will provide concrete analysis, which will be drafted into policy briefs that will be presented to policymakers at the national and international level.

## **B. Strengthened capacities in dealing with the trade, environment and development interface**

### **1. Trade liberalization in environmental goods and services (EGS)**

175. *Development context:* Trade liberalization of EGS, as set out in paragraph 31 (iii) of the Doha Ministerial Declaration, is one of the negotiating subjects of the current round of multilateral trade talks. During the period under review, the negotiations in the WTO Committee on Trade and Environment have been taking place at the technical level only. Despite the much-improved knowledge of environmental markets and the constructive engagements of the developing-country members, arriving at a common understanding of the mandate, and of its trade and environmental dimensions, has proved elusive. Some delegations are thinking along the lines of a sectoral agreement, while others consider that there is a need to lift the environmental negotiations out of the other negotiations on market access and to give them a true environmental identity. UNCTAD's activities have been geared towards promoting common approaches, bridging the supply-side and demand-side concerns and strengthening substantive links between the mandate and the negotiations.

176. *Objectives/features:* The immediate objectives of EGS activities were: (a) to help beneficiary countries participate effectively in WTO negotiations; (b) to promote national and regional dialogues and identify national and regional interests with regard to the product coverage and negotiating approaches; and (c) to explore strategies for strengthening national and regional capacities in particular EGS sectors.

177. *Outputs:* EGS activities have been carried out in the context of the WTO Committee on Trade and Environment (special session), the CBTF and the Modelling National Lists of Environmental Goods technical assistance project.

178. As an observer<sup>9</sup> at the WTO special sessions of the Committee on Trade and Environment, UNCTAD has sought to: (a) promote a better understanding of the mandate and a constructive engagement in the negotiations provided for in paragraph 31 (iii) of the Doha Ministerial Declaration; (b) help WTO members learn from the various negotiating experiences and apply those lessons; (c) explore all feasible options that might lead to a full discharge of the mandate; and (d) deal with technical issues relating to products coverage and negotiating modalities.

179. During the period under review, UNCTAD has facilitated a series of consultations among a group of interested developing countries (the so-called Bangkok Group).<sup>10</sup>

180. UNCTAD also commissioned two studies, entitled "Negotiations on EGS and potential contribution to MDGs" and "Trade in renewables: the case of non-tariff

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<sup>9</sup> UNCTAD has ad hoc invitee status, which is renewed on a regular basis.

<sup>10</sup> The group brings together developing WTO members that had taken special interest and an active part in the negotiations: Argentina, Bangladesh, Brazil, China, Cuba, Ecuador, Egypt, India, Indonesia, Kenya, Malaysia, Mexico, the Philippines and Thailand. Its first meeting was held in Bangkok, in 2005.

barriers". (Both studies were published in early 2009.) Under CBTF and the project Modelling National Lists of Environmental Goods, UNCTAD undertook three advisory missions, to Malaysia (March 2008), Thailand (March 2008) and Argentina (December 2008).

181. Under CBTF and the project Modelling National Lists of Environmental Goods, UNCTAD – in cooperation with the Ministry of International Trade and Industry of Malaysia – organized and conducted a seminar in March 2008 in Kuala Lumpur entitled New and Emerging Issues Affecting International Trade: WTO Negotiations on Environmental Goods and Services.

182. Under the CBTF, UNCTAD organized two sessions at the seminar entitled Post-Bali: A Dialogue on Trade, Climate Change and Development, which was held in Geneva in February 2008. Session 1, entitled Environmental Goods and Services and Access to Climate-Friendly Technologies, examined the likely role and contribution of trade liberalization in environmental goods and services for climate change mitigation and adaptation and related climate-friendly technology development and transfer, with special reference to renewable energy. Session 2, entitled Leveraging WTO Rules to Address Climate Change, explored how trade rules can facilitate sustainable trade and at the same time contribute to climate change mitigation and adaptation, and the extent to which they may determine or limit the options that countries have to use regulatory instruments or economic tools.

183. **Results/impacts:** EGS activities by UNCTAD have resulted in a marked improvement in the capacity of the beneficiary countries to deal with the substantive issues implicit in the various negotiating proposals. The case studies, seminars and advisory missions have served to strengthen the substantive links between the mandate and the negotiations, especially with respect to issues relating to climate-positive goods, and more specifically to renewables.

## 2. Strengthening capacity on improved sustainable resource management

184. **Development context:** Efficient material and resource management is of pivotal importance for sustainable economic, social and environmental management, in particular in resource-intensive industries. It offers multiple-win opportunities, i.e. it can reduce production costs, reduce carbon emissions and lower environmental pollution, and it can create job opportunities, including for SMEs. Volatile commodity and energy prices – as well as the environmentally sensitive nature of the activities concerned, however – require the development of a national strategy and policy framework to optimize the incentive structure and minimize occupational safety and environmental risks.

185. Safe and sound material recovery, reuse and recycling are important areas of such activities, which are of strategic importance for material-intensive industries, notably in the rapidly industrializing countries in East Asia.

186. **Objectives/features:** UNCTAD activities aim at assisting interested developing countries in shaping – based on a multi-stakeholder platform – a coherent national strategy for the safe and sound recovery, reuse and recycling of some scrap metals. In this context, a clear incentive structure is set up, supportive policies (both sector-specific and general, such as tax policies) are developed and a predictable investment climate is created. National round tables are being set up that gradually develop the national strategy, involving all key stakeholders.

187. The strategies and related policy tools have to be flexible in order to cope with the volatility in international commodity prices.

188. **Outputs:** In February 2008, a national round table on sound material recovery, reuse and recycling was held in the Philippines. It discussed progress on implementing the national strategy for safe and sound recovery of lead-acid batteries, developed by the existing multi-stakeholder forum in 2004. Concern was expressed that high metal prices translated into a steep rise of prices for new lead-acid batteries, which fuelled demand for reconditioned batteries. The latter were normally provided by car repair shops engaged in unlicensed battery reconditioning activities. Some participants also articulated concern about the rising level of theft of car batteries not yet at the end of their lifetime, which were sold to scrap collectors.

189. Participants also discussed a first draft of a project proposal on setting up regional recycling hubs for lead-acid batteries in South and East Asia, based on a certification scheme for participating recycling facilities and transboundary shipments of lead scrap, jointly prepared by UNCTAD, the secretariat of the Basel Convention, the International Lead and Zinc Study Group, and the International Lead Management Centre. The proposal was endorsed by participants, with specific recommendations on its breadth and depth.

190. **Results/impacts:** The activities of the round table have helped in shaping a predictable policy environment and investment climate for the collection, reuse and recycling of scrap lead batteries in the Philippines. This has resulted in higher collection and recycling rates for scrap batteries, with concomitant savings in energy, carbon emissions and costs. The recovery and recycling sector has increased employment, and better financial returns have allowed a significant technological upgrading. Better rules for the collection, transport and handling of scrap batteries – as well as disincentives to illicit reconditioning and recycling activities – have significantly reduced the environmental impact. At company level, there is clear evidence of cost savings resulting from enhanced energy efficiency, which also has translated into reduced carbon emissions.

191. The model followed in the Philippines forms the basis for the proposal on an Asian-wide recycling scheme, which will be jointly developed by UNCTAD, the secretariat of the Basel Convention, the International Lead Management Centre, and the International Lead and Zinc Study Group. It will be submitted by the latter to the Common Fund for Commodities for funding support in mid-2009.

## **C. Enhanced harmonization and equivalence in organic agriculture**

### **1. Promoting production and trade of African sustainable agricultural products, including organic agricultural products**

192. **Development context and needs:** Organic agriculture contributes to poverty alleviation, environmental protection and food security in Africa with a combination of main features, most notably by: (a) increasing income and/or reducing the costs of externally purchased inputs; (b) increasing yields in low-input areas over time; (c) conserving biodiversity and nature resources on the farm and in the surrounding areas; (d) improving soil fertility and structure, thus improving water retention and resilience to climatic stress, which contributes to climate change adaptation; (e) mitigating climate change by using less energy than conventional agriculture and also sequestering carbon; (f) reducing illness and death in farm families due to agro-chemical exposure; (g) producing safe and varied food; and (h) being sustainable in the long term.

193. **Objectives/features of the activities:** A new project – Promoting Production and Trading Opportunities for Organic Agricultural Products: A Tool for Poverty Reduction and Environmental Protection in East Africa – was launched at UNCTAD

XII in April 2008. The project was funded by the Government of Austria, and it will run during the period 2008–2010. It is being implemented jointly by the United Nations Environment Programme (UNEP), UNCTAD and the CBTF. The project focuses on the following three areas of identified comparative advantage and beneficiary need: (a) research on key areas identified by beneficiaries, including an overview of the current state of organic agriculture production, markets, trade and policies in the region, as well as opportunities for regional cooperation and documentation of success stories in the region; (b) the facilitation of vibrant public–private partnership/dialogue/information exchange, at regional and national levels; and (c) promoting the development of national, regional and international markets for East African organic agricultural products, including exploratory work related to obtaining EU recognition for the East African Organic Products Standard as an equivalent standard.

194. **Description of output:** The project implemented the following specific activities:

- (a) Support to the African Union Conference on Ecological Agriculture: Mitigating Climate Change, Providing Food Security and Self-Reliance for Rural Livelihoods in Africa, held in Addis Ababa from 26 to 28 November 2008;
- (b) Support to first West African Organic Summit, held in Nigeria in November 2008, which was modeled after the UNEP–UNCTAD–CBTF East African Organic Conferences in the 2005–2007 period; and
- (c) Preparatory work for a study providing an overview of the status of organic development in Burundi, Ethiopia, Kenya, Rwanda, Uganda and the United Republic of Tanzania.

195. Furthermore, the following publications on the subject were produced in 2008:

- (a) *Organic Agriculture and Food Security in Africa* (UNCTAD/DITC/TED/2007/15);
- (b) *Certified Organic Export Production: Implications for Economic Welfare and Gender Equity among Smallholder Farmers in Tropical Africa* (UNCTAD/DITC/TED/2007/7); and
- (c) *Best Practices for Organic Policy: What developing country Governments can do to promote the organic agriculture sector* (UNCTAD/DITC/TED/2007/3).

196. **Results/Impact:** The activities on promoting production and trade of sustainable agriculture, in particular organic agriculture, have been significantly expanded in recent years in response to specific requests from beneficiary countries. The activities triggered much interest among all key stakeholders (farmers, traders and governments), and led to the creation of multi-stakeholder platforms in each country that champion the further development of the sector, based on tangible economic, trade, social and environmental wins. Both production and trade of organic products have significantly expanded at double-digit annual rates of growth in East Africa. The support to the broader African conferences is helping to spread the good results from East Africa to other parts of the continent.

197. The three analytical studies have done much to provide clear empirical evidence that organic agriculture is good for food security and for the incomes of African farmers, and have provided guidance to policymakers on how best to take advantage of the opportunity.

## 2. UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF)

198. *Development context and needs of beneficiary countries:* Sustainable agriculture, and in particular organic agriculture, provides a multitude of developmental and trade benefits. To successfully access export markets, however, products need to be certified to specific organic standards. A plethora of mandatory and voluntary standards exist, most of them lacking harmonization. This often results in multiple certification requirements, which are costly to meet and thus marginalize small-scale producers who otherwise have a natural production advantage under labour-intensive and local-knowledge-intensive organic production.

199. *Objectives/features of the programme:* The ITF is an international forum for dialogue between public and private sector institutions involved in regulating or providing the framework for the international organic sector. The ITF worked from 2003 to 2008 with the aim of removing the technical barriers to trade in organic agricultural products (in particular for developing countries) that result from the lack of harmonization of organic regulations, private standards, and certification requirements.

200. *Description of output:* The final meeting of the ITF was held in October 2008 in Geneva. It completed six years of intensive work (2003–2008) that led to an increased understanding of the issues; dialogue between the private and public sector and among governments; and improved cooperation, including catalysing regional harmonization processes, and an increased influence on new regulations and the revision of existing ones. The meeting adopted and launched the two key ITF-developed tools aimed at facilitating harmonization and equivalence at the international level; namely the International Requirements for Organic Certification Bodies, establishing an international baseline on what organic certification bodies must do to be effective, as a basis for equivalence, mutual recognition and future harmonization; and the Tool for Equivalence of Organic Standards and Technical Regulations (EquiTool) – an international guideline for determining the equivalence of organic standards. A draft project was discussed, entitled Global Organic Market Access: Implementing the Results and Recommendations of the ITF.

201. Under the ITF, volume 4 of Background Papers of the International Task Force on Harmonization and Equivalence in Organic Agriculture (UNCTAD/DITC/TED/2007/14) was published in February 2008.

202. The ITF, together with the CTF, supported and actively contributed to the Organic Asia Conference – The Way Forward, which was held in Kuching, Malaysia, in October 2008. The meeting adopted recommendations that outline a series of specific activities for further dialogue among Asian developing countries on the harmonization and equivalence of standards of organic agriculture in the region. These activities are reflected in the post-ITF project outlined above.

203. The ITF designed and implemented a communication strategy to encourage public- and private-sector decision-makers worldwide to use the ITF recommendations and tools. Professionally designed communication material provides support for ITF members to share the ITF results. These materials include a brochure, information sheets in folders, PowerPoint presentations and a dedicated website.

204. *Results/impacts:* The ITF work has led to increased an understanding of issues, dialogue between the private and public sector and among governments, improved cooperation including catalysing regional harmonization processes, and increased influence on new regulations and on the revision of existing ones.



205. The ITF tools are already being picked up by important actors. For example, the European Commission's new guidelines on imports of organic products into the European Union makes specific reference to the two ITF tools as international best practice. At the Organic Asia conference, participants expressed great enthusiasm for implementing the ITF results in the region, including the possible development of an Asian organic standard, or mechanisms for multilateral equivalency within the region. .

#### **D. Enhanced opportunities in biofuels**

206. *Development context:* Conventional fossil fuels, such as petroleum and its derivatives, coal, and natural gas, are the primary sources of energy worldwide. The increasing greenhouse gas emissions stemming from ever-escalating dependence on fossil fuel combustion are the single most important source of greenhouse gas concentration in the atmosphere, causing human-induced climate change. Continued over-dependence on fossil fuels has economic, social, climate and biodiversity impacts, especially to the most vulnerable developing countries.

207. The production of biofuels – clean-burning, carbon-neutral fuels derived mainly from agricultural crops – has a number of benefits: it can reduce dependency on fossil fuel imports and increase energy security; it promotes job creation, economic diversification and rural development; and it reduces greenhouse gas emissions, thus helping to combat global warming. The new Kyoto policy environment is likely to significantly increase the demand for low- or no-carbon-emitting energy, including biofuels. Overall, the greatest potential for the production of biofuels can be found in developing countries; whereas developed countries – in meeting their Kyoto commitments – potentially provide the greatest markets. However, greater penetration of biofuels in energy markets requires enhanced policy coherence, as it involves agriculture, energy, trade and climate policies. A well-targeted multi-sectoral approach is required if developing countries are to capture investment opportunities and development gains from the new emerging markets for biofuels. Increased production, domestic use and trade in biofuels may offer a real and pragmatic alternative to both developing and developed countries to meet their commitment to combat climate change and to achieve the Millennium Development Goals.

208. *Objectives/features:* The UNCTAD BioFuels Initiative offers a facilitating hub for programmes already under way in a number of institutions. The Initiative, with its partners, adds value by providing interested countries with access to sound economic and trade policy analysis, capacity-building activities and consensus-building tools. It tailors national strategies, based on specific national circumstances and needs. It attempts to share lessons from success cases – and to illustrate problems that are encountered by developed and developing countries alike in dealing with the technical, political and economic aspects of biofuels. The Initiative works closely with the private sector towards the ultimate goal of developing the business and sustainable development case for increased production, domestic use, and trade in biofuels. More specifically, the BioFuels Initiative helps assess the potential that specific developing countries have to engage, in the growing worldwide production, use and trade of biofuels. In doing so, it looks at the possible opportunities and impacts on domestic energy policies, food security, environmental management, job creation and rural development. It deals with trade flows, tariff regimes and market access and market entry issues affecting international trade in biofuels. It assesses emerging investment opportunities for developing countries, including the use of the Clean Development Mechanism (CDM) under the Kyoto Protocol. It provides policy guidance, ideas and examples on how to overcome barriers when engaging in this new market.

209. **Outputs:** UNCTAD's Biofuels Initiative continued to offer a facilitating hub for programmes or initiatives already under way in a number of institutions. Together with its partners, it has provided developing countries with access to sound economic and trade policy analysis, capacity-building activities and consensus-building tools. It has maintained its partnerships with intergovernmental organizations, Governments, applied research centres and NGOs. Analytical studies on cross-cutting issues were conducted to assist developing countries in assessing the biofuels option. In addressing the concerns related to the sustainability of biofuels due to increased use and production, an analytical study entitled *Making Certification Work for Sustainable Development: The Case of Biofuels* (UNCTAD/DITC/TED/2008/1) was produced. On the occasion of UNCTAD XII, a side-event entitled "Biofuels: opportunities and risks for small producers in developing countries" was held on 22 April 2008. The event highlighted the potential and real opportunities and risks that biofuels offer to small-scale producers in developing countries. On the occasion of the fourteenth session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC), held in December 2008 in Poznan, Poland, UNCTAD participated in the side-event organized by the Global Bioenergy Partnership. The Initiative presented the results of the analytical study conducted on the possible scenarios for the biofuels industry, describing how the sector could evolve depending on the policies and strategies that individual countries may select, based on the assumption that individual choices may have global impacts.

210. In 2008, the UNCTAD BioFuels Initiative participated in a number of conferences, training events and seminars.

211. **Results:** The UNCTAD BioFuels Initiative has continued to assist developing countries in their policy analysis and decision-making processes regarding whether or not biofuels are an option for them in achieving energy security and sustainable development goals. Analytical studies were conducted addressing some of the most sensitive issues within the debate on biofuels. The BioFuels Initiative has maintained key partnerships with various United Nations agencies, institutions and organizations, which have made it possible to exploit synergies and avoid overlapping. It is particularly active in the Roundtable on Sustainable Biofuels, an international initiative that brings together farmers, companies, NGOs, experts, Governments and intergovernmental agencies concerned with ensuring the sustainability of biofuels production and processing. The UNCTAD BioFuels Initiative has successfully responded to the high level of interest from developed and developing countries in various aspects of the emerging issue of biofuels. The biofuels option – if well assessed, planned and sequenced – could offer developing countries opportunities to win all around: in terms of climate change benefits, rural development, decent work and energy diversification.

## **E. Enhanced opportunities in biotrade**

212. **Development context:** Biodiversity, as the source of many products and services utilized by society, is being lost at accelerating rates, caused by the widespread overexploitation of biological resources, the introduction of alien species, and the transformation of habitats. Biodiversity loss often destabilizes and reduces the productivity of ecosystems, weakening their ability to generate products and services, and their capacity to deal with the natural disasters and stress caused by humans, such as environmental pollution, degradation and climate change. The sustainable use of biodiversity is thus fundamental for long-term sustainable development. Developing countries, which are often endowed with rich biodiversity, face the great challenge of combining poverty alleviation and economic growth with sustainable use and conservation of biodiversity. Trade in products and services

derived from biodiversity could be part of the solution to this problem. Research shows that market interest and demand for biodiversity products and services is growing, giving countries that are rich in biodiversity a comparative advantage. However, developing countries often lack the capacity to turn this into competitive advantage, meaning that the traded volumes of sustainably obtained biodiversity goods and services remain relatively low. The importance of trade as a positive incentive measure for biodiversity conservation is increasingly recognized at the national and international level, and efforts are underway to promote trade that takes into account ecological and social issues. UNCTAD's BioTrade Initiative and BioTrade Facilitation Programme support sustainable development through trade and investment in biological resources in line with the three objectives of the Convention on Biological Diversity (CBD).<sup>11</sup> These programmes respond to the limited capacity of developing countries to benefit from the international markets for products whose production processes enable sustainable use and conservation of biodiversity.

213. **Objectives/features:** The BioTrade Initiative seeks to promote trade and investment in biological resources in support of sustainable development. Through the establishment of partnerships with national, regional and international programmes, it seeks to strengthen the capacity of developing countries to enhance the production of value-added products and services derived from biodiversity both for domestic and international markets. The Initiative, which supports sustainable development through trade and investment in biological resources, aims at giving concrete expression to the concept of sustainable use of biodiversity and to reconciling biodiversity conservation with the development aspirations of local communities in biodiversity-rich areas in developing countries. It also seeks to facilitate sustainable trade in biodiversity products and services through innovative collaborative arrangements that enhance sustainable bio-resource management; it supports BioTrade product development, value-added processing and market entry; it promotes product differentiation and improves access to trade and pre-export finance; and it articulates concerns related to biotrade in the policy environment that affects such trade.

214. **Outputs:** UNCTAD has continued to assist developing countries in strengthening the institutional capacity of the national BioTrade programmes in developing policy frameworks in support of biotrade, and by providing technical assistance to BioTrade initiatives. In particular, support was given to national biotrade activities in the Plurinational State of Bolivia, in Colombia, and in Viet Nam. UNCTAD also assisted the Amazon Cooperation Treaty Organization in finalizing a proposal for a regional biotrade programme to promote the sustainable use and conservation of biodiversity through regional actions that favour trade and investments in biodiversity products and services, with emphasis on the fair and equitable sharing of benefits. Within the framework of the Regional Biodiversity Strategy, UNCTAD supported biotrade activities under the Andean BioTrade Programme, encouraging the use of biodiversity with sustainability criteria to generate opportunities that contribute to the economic and social development of the Andean Community's member countries. In addressing trade barriers relevant to biotrade, UNCTAD has been supporting the ongoing revision process of the Novel Foods Regulation – EC regulation 258/97 – which has been identified as a non-tariff barrier to BioTrade products. UNCTAD's efforts are focused on providing technical inputs to the revision process in order to assist stakeholders to reach a development-friendly regulation through targeted research and case studies, and by conducting briefings and informal discussions with stakeholders. UNCTAD also continued

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<sup>11</sup> The Convention's objectives are the conservation of biological diversity; the sustainable use of its components; and fair and equitable sharing of the benefits arising from the utilization of genetic resources.

implementing activities under biodiversity-related multilateral environmental agreement (MEAs), such as the CBD, and supported the Convention in specific areas such as access and benefit sharing, technology transfer and cooperation, private sector engagement, and agricultural biodiversity, in particular the cross-cutting initiative on biodiversity for food and nutrition and incentive measures. UNCTAD, as a member of the Heads of Agency Task Force of 2010, also works towards supporting the achievement of the 2010 Biodiversity Target.

215. Events organized by the Initiative include:

- (a) African Technical Workshop on the Impact Assessment System for BioTrade, 6–7 November, 2008, Johannesburg, South Africa;
- (b) Southern African Regional Dialogue on Novel Foods, 27–28 October 2008, Cape Town, South Africa; and
- (c) South American Regional Dialogue on Novel Foods, 11–12 November 2008, Lima, Peru.

216. **Results:** UNCTAD has successfully facilitated trade in products and services derived from biodiversity. It has also managed to involve the private sector, as well as funding institutions both at the national and international levels to work on issues related to market access and market creation, matchmaking between exporters and importers, market studies, trade-related legal issues relevant to biotrade enterprises, and the development of a sustainable use approach for selected value chains. Biotrade today is internationally recognized as an important component in development cooperation agreements, which can deliver effective solutions to meet sustainable development challenges in the economic, social and environmental spheres, and can further advance efforts to meet the Millennium Development Goals. In addition, biodiversity is now beginning to occupy an important place on the agendas for international trade negotiations and trade policy formulation processes. BioTrade has gained increased recognition as a model for the sustainable trade of biodiversity-based products and services. It has figured largely in both public and private sector strategies, particularly on poverty alleviation and on the development of local livelihoods in biodiversity-rich areas.

217. Through the BioTrade Initiative – including its BioTrade Facilitation Programme – UNCTAD has managed to adapt and respond to the evolving needs of developing countries on issues related to the trade of biotrade products. Private sector companies have identified the need for an organization that would support differentiation of these products in the market, and also substantiate a company's responsible use of biodiversity and the positive impact it has on communities involved in biotrade activities. In consultation with Biotrade national programmes and other relevant partners, UNCTAD facilitated and supported the creation of the Union for Ethical BioTrade, to support the recognition of producers' efforts in promoting the sustainable use of biodiversity and the sharing of benefits derived from this use.

218. UNCTAD has been developing a BioTrade Impact Assessment System, which addresses the constant need to define and measure Biotrade's contribution to sustainable development, as well as the conservation/sustainable use of biodiversity in a harmonized and structured manner.

219. The organization of the first International BioTrade Fair, in Santa Cruz, Plurinational State of Bolivia, in June 2008, contributed to (a) positioning BioTrade sectors in the domestic and regional markets; (b) creating opportunities to establish commercial and financial ties between participants; (c) promoting biotrade products; and (d) sharing experiences and developing common strategies.

220. The institutionalization of the Sala Andes Amazonia – an exhibition pavilion promoting and showcasing biotrade products – provided a regional platform and management tool for BioTrade in the Amazon and Andean regions. It fostered business and investment opportunities, and provided an opportunity for shared experiences and information on key issues related to the sustainable use of biodiversity in the region.

221. UNCTAD contributed to an improved understanding of how best to integrate the private sector into biodiversity-related conventions, allowing developing countries and their local communities to gain from the global trade opportunities arising from the sustainable use of biodiversity. UNCTAD's work on biotrade in implementing activities under biodiversity-related MEAs, such as the CBD and the Convention on International Trade in Endangered Species of Wild Fauna and Flora, has been recognized by both secretariats on various occasions.

222. The equitable sharing of benefits arising from the use of biodiversity is a fundamental tenet of the BioTrade Initiative and one of the objectives of the CBD. In its work towards the sustainable use of biological resources, the BioTrade Initiative guides companies on how to best fulfil principles for the equitable sharing of benefits.

## **F. Trade, development and investment opportunities in the climate change regime**

223. *Development context:* Global concerns over the impact of climate change, particularly its adverse effect on developing countries, and the related significant economic costs associated with inaction, have put climate change very high on the international agenda. The projected climate impacts will hurt developing countries most, because their economies are more reliant on climate-sensitive sectors, such as agriculture and fisheries. Developing countries are also more vulnerable because they have limited human, institutional and financial capacity to anticipate and respond or adapt to climate change and natural disasters. As developing countries are already economically vulnerable, their economies – and particularly those of the least developed countries – often rely on few exports and face negative terms of trade. To make their economies more resilient – both in general economic terms, and to the effects of adverse climate change – they will need to diversify. Economic diversification can be spurred by well-targeted FDI into a variety of productive sectors. The Kyoto Protocol provides important investment opportunities for developing countries through the CDM. Developing countries need to be ready to seize the opportunities for sustainable development offered by the CDM and ensure that these are captured domestically in a manner that lessens their economies' vulnerability, increases their energy security, and augments their chances of integrating themselves into the globalized world economy on more equitable terms. Investment under the CDM – which may not necessarily follow traditional FDI flows – may provide an opportunity for investment that assists developing countries in diversifying their economies. Such investment flows may carry opportunities for technology transfer and for the fostering of indigenous technologies. The current climate change negotiations are generating important emerging trade and investment opportunities for developing countries, particularly in the area of bioenergy. UNCTAD's Climate Change Programme has a significant role to play in the international climate change debate on the effects of – and policy responses to – global climate change, as well as to the United Nations-wide response strategy. In particular, the programme focuses on addressing the economic aspects of climate change, and its trade and development implications.

224. **Objectives/features:** Admitting that future economies will be carbon-constrained, the programme plays a significant role in preparing developing countries for the expected shifts in relative prices and in relative production costs stemming from the introduction of climate policies and measures. It contributes to a smoother transition to a regulated carbon economy. As there is a growing commitment to more active climate change policy, both at the national and international level, the UNCTAD Climate Change Programme addresses issues such as the trade competitiveness aspects of climate change policies; trade, development gains and investment opportunities arising as climate change measures are adopted, creating new markets for more efficient, innovative and less carbon-intensive products and processes; investment promotion and development gains in developing countries, which may derive from the development of projects under the CDM; and compatibility issues between climate policy and trade rules.

225. **Outputs:** Through the Climate Change Programme, UNCTAD actively participated in various conferences, meetings, seminars and round tables on the effects of and policy responses to global climate change, and also participated in various meetings and sessions of the Chief Executives Board (CEB) and the High-level Committee on Programmes. On the occasion of the fourteenth session of the Conference of the Parties of the UNFCCC, held in December 2008 in Poznan, Poland, UNCTAD – jointly with WTO – organized a side-event on trade and climate change. The side-event addressed prominent issues relating to the economic implications of climate change policy and provided a focused discussion on the trade and development aspects of climate change.

226. **Results:** The mandate on climate change under para. 100 of the Accra Accord gave UNCTAD, through its Climate Change Programme, a strong impetus to consider working on climate change and to assist developing countries with trade- and investment-related issues in development strategies. The newly established programme is committed to assisting developing countries in enhancing their trade competitiveness and in seizing the investment opportunities that arise from the introduction of climate change policies and measures.

**Table 5. Trade, environment and development**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
UGA/0T/4BT	Biotrade initiative in Uganda	2004–	Norway
GLO/05/379	Biofuels initiative: trade, investment and capacity-building opportunities	2005–	UNFIP
INT/0T/0BO	Building national capacity in sustainable management of recoverable material	2000–	Multi-donor
INT/0T/2AQ	Building capacity for improved policy and negotiations on key trade and environment issues	2002–	United Kingdom
INT/0T/3AC	Biotrade facilitation programme for biodiversity products and service	2003–	SECO/Netherlands
INT/0T/3BB <sup>a</sup>	Consultative task force on environmental requirements and international trade	2003–2008	Netherlands
INT/0T/4BF	International Task Force on Harmonization and Equivalency in Organic Agriculture	2004–	Switzerland
INT/0T/5AJ	Modelling national lists of environmental goods	2005–	Canada
INT0T6AY	Implementing the BioFuels Initiative in LDCs and countries with vulnerable economies	2006–	Norway
INT0T6BP	Challenges and opportunities of implementing biodiversity-related MEAs	2006–	Switzerland
INT0T7BC <sup>a</sup>	The biofuels market: current situation and alternative scenarios	2007–2008	Italy
RAF0T8BE	Promoting Production and Trading Opportunities for Organic Agricultural Products: A Tool for Poverty Reduction and Environmental Protection in East Africa	2008–	Austria
RLA/04/339	Implementing the Biotrade Initiative, phase II	2004–	UNFIP

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster VI. Trends, impact and policies related to FDI and the activities of transnational corporations

Lead division: Division on Investment and Enterprise (DIAE)

227. The programmes under this cluster aim at increasing understanding of various key issues and policies relating to public and private investment issues and of the impact of foreign direct investment (FDI) on development.

### A. World Investment Report series

228. **Development context:** As recognized in the Monterrey Consensus of the International Conference on Financing for Development, and the Accra Accord of UNCTAD XII, FDI has become an increasingly important factor in economic development, especially as an instrument for the integration of countries into the global economy. The *World Investment Report* (WIR), which UNCTAD produces annually, provides up-to-date and comprehensive data on issues pertaining to FDI and TNCs, analyses trends and developments in FDI, examines the implications of the activities carried out by TNCs related to these trends, and assesses both international and national policy issues of relevance to developing countries. The WIR series is a key instrument to help policymakers improve their understanding of emerging FDI-related issues and policy implications for development, and, as a result, to enhance their ability to formulate FDI policies that will contribute to their development objectives. Therefore, UNCTAD's WIR series serves as an essential tool for formulating FDI policies, which feeds into UNCTAD's technical assistance work in the area of FDI.

229. **Objectives/features:** As it deals with emerging investment-related policy issues in developing countries, this project has an important capacity-building component. Each issue of the WIR deals with timely issues by inviting the international community of government officers, researchers, experts and consultants to discuss their experience and knowledge. The preparation of the WIR involves extensive peer reviews. This peer review mechanism includes the organization of regional seminars, which are particularly important so that regional perspectives are reflected in the Report. The dissemination of the results and policy recommendations of the Report contributes to capacity-building in developing countries.

230. **Outputs:** There were nine major WIR-related activities:

- (a) Background studies were commissioned to serve as inputs to the *World Investment Report 2008*, which was subtitled *Transnational Corporations and the Infrastructure Challenge*. UNCTAD also conducted company interviews for the report, which was launched worldwide on 24 September 2008;
- (b) Databases on foreign direct investment, mergers and acquisitions, and the largest TNCs were maintained and updated;
- (c) Two regional seminars were organized in Johannesburg, South Africa (7–8 April 2008) and Santiago, Chile (15–16 April 2008). On both occasions, regional experts were invited to discuss issues regarding TNCs in infrastructure industries. In addition, substantive comments on the *World Investment Report 2008* draft were received;
- (d) The Global Seminar was organized in Geneva (21–22 May 2008) to discuss and review with outside experts the penultimate final draft of the *World Investment Report 2008*;

- (e) Brainstorming sessions were held in Geneva on FDI in climate change (13 February 2008) to discuss potential issues of relevance for future editions of the *World Investment Report*; on FDI in infrastructure industries (14 February 2008); and on the *World Investment Report 2009* (16–17 October 2008);
- (f) A side-event to discuss FDI aspects of climate change was organized during the twenty-eighth session of the Subsidiary Body of the United Nations Framework Convention on Climate Change, in Bonn, Germany (11 June 2008);
- (g) A special panel on the *World Investment Report* was hosted to analyse and discuss future research topics (including, for instance, the implications for policy and research of the evolving FDI from the South) at the annual meeting of the Academy of International Business, held in Milan, Italy (2 July 2008);
- (h) Assessment of the short-term outlook for international investment based on the *World Investment Report 2008* and the *World Investment Prospect Survey* were presented at the Heiligendamm Process Working Group on Investment in the Organization for Economic Cooperation and Development (OECD), in Paris (18 December 2008).

231. **Results:** The *World Investment Report 2008*, which highlighted the role of TNCs in infrastructure industries, was regarded as “particularly timely, as high-quality infrastructure [is] essential to development and to the achievement of the Millennium Development Goals” (TD/B/55/L.2/Add.8). The wide dissemination of the findings and policy recommendations of the Report was facilitated by an extensive media launch and the possibility to freely download the entire report from the UNCTAD website. In 2008, launching activities took place in 76 locations in 73 countries. The *World Investment Report 2008*, together with the *World Investment Prospect Survey*, generated over 1,100 articles and interviews in over 90 countries. The annual editions of the *World Investment Report* are now a standing agenda point for the annual meetings of the Academy of International Business and of the European International Business Academy. In response to the continued interest in the topics covered in editions of the *World Investment Report*, UNCTAD received multiple requests from both developed and developing countries to make keynote interventions or to organize workshops and seminars.

## **B. FDI in tourism and development**

232. **Development context:** FDI and other forms of TNC involvement are some of the routes through which countries can carry out tourism; however, the impact of FDI in this dynamic sector and its implications have been little studied. Because tourism is an industry that needs to be managed carefully with or without FDI, and because FDI poses special challenges and concerns, UNCTAD’s research aims to provide information and analyses that will assist policymakers to design policies that best support their development objectives and strategies in this sensitive sector. The programme of work includes surveys and case studies (conducted by local researchers) as a central plank to the analysis. These are disseminated in reports (two have been published in the “Current Studies in FDI and Development” series) and at meetings/missions in developing countries.

233. **Activities/outputs:** In 2008 the work carried out included:

- (a) The publication of “FDI and tourism: the development dimension – East and Southern Africa”;



- (b) Original research and policy analysis on tourism FDI in Ghana, Mali and Senegal, as a continuation of previous wide-reaching assessments, included Botswana, Kenya, Mauritius, Tunisia, Uganda, the United Republic of Tanzania and elsewhere; and
- (c) Information-sharing and dissemination of the work to date, at a series of stakeholder workshops and seminars. These included events in Ghana (an UNCTAD XII pre-event), Mauritius and Senegal. Subsequent dissemination is planned through various channels by the team as a whole, and by individual researchers in various African countries included in the project.

234. **Results:** The work has contributed to knowledge creation, capacity development in research and analytical techniques, debate about policy lessons, and recommendations to policymakers and industry practitioners.

### C. Capacity-building in FDI statistics

235. **Development context:** Scarcity, unreliability and inconsistency in existing data reporting systems cause severe problems in formulating policies and strategies regarding FDI. There is also a shortage of studies on the role of FDI, its impact on sustainable economic development, and its contribution to technology transfer, human resource development and export performance. In response to recommendations made by UNCTAD's Expert Meeting on Capacity-Building in the Area of FDI: Data Compilation and Policy Formulation in Developing Countries, which was held in December 2005, and which was endorsed by the tenth session of the Commission on Investment, Technology and Related Financial Issues (6–10 March 2006, Geneva), UNCTAD continues to provide technical cooperation in the area of FDI statistics. This mandate was reaffirmed by the Accra Accord.

236. **Objectives/features:** The overall objective of the project is to increase FDI inflows to developing countries, particularly LDCs, by formulating FDI policies based on quality FDI data and information about TNCs operating in the region or the country. This project aims to enhance the capacity of government agencies in these countries to compile, disseminate and analyse data on FDI and TNC activities by implementing internationally recommended methodological standards, and to enable national authorities to maintain high-quality and up-to-date databases. The project also intends to strengthen networking among national authorities involved in FDI data compilation and reporting, and in FDI policy issues and investment promotion activities, so as to facilitate the exchange of experiences.

237. **Outputs:** A number of activities were implemented in cooperation with the COMESA secretariat in the framework of the project entitled "Support to decision-making and policy formulation on foreign direct investment in the context of the MDG and the Monterrey Consensus".

- (a) In March 2008, a meeting was held in Lusaka attended by the eight countries comprising the Task Force on FDI and TNC Statistics. The meeting adopted the terms of reference for the Task Force and amended the regulation on FDI data compilation. It also set up a work programme for 2009–2010. It was followed in August 2008 by the First COMESA/UNCTAD Regional Workshop on the Common Survey on FDI/TNC Statistics, which was held in Mombasa, Kenya. This workshop produced a common survey on FDI and the activities of TNCs, which member States could use to collect and compile data;
- (b) Five national workshops on FDI statistics and TNC activities were also organized for COMESA member States: in Zambia (17–20 March 2008), Kenya (16–19 June 2008), Rwanda (17–20 November 2008), Malawi (24–

27 November 2008) and Ethiopia (15–18 December 2008). In addition, upon request from beneficiary countries, two national workshops on the methodology of compilation of FDI statistics were held in the Dominican Republic (24–28 November 2008) and in the Islamic Republic of Iran (21–24 December 2008) in cooperation with the local investment agencies, central banks, and other relevant agencies and ministries.

238. **Results:** These workshops and seminars advanced government officials' understanding of FDI statistics, and in some countries, allowed for the initiation of surveys on FDI. These meetings also made steps towards establishing a regional association of FDI data compilers to harmonize FDI statistics in the region and to share experiences of data collection and reporting.

**Table 6. Trends, impact and policies related to FDI and to TNC activities**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
INT/9X/325 <sup>a</sup>	United Nations Trust Fund on Transnational Corporations	1993–2008	Multi-donor
INT/0T/2CW	Development and dissemination of selected data on FDI and the operations of transnational corporations	2003–	Multi-donor
INT/0T/3BR	World Investment Report series	2003–	Multi-donor
RAF/0T/8AD <sup>a</sup>	Comparative Study of Provisions of EAC Partner States' Patent Laws for Access to Generic Medicines	2008–2008	Germany
ROA-2106 (M4)	Support to decision-making and policy formulation on Foreign Direct Investment in the context of the MDG and the Monterrey Consensus	2008–	Development Account

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster VII. Investment policies, treaties and facilitation

Lead division: Division on Investment and Enterprise (DIAE)

239. The programmes under this cluster aim at an increased ability of beneficiary countries to create an environment conducive to attracting and benefiting from investment for development, their increased understanding of key and emerging issues related to international investment agreements (IIAs) and their development dimension, enhanced capacity in negotiating and implementing investment treaties, and managing investor-State disputes.

### A. Investment policy reviews and follow-up programme

240. **Development context:** The investment policy review (IPR) is a demand-driven and country-specific programme of technical assistance. It evaluates a country's policy, regulatory, and institutional environment for FDI, in line with its overall economic and social development objectives. The concrete and action-driven recommendations aim at attracting higher levels of beneficial FDI.

241. **Objectives/features:** The IPR approach and process promote ownership and learning. It takes place in five consecutive phases, which are sequenced to promote synergies:

- (a) *Government request.* The reviews are initiated at the request of governments, and the relevant government ministry or agency is involved throughout the process to foster ownership and coherence.

- (b) *IPR evaluation and advisory report.* The preparation of the IPR report starts with a diagnostic phase, which includes a fact-finding mission to the country by UNCTAD technical staff. At this stage, policymakers at the highest level and a wide range of stakeholders are brought into the process, including line ministries and agencies, universities, and other research institutions. Meetings are also held with representatives from the private sector, NGOs, and the donor community active in the country.
- (c) *Country ownership and intergovernmental review.* Beneficiary countries agree to go through a review process, which includes a national stakeholders' workshop, to discuss the findings of the draft report and review its recommendations. This is followed by an intergovernmental peer review, which draws upon the experiences of other countries in attracting and benefiting from investment, including benchmarking against international best practices. Based on inputs gathered through the peer review process, the IPR reports are generally finalized over a period of 10–12 months.
- (d) *Implementation and follow-up technical assistance.* The review process is designed with one key purpose: making FDI work for sustainable development. The finalization and publication of the IPR report only mark the beginning of the process. The focus of this process is on delivering technical assistance to beneficiary countries to help them meet their development objectives by attracting higher desirable levels and types of FDI inflows, maximizing their developmental benefits, and limiting the potential negative impact. The implementation phase is carried out through short-term action plans and multi-agency medium-term technical assistance.
- (e) *Implementation report and additional follow-up actions.* About five years after the completion of the review report, UNCTAD conducts an assessment of the implementation of recommendations, and makes proposals for further and longer-term technical assistance.

242. **Outputs:** In 2008, the main outputs delivered by the investment policy review and follow-up programme included:

- (a) Completion of four investment policy reviews, for the Dominican Republic, Mauritania, Nigeria and Viet Nam. Work was under way to finalize the draft reviews for Belarus, Burkina Faso, Burundi and Sierra Leone, for presentation at national workshops in 2009;
- (b) A meeting of experts on the impact of FDI was organized on 9–10 December 2008, to discuss broader and more structural approaches to the process of undertaking IPRs;
- (c) Investment guides were being finalized for Benin, the Lao People's Democratic Republic and Morocco;
- (d) National workshops were organized in Mauritania and Nigeria on the findings of IPRs, and in Rabat on the draft investment guide for Morocco. A high-level discussion on the IPR for Belarus was organized;
- (e) The first i-track system was installed in Ghana; and
- (f) A Blue Book on Best Practices in Investment Promotion was prepared for Nigeria.

243. **Overall results:** The IPR programme has shown it can have a significant impact in generating consensus among stakeholders and obtaining the endorsement and commitment of domestic authorities at the highest levels. This commitment has

lead to the implementation of many IPR recommendations. For example, during the 2006–2007 biennium, more than 45 recommendations were implemented in countries that had completed an IPR. In 2008, significant progress continued, with the implementation of several additional ones. The importance and relevance of the IPR work is also reflected by the involvement of Heads of State or Government in the process, and their commitment to implementing its outcome. This was notably the case for Morocco, Nigeria, Rwanda and Uganda. Further to the 2007 Heiligendamm G8 Summit Declaration, which recognized that the reviews and follow-up actions are “valuable mechanisms” for investment climate assessment, the Accra Declaration encouraged UNCTAD to support developing countries and countries with economies in transition in formulating and implementing investment policies through IPRs and assisting them with relevant legislation and regulations.

244. **Results** by country are as follows:

- (a) *Benin*: Prepared an investment guide and assisted in the implementation of a software-based system to track, monitor and manage investors’ project applications (i-Track). UNCTAD also conducted a training workshop on the principles and establishment of a one-stop shop for investment;
- (b) *Dominican Republic*: Carried out training on the methodology to collect and analyse FDI statistics, including support in the preparation of a national investment survey. Provided the Government with a model bilateral investment treaty for current and future negotiations; assisted in the amendment of the foreign investment law and the foreign investment agency law. Carried out two training sessions on bilateral investment treaty negotiations and current trends in the treatment and protection of FDI. Assisted the Dominican Republic in establishing an Empretec centre in support of entrepreneurship development. Obtained the endorsement of the Government on a follow-up programme to assist in establishing competition legislation and a competition agency;
- (c) *Ethiopia*: Prepared two subregional diagnostic studies on investment potential for Ethiopia, as well as a targeting strategy for the region of Oromia;
- (d) *Ghana*: Prepared an IPR implementation report, and provided recommendations for further and longer-term technical assistance. Assisted the Government in implementing a software-based system to track, monitor and manage investors’ project applications (i-Track). Furthermore, UNCTAD provided comments on the new model of the bilateral investment treaty of Ghana, as well as advisory services on the current and forthcoming bilateral investment treaty negotiations;
- (e) *Lao People’s Democratic Republic*: UNCTAD prepared an investment guide for the Lao People’s Democratic Republic, covering – among other things – investment opportunities in mining, forestry and hydroelectric generation;
- (f) *Morocco*: Carried out training on the methodology to collect and analyse FDI statistics, including support in the preparation of a national investment survey. Prepared the codification of the investment regulations. Prepared the Investment Guide to Morocco jointly with the International Chamber of Commerce, and presented it at a national workshop held in Rabat in November 2008. Prepared an in-depth review of the international investment agreements of Morocco (analysis of key substantive and procedural provisions and policy recommendations), with a view to

supporting the elaboration of the model bilateral investment treaty of Morocco;

- (g) *Nigeria*: Presented the IPR at a national workshop in Abuja in July 2008. President Yar'Adua was briefed by UNCTAD on the IPR's key recommendations, and he assigned his chief economic adviser to follow up on their implementation. Plans are underway to present the IPR report at an intergovernmental meeting in May 2009. Based on technical assistance delivered during 2007 regarding Nigeria's incentive schemes and required fiscal reform, strengthening of investment promotion, and reorientation of current export-processing zones into industrial development zones, UNCTAD's recommendations were adopted, in February 2008, by the Presidential Committee on the Review of Waivers, Incentives and Concessions. UNCTAD also prepared an action plan for the Government to undertake quick-win practical measures to improve the investment environment within 12 to 18 months. These measures address institutional, regulatory and procedural issues identified during a fact-finding mission in the same year;
- (h) *Rwanda*: UNCTAD assisted the Government to implement a skills-attraction action plan. This includes policy recommendations concerning immigration policy, resident-permit systems, and the return of skilled workers;
- (i) *Zambia*: UNCTAD conducted clients' charter training for the recently-established Zambia Development Agency. UNCTAD also began preparations for the Investment Guide to Zambia.

245. **Requests from member States for an investment policy review**: Official requests for investment policy reviews have been received from 23 countries: Azerbaijan, Bahrain, Bangladesh, Bolivia (Plurinational State of), the Central African Republic, Chad, Chile, Congo, the Democratic Republic of the Congo, El Salvador, Gabon, Guinea-Bissau, Kuwait, Kyrgyzstan, Madagascar, Mali, Mongolia, Nicaragua, the Philippines, the Republic of Moldova, Suriname, Swaziland, and Trinidad and Tobago.

## B. Investment facilitation

246. **Development context**: With the globalization of economic activities, more and more developing countries are seeking FDI. This has resulted in proactive policies by these countries to attract and retain foreign investment, in order to generate employment, to improve access to technology and know-how, and to improve management and marketing skills.

247. **Objectives**: To assist developing countries in strengthening their capacity to create and manage the policy and institutional framework for attracting and retaining foreign investment, and in developing an operating climate in which FDI and international business can thrive.

248. **Features**: The programme provides advisory services and training, and prepares publications related to investment policies, investment legislation and regulations, institutional arrangements and good governance, to attract and facilitate foreign investment, investment promotion strategies and techniques, and investment facilitation practices and procedures. Special attention is being paid to strengthening investment promotion programmes in LDCs.

## 1. Advisory services

- (a) *El Salvador*: In 2008, UNCTAD finalized a project implemented within the Quick Response Window programme financed by the Government of Switzerland. A final version of the advisory report on investment promotion in the medical devices sector was submitted to the country's investment promotion agency (PROESA);
- (b) *Ethiopia*: A technical cooperation project on strengthening investment promotion and facilitation at the federal and regional level was finalized during 2008. Advisory activities included the preparation of investment opportunities reports for the Oromia and SNNP investment commissions, and the design of a model targeting strategy in the agribusiness sector for the Oromia investment commission. These activities were funded by the Government of the Netherlands;
- (c) *Honduras*: In 2008, UNCTAD finalized a project in Honduras implemented within the Quick Response Window programme. An advisory report entitled "Recommendations for a foreign direct investment programme in Honduras" was prepared by UNCTAD and delivered to stakeholders;
- (d) *Indonesia*: In June 2008, UNCTAD gave a briefing in Geneva to officials from the national investment promotion agency of Indonesia on best practices in aftercare;
- (e) *Kenya*: In July 2008, UNCTAD submitted a policy advocacy strategy to the Kenya Investment Authority, including advice on how to better assess investor needs, systematize policy advocacy, and build a reputation as a lead agency on investment-related policy;
- (f) *Lao People's Democratic Republic*: From 24 to 26 November 2008, UNCTAD conducted an advisory mission to Vientiane, to develop – together with government officials – a client charter for the Investment Promotion Department;
- (g) *Mauritius*: From 1 to 3 September 2008, an advisory workshop for the Board of Investment was conducted in Port Louis, to discuss inputs to an effective policy advocacy strategy for the Board of Investment;
- (h) *Palestinian Authority*: In cooperation with UNCTAD's Assistance to the Palestinian People Unit, a project was implemented with the Palestinian Investment Promotion Agency (PIPA), which provided advice on how to retain current investors in an adverse climate. Building on the findings of a comprehensive field survey conducted by UNCTAD in cooperation with PIPA, an investment retention and aftercare strategy was prepared. This strategy outlines practical steps for maintaining and expanding existing investments in the West Bank and Gaza, and proposes an action plan that aims to ensure effective attention to investors' immediate and long-term strategic business development needs. It was presented to major stakeholders at a workshop in Ramallah on 29 October 2008. The workshop attracted 65 representatives from the Palestinian Authority, leading enterprise support institutions, national and foreign enterprises, donor agencies, and international organizations operating in the occupied Palestinian territories. UNCTAD's strategy received positive feedback from the Palestinian Authority, investors, and key enterprise support institutions. This project was funded by the Government of Norway;

- (i) *Zambia*: From 5 to 7 November 2008, UNCTAD undertook an advisory mission to Lusaka, Zambia, to develop a client charter for the Zambia Development Agency.

## 2. Publications

249. In 2008, two publications were produced in cooperation with the World Association of Investment Promotion Agencies (WAIPA), which facilitated background surveys carried out among investment promotion agencies (IPAs):

- (a) *Investment Promotion Agencies as Policy Advocates* (UNCTAD/ITE/IPC/2007/6) was launched on 19 April 2008 at the World Investment Forum in Accra, Ghana;
- (b) *Evaluating Investment Promotion Agencies* (UNCTAD/DIAE/PCB/2008/2) was launched on 5 December 2008 at the WAIPA Investment Conference (Rio de Janeiro, 3–5 December 2008).

250. These publications have been widely distributed among IPAs, including WAIPA member agencies.

## 3. Training

251. A number of training activities were carried out in partnership with WAIPA, while others were organized in corporation with national institutions:

### *Capacity-building workshops*

#### 252. *Regional and interregional:*

- (a) Four UNCTAD/WAIPA interregional training workshops, namely: “Economic development in a Rubik’s cube world: how to turn global trends into local prosperity”, “Raising the standards – lessons learned from best IPA practices around the world”, “Marketing change for investment promotion”, and “Marchés émergents: vers une source incontournable d’investissement?” were held in Accra, Ghana, as pre-UNCTAD XII events. In total, more than 130 representatives of IPAs from developing countries, including LDCs, attended the event;
- (b) An UNCTAD/WAIPA regional training workshop for Latin America and the Caribbean entitled “Effective investment facilitation” was held in Port of Spain from 11 to 13 November 2008. Thirty investment promotion officials from 17 developing countries, including one LDC, were trained at this event;
- (c) A regional training workshop entitled “Investor targeting for economic and social development”, for Latin America and the Caribbean region, was held in Caracas from 4 to 7 November 2008, in cooperation with UNCTAD’s TrainforTrade programme and the Latin American and the Caribbean Economic System (SELA). Twenty-nine investment promotion practitioners from 21 developing countries participated in this workshop;
- (d) As a parallel event to a WAIPA investment conference in Brazil, a joint UNCTAD/WAIPA workshop under the title “Evaluating the role of IPAs in the new investment scenario” was held in Rio de Janeiro, Brazil, on 5 December 2008. Twenty-nine investment promotion officials, mostly from Latin American and Caribbean countries, participated in this workshop.

#### 253. *National/local:*

- (a) *Ethiopia*: A retreat-style training workshop under the title “Investor targeting for economic development at the subnational level” was held in

Sululta from 24 to 26 September 2008, for 22 investment promotion officials of the Oromia and SNNP investment commissions;

- (b) *Peru*: A workshop on good governance in investment promotion was held for 28 staff of the Peruvian IPA, ministry officials, and officials of regional administrations (Lima, 21 May 2008);
- (c) *Venezuela (Bolivarian Republic of)*: A training workshop on investor targeting and investor aftercare for CORPOTULIPA (Corporación para el Desarrollo del Estado Falcón) was held in Punto Fijo, Falcón, from 5 to 6 July 2008. The workshop had 23 participants.

### **Study tours**

#### **254. Interregional:**

- (a) From 29 September to 4 October 2008, a study tour programme to Stockholm was organized jointly by UNCTAD and WAIPA for 21 professional and executive staff of IPAs from 17 countries. The study tour was hosted by the Invest in Sweden Agency. Six representatives from LDCs were sponsored by UNCTAD, through a project funded by the Swedish International Development Cooperation Agency. The study tour included the exchange of best practices in investment promotion and facilitation, and familiarization of participants with the operations of the Invest in Sweden Agency. The evaluation questionnaires showed that the participants assessed the event highly, indicating that they became more aware of the role of an IPA in a country's economic development process during the study tour.

#### **255. National/local:**

- (a) *Ethiopia*: A two-week study tour to the Malaysian Industrial Development Agency for nine officials of the Ethiopia Investment Agency (18–29 August 2008);
- (b) *Ethiopia*: A one-week study tour for three investment promotion officials to the Netherlands, co-organized with the Royal Netherlands Embassy in Ethiopia (2–8 November 2008);
- (c) *Palestine*: In 2008, UNCTAD organized a study tour for five investment promotion officials from the PIPA to the Foreign Investment Promotion Agency of Tunisia. The study tour was carried out from 5 to 14 February 2008. The objective was to familiarize PIPA staff with best practices both in attracting FDI and in servicing investors through investment retention and aftercare. PIPA staff very much appreciated the experience, commenting that: "the indoor training gave the opportunity to learn by observing the day-to-day operations of the Foreign Investment Promotion Agency of Tunisia". The training also permitted PIPA staff to improve their skill at using Internet-based tools for investment promotion and facilitation.

### **3. International meetings/networking events**

- (a) *World Investment Forum*: As a Pre-UNCTAD XII event, UNCTAD organized in Accra, Ghana, from 19 to 22 April 2008, the first World Investment Forum, which will be a regular event to be organized on a biannual basis. In its inaugural session, the World Investment Forum looked at the role of FDI in economic development and improved methods of investment promotion. The Forum attracted 650 participants, including high-level policy makers, investment promotion executives and business leaders. The Forum provided an unprecedented opportunity for senior



policymakers, corporate executives, investors and IPAs to meet and interact through a series of conference, networking and social events.

- (b) *High-level Investment Forum for Landlocked Developing Countries (LLDCs)*: This forum, co-organized by UNCTAD, the World Bank, and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS), took place on 1 October 2008. Its objective was to bring together policymakers and private sector practitioners from LLDCs, as well as current and prospective international investors, with the purpose of analysing current trends in FDI flows to LLDCs, exchanging experiences and best practices, and exploring future opportunities for FDI to these countries. About 150 officials attended the Forum.
- (c) *China*: On 9 September 2008, UNCTAD participated in a high-level round table organized by WAIPA and the Ministry of Commerce of China, as part of the eleventh Chinese Investment and Trade Fair, in Xiamen, China.
- (d) *Peru*: From 19 to 20 May 2008, UNCTAD provided a briefing on good governance in investment promotion to participants at an Asia-Pacific Economic Cooperation Forum (APEC) seminar held in Lima.

### **C. International investment agreements: policy analysis and capacity-building in developing countries on issues in international investment agreements**

256. *Development context*: International investment rulemaking continues to intensify, with increased complexity and additional challenges for developing countries. Recent trends include the proliferation of international investment agreements (IIAs) at bilateral, regional and interregional levels; the increasing formulation of investment rules in agreements encompassing a broader range of issues including trade in goods and services; the growing number of South-South IIAs; the increasing sophistication and scope of international investment rules; and the rise in the number of investor-State disputes.

257. The total number of all investment-related agreements stood at 5,700 at the end of 2008, growing, on average, by another three agreements per week. The number of known treaty-based investor-State disputes had reached over 300 by that time. As a result, countries – and companies – have to operate within an increasingly intricate framework of multi-layered and multi-faceted investment rules, which may contain overlapping and even inconsistent obligations. This has important policy implications, in particular with regard to the policy coherence between IIAs, and between IIAs and national development policies. Developing countries need to ascertain how best to integrate IIAs into their economic development policies; retain sufficient flexibility to promote economic development without undermining the effectiveness of the agreements; create a coherent national development policy; build up sufficient capacity to analyse the scope and content of IIA obligations; and develop capacity to make good use of the IIAs they had entered into in order to attract and benefit from FDI.

258. *Objectives/features*: The primary objective of UNCTAD's work in this area is to help developing countries participate effectively in international investment rulemaking, through policy analysis, technical assistance and consensus-building. Specifically, this work focuses on deepening policymakers' and negotiators' understanding and analysis of the issues involved; identifying trends and issues that need to be considered; ensuring policy coherence between national development

policies and IIAs; assisting in the implementation of treaty commitments, especially in relation to investment dispute settlement; and providing an intergovernmental forum on investment rulemaking with a view to facilitating consensus-building.

259. **Outputs/results:** In 2008, the work programme on IIAs implemented the mandate contained in paragraph 151 of the Accra Accord: “UNCTAD should continue to help developing countries participate in the debate on international investment agreements (IIAs). It should focus on the development dimension of IIAs and examine the effects of IIAs. UNCTAD’s work in this area should include policy analysis and capacity-building in relation to the negotiation and implementation of current and future bilateral and regional investment agreements, management of investor–State disputes, alternative means of dispute settlement, the approach to investment promotion and the effects of IIAs.” The importance of this work was reiterated in the Doha Declaration on Financing for Development, the outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (9 December 2008), which acknowledges, in paragraph 25, “the importance of supporting capacity-building in developing countries aimed at improving their abilities to negotiate mutually beneficial investment agreements.” The IIA work programme is the key focal point in the United Nations system for dealing with all matters related to IIAs, and continues to provide the forum to advance the understanding of issues related to IIAs and their development dimension, including with reference to investor–State dispute resolution.

260. **Research and policy analysis:** In 2008, the work programme continued concentrating on monitoring trends, and on identifying and analysing emerging issues in international investment rulemaking from a development perspective. UNCTAD’s series on Issues in International Investment Agreements (pink paper) continues to be the primary reference tool for negotiators and lawmakers. Efforts are under way to update the pink paper series in light of recent developments, starting with the issues on Scope and Definition, National Treatment, and Fair and Equitable Treatment. The (yellow paper) series on International Investment Policies for Development has become an important strategic tool for policymakers, providing analysis of difficult technical issues that may arise in the context of international investment rulemaking and their impact on development. In 2008, three new volumes were published, namely *Investment Promotion Provisions in International Investment Agreements*; *Identifying Core Elements in Investment Agreements in the APEC Region*; and *International Investment Rule-making: Stocktaking, Challenges and the Way Forward*; with two other issues in the production and printing pipeline (entitled *The Protection of Essential Security Interests in IIAs*, and *IIAs and Impact on FDI Flows*). The triennial online publication of the IIA Monitor provides comprehensive and up-to-date information on recent developments in IIAs and investor–State dispute settlement. The following issues were published in 2008: *Latest Developments in Investor–State Dispute Settlement*; *Recent Developments in International Investment Agreements (2007–June 2008)*; and *Selected Recent Developments in IIAs, Arbitration and Human Rights*. Work also progressed on data compilation, with ongoing updates of the online databases (the bilateral investment treaty and double taxation treaties database, the database on treaty-based investor–State dispute settlement cases, and the *Compendium of International Investment Instruments*). A new database has been developed which maps in detail the substantive provisions of bilateral investment treaties (BITs) and other IIAs, and records their similarities and differences. The e-network of IIA experts (with 1200 members) continued disseminating information and discussing a number of key issues of concern to the IIA community. The IIA-related policy research work also includes contributions on IIA matters to the *World Investment Report* series, in connection with the report’s annual theme

(infrastructure investments and investor–State disputes in infrastructure investments in 2008), and to other UNCTAD and United Nations publications.

261. *Capacity-building*: This work consists of three elements: intensive regional training courses on the negotiation of IIAs, and on the management of investor–State dispute settlement (and, more recently, hybrids between the two), preceded by a preparatory distance learning course; targeted ad hoc technical assistance at the request of member countries and/or regional organizations; and contributions to specific conferences and seminars on these issues.

262. *Regional training activities*: The 10-day intensive training courses on the negotiation of IIAs allow negotiators to delve deeply into key issues related to the negotiation of such agreements. To date, 19 of these training courses have been organized for all regions. In November 2008, a course for Portuguese-speaking countries was held in Angola. The advanced training courses on the management of investment disputes strengthen the capacity of government officials and practitioners in the implementation of their recently signed IIAs, and train participants in the latest related developments in investor–State dispute settlement. Four courses have already been organized for Latin American countries, the last being held in Costa Rica in November 2008. These courses were preceded by preparatory distance-learning courses open to all candidates, which allowed participants to familiarize themselves with the main concepts in IIAs and investor–State dispute settlement. These courses are delivered in cooperation with the Train-for-Trade programme through an internet learning platform, and are supervised by a coach. Users of this training tool also included developed countries – Canada being an example in 2008.

263. *Ad hoc technical assistance*: Ad hoc technical assistance is provided on request to member States and regional organizations on all matters related to the negotiation and implementation of IIAs. These activities are sometimes carried out simultaneously with the production of an IIA review and revisions of model bilateral investment treaties. In 2008, IIA reviews and revisions of model BITs were conducted for the Dominican Republic, Ghana and Norway, and work is in progress for the Plurinational State of Bolivia, Botswana, Guatemala and Morocco. National seminars on IIAs and/or investor–State dispute settlement were held in the Dominican Republic (January), Ecuador (February), Peru (February), Botswana (April), Morocco (July), Lebanon (October), Indonesia (December) and the Plurinational State of Bolivia (December). In addition, the programme was engaged with the Small Economy Trade and Investment Centre (SETIC), the Academia de Centroamérica (Costa Rica), the Organization of American States, and the Inter-American Development Bank, and with the Vale Columbia Centre on Sustainable International Investment of Columbia University, in the pursuit of a feasibility study for an advisory facility on investor–State disputes for Latin American countries. The project is ongoing.

264. *Co-organization and participation in specific conferences and seminars*: UNCTAD's IIA work programme also contributes its technical expertise and materials to a number of regional and international organizations and meetings. It regularly co-organizes international and regional seminars on specific issues in IIAs. In 2008, a joint regional seminar for Arab countries was organized in cooperation with the Cairo Regional Centre for International Commercial Arbitration on investor-State dispute settlement, entitled "Challenges and perspectives for Arab countries in Egypt" (May 2008), and a similar conference, entitled "Investment treaties and alternative methods of investor–State dispute resolution" was organized in Ukraine (June 2008). Cooperation with international and regional organizations dealing with investment issues is another important activity. In 2008, this included the APEC Investment Experts Group and the APEC

Committee on Trade and Investment. Contributions were also made to the ASEAN Coordinating Committee on Investment, and to meetings of the International Development Law Organization. Participation in the OECD investment committee and the UNCITRAL meeting related to investor-State arbitration also took place. The programme also participated in the organization of the seventh OECD Global Forum on International Investment on Best Practices in Promoting Investment for Development.

265. *Other work* includes presentations on various issues related to the international regulatory framework for investment; and participation in related conferences and seminars. In 2008, the work programme was presented at meetings of the University of Grenoble, the University of Ljubljana, the Swiss Invest Forum, the South Centre, the Energy Charter Secretariat, the REITI Conference on IIAs, a Ministry of Economy, Trade and Industry of Japan and Tokyo Chamber of Commerce conference entitled “Capacity-building for sharing success factors of improvement of investment environment”, the IBA Conference on Investor–State Mediation, and the third Columbia University International Investment Conference and a related IIA syllabus workshop. The programme also took part in the regional workshop on IIAs of UNCTAD’s Virtual Institute programme for Southern Africa (November 2008), and the paragraph 166 training course for general policymakers for Central and Eastern European countries (June 2008).

266. **Overall assessment and results:** Assessments are carried out following each of the ad hoc seminars, regional intensive training courses, distance learning courses, regional seminars, technical meetings, and advisory service activities, by means of evaluation questionnaires. By and large, the response of participants to activities carried out has been very positive. This outcome is supported by the findings of the 2005 and 2007 independent external evaluations undertaken to assess the IIA work programme’s impact, relevance and effectiveness. Statistical information on the use of UNCTAD’s online IIA databases reveals that they attracted a total of 29,787 hits in 2008 for an average of 2,629 visitors per month (average data for 11 months). This was up from 27,520 and 2,293 in 2007, and 16,006 and 1,333 in 2005 respectively – almost a 50 per cent increase in three years. In 2008, 94 countries benefited from UNCTAD’s IIA work, including 71 developing countries (of which 11 were LDCs), 10 countries with economies in transition, and 13 developed countries. Geographically, UNCTAD’s IIA work reached 29 countries in Asia and the Pacific, 25 countries in Africa, 21 countries in Latin America and the Caribbean, and 19 countries in Europe and the northern hemisphere.

#### **D. Best practices in investment for development**

267. **Development context:** Best policy practices in making investment work for development provide highly relevant and useful experiences that can help guide policymaking in other countries. To this end, a new mandate was given to UNCTAD in the Accra Accord, to develop an inventory of best practices in the area of attracting and benefiting from FDI according to particular issues, and to organize an international dialogue that engages countries at every development level to help ensure an institutional environment conducive to FDI and development.

268. **Objectives/features:** The objective of this work is to provide a compendium of accessible and practical policy experiences that can help to guide policymaking in developing and transitional economies. Best practices for attracting and benefiting from FDI are drawn on for particular thematic topics, including the following:

- (a) Attracting and benefiting from FDI in small countries;
- (b) Utilizing FDI to build peace in post-conflict countries;

- (c) Attracting FDI to create linkages with SMEs;
- (d) Utilizing FDI to enhance the skills base;
- (e) Devising a systematic competitiveness policy to enhance the contribution of FDI;
- (f) Using FDI to improve energy infrastructure – electricity;
- (g) Using FDI to improve transport infrastructure – roads.

269. The approach is to undertake case studies on a pair of developed and developing or transitional economies that exhibit best practices on a selected issue. The comparisons and contrasts between these countries enrich the range of successful practices that can be drawn upon to develop conclusions. General conclusions about best practices are made relevant to the developing-economy and transitional-economy context. UNCTAD's institutional knowledge of FDI practices – based on its policy research and advisory work – is also drawn upon. A new technical assistance tool that builds on the case study series and provides a hands-on policy toolbox for decision-makers in developing countries is being developed, as is a technical assistance work programme that includes carrying out training workshops and integrating case studies in distance learning courses.

270. **Outputs/results:** The case studies are published as a new advisory series, incorporated into UNCTAD's ongoing advisory activities and research publications. In 2008, the following topics were covered:

- (a) *How to use FDI to improve energy infrastructure – electricity:* Developing countries face particularly difficult challenges in building and operating national electricity networks, which require substantial up-front financing, complex operating conditions and difficult cost-recovery situations. The electricity sector reform experiences in Chile and New Zealand were reviewed, in order to provide instructive insights for selecting FDI-related policies that can promote sustainable development objectives.
- (b) *How to use FDI to improve transport infrastructure – roads:* Many developing countries are characterized by a poor road network that is often accompanied by poor standards of maintenance. Private investment can contribute positively to improved road networks, and FDI has a promising role to play. The experiences of Australia and Peru were reviewed, in order to provide insights on how developing countries can use FDI to scale up the quality of construction and maintenance of their road networks.
- (c) *How to attract and benefit from FDI in small countries:* Small countries face particular challenges in encouraging foreigners to invest in a small domestic market, and in maximizing the benefits from FDI. The cases of Estonia and Jamaica were compared and contrasted, in order to draw out particular characteristics of policies that illustrate best practices, and also to identify policies that may not be as effective.

271. The following topics are also in progress:

- (a) *How to devise a systematic competitiveness policy to enhance the contribution of FDI:* This study examines the impact of a systematic competitiveness policy on the contribution of FDI to economic development. The cases of Australia and Colombia have been selected.
- (b) *How to utilize FDI to build peace in post-conflict countries:* This study examines FDI attraction in post-conflict countries, and the role of FDI in improving economic elements and other factors that underpin peace. The cases of Croatia and Mozambique have been selected.

- (c) *How to attract FDI to create linkages with SMEs:* This study reviews (a) government policies and programmes that assist SMEs to form linkages with foreign investors; (b) the promotion of FDI to attract investors with a propensity to create linkages; and (c) particular TNC strategies and programmes that utilize and enhance the capabilities of the local SME sector. The cases of Singapore and Malaysia have been selected.
- (d) *How to utilize FDI to enhance the skills base:* This study examines the promotion of FDI to attract investors likely to introduce scarce or new skills. Policies and programmes are reviewed that relate to identifying needed skills, that facilitate the entry of new foreign skills, and that enhance the transfer of skills to the local economy. The cases of Canada and Singapore have been selected.

## **E. UNCTAD work programme on the development dimensions of intellectual property**

272. *Development context:* Intellectual property rights remain an important topic of interest for policymakers and other stakeholders from developing countries. Many developing countries seek guidance on the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) – which is an agreement that Members of the WTO must adhere to – and also with respect to both their rights and obligations under other international agreements that contain provisions on intellectual property rights, such as free trade agreements, economic partnership agreements and bilateral investment treaties. Developing countries are increasingly concerned about where to draw the line between what ought to be protected by intellectual property rights and what should remain in the public domain, as this decision has important implications for development objectives, such as public health, the transfer of technology, access to knowledge, investment in certain sectors, and innovation.

273. *Objectives/features:* In April 2008, UNCTAD's mandate for examining the development dimensions of intellectual property rights was renewed at UNCTAD XII in Accra. The work programme on the development dimensions of intellectual property is grounded in paragraph 153 of the Accra Accord, and it also responds to intergovernmental requests under the WIPO Development Agenda (2007) recommendation 40, and World Health Assembly resolution 61.21, adopting the Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property (May 2008). The former requests UNCTAD to cooperate with WIPO in the implementation of the WIPO Development Agenda, while the latter Plan of Action names UNCTAD as an implementation stakeholder on issues related to intellectual property and transfer of technology as concerns public health and innovation in developing countries.

274. *Outputs/results:* The following are the main outputs of the work programme in this area during 2008.

### **1. Projects on access to medicines, investment and local pharmaceutical production in developing countries**

275. The adoption by the World Health Assembly of resolution 61.21 and the Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property in May 2008 signified a major step forward in building consensus on the role of intellectual property and technology transfer in promoting greater research and development on diseases that predominantly affect developing countries, and on greater access to medicines in developing countries. UNCTAD, as a stakeholder in the Plan of Action, carries out a number of activities designed to provide developing

countries – and in particular, LDCs – with research-based advice on the tools available under existing international intellectual property rules to strike an appropriate balance between the holders of exclusive rights and the users of technology.

276. *Capacity-building:* In December 2008, UNCTAD carried out a regional symposium in Bangkok on flexibilities in the international intellectual property rules to support local productive and supply capacities in the pharmaceutical sector. This capacity-building activity, utilizing original study materials developed by UNCTAD, was organized for 45 stakeholders from the ASEAN region. Support for the workshop was provided by the German Government, by Capacity-Building International, Germany (InWent), and by the Department of Intellectual Property, Thailand. The UNCTAD study materials form the basis of a blended learning follow-up course organized by InWent.

277. *Research and policy advice:* A joint technical advisory mission to Thailand to advise the Government on flexibilities in the international intellectual property rules to support greater access to medicines took place in February 2008. This constituted a unique interagency effort, which was led by the World Health Organization (WHO). The mission team also included staff from UNCTAD, UNDP and WTO to advise on international intellectual property rules and public health issues. In December 2008, UNCTAD provided advice to the Department of Intellectual Property of Thailand on the interface between intellectual property and competition law, which included examining issues related to pharmaceutical patents, copyrights over digital material and plant breeders' rights. Also in 2008, UNCTAD carried out a comparative analysis of the patent laws of the EAC countries on the incorporation of TRIPS Agreement flexibilities for public health. The recommendations contained in this study were important feedback for a number of countries in the EAC that were in the process of reviewing their patent legislation.

## 2. **The UNCTAD–ICTSD (International Centre for Trade and Sustainable Development) project on intellectual property rights and sustainable development**

278. The series of projects on intellectual property rights and sustainable development is intended to address the concerns voiced by developing countries with respect to issues discussed in intergovernmental forums on intellectual property, including the TRIPS Council (on TRIPS Agreement issues), the WIPO Committee on Development and Intellectual Property (on WIPO Development Agenda issues), the WHO Intergovernmental Working Group on Public Health, Innovation and Intellectual Property, among others. The current project (2008–2010), which is a collaborative effort between UNCTAD and ICTSD, focuses on practical application of the research and analysis generated since the inception of joint activities in 2001.

279. *Capacity-building:* In October 2008, UNCTAD staff lectured at the WIPO Academy on the development dimensions of intellectual property. In December 2008, in Viet Nam, UNCTAD staff provided support to the Foreign Trade University of Hanoi, on the development of a curriculum for intellectual property.

280. *Publications:* In 2008, UNCTAD–ICTSD launched a series of web-based publications providing critical analysis on important intellectual property issues being discussed in Geneva-based intergovernmental forums, including, in particular, the TRIPS Council, and the Committee on Development and Intellectual Property (CDIP) discussions on the implementation of the WIPO Development Agenda. These include an information note entitled “Post-mortem for the Geneva Mini-Ministerial: where does TRIPS go from here?” (July 2008), and the first of a series of policy briefs designed to move forward the recommendations contained in the

WIPO Development Agenda. The brief entitled “A2K and the WIPO Development Agenda: time to list the ‘public domain’”, was published in December 2008.

281. *Research and policy advice:* Under the UNCTAD–ICTSD partnership, UNCTAD is the lead agency for undertaking analytical studies, upon request, designed to examine developing countries’ and LDCs’ policy and legal framework for intellectual property rights in light of their development objectives, such as – for example – innovation, competition, health, and access to knowledge. (These studies are called Development Dimensions of Intellectual Property studies.) In the spring of 2008, UNCTAD carried out a field mission to Uganda – the first country to request a development dimensions of intellectual property study – the fieldwork for which utilized a methodology that was developed in early 2008. The study is currently being finalized. In a practical application of the development dimensions of intellectual property work, the Government of Rwanda also requested UNCTAD to provide support to their efforts in elaborating an intellectual property policy and strategy for implementation that is in line with their development objectives as reiterated in the country’s development roadmap, Vision 2020. A fact-finding mission took place in September 2008.

282. *Technical assistance:* In July 2008, UNCTAD provided comments to the Government of Maldives on their draft copyright legislation, examining the extent to which the draft takes on board development concerns under the TRIPS Agreement and Berne Convention frameworks.

283. *Consensus-building:* In June 2008, UNCTAD and ICTSD organized a panel discussion on “Encouraging technology transfer to LDCs, towards a more effective implementation of TRIPS article 66.2”, as well as a discussion entitled “Is Bayh-Dole the appropriate answer to promote innovation and build technological capacities in developing countries?”. The former featured a presentation of studies examining means to improve the implementation of the obligation under article 66.2 of the TRIPS Agreement for developed countries to provide incentives for technology transfer to LDCs. The latter was designed to review recent policies and measures, pending introduction in some developing countries, aiming to promote the patenting and licensing by universities of the results of publicly funded research. In July 2008, UNCTAD and ICTSD organized a panel discussion entitled “The global intellectual property enforcement debate: new economic perspectives and policy challenges”. This discussion was organized to contribute to the current debate on intellectual property enforcement by providing new perspectives on, inter alia, the economic aspects of intellectual property enforcement. UNCTAD and ICTSD organized a roundtable discussion on the future of TRIPS issues in the Doha Round in October 2008. The roundtable was organized to examine the state of play since the July 2008 mini-ministerial meeting and possible options for achieving further progress, and took as a basis for discussion the July 2008 information note mentioned above. These events frequently attract audiences of over 70 participants, including government negotiators, intergovernmental organizations, civil society, and the private sector.

**Table 7. Investment policies, treaties and facilitation**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
BYE/08/001	Investment Policy Review of Belarus	2008–	UNDP
ETH/0T/5AH <sup>a</sup>	Strengthening investment promotion and facilitation in Ethiopia at the federal and regional levels	2005–2008	Netherlands
GHA/0T/7BW <sup>a</sup>	Ghana Investment Policy Review	2007–2008	Germany
NIR/05/001	Investment Policy Review of Nigeria	2005–	UNDP



<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
NIR/0T/8BX	Blue Book on Best Practices in Investment Promotion and Facilitation for Nigeria	2008–	Japan Bank for International Cooperation
PAL/0T/3BZ	Institutional support and capacity-building for investment retention	2003–	Norway
RWA/0T/4CJ	Investment Policy Review in Rwanda	2004–	Germany
GLO/0T/7BV	Technical Assistance and Capacity-Building in Developing Countries on the Establishment of Pharmaceutical Production Capacities	2007–	Germany
INT/9X/77S	Quick response window for Advisory Service on Investment and Technology	1997–	Switzerland
INT/9X/8A2	Investment guides and capacity-building for least developed countries	1998–	Multi-donor
INT/0T/0BG	Capacity-building on international investment agreements	2000–	Multi-donor
INT/0T/1BN	Capacity-building in investment promotion	2001–	France
INT/0T/1CH	Capacity-building on good governance in investment promotion	2001–	Sweden
INT/0T/3AO	Support to the UNCTAD/ICC Investment Advisory Council	2003–	Norway, Germany
INT/0T/3AW	Investment policy reviews in French-speaking countries	2003–	France
INT/0T/3BH	Integrating IPR Policies in Sustainable Development Strategies	2003–	UK/DFID
INT/0T/4AA <sup>a</sup>	Support for regional investment agreements	2004–2008	Multi-donor
INT/0T/5AT	FDI in tourism – the development dimension	2005–	Canada
INT/0T/5BE	Mobilizing corporate contributions to economic development	2005–	Multi-donor
INT/0T/5BU	Capacity-building and transfer of knowledge to investment promotion agencies in developing countries	2005–	Sweden
INT/0T/6BS	Investment policy review of Viet Nam: Follow-up assistance, Viet Nam and Zambia	2006–	Ireland
INT/0T/7BX	Best practices for building an environment conducive to investment and development	2007–	Germany
INT/0T/8AC	Assistance in Formulating Investment Policies and Building Human and Institutional Capacities for Sustainable Development	2008–	Sweden
INT/0T/8AY	Policies and Capacity-building: Best Practices for Building an Environment conducive to Investment and Development	2008–	Australia
RAF/0T/5BL	Supporting the establishment of pharmaceutical production capacities in least developed countries	2005–	Germany
RAF/0T/6BB	Technical assistance and capacity-building in implementing regulatory frameworks for access to medicines	2006–	United Kingdom
ROA-2106 (N4)	Investment promotion through public–private partnerships	2004–	Development Account

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster VIII. Enterprise development

Lead division: Division on Investment and Enterprise (DIAE)

284. The programmes under this cluster aim at an enhanced understanding and capacity of beneficiary countries to develop policies aiming at stimulating enterprise development and business facilitation, including on e-tourism.

### A. Enhancing enterprise competitiveness through internationalization

285. *Development context:* The globalization of the world economy and of large enterprises presents opportunities and challenges to SMEs as traditional partners, suppliers or distributors for larger firms. In order for developing countries to take

advantage of the trade and investment opportunities opened up by globalization, there is a need to better understand what can be done and needs to be done to support domestic SMEs to successfully integrate into the value chains of larger enterprises.

286. *Objectives/features:* The objective of the joint UNCTAD, OECD and University of Fribourg research project entitled “Enhancing the role of SMEs into global value chains”, funded by the Swiss Government through the Geneva International Academic Network, was to investigate the impact of global value chains on SMEs, and to identify the drivers that enable SMEs to upgrade and internationalize, both in the OECD and in developing countries. By focusing on the differences in strengths, opportunities, vulnerabilities and threats of SMEs that are part of value chains or that cooperate with larger firms, the research allowed the identification of effective policies and measures that specifically target SMEs.

287. *Outputs/results:* Six case studies carried out in Africa, Asia and Latin America in various industries highlighted the relationship between large TNCs and their local suppliers. They confirmed that globalization and trade liberalization are creating increasing opportunities for producers whose efficiency and quality standards meet international standards. However, developing-country suppliers, especially those in mature manufacturing industries, face high barriers of entry into global value chains and continuous performance pressures following entry. This led to the conclusion that a favorable business environment, although important, is insufficient to enable SMEs to integrate into global value chains. Efforts should be made to boost SMEs’ ability to meet international standards and to innovate or upgrade, in particular for lower-tier developing-country suppliers. The results of these studies have been presented at international and intergovernmental meetings, and the report is being prepared for publication.

## **B. Business linkages**

288. *Development context:* Many developing economies have recorded impressive growth rates over recent years. However, this positive development is yet to translate into broad-based wealth and employment creation, due to weak linkages between the capital-intensive sectors that have driven growth and the rest of the economy. One way to overcome this challenge is to facilitate business linkages between large firms and SMEs, as a way of distributing wealth, alleviating poverty, and helping smaller firms to integrate into the global economy. More importantly, business linkages connect the main sectors driving economic growth to the rest of the economy, and they improve the competitiveness and performance of SMEs, which account for most of the employment in developing countries.

289. *Objectives/features:* The UNCTAD Business Linkages Programme is a multi-stakeholder initiative that transforms linkages between SMEs and TNCs into sustainable business relationships that improve the performance, productivity and efficiency of the entire industry through training, mentoring, information exchange, quality improvements, innovation and technology transfer. It helps TNCs reduce costs through local sourcing and specialization, and offers SMEs access to markets, training opportunities, international business practices, business information and financial resources.

290. *Outputs/impacts:* Results by country are as follows:

291. *Brazil:* In 2008, the business linkages project known as Projeto Vinculos continued fostering sustainable business linkages in the northeast of Brazil. Several companies, institutions and government agencies are involved. In addition to the existing initiatives in the country, the project has enlisted 27 SMEs and 4 TNCs

(Philips, Gerdau, Alcoa and Atlântico Sul) in the State of Pernambuco. In the State of Ceará, 7 TNCs are helping 53 suppliers upgrade in strategic areas identified by the purchasing TNCs. This has enabled some of the SMEs to start supplying to other TNCs, initiating businesses among themselves, and increasing employment. Concrete steps have been taken to connect the project to the UNCTAD–Empretec programme, and the project was featured in the Empretec directors’ meeting on 20 and 21 November 2009 in São Paulo. In that regard, UNCTAD – through Projeto Vinculos – organized an industrial visit for the Empretec directors to its linkages partner BASF, the German chemical company and one of the largest foreign investors in Brazil.

292. A monitoring and evaluation system embedded in the project showed that SMEs participating in the project more than doubled their sales, and increased employment by 5 per cent, in nine months. The involvement of four main SME service providers in the State (SEBRAE, SENAI, SESI and IEL) has led to an alignment of the SME policies. This is manifested through coordinated implementation and cost-sharing of the project’s activities. The sustainability of the project’s initiatives in Pernambuco is on track, given that the project’s costs are covered by the participating companies. The project assumes overall coordination, which is gradually being handed over to the local institutions. For example, in Ceará, the technical training has been provided by the SME support institutions (SEBRAE and SENAI), both of which have seconded full-time staff to the project. This contributes to the sustainability of the initiative, as well as to knowledge-transfer and ownership of the linkages concept in Ceará. Furthermore, the Banco do Nordeste has joined the project, with a commitment to facilitate and improve the access to finance for SMEs enlisted in the project. Brazilian best practices in promoting TNC–SME linkages were shared at high government and corporate levels at UNCTAD XII in Accra, where the SEBRAE representative participated as a lead discussant at the meeting of the Investment Advisory Council organized by the division.

293. *Uganda:* In 2008, the two-year pilot phase of the Uganda linkages project – financially supported by the Government of Sweden and implemented by Enterprise Uganda in collaboration with the Ugandan Investment Authority, UNCTAD and UNDP – came to an end. Overall, the project activities saw the participation of three large TNCs (MTN, Uganda Breweries and National Housing), some 26 manufacturing SMEs, and more than 2,500 small-scale farmers. An end-of-project forum was held in Kampala in January 2008, which unanimously considered the pilot project to be a success. Several TNCs and SMEs participating in the programme requested project activities not to be suspended, and expressed their availability to participate in increased cost-sharing for future operations. As a follow-up to the pilot phase, UNCTAD and UNDP agreed to undertake an external evaluation of the project and to document its success through a video, which was presented at UNCTAD’s quadrennial conference in Accra, in April 2008. At the end of 2008, a fully fledged phase II project proposal was prepared and submitted by UNCTAD to potential donors.

294. According to the external evaluation, which was concluded in July 2008, SME participation in the project grew by up to 460 per cent, employment increased by 100 per cent, and productive efficiency improved by up to 25 per cent. Additionally, thanks to their improved business skills, more than 2,500 rural SMEs were able to transform their farming activity from subsistence to real business, diversify their product range, and benefit from new credit schemes enabling farmers to save and to access small loans. In the second half of 2008, three large TNCs signed up to be part of future linkages promotion activities: the South African telecommunication company MTN, Toyota Uganda, and Nile Breweries.

295. *Argentina:* UNCTAD's national business linkages programme was launched in November 2008. The National Development Bank of Argentina (Banco de la Nación), the Empretec Foundation, and the National Investment Promotion Agency (Prosperar) were identified as the main counterparts of the project. A training workshop on business linkages was organized in Buenos Aires in November 2008, with the aim of sensitizing the newly appointed managers of the National Development Bank to the potential benefits of the linkages programme and to the main mechanisms and policies that facilitate the formation and deepening of business linkages between TNCs and SMEs. During the workshop, it emerged that – driven by a recovery in domestic demand – Argentinian local suppliers were developing fast. However, to access international production networks, they would need financial access to invest in the human capital and technology necessary to upgrade their business; to improve their production and managerial procedures; and to obtain International Organization for Standardization (ISO) conformity certifications. Several TNCs expressed their interest in participating in a business linkages project in Argentina.

296. *Mozambique:* UNCTAD's national business linkages programme was launched in June 2008. The National Investment Promotion Centre and Enterprise Mozambique were identified as main counterparts of the project. During a workshop held in Maputo in June 2008, three areas of potential for linkages in Mozambique were identified, namely sustainable tourism, mining, and barley-growing for beer production. With regard to barley-growing, pilot activities began in June 2008 in cooperation with CDM Breweries (a subsidiary of SAB Miller of South Africa), which has a significant investment in Maputo, manufacturing a range of beers for the domestic market. In the second half of 2008, the experimental phase of barley cultivation was successfully carried out in the province of Manica, with financial and technical assistance provided jointly by UNCTAD, the National Investment Promotion Centre and CDM Breweries. In December 2008, UNCTAD organized a study tour to Uganda to learn about the corporate village enterprise model, piloted by Enterprise Uganda among barley farmers in Kapchorwa, Eastern Uganda, under the business linkages programme. The purpose of this activity was to enable the delegates from the National Investment Promotion Centre and Enterprise Mozambique to understand the methodologies used, and to receive first-hand exposure to the Corporate Village Enterprise model, with a view to replicating the lessons in the business linkages project in Mozambique.

297. *Zambia:* Following the exploratory survey to assess the potential of introducing the business linkages pilot programme in Zambia, which was undertaken by UNCTAD in December 2007, the pilot business linkages programme was officially launched in Lusaka on 25 July 2008. Some of the specific key actions taken since then are listed in the following paragraphs.

298. The establishment of an Advisory Board of the Business Linkages Programme, comprising 11 people, among them chief executives of private firms, professionals, and policymakers. The Advisory Board will offer assistance in formulating individual projects and will assess the performance of the programme.

299. The organization of an awareness workshop for the members of the Advisory Board, representatives of national institutions, TNCs and donors involved in the Programme. This was particularly important in understanding the operations of business linkages and the contribution of different partners.

300. UNCTAD secured the interest of the Zambia Development Agency as the host of the business linkages programme in Zambia within its Micro and Small Enterprises Division. The Zambia Development Agency is a strategic partner, as

other divisions deal with promoting FDI, export facilitation and multi-economic zones.

301. A number of TNCs have already agreed to participate in the programme. Albidon, Zambia's only nickel mine and the only mine located in the southern part of the country, has agreed to participate in the Business Linkages Programme to develop its supplier network and to invest in entrepreneurship development beyond its suppliers. Zambia Breweries (SAB Miller Zambia) will work with the Business Linkages Programme in the development of new outgrower schemes for SMEs in sorghum and barley production, and in waste management. This could potentially benefit over 100 SMEs directly. Celtel has already indicated interest in upgrading their network of contractors, and SPAR is seeking to develop local suppliers of quality vegetables and grains for its shops. Other major companies have shown keen interest in joining the project in Zambia.

### C. E-Tourism Initiative

302. **Development context:** Tourism is an information-intensive sector. The use of ICT has completely transformed the value chain in tourism – that is to say, the ways in which local suppliers can interact and cooperate to develop new value-added services and sell them directly to increasingly demanding markets, and how they manage the revenues gained. By facilitating access to market information and best practices, ICT offers tourism businesses, especially SMEs, unprecedented opportunities to increase their competitiveness. The growth of tourist flows and the differentiation of tourists' requirements on the one hand, and the organization of suppliers to meet the expectations of specific market segments on the other, have increased the importance of destination management. Three elements are crucial in this regard: the participation of the private sector, including SMEs; support from the public sector; and the use of ICT as the core of a system facilitating cooperation among the different stakeholders. To this end, Governments should adopt policies and take actions to gather around the information and communications technologies, the SMEs and the other partners active in the tourism sector. Incentives should be put in place to encourage the pooling of resources, the development of partnerships and strategic cooperation within the tourism sector.

303. **Objectives:** There is a need to build local consensus on e-business solutions in the tourism sector of developing countries. Such a consensus among all actors in the highly fragmented and heterogeneous tourism sector is crucial for the adoption of viable solutions. To this end, UNCTAD proposes to start with a light and simple solution and a limited number of operators. This would require a low level of innovation and networking capabilities, as well as the least possible efforts for integration from all stakeholders.

304. The implementation of the Initiative's activities reflects the three pillars of UNCTAD's work. The Initiative therefore starts its activities in countries by conducting country case studies which provide updated and detailed analysis and information about the use of ICT in the tourism sector. In a second stage, this information serves as input to training courses and validation seminars for national stakeholders. These seminars result in a joint formulation of recommendations and projects/action plans. In parallel, the Initiative develops a generic electronic platform based on free and open-source (FOSS) software. This platform can later be customized for the use of any specific interested country.

305. **Outputs:** Since January 2008, a large part of the efforts of the Initiative have been devoted to the design and development of a new training package aiming at building local consensus on e-business solutions in the tourism sector of developing countries. The package then aims at creating an understanding among the

stakeholders of the importance of working together and equipping them with the behavioural, organizational and technological tools that are required for a successful implementation of more sophisticated models as other needs emerge from the destination. Designed for both public and private audiences, this capacity-building tool has been available since January 2009. The training package is built around five modules. Module 1 aims at leading the participants to better understand and grasp the benefits of ICT for destinations. The objective of module 2 is to develop the notion and spirit of public-private partnerships around ICT, including a presentation of best practices in this field. Module 3 is related to the strengthening of local knowledge of best practices in promoting, positioning and marketing destinations on the web. In this module, Web 2.0 and social networking techniques are presented and concrete examples of their impact on tourism are demonstrated. Module 4 aims at increasing the capacity of the audience to choose the most relevant management models and the most recent ICT applications available. Finally, module 5 is dedicated to presentation of the "Data Collector" IT tool, for its further adoption by the destination. The first version of the Data Collector had been released by the end of January 2009. This IT tool is a component of the future electronic tourism platform. This tool is a stand-alone solution running on a PC that allows destination stakeholders to gather and standardize all local tourist information. This allows beneficiary countries that adopt this solution to immediately start the collection of data, in accordance with the standards defined by organizations such as the Open Travel Alliance. The innovative open source approach selected will enable a free distribution of the software code and make it possible for beneficiaries to customize and improve the tool according to their own evolving needs and wishes.

306. **Impact:** As a follow-up to the decisions taken during a seminar on sustainable tourism held in Geneva in November 2007, a TrainForTrade/E-tourism subregional workshop on Sustainable Tourism for Development, targeting French-speaking countries in Africa, was organized in Bamako in October 2008. About 31 delegates from Burkina Faso, Guinea, Madagascar, Mali, Mauritania and Senegal – as well as representatives from donor institutions – exchanged experiences and views on ways of developing sustainable tourism in their countries. Participants also stressed the necessity of involving policymakers and trade operators in the decision process, and welcomed the use of ICT in the field of sustainable tourism to help in fighting poverty and achieving the Millennium Development Goals. A first series of capacity-building activities is planned for 2009 in Benin, Burkina Faso, Guinea, Mali, Mauritania, and possibly Madagascar. In parallel, in the context of the Memorandum of Understanding signed with the Université du Québec in Montreal, UNCTAD continues with the development of the electronic tourism platform, as well as providing advisory services on e-tourism issues.

307. **Results:** Advice on e-tourism strategies has been provided by experts, and up-to-date teaching material has been produced. There is now an increasing awareness of the challenges and opportunities for beneficiary countries, as well as an increased mobilization of partners and donors with regard to ICT and tourism issues. Plans of action have been elaborated to implement measures further developing human resources and fostering tourism-oriented entrepreneurship. The positive results of the initial work have led to a growing number of requests for seminars, greater networking among the public and private tourism sector, and an increased visibility of the involvement of the e-Tourism Initiative and other partners.

#### **D. Entrepreneurship and small and medium-sized enterprise development: Empretec**

308. **Development context:** Entrepreneurship is one of the key factors in the developmental process, and SMEs are the main engine of economic growth. The

dynamism of these enterprises, and their adaptability, flexibility and innovative capacity, have made them a cornerstone of ongoing economic reforms in both developed and developing countries. Such enterprises contribute significantly to the economy in terms of output, employment and innovation. In most countries, they account for over half of employment and gross domestic product. Entrepreneurial behaviour is closely associated with change, creativity, knowledge, innovation and flexibility – factors that have gained new significance as sources of competitiveness in an increasingly globalized world economy.

309. **Objectives/features:** Empretec is a capacity-building programme that provides entrepreneurship training and technical assistance to promote the development of SMEs by promoting entrepreneurship; fostering individual entrepreneurial capabilities; building institutional capacity at the country level; and encouraging employment creation, investment, and linkages between SMEs and TNCs.

310. The main beneficiaries of Empretec are existing microenterprises and small and medium-sized enterprises that have a track record of good business performance; potential entrepreneurs with promising business ideas and high growth potential; start-up companies with good bankable project proposals; key institutions (banks, loan guarantee funds, entrepreneur associations, investment promotion agencies, support agencies for small and medium-sized enterprises); and governments.

311. **Outputs/results:** Fifty-one national Empretec centres (including 26 SEBRAE/Empretec centres located in Brazil)<sup>12</sup> are now in operation. Since the programme's inception in 1988, Empretec programmes have been initiated in 27 countries, assisting entrepreneurs through local market-driven business support centres. To date, over 144,000 entrepreneurs have received entrepreneurship training (from almost 400 experienced UNCTAD/Empretec-certified master and national trainers) and follow-up support services. The number of entrepreneurship trainings held by all the centres worldwide reached 6,000. In 2008, Empretec consolidated its presence, expanded some programmes, and started new ones. On the basis of the positive results achieved by Empretec in Jordan and Romania, the Governments of these countries committed substantial funding to ensure that the programmes were maintained in 2009. In 2008, the Government of Romania incorporated Empretec into its national strategy for development of SMEs. At present, there are 10 regional centres throughout Romania. Three additional entrepreneurship training workshops were conducted for 50 participants. As a result, the number of workshops held has reached 44, while the number of certified participants has reached almost 800. Twelve national assistant trainers are in the training certification process. Entrepreneurship training activities started in the United Republic of Tanzania, where 70 entrepreneurs participated in three workshops held in Dar-es-Salaam in 2008. By delivering some training modules as assistant trainers, four trainees started their certification process as national Empretec trainers. Five Empretec training workshops were held in the Dominican Republic in 2008 for 121 participants.

312. Three trainees started their certification process as national Empretec trainers by delivering some training modules as assistant trainers, helped by experienced trainers from Empretec Uruguay. The 2008 annual meeting of Empretec directors took place in São Paulo, Brazil from 20 to 21 November 2008, in parallel with SEBRAE's thirteenth International Meeting of Entrepreneurs. Three thousand graduates of the Empretec programme in Brazil attended the event to discuss the challenges of starting and nurturing small and medium-sized businesses, to make contacts and share opportunities, and to inspire and engage a new generation of

<sup>12</sup> Brazil's largest service provider for small and medium-sized enterprises, host of the Empretec programme in Brazil, and major policy advocacy agent for the small and medium-sized enterprise sector in Brazil.

potential entrepreneurs to establish firms and create jobs. Empretec directors from 22 countries attended the event.

313. The Empretec Africa Forum – a regional networking initiative by all African centres to reinvigorate the Empretec programme – was officially launched at UNCTAD XII in Accra. The strategic plan of the Empretec Africa Forum was completed and a summary of the plan was shared with a number of experts and donors at UNCTAD XII. The advisory board of the Forum was constituted.

314. In 2008, UNCTAD and Empretec centres launched the first Women in Business Award. The Award was granted to women-owned businesses that had successfully used the business development services of the Empretec centres in their respective countries and had excelled at developing innovative business ideas, providing jobs and increasing income. There was also an increasing number of requests for the creation of Empretec centres (21) and for the provision of customized training programmes for specific target groups (e.g. for exporters, farmers, women entrepreneurs). Information on the programme and its support services is regularly provided upon request to interested institutions, and can also be found on the Empretec website at <http://www.empretec.net>. Fund-raising efforts to meet these requests have been initiated.

315. **Impact:** Overall, the 27 existing centres have continued to deliver training and services. A pilot evaluation is currently being undertaken to measure the impact of the training and follow-up services in four countries (Chile, Ghana, Nigeria and Uruguay). The aim is to introduce a common evaluation system in all the centres, and to regularly monitor entrepreneurship development after the training. In the new centres, entrepreneurs who had been trained improved their personal entrepreneurial competencies and business behaviours. The introduction of the Empretec programme in those countries contributed to the expansion of the existing network of Empretec centres, and also created synergies and cooperation among existing and more experienced centres. One of the objectives of Empretec is to create local capacity at new centres to deliver training and business development services. The award granted to women entrepreneurs provided a role model for others. During 2008, efforts continued to develop further cooperation between Empretec centres in developing countries. For example, Empretec Zimbabwe trainers ran the three entrepreneurship training workshops held in the United Republic of Tanzania in 2008, and Empretec Uruguay provided trainers for five workshops delivered in the Dominican Republic. Trainers from the Empretec centre in Brazil conducted workshops in Jordan and Romania, and began the certification process for local trainers. The annual directors' meeting lay the ground for training activities at a regional level that aim to provide a uniform Empretec core training product that works to a 6-day format – instead of the current 10 days – to meet the needs of entrepreneurs in developing countries both in terms of costs and absence from work. The activities carried out in 2008 included the identification, definition and branding of Empretec; strengthening the core product; the entrepreneurship training workshop; improving Empretec centres' financial sustainability; easing the network communication with the collaborative workspace; carrying out impact assessments; and strengthening the coordination and facilitation capacity of UNCTAD–Empretec at headquarters.



**Table 8. Enterprise development**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
BRA/0T/4CG	Promotion of inter-firm cooperation in northeast Brazil	2005–	GTZ (Germany)
PAL/0T/5AF <sup>a</sup>	Support for Palestinian small and medium enterprise development – emergency assistance to Empretec Palestine	2005–2008	Palestinian Fund for Employment and Social Protection
ROM/0T/1CZ	Empretec phase I – Romania	2002–	Romania
UGA/07/001	Uganda Business Linkages Promotion Programme	2007–	UNDP
ZAM/0T/7BH	Business Linkages	2007–	Norway
INT/0T/4CL	Fostering entrepreneurship and SME development in developing countries and countries with economies in transition	2004–	UNDP
INT/0T/7AE	Building productive capacities for LDCs	2007–	Sweden
INT/0T/7CA	Empretec Networks to promote Entrepreneurship and Enterprise Development	2007–	Spain
ROA-2106 (P6)	Building productive capacities in developing countries to enhance their participation in global supply chains	2008–	Development Account

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## **Cluster IX. Corporate transparency, accounting and insurance**

Lead division: Division on Investment and Enterprise (DIAE)

316. The programmes under this cluster aim at an enhanced understanding and capacity of beneficiaries to develop policies aimed at establishing a sound and internationally recognized accounting and reporting framework, and establishing competitive and well-regulated insurance markets; and at an increased understanding of instruments and practices regarding corporate social responsibility.

### **A. Accounting: corporate reporting**

317. *Development context:* Member States recognize the importance of transparency and disclosure in the corporate sector as critical elements in efforts aimed at creating an enabling business environment to promote investment, growth and stability in their economies. Member States – particularly developing countries and countries with economies in transition – face a highly competitive market in attracting foreign investment. In making their investment decisions, domestic and foreign investors require reliable and comparable financial and non-financial information. A comprehensive economic development strategy would include programmes aimed at promoting best practices in the area of corporate transparency and disclosure.

318. *Objectives/features:* The programme promotes the exchange of views among experts from member States on technical issues related to accounting, auditing, corporate governance and corporate responsibility, through the annual sessions of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), workshops and round tables. It disseminates best practices through technical guidance on various aspects of corporate transparency and disclosure.

319. *Outputs/results:* During 2008, UNCTAD continued its contribution to promoting best practices in the area of corporate reporting, including accounting, corporate governance disclosures and corporate responsibility. At the twenty-fifth

session of ISAR, which was held from 4 to 6 November 2008, the Group of Experts continued its deliberations on practical implementation issues of the International Financial Reporting Standards and on corporate governance disclosure and corporate responsibility reporting. With respect to practical implementation of the International Financial Reporting Standards, country case studies of Egypt, Poland, Switzerland and the United Kingdom were reviewed. They also discussed a study on the practical challenges and related considerations in implementing International Standards on Auditing, and recommended for wider dissemination the updated *Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises (SMEGA): Level 3 Guidance*. In the area of corporate responsibility reporting and corporate governance disclosure, UNCTAD has continued dissemination of its *Guidance on Good Practices in Corporate Governance* and its *Guidance on Corporate Responsibility Indicators in Annual Reports*. At the twenty-fifth session of ISAR, the Group of Experts reviewed case studies of non-financial reporting practices among 100 enterprises from 10 large emerging-market countries. The Group also reviewed an analysis of corporate responsibility practices among 40 large enterprises from 10 emerging-market countries.

320. On 3 November 2008, UNCTAD organized a technical workshop entitled International Public Sector Accounting Standards and the framework for International Accounting Education Pronouncements. The event featured prominent speakers with expertise in the areas of international public sector accounting standards and accounting education, including the chairpersons and several members of the International Public Sector Accounting Standards and Accounting Education Boards. More than 100 experts from all regions of the world participated in the workshop.

321. UNCTAD also co-organized a regional conference on investment and good practices in corporate governance disclosure, which took place in Cairo in June 2008. More than 300 participants attended this event, which was co-organized with the Egyptian Ministry of Investment and the Egyptian Institute of Directors. The event provided a good opportunity for disseminating UNCTAD guidance on corporate governance disclosure and related research.

322. During the reporting period, UNCTAD continued its cooperation with a number of international and regional organizations and development agencies that work towards promoting better accounting, auditing, corporate governance and corporate responsibility disclosure practices. These included the International Federation of Accountants and the International Accounting Standards Board.

323. UNCTAD continued providing technical assistance to the ISO Working Group on Social Responsibility. The purpose of this Working Group is to develop a new ISO standard on social responsibility, including guidance on good practices in social responsibility reporting. In 2008, UNCTAD contributed as a member of the government stakeholder group and an elected member of the integrated drafting task group. The UNCTAD contribution to this task group is to facilitate the drafting of the new ISO standard, including aspects of reporting and communicating with stakeholders. This work builds on the expertise of the programme, particularly in reference to the work of the group of experts on environmental, social and corporate governance disclosure. Furthermore, UNCTAD signed a Memorandum of Understanding with the Global Reporting Initiative to establish a programme of cooperation aimed at promoting greater understanding of – and greater participation in – the processes that set internationally recognized sustainability reporting standards, in order to foster sustainable development and facilitate investment and business linkages. The programme of cooperation will further seek to assist developing countries in building the technical capacity and institutions needed for the implementation of such standards.

324. UNCTAD also organized two events with the office of the United Nations Principles for Responsible Investment. The first event, entitled “Promoting responsible investment in emerging markets”, was held in Geneva on 6 February 2008, and featured a detailed technical analysis of a new environmental, social and corporate governance index launched in a major emerging market. The second event, entitled “The policy context for responsible investment” was held on 7 November 2008 (as a side-event to the twenty-fifth session of ISAR), and featured public sector–private sector technical discussions to explore how the investment community and policymakers can work together to further common environmental, social and corporate governance goals and to promote investment in emerging markets. Both events provided productive networking opportunities.

## **B. Business Facilitation Programme (e-regulations)**

325. *Development context:* Making administrative procedures transparent, swift and efficient is essential to establishing an enabling environment for private sector development, and to strengthening good governance and the rule of law. UNCTAD has conceived an e-government system to help developing countries work towards business facilitation through transparency, simplification, and the automation of rules and procedures relating to enterprise creation and operation. This system can contribute to greater transparency and efficiency in the public service, improved governance, and cost reductions.

326. *Objectives/features:* The objective of the system is four-fold: (a) to provide full transparency on rules and procedures by offering online detailed, practical and up-to-date descriptions of the steps they have to take, seen from the user’s viewpoint; (b) to help governments to simplify procedures by allowing easy identification of unnecessary steps; (c) to promote good governance by increasing awareness of administrative rules and procedures, hence establishing the conditions for a balanced dialogue between the users of the public service and the civil servants; (d) to set a basis for regional/international harmonization of rules by facilitating the exchange of good practices among countries.

327. The e-regulations system allows local governments to present administrative procedures online. Procedures are detailed step by step, from the user’s point of view. For each step, the system shows what is expected at the end of the step; who are the civil servants in charge, the forms and other documents that are required; the cost, if any; the processing time; the legal justification for the step; and ways of complaint and recourse in case of disagreement. The information is certified by the entities in charge of each step. Each country database is managed separately, and can be updated online by the public offices in charge of each step.

328. *Outputs:* The system was implemented in Colombia, El Salvador, Ethiopia, Guatemala, Mali, Morocco, Nicaragua, the Russian Federation (Moscow City) and Viet Nam. In 2008, UNCTAD organized a workshop on e-government, transparency and simplification of administrative procedures for enterprise creation and operations in Mali, and a regional training workshop for Latin America.

329. *Results:* The e-regulation system is available online and provides detailed, step-by-step information on investment procedures (company creation and real estate acquisition). In all countries, the Administration welcomed the system and its implied transparency standards and practices, which could form the basis for international standards for administrative transparency. The e-regulations system was also praised by the private sector as a major tool for business facilitation, i.e. transparency, simplification and efficiency of administrative procedures applied to business creation and operations. Local counterparts were identified in El Salvador,

Mali, Nicaragua and Viet Nam to take over the administration of the system during a forthcoming phase which is under way.

### C. Insurance Programme

330. **Development context:** The UNCTAD Insurance Programme was developed at the same time as UNCTAD was created in 1964. Since then, it has continually helped developing countries and countries with economies in transition to enhance economic growth and development through effective development and supervision of the insurance sector. In 2008, UNCTAD's mandate in the area of insurance was strongly reaffirmed at UNCTAD XII. Indeed, several paragraphs (117, 133 and 157) of the Accra Accord refer to the role of UNCTAD in providing developing countries with technical assistance in the insurance sector. Moreover, the particular needs of African countries and small vulnerable economies in this area are emphasized, in paragraph 157.

331. **Objectives:** The UNCTAD Insurance Programme is aimed at providing developing countries with technical assistance, with a view to helping them to develop their insurance and reinsurance markets, update their regulatory frameworks, comply with the international standards, strengthen their supervisory authorities, produce skilled human capital in the insurance sector, better integrate global markets, and improve the competitiveness of their economies. In addition, the development of insurance products (life insurance, credit insurance, property insurance, catastrophe insurance, social security etc.) is expected to have a positive impact on the social protection of populations and to encourage the creation of new businesses.

332. **Outputs/results:** The project entitled "Strengthening SMEs' development and access to financing and insurance in Morocco and Tunisia" is aimed at helping the Moroccan and Tunisian financial and insurance sectors to provide SMEs with affordable and well-tailored products and services, with a view to participating in the economic and financial development of these countries and to helping SMEs measure up to international competition. The project consists of a general review of the specific services offered by national banks and insurance companies to SMEs, and a comparison with the needs expressed by these businesses and with best international practices in this area. An assessment of the regulatory framework applicable to these sectors and likely to affect the supply of such products and services is also carried out. Lastly, round tables with all public and private stakeholders, and trainings designed for SMEs, will be organized to disseminate information about the financial and insurance services available.

333. Work has already been initiated for the implementation of activities in Morocco. Two missions were carried out in the latter part of 2008, and several meetings were held within Morocco's Ministry of Economic and General Affairs. The project was warmly welcomed by the Minister, and an adviser to the Prime Minister was designated as the focal point for the project. In addition, officials from the Department on Insurance (within the Ministry of Finance) and from ANPME (the national agency for SMEs) have met. Meetings were also organized with representatives of the private sector, and with international organizations that have offices in Morocco and are likely to support the project (particularly USAID, UNDP and the World Bank). Lastly, the four consultants (a team leader, an expert on the financial sector, an expert on the insurance sector, and a national coordinator) have been identified and recruited. In addition, a large part of the work during 2008 within the Insurance Programme was dedicated to the preparation of the Ad Hoc Expert Meeting on Capacity-Building for the Insurance Sector in Africa, organized jointly by UNCTAD and the African Insurance Organization.

**Table 9. Corporate transparency, accounting and insurance**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
MOR/0T/7AI	Promotion des investissements dans la région de l'Oriental du Maroc	2007–	Morocco
INT/0T/6AT	Investment Gateway System	2006–	Multi-donor
RAF/0T/8AJ	Strengthening SMEs' development and access to financing and insurance in Morocco and Tunisia	2008–	Spain

## **Cluster X. Globalization and development strategies**

Lead division: Division on Globalization and Development Strategies (GDS)

334. The programmes under this cluster aim at contributing to the achievement of the expected accomplishments of the strategic framework related to increased understanding of the global economic environment and of policy choices at the national and international levels, improved empirical and timely statistics, and in the case of the occupied Palestinian territories, improved policy and institutional capacities and enhanced international cooperation for the recovery and sustained development of the economy.

### **A. Macroeconomic and development policies: technical support to the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)**

335. *Development context:* The Monterrey Consensus (March 2002) underlined the need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems in order to complement national development efforts and to meet the Millennium Development Goals. Moreover, the 2005 World Summit Outcome underlined the importance of continuing efforts to reform the international financial architecture, noting that enhancing the voice and participation of developing countries in the Bretton Woods institutions remains a continuous concern. The G-24, as the only formal grouping of developing countries in the forums of the international financial institutions, is a key factor in this regard. It has an outreach far beyond its own membership, and it plays an important role in achieving policy coherence and as a voice of the developing countries in enhancing global economic governance. It influences the decision-making process in the international financial institutions, and policy formulation in individual countries.

336. *Objectives/features:* The project aims at strengthening the G-24 in its effort to build the necessary capacity in developing countries to make meaningful contributions to the debate on the reform of the international monetary and financial system, to enhance the ability of developing countries to cope with the consequences of increasing global interdependence, and to improve their capacity to deal with international financial instability.

337. *Outputs/description of activities:* The activities of the G-24 were supported by the provision of technical studies by internationally renowned experts, as background to the Group's preparations for the IMF's International Monetary and Financial Committee and the Joint IMF/World Bank Development Committee. Overall, 14 studies were presented and discussed among experts and delegations at the two meetings of the Technical Group of the G-24, in Washington D.C. in March 2008, and in Geneva in September 2008. The results of those meetings informed national policymakers, as well as executive directors of the Bretton Woods institutions and the meetings of G-24 ministers and their deputies. The following issues were addressed: (a) reform of quota and voting shares in the IMF; (b) the

implications for developing countries of adjusting to climate change, and policies to mitigate the effects of climate change; (c) sovereign wealth funds; (d) the role of prices and taxes in climate and development policy; (e) the food crisis and food security in developing countries; (f) international capital standards (“Basel II”) and the reform of financial regulation; and (g) reform of the international financial system. The research papers were partly funded under the project, and partly from other sources including the World Bank and the member countries themselves. In the context of the project, the UNCTAD secretariat also advised G-24 ministers and their deputies on the drafting of their communiqués published at the spring and annual meetings of the IMF and the World Bank, and on setting priorities for new research. In 2008, two studies prepared under the project were made available to a broader audience by their publication in the *G-24 Discussion Paper* series. The activities under the project were closely interrelated with the analytical work of the division, and especially with the *Trade and Development Report 2008*, the report to the General Assembly on external debt and development, and the preparation of a contribution from both the G-24 and UNCTAD to the follow-up to the International Conference on Financing for Development.

338. **Results:** The project has helped strengthen the policymaking capacity of its members and other developing countries. Specifically, it has contributed in recent years to major progress in the ongoing reform of the IMF governance structures aimed at increasing quotas and voting rights for developing countries at the IMF. It has continued to improve the basis for understanding the development dimension of current financial and monetary issues, and enabled policymakers to consider alternative options for global economic governance arrangements, reform of the Bretton Woods institutions, and national policy reforms. It has helped, in particular, to strengthen South–South cooperation on international monetary and financial issues. The Technical Group meetings – in addition to creating new knowledge among the participants – served as useful forums for the exchange of experiences among policymakers from developing countries.

## **B. Special programme: UNCTAD assistance to the Palestinian people**

339. **Development context:** The economy of the conflict-torn occupied Palestinian territories remains paralyzed by the tightened Israeli movement restrictions, the closure policy and the construction of the separation barrier. The effect of these measures has been the continued erosion of the economy’s productive capacity, further impeding recovery and entrenching “de-development”. The Palestinian economy stagnated at a zero per cent growth rate in 2007, and therefore failed to recover from the 5 per cent contraction in 2006. Early estimates do not suggest a recovery in 2008. Gross domestic product per capita continued its downward trend in 2007, to 60 per cent of the 1999 level; unemployment soared to 29 percent; and poverty deepened, to leave 57 per cent of the population below the national poverty line. Moreover, the economic gap between the West Bank and Gaza has widened as a result of the tight economic blockade imposed on the Gaza Strip since June 2007. If it were not for the resumption of foreign aid in the second half of 2007, gross domestic product would have contracted for the second year in a row. Reversing economic regression and moving towards full employment cannot be achieved without empowering the Palestinian Authority with the full range of fiscal, monetary, trade, and labour policy instruments available to other countries. There is also an urgent need to strengthen the Palestinian Authority’s institutional capacities to formulate and implement economic development policies, and to assume a lead role in aid allocation and management. These considerations and policy orientations guided UNCTAD’s technical assistance to the Palestinian people in 2008. These activities featured a continued focus on assisting the Palestinian Authority and civil

society institutions in linking emergency relief interventions to strategic long-term development objectives.

340. **Objectives/features:** Guided by the United Nations 2007–2008 Strategic Framework, paragraph 44 of the Accra Accord, paragraph 35 of the São Paulo Consensus, paragraph 167 of the Bangkok Plan of Action, and General Assembly resolutions 62/93 (para. 7), 56/111 (paras. 6 and 7) and 43/178 (para. 9), UNCTAD continued its work in assisting the Palestinian people in accordance with its mandate. Drawing on the findings of its research and policy analysis, UNCTAD works in close coordination with other international agencies to strengthen the institutional and managerial capacity of the Palestinian Authority in the areas of trade policy, trade facilitation, financial and debt management, development strategies, investment promotion and enterprise development. To cope with the extremely difficult field conditions, UNCTAD adopts a selective and flexible mode of operation to respond to the strategic imperatives of building the economic institutions required for statehood, as envisioned by the relevant United Nations resolutions.

341. **Outputs/description of activities:** UNCTAD activities in the area of trade facilitation and logistics marked an important milestone in 2008 with the completion of the project funded by the European Commission to establish the Palestinian Shippers' Council (PSC) in late October. Today, the PSC is a vibrant institution with well-trained staff, a committed board of directors, and a growing membership currently numbering 350. It is actively engaged in solving the daily problems of Palestinian shippers and in strengthening their capacities – building on its network of national and regional partners. To ensure the project's long-term sustainability, the secretariat fielded four experts from UNCTAD and one expert from the United Nations Economic Commission for Europe (UNECE) in 2008 to develop thematic training materials for the PSC's future fee-based training and capacity-building activities. Furthermore, the PSC's role as a focal point for addressing the Palestinian shipping community's needs was strengthened through study tours to Egypt, Jordan and the United Arab Emirates.

342. Significant progress was made under the ASYCUDA III project, which seeks to modernize and strengthen the Palestinian Authority's customs capacities. With funds from the EC, the project entered its third phase, which will see full system roll-out. Achievements in 2008 included updating the Automated System for Customs Data (ASYCUDA) system with 2007–2008 Palestinian customs declarations, thereby allowing the Palestinian Authority to accurately monitor revenues collected by Israeli customs on its behalf. Moreover, a tailored “single administrative declaration” in Arabic has been launched to allow the Palestinian Authority to conduct critical financial operations such as post-auditing. The system will soon be upgraded from ASYCUDA++ to the web-based ASYCUDA World. To foster national ownership, the project's national core team received advanced training in Geneva. The team has become well versed in the system, and in turn has conducted hands-on functional training courses for Palestinian staff at the finance ministry. The team is enforcing new customs rules, and is actively responding to Palestinian Authority requests to ensure complete customs control at the main border points, including those with Egypt and Jordan. As part of the Palestinian Authority's renewed development efforts, the system was launched in 2008 under the name Tawasol (trade accounting, web-based analysis solutions).

343. The secretariat has finalized the “Investment retention programme” project. This project, funded by Norway and implemented in close coordination with PIPA, involved designing a tailored programme to support Palestinian efforts to maintain and expand existing investments. Informed by the results of a survey of existing investors, the programme outlines targeted interventions to address immediate and

long-term investment-related bottlenecks, and allows for the integration of proposed interventions into PIPA's core functions. The proposed programme was presented to relevant public and private sector institutions at a workshop held in Ramallah last October. Moreover, the secretariat presented the project's findings at the United Nations Economic and Social Commission for Western Asia (ESCWA) expert group meeting entitled "Strengthening private sector resilience under conflict: lessons learned and the way forward", held in Beirut in November 2008.

344. The secretariat is in the process of finalizing a survey-based policy paper for guiding Palestinian capacity-development efforts in the areas of public finance, trade policy and facilitation, and investment promotion and enterprise development. Prepared in cooperation with ESCWA, the paper sets a development-driven approach to capacity development, with proposals for the Palestinian Authority's consideration. The paper's findings and proposed recommendations were presented to Palestinian public and private sector institutions at a workshop in Ramallah in March 2008.

345. Lack of extra-budgetary resources in 2008 forced the secretariat to suspend planned activities under the Debt Monitoring and Financial Analysis System (DMFAS) project. Planned activities under UNCTAD's project to support the development of small and medium-sized enterprises (Empretec Palestine) were suspended too. Phase II of this project involves extending the programme to the Gaza Strip. Furthermore, the implementation of the proposed programme for retaining investments in the occupied Palestinian territories under a "phase II" proposal is uncertain, owing to a lack of funds.

346. **Results/impacts:** As a result of UNCTAD technical assistance activities: (a) a vibrant PSC has been established, and the PSC is activity engaged in addressing problems reported by Palestinian shippers; (b) Palestinian customs administration capacity has been further strengthened by ASYCUDA III, and the national project team is actively involved in supporting Palestinian customs reform and modernization efforts; (c) UNCTAD's proposed strategy for retaining existing investments in the occupied Palestinian territories is being considered by PIPA as a reference framework for guiding its future activities; and (d) UNCTAD is intensifying cooperation with ESCWA in the area of conflict and post-conflict economies. It is also expected that UNCTAD's work will lead to a new network of selected Arab counties to promote growth-oriented regional integration based on analytical and internationally recognized statistical tools, and to concrete proposals at the disposal of Palestinian policymakers to guide the capacity-development efforts in areas that fall within the secretariat's expertise.

**Table 10. Globalization and development strategies**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
PAL/0T/5AS <sup>a</sup>	Technical assistance for the establishment of the Palestinian Shippers' Council	2005–2008	European Commission
INT/0T/0AL <sup>a</sup>	G-24 Technical Support Service, Phase IV (IDRC)	2001–2008	Canada
INT/0T4AK	Preparation for the UNCTAD XI High-level Interactive Round Table on Trade and Gender	2004–	Canada
ROA-2180 (L6)	Capacity-building for debt sustainability	2008–	Development Account

<sup>a</sup> Project that had been "operationally but not financially completed" or "completed" in 2008.



## Cluster XI. Strengthening the debt management capacity of developing countries

Lead division: Division on Globalization and Development Strategies (GDS)

347. The programme in this cluster encompasses the activities of the Debt Management and Financial Analysis System (DMFAS) Programme in support of promoting economic policies and strategies at national, regional and international levels that are supportive of sustained growth, inclusive and sustainable development, employment creation and hunger and poverty eradication in developing countries.

### A. The Debt Management and Financial Analysis System (DMFAS) programme

348. *Development context:* Effective debt management is an intrinsic part of sound public financial management and overall good governance. Debt management, nonetheless, remains a challenge for most developing countries. In order to attain sustainable debt levels and to use debt instruments as an efficient tool for development, prudent debt management and the availability of reliable and timely debt data are essential. Many governments lack the appropriate institutional, human and technical capacity for handling public resources and liabilities more effectively.

349. The DMFAS programme has been successful in helping Governments improve their capacity to manage debt since the early 1980s. As the debt situation of developing countries has evolved over the past three decades, the DMFAS programme has adapted its technical assistance to the changing debt management needs of these countries.

350. The DMFAS programme's role in helping developing countries strengthen their debt management can be seen against the background of numerous United Nations resolutions on debt and development, the Monterrey Consensus, the Millennium Development Goals, and other internationally agreed development goals.

351. General Assembly resolution 54/202, paragraph 27, "stresses the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts towards this end, and in this regard stresses the importance of initiatives such as the Debt Management and Financial Analysis System and the debt management capacity-building programme".

352. General Assembly resolution 62/186, adopted in December 2007, emphasizes that "debt sustainability is essential for underpinning growth" and underlines "the importance of debt sustainability and effective debt management to the efforts to achieve national development goals, including the Millennium Development Goals". The same resolution, in paragraph 25, "further welcomes the efforts of and calls upon the international community to support institutional capacity-building in developing countries for the management of financial assets and liabilities and to enhance sustainable debt management as an integral part of national development strategies". In resolution 63/206, the General Assembly "stresses the importance of the continued substantive consideration of the sub-item entitled 'External debt and development: towards a durable solution to the debt problems of developing countries'."

353. *Objectives/features:* The aim of the DMFAS programme is to help developing countries and countries with economies in transition to build their debt management capacity, in support of good governance, development and poverty reduction.

354. By working directly with the countries, as well as with international and regional organizations involved in debt, the programme identifies best practices in debt management, and translates them into specialized products and services. These are shared with countries through technical cooperation projects, and through international and regional conferences and workshops.

355. The programme provides countries with the following: (a) capacity-building through the provision of a specialized DMFAS system designed to meet the operational, statistical and analytical needs of debt managers and bodies involved in developing public debt strategies, and training in its use; (b) capacity-building through the programme's advisory services, including needs assessments and advice on technical, administrative, legal and institutional debt management issues, and assistance in software installation and maintenance; (c) capacity-building of debt management skills, including through the programme's modules on debt data validation, statistics and debt analysis.

356. **Outputs/description of activities:** In addition to ongoing permanent support provided to countries through its central operations, the DMFAS programme managed 40 active projects at the country level during 2008. New projects – including extensions of projects for seven current or former user institutions (in nine countries) – were signed, including for: Egypt (the central bank), Guatemala (the finance ministry), Haiti (the finance ministry), the Islamic Republic of Iran (the central bank), the Philippines (the central bank), Togo (the finance ministry) and Yemen (the central bank, the finance ministry, and the Ministry of Planning and International Cooperation).

357. Two new institutions – the Ministry of Finance of Egypt and the Central Bank of the Philippines – signed their first project document with the DMFAS programme.

358. New projects were also being negotiated for 26 current or former user-country institutions, including Algeria (the finance ministry), Angola (the central bank), Argentina (the Province of Buenos Aires), Bangladesh (the finance ministry and the central bank), the Plurinational State of Bolivia (the finance ministry, the central bank and subnational governments), Congo (the finance ministry), the Democratic Republic of the Congo (the finance ministry), Ecuador (the finance ministry), Gabon (the finance ministry), Georgia (the finance ministry), Guinea-Bissau (the finance ministry), Honduras (the finance ministry), Indonesia (the finance ministry), the Islamic Republic of Iran (the central bank), Jordan (the finance ministry), the Lao People's Democratic Republic (the finance ministry), Madagascar (the finance ministry and the central bank), Oman (the finance ministry), the former Yugoslav Republic of Macedonia (the finance ministry and the central bank), Uganda (the central bank), Viet Nam (the finance ministry) and Zambia (the central bank).

359. In 2008, the DMFAS programme made great strides in developing the next version of the software – version 6. Numerous technical specifications relating to the architecture, technology and structure of the new version were produced and validated during the year. The programme also finalized the user requirement definitions of the new analytical components to be included in the upcoming version. This entailed analysing countries' needs for producing static debt portfolio analysis, for generating basic debt indicators and for performing both interest rate and exchange rate sensitivity analyses. Version 6 will be highly modular, in order to ensure easy and flexible customization of the software for all users. Release of the full version of DMFAS 6 is planned for 2009. However, some of the key features of DMFAS 6 were already available as an advance release at the end of 2008. This first block will include a new securities module, statistical bulletin reports and a new reporting tool, as well as basic analytical features (e.g. for generating debt ratios).

Enhancements were also made to the current version of the system, DMFAS 5.3. During 2008, the DMFAS programme produced one update to the current version of the software – version 5.3 – by, for example, enabling the automatic recording of rescheduled debt service operations (including outstanding). During the year, DMFAS 5.3 was also installed in seven countries (seven institutions), in conjunction with related training activities.

360. From its helpdesk in Geneva, and as part of its permanent technical assistance support to countries, the programme responded to over 600 DMFAS user requests in 2008.

361. In addition to its regular training activities (installation of the DMFAS system and related debt management training), the programme continued the development and implementation of a set of capacity-building modules in debt data validation, statistics and debt portfolio analysis. These modules are organized via workshops. In 2008, 23 such workshops took place. They have resulted in the production of five debt statistical bulletins (Ethiopia – biannual; Guatemala – annual; Honduras – annual; Indonesia – quarterly; and Viet Nam – biannual) and 11 validation calendars (Central African Republic, Chad, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Sudan, Bolivarian Republic of Venezuela).

362. In total, the programme organized, co-organized or participated in 112 capacity-building events during 2008. Fifty-one of these events took place in Africa, four in the United States, forty in Latin America, eight in Asia, and nine in Europe and the Commonwealth of Independent States. Of these, 97 were capacity-building missions at the national level, six at the regional level, and nine at the international level. Through such collaboration, the programme aims to contribute to the continuous improvement of capacity-building and international practices in debt management. Partner institutions include the World Bank, the International Monetary Fund, the Development Initiative (International Organization of Supreme Audit Institutions), the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, the Regional Debt Management Training Unit for Central Africa and Western Africa (Pôle-Dette)<sup>13</sup> and the Latin American and Caribbean Debt Group. The programme also explored possibilities for collaboration with other organizations involved in debt management and/or technical assistance, including the Commonwealth Secretariat, Debt Relief International, UNDP and the United States Treasury.

363. The DMFAS programme also provided its user countries and interested parties with regularly updated information and documentation on the programme's products and services, and a number of documents were produced in 2008 to this effect.

364. The DMFAS programme met with its donors in November 2008 to inform them on its progress in building human and institutional capacity in developing countries in the area of debt management.

365. **Results:** At the end of December 2008, the programme was managing projects in 40 institutions. In addition, during the year, the programme was engaged in discussions/negotiations for projects with two new countries: Cape Verde (central bank) and Oman (finance ministry). Discussions with new institutions in current client countries, namely Argentina (province of Buenos Aires) and Honduras (finance ministry) were also under way.

<sup>13</sup> A regional initiative for French-speaking Africa, launched by the Central Bank for West African States and the Bank of Central African States.

366. In 2008, the DMFAS programme made good progress in implementing its four-year strategic plan for 2007–2010, as agreed with its donors and other stakeholders. The plan takes into account the conclusions and recommendations of the last mid-term review of the DMFAS programme, the changing needs of DMFAS beneficiary countries, the experience accumulated by the programme over more than 25 years, and the evolving nature of debt management policies and tools. The plan focuses on the programme's relevance and comparative advantage with respect to other providers of technical assistance to developing countries, particularly in the area of operational debt management, from debt data recording to basic debt analysis.

367. As part of its efforts to improve overall efficiency and effectiveness, and in order to better deliver its strategic plan for the 2007–2010 period, a number of improvements to the programme's general management, administration and communications have continued to be made in 2008, including efforts to increase the cost-sharing contribution by DMFAS clients to the programme's central costs. These efforts have also included the outsourcing of the major components for the development of the next version of the DMFAS software to the private sector, and the posting of a central staff member to Bamako as part of the programme's decentralization objectives.

368. Coordination with partners was intensified in 2008. The efforts under the programme to strengthen existing partnerships and to explore new ones resulted in a number of new understandings with international financial institutions and regional organizations. Moreover, synergies with UNCTAD debt research areas were strengthened.

369. Regarding new developments in the debt management arena, 2008 saw the introduction of a number of new international initiatives that required a response under the programme. Firstly, a number of proposals were prepared under the One United Nations Initiative. The introduction of the framework for the implementation of the Millennium Development Goals involved similar proposals from the programme. Secondly, the programme contributed – in collaboration with other actors – to the World Bank's preparation of the Debt Management Performance Assessment Tool. Thirdly, the joint World Bank and IMF launch of the programme of medium-term debt strategies will require support from the programme to the DMFAS user countries involved.

370. The results of the 2008 donor consultation meeting demonstrated a high level of satisfaction from donors with the achievements of the programme. The continued support for the programme from the donor community and the enlargement of the donor base (with one new donor in 2008) are also positive indicators of satisfaction.

**Table 11. Strengthening the debt management capacity of developing countries**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
ALB/0T/6AN	Implementation of DMFAS version 5.3	2006–	Albania
ALG/0T/4AC	Renforcement des capacités de gestion de la dette de la Banque d'Algérie	2004–	Central Bank of Algeria
BDI/0T/0AN	Renforcement des capacités de gestion de la dette	2000–	Burundi
BGD/04/017	Capacity-building for Management of Foreign Aid in Bangladesh	2004–	UNDP
BOL/0T/0AK <sup>a</sup>	Integración de la gestión de la deuda	2000–2008	Plurinational State of Bolivia
CAF/0T/7AJ	Renforcement des capacités de gestion de la dette à la Direction de la Dette	2007–	African Development Bank

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
CHD/0T/6BE <sup>a</sup>	Intégration informatique de la Direction de la Dette	2006–2008	Chad
CMB/0T/7AD <sup>a</sup>	Support to Public Financial Management Reform Programme – Computer-based Debt Management System	2007–2008	Asian Development Bank
COS/0T/7AL	Fortalecimiento de las capacidades para la gestión de la deuda en Costa Rica	2007–	Costa Rica
EGY/0T/7AO <sup>a</sup>	Strengthening debt management and IT support	2007–2008	United States
EGY/0T/7BQ	Strengthening Public Debt Management	2007–	Egypt
ELS/0T/6BQ	Actualización a la Version 5.3 y Fortalecimiento de la Gestión de Deuda	2006–	Inter-American Development Bank
ETH/0T/4BE <sup>a</sup>	Installation of DMFAS 5.3 – capacity-building in debt and financial management	2004–2008	Netherlands
GEO/0T/5BR <sup>a</sup>	Implementation of DMFAS version 5.3	2005–2008	Georgia
GUA/08/001 <sup>a</sup>	Sistema Integrado de Administración Financiera III	2008–2008	UNDP
HAI/0T/8AX	Renforcement des capacités de gestion de la dette du Ministère de l’Economie et des Finances et de la Banque de la République d’Haïti	2008–	World Bank
HON/0T/4AH	Fortalecimiento de las capacidades para la gestión de la deuda en Honduras	2005–	Honduras
IRA/9X/786 <sup>a</sup>	DMFAS 5.0 Installation in Bank Markazi	1997–2008	Iran
MOL/0T/4CP	Implementation of DMFAS 5.3	2004–	Sweden
NIC/0T/4BW	Capacity-building in debt management in Nicaragua	2006–	Inter-American Development Bank
PHI/0T/8AB	Implementation of UNCTAD’s DMFAS System within the Bangko Sentral ng Pilipinas	2008–	Philippines
ROM/0T/3AV <sup>a</sup>	Implementation of DMFAS Version 5.3	2003–2008	Romania
RWA/0T/6BO	Integrated support project to MINECOFIN – DMFAS update and training	2006–	UNDP
SUD/0T/4BG	Capacity-building in debt and financial management	2004–	Norway
TOG/0T/8AN	Renforcement des capacités de gestion et de production de statistiques de la dette à la Direction de la dette publique	2008–	African Development Bank
TRI/0T/2AB	Installation of DMFAS 5.2 – Capacity-building in debt and financial management	2003–	Trinidad and Tobago
VEN/0T/5AC	Proyecto para la implementación del SIGADE 5.3 y los enlaces con los sistemas de análisis e integración financiera (SIGECOF II)	2005–	Venezuela
YEM/0T/7BO	Strengthening Debt Reporting and Institutional Integration in Debt Management	2007–	Yemen
ZAI/0T/4CB <sup>a</sup>	Renforcement des capacités de gestion de la dette à l’office de gestion de la dette publique	2004–2008	Democratic Republic of the Congo
ZAM/9X/9DL	Implementation of DMFAS 5.1	1999–	Zambia
INT/9X/542	Strengthening the debt management capacity of developing countries	1995–	Switzerland
INT/0T/2AO	Strengthening the debt management capacity of developing countries	2002–	Multi-donor

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster XII. Transport and trade facilitation

Lead division: Division on Technology and Logistics (DTL)

371. The projects under this cluster provide technical assistance and capacity-building in the fields of trade logistics, and customs automation through ASYCUDA.

## A. Trade logistics

372. *Development context:* The capacity to trade competitively in the global economy depends upon efficient and reliable transport services to reach overseas markets. International freight and insurance costs, which are particularly high for developing countries, make the logistics of trade a major factor in determining the marketability of exports.

373. Developing countries are faced today with challenges ranging from basic transport infrastructure and management to reforms in the enabling administrative, procedural and regulatory environments. UNCTAD's technical cooperation activities in the areas of transport and trade facilitation aim at establishing a favourable domestic environment for international trade transactions. Based on effective international instruments, best commercial practices and common standards, UNCTAD's work encompasses transport and trade facilitation, transport policy and legislation, and ASYCUDA customs automation programmes.

374. Customs services implement national trade and fiscal policies by ensuring trade-related revenue collection, combating fraud, facilitating legitimate trade, and securing national borders. They control the import of prohibited and restricted goods, and generate statistical data on external trade for government analysis and planning. The efficiency of the Customs service is an essential part of a country's good governance policy and an essential tool for trade facilitation.

375. *Objectives/features:* UNCTAD's technical cooperation proposes specific actions to make the best use of available trade- and transport-related assets. The focus is placed on eliminating – wherever possible – barriers that might unduly increase transaction costs or create unnecessary delays. The approach to technical assistance and capacity-building relies on the development of trade and transport facilitation administrative reform tools; the provision of assistance to the multilateral negotiating process; the implementation of customs automation programmes under ASYCUDA; and tailor-made trade and transport facilitation projects at the national and regional level.

376. The main objective of the ASYCUDA programme is the modernization of Customs, using ICT to speed up and simplify the goods clearance process. The ASYCUDA system manages the entire Customs clearance process, from (and prior to) the arrival of the goods up to their warehousing and ultimate release after payment of duties and taxes. It includes an advanced risk-management/selectivity function and very strong anti-corruption features. The implementation of an ASYCUDA project in a beneficiary country is based on the delivery of a comprehensive training programme, designed to transfer the full ASYCUDA functional and technical know-how to the national staff and to ensure that the national team will be able to administrate and maintain the national ASYCUDA system without external technical assistance and support.

### 1. Capacity-building in developing countries to support their effective participation in the WTO negotiations process on trade facilitation

377. *Outputs:* 2008 marked the fourth year of activities organized in support of the ongoing trade facilitation negotiations within the framework of the Doha Development Round negotiations under WTO. Thus, UNCTAD provided advisory services and cooperated with other organizations (including WTO) in carrying out seminars, workshops and training courses. In 2008, the focus of the activities was on the provision of support to developing countries for the national WTO trade facilitation self-assessments.

378. At this stage, developing-country members of WTO need to have a better understanding of the possible impact of the proposed new rules before signing any possible future agreement. In order to assist countries with the assessment of their current situation regarding the proposals, the World Bank developed a self-assessment methodology which has been further refined by the WTO secretariat, UNCTAD, and the other annex D organizations (IMF, OECD and the World Customs Organization) which have an explicit mandate within the WTO Doha negotiations on trade facilitation. The analytical tool allows members to compare the national legal and institutional frameworks and current practices with the requirements of the proposals, and leads to the identification of existing gaps, as well as actions including technical assistance and capacity-building needs, in order to address them. In order to complement and support the technical analysis, UNCTAD continued to update its 22 recently developed *Technical Notes* on trade facilitation.

379. Together with the other annex D organizations, UNCTAD continued its support in assisting WTO-led self-assessment exercises in countries such as Afghanistan, Antigua and Barbuda, Burkina Faso, Colombia, the Democratic Republic of the Congo, Dominica, Grenada, Guatemala, Mali, Pakistan, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Yemen. UNCTAD experts participated as facilitators in the national workshops financed through the WTO Trust Fund.

380. Furthermore, UNCTAD's country-tailored activities were undertaken to set up or consolidate national interagency support committees, with the two-fold objective of improving the results of the self-assessment and strengthening participation by countries in the ongoing negotiation process.

381. The assistance provided to working groups in preparation of the self-assessment resulted in an improvement of the composition of these groups, and raised the awareness of its members on the negotiation process and the assessment methodology. The conduct of the national self-assessment workshop was therefore facilitated and the results improved. Support to the working groups continued after the self-assessment workshop to foster the linking of the assessment findings to the ongoing negotiation process, and in the long run, to enable the working group to play a central role in developing implementation plans.

382. UNCTAD further recognizes the importance of regional trade facilitation reform efforts, and aims at building capacity in the secretariats of regional economic integration groups (WAEMU, the Organization of Eastern Caribbean States (OECS) and the Central American Common Market) for analysing the needs of member States and the possibility for regional implementation. In cooperation with ALADI, UNCTAD organized a regional workshop for Latin American countries in Uruguay. Another regional activity included support to the OECS secretariat and its member States Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines, in setting up or strengthening a national negotiation support group and preparing the WTO trade facilitation self-assessment. UNCTAD further contributed to a WAEMU regional workshop on trade facilitation covering the WTO negotiations and the self-assessment process.

383. In Geneva, UNCTAD organized one brainstorming workshop for Geneva-based delegates on the special and differential treatment mechanism, and UNCTAD's experts continue to participate in the revision and updating of the WTO Self-Assessment Guide.

384. **Results:** Within the Doha Development Round at WTO, the negotiations on trade facilitation are considered to be advancing relatively favourably, and UNCTAD's support, together with that of other annex D organizations, has

contributed to this positive development. According to evaluations undertaken by the WTO secretariat, and the formal and informal statements made by delegations, the WTO national self-assessment workshops are considered successful, and UNCTAD's contribution to this process is acknowledged by WTO, by donors, and by the developing countries benefiting from UNCTAD cooperation. UNCTAD is one of the main implementing agencies of the WTO trust fund programme to assist countries with the national trade facilitation self-assessment.

## **2. Emergency customs modernization and trade facilitation project in Afghanistan**

385. **Outputs:** In 2008, the Trade Facilitation component of the Emergency Customs Modernization and Trade Facilitation Project in Afghanistan, funded by the World Bank, continued its successful implementation at the Ministry of Commerce and Industry, providing support to the Ministry's Transit and Trade Facilitation Department through ad hoc advice, technical notes, and training for the staff of the department.

386. In the area of transit, the project activities focused on the reform of the transit framework in Afghanistan, including the revision of bilateral transit agreements and the drafting of a transit act. A major achievement in this area in 2008 was the completion of the draft Afghanistan–Pakistan Transit Agreement and its five protocols.

387. Training and guidelines on the negotiation methodology were delivered at the Ministry of Commerce and Industry, in order to prepare the Afghan negotiators. Additionally, several cross-border surveys were conducted to establish benchmarks in the border posts of Islam Qala and Torkham.

388. Also, in close cooperation with the vocational training body of the International Federation of Freight Forwarders' Associations (FIATA), the curriculum for Afghan freight forwarders, based on FIATA standards, was improved by revising the training material and increasing the modules up to the FIATA standard of a minimum of 200 hours' training class. The module on road transport was delivered in Kabul, Mazar-i-Sharif and Herat.

389. In 2008, the Memorandum on the Foreign Trade Regime was updated in close cooperation with the Division on International Trade in Goods and Services, and Commodities (DITC). A workshop was organized in Geneva in May to train Afghan officials on the WTO accession process.

390. **Results:** The Afghanistan Trade Facilitation Committee – which was created in 2007, with its secretariat set up by the project at the beginning of 2008, and which is now recognized by various public agencies and professional organizations – organized a preparatory seminar for a WTO self-assessment workshop, scheduled to take place in March 2009. The Afghanistan–Pakistan Transit Agreement was endorsed by the Government of Afghanistan and shared with the Government of Pakistan during the Joint Economic Commission meeting held at the end of 2008.

## **B. The ASYCUDA programme**

391. **Outputs:** In 2008, there were more than 59 operational ASYCUDA technical assistance projects, including eight regional/interregional projects. The ASYCUDA programme is the largest technical cooperation programme within UNCTAD, with a presence in over 90 countries.

392. In the framework of a regional project being implemented in cooperation with the secretariat of COMESA (the Common Market for Eastern and Southern Africa), the ASYCUDA++ system became operational, and the number of operational sites



was extended in the Comoros, the Democratic Republic of the Congo, Eritrea, Seychelles and Swaziland.

393. Activities for the implementation of ASYCUDA++ or for migration to ASYCUDA++ continued in Afghanistan, Botswana, Cameroon, the Democratic Republic of the Congo, Guinea, Malawi and Nigeria. Additional functions were implemented in the Philippines (improvement of risk assessment and selectivity). A new ASYCUDA project was signed, for the implementation of the system in Sierra Leone.

394. A technical assistance project funded by the European Union began cooperation activities with the secretariat of the Central African Economic and Monetary Community for improvement of the current national systems and for development and implementation of a regional transit system based on ASYCUDAWorld (the Internet-based version of ASYCUDA). This project, which includes a large series of activities (e.g. training, documentation, and regional support), will benefit all seven countries in the region.

395. The Internet-based ASYCUDAWorld is operational in Georgia, Jordan (for both the National Customs Administration and the Aqaba Economic Free Zone Authority), Lebanon, the Republic of Moldova, and the Syrian Arab Republic, covering the full Customs clearance process, including declaration of goods, payments, transit operations etc. In 2008, national ASYCUDAWorld systems went live in Haiti, and implementation activities started, or continued, in Albania, Cambodia, Côte d'Ivoire, the Islamic Republic of Iran, the occupied Palestinian territories, Puerto Rico, Tunisia, the Bolivarian Republic of Venezuela, and Zimbabwe. Projects for the implementation of – or migration to – ASYCUDAWorld have been signed, and activities will begin in 2009 in the Maldives and Sri Lanka.

396. In 2008, ASYCUDA technical assistance and support continued to be provided remotely (online, and by mail and phone etc. for system maintenance) and in the field (amongst other things, for the implementation of new releases, adaptation to new hardware or software, and the improvement of functionalities). Approximately 180 missions were organized (training excluded), representing almost 320 weeks of presence in beneficiary countries. In the spirit of South–South cooperation, more than 60 per cent of those missions were carried out by experts from other ASYCUDA-user countries.

397. Regarding the transfer of knowledge and capacity-building, in 2008 more than 115 national and regional ASYCUDA training sessions on functional and IT matters were held worldwide for around 2,000 trainees (many of whom can, in turn, become ASYCUDA trainers). The functional courses mainly covered selectivity and risk management, Customs valuation and implementation of transit, while the ICT courses focused on database structure and administration, information exchange and telecommunications, web technology, and ASYCUDA maintenance and development.

398. Research and analysis activities have started for extending the functionality of ASYCUDA, in order to embrace the Single Window for International Trade concept. The Single Window will allow the connection of the Other Government Agencies to the Customs system for the electronic exchange of data and documents, setting the basis for the implementation of e-customs and e-government, and opening for the trade community access to a fully computerized paperless environment.

399. The ASYCUDA website – at <http://www.asycuda.org> – provides a comprehensive overview of the system, and a presentation of its functionality and of the benefits to be expected by the Governments concerned. It has the latest news on

Customs computerization, and information and images regarding the ASYCUDA country projects. It also has links to the organizations working in the Customs domain, such as the World Customs Organization and WTO. User countries can access a secure area of the website – the ASYCUDA Community – which contains technical and functional information relating to the system, as well as discussion groups.

400. **Results:** The impact of the ASYCUDA projects can be assessed by various institutional and trade facilitation benchmarks, including increased revenue, improved trade facilitation, shorter clearance times, and the availability of timely and reliable trade statistical data. The consistent enforcement of the Customs and Customs-related legislation nationwide and the automatic calculation of duties and taxes result in the increase of State budget revenue, while reliable and timely trade and fiscal statistics assist Governments in planning their economic policy. It is likely that ASYCUDAWorld will have a major impact on e-business and e-government transactions, making international trade simpler and cheaper, while making international markets more accessible to enterprises from developing countries.

401. Important factors for the success of the projects are the willingness to change, and the commitment and full support of the Government. Resistance to the institutional and procedural reforms – which in most cases are required by the implementation of ASYCUDA – could prevent projects from realizing the full benefits of the automation of Customs operations.

**Table 12. Transport and trade facilitation**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
AFG/0T/4CE <i>a</i>	Emergency customs modernization and trade facilitation project in Afghanistan	2004–2008	World Bank
ALB/0T/7BF	Implementation of ASYCUDAWorld in the Customs Department	2007–	Albania
BDI/0T/2CH <i>a</i>	Migration to ASYCUDA++	2003–2008	Burundi
BEN/0T/1AR	Migration to ASYCUDA++	2001–	Benin
BDG/0T/7AN <i>a</i>	Manifest implementation in Chittagon	2007–2008	Asian Development Bank
BIH/0T/5AI	Technical assistance on ASYCUDA aspects of the merger of the Customs administration of Bosnia and Herzegovina	2005–	European Commission
BOT/0T/1AL	Implementation of ASYCUDA in Botswana	2001–	Botswana
BZE/0T/7BU	ASYCUDA	2007–	Belize
CAF/0T/3AX	Migration au système SYDONIA++	2005–	Central African Republic
CMB/0T/6AG	Computerization of customs procedures and data in Cambodia	2006–	World Bank
CMR/0T/6AB	Soutien à l'administration des douanes	2006–	Cameroon
DMI/0T/7BY	ASYCUDA	2007–	Dominica
GAB/0T/4AX	Support to Gabonese Customs for the extension of ASYCUDA	2004–	Gabon
GEO/0T/7AA	Implementation of ASYCUDAWorld in the Customs Department	2007–	Georgia
GIB/0T/7AM	ASYCUDA feasibility study in Gibraltar	2007–	United Kingdom/DFID
GUI/0T/4AR	Migration au système SYDONIA++	2004–	Guinea
HAI/0T/5AM	Mise en place de SYDONIA World à l'administration générale des douanes	2005–	Haiti
IRA/05/755	Implementation of e-Customs ASYCUDAWorld in Iran (Islamic Republic)	2005–	UNDP
IVC/0T/4BV <i>a</i>	Implémentation de ASYCUDAWorld en Côte d'Ivoire	2005–2008	Côte d'Ivoire
JOR/0T/6AE	Implementation of ASYCUDA World in Jordan	2006–	Jordan

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
JOR/0T/7AQ	Implementation of ASYCUDA World in Jordan	2007–	United States
LEB/0T/5BK	Implementation of ASYCUDA World in Lebanon	2005–	Lebanon
MAG/0T/2BY	Migration to ASYCUDA++ system	2003–	Madagascar
MAU/0T/5BD	Migration des Douanes mauritaniennes à la version++ du SYDONIA	2005–	Mauritania
MDV/08/001	Support to Maldives Customs Service to upgrade ASYCUDA	2008–	UNDP
MLI/0T/2AT	Migration to ASYCUDA++ system	2002–	Mali
MLW/9X/8AU	ASYCUDA	1999–	United Kingdom
MOL/0T/8AQ	ASYCUDA Technical Assistance and Support	2008–	Republic of Moldova
NAM/0T/2AI	Migration to ASYCUDA++	2002–	Namibia
NCA/0T/3AU <sup>a</sup>	Implementation of ASYCUDA++	2003–2008	New Caledonia
NEP/0T/6BR	Consolidation of Customs Automation	2006–	Asian Development Bank
NIR/0T/5AB <sup>a</sup>	Implementation of ASYCUDA++ in the Nigerian Customs Service	2005–2008	Nigeria
PAL/0T/7AV	Implementation of ASYCUDAWorld in Palestine	2007–	EC
PHI/0T/8AH	Enhancement of ASYCUDA Risk Management	2008–	EC
PNG/0T/4AP	Installation of ASYCUDA in Papua New Guinea	2004–	Papua New Guinea
PRC/0T/2BQ <sup>a</sup>	ACIS RailTracker upgrade for SNCC	2002–2008	COMESA
PRC/0T/2BW	Installation du système du SYDONIA++	2002–	Congo
PUE/0T/7AX	Modernización del sistema de control de carga y mercancías con el ASYCUDAWorld	2007–	United States
RWA/0T/2BX	Migration to ASYCUDA++	2003–	United Kingdom
SIL/0T/8AA	Implementation of ASYCUDA++ in Sierra Leone	2008–	United Kingdom
SRL/9X/792	Customs modernization programme – migration to ASYCUDA++	1997–	Sri Lanka
STL/0T/3AT <sup>a</sup>	Simplification and computerization of customs procedures and data using ASYCUDA++	2003–2008	Saint Lucia
STV/0T/6AQ	ASYCUDA migration in Saint Vincent and the Grenadines	2006–	Saint Vincent and the Grenadines
SUD/0T/3AS	Migration to ASYCUDA++	2003–	Sudan
SYR/0T/4BP	ASYCUDA implementation in the Syrian Arab Republic	2005–	Syrian Arab Republic
TIM/06/001	Support for automation of customs processes in Timor-Leste	2006–	UNDP
TOG/0T/2AN	Migration to ASYCUDA++	2002–	Togo
TRI/0T/1BW	Simplification of customs procedures and data using ASYCUDA++	2004–	Trinidad and Tobago
TUN/0T/7AT	Coopération pour la modernisation et l'automatisation des procédures douanières	2007–	Tunisia
UGA/0T/1AP	Migration to ASYCUDA ++ Customs Modernization Programme	2001–	Uganda
VEN/01/013	Apoyo a la Modernización del Sistema Aduanero	2002–	UNDP
YEM/03/009	Implementation of ASYCUDA in Yemen – Phase II	2003–	UNDP
ZIM/0T/7AC <sup>a</sup>	Implementation of ASYCUDAWorld in Zimbabwe	2007–2008	Zimbabwe
INT/8X/301 <sup>a</sup>	Course on improving port performance	1983–2008	Multi-donor
INT/8X/80C <sup>a</sup>	STRATSHIP: Strategic planning course	1988–2008	Norway
INT/9X/31Y	Introduction of multimodal transport and microcomputer software programmes	1993–	Multi-donor
INT/0T/0BB <sup>a</sup>	Support for ACIS promotional activities	2001–2008	Multi-donor

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
INT/0T/2CS <sup>a</sup>	Developing practical tools to assess trade facilitation needs and priorities in LDCs	2003–2008	Norway
INT/0T/3BJ	Trade facilitation in the context of the Doha Development Agenda: Support to trade facilitation platforms in developing countries	2003–	Sweden
INT/0T/4CO	Capacity-building in developing countries and least developed countries to support their effective participation in the WTO negotiations process on trade facilitation	2004–	Multi-donor
RAF/9X/9DB <sup>a</sup>	ACIS RailTracker in Southern Africa (Rolling Stock Information System)	1999–2008	USAID
RAF/0T/2AG	Migration to ASYCUDA system from version 2.7 to ASYCUDA++ in ECOWAS	2002–	ECOWAS
RAF/0T/3BX	Creation of a Regional ASYCUDA Centre for Africa	2003–	France
RAF/0T/6AJ	Implementation of ASYCUDA in five selected COMESA countries	2006–	EC
RAF/0T/6BC <sup>a</sup>	Establishment of the SEATAC	2006–2008	Norway
RAF/0T/7AS <sup>a</sup>	Etude diagnostique pour l'interconnexion des administrations douanières	2007–2008	EC
RAF/0T/7AW	ASYCUDA Regional Support Centre for Africa (Ouagadougou)	2007–	Multi-donor
RAF/0T/8AL	Strengthening ASYCUDA Implementation in Southern and Eastern Africa	2008–	Botswana
RAF/0T/8AT	Interconnexion des douanes d'Afrique Centrale	2008–	EC
RAS/0X/0DX	ASYCUDA implementation and support in the Asia/Pacific region	2000–	Multi-donor
RAS/0T/1BR	International multimodal transport operations in the ECO region: trade facilitation component	2001–	IDB and ECO
RAS/0T/1DA	ASYCUDA support mechanism for the Pacific	2002–	Japan
RLA/0T/3AD	ASYCUDA regional support for the Americas	2003–	National governments
RLA/0T/8BO	Implementation of ASYCUDAWorld in the Customs administrations of Anguilla, Montserrat, and the Turks and Caicos Islands	2008–	European Commission

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster XIII. ICT policies and applications for development

Lead division: Division on Technology and Logistics (DTL)

402. This cluster of activities supports research, analysis and capacity-building in developing countries, with regard to policymaking in the field of ICT (including the statistical measurement of ICT diffusion and usage) and its economic applications.

### A. E-Tourism Initiative

403. *Development context:* Tourism is an information-intensive sector. The use of ICT has completely transformed the value chain in tourism – that is to say, the ways in which local suppliers can interact and cooperate to develop new value-added services and sell them directly to increasingly demanding markets, and how they manage the revenues gained. By facilitating access to market information and best practices, ICT offers tourism businesses, especially SMEs, unprecedented opportunities to increase their competitiveness. The growth of tourist flows and the differentiation of tourists' requirements on the one hand, and the organization of suppliers to meet the expectations of specific market segments on the other, have increased the importance of destination management. Three elements are crucial in this regard: the participation of the private sector, including SMEs; support from the public sector; and the use of ICT as the core of a system facilitating cooperation among the different stakeholders. To this end, Governments should adopt policies

and take actions to gather around the information and communications technologies, the SMEs and the other partners active in the tourism sector. Incentives should be put in place to encourage the pooling of resources, the development of partnerships and strategic cooperation within the tourism sector.

404. **Objectives:** There is a need to build local consensus on e-business solutions in the tourism sector of developing countries. Such a consensus among all actors in the highly fragmented and heterogeneous tourism sector is crucial for the adoption of viable solutions. From UNCTAD's point of view, in order to arrive at such a consensus, it is highly desirable to start with a light and simple solution and a limited number of operators. This would require a low level of innovation and networking capabilities, as well as the least possible efforts for integration from all stakeholders.

405. The implementation of the Initiative's activities reflects the three pillars of UNCTAD's work: research, technical cooperation and consensus-building. Therefore, the Initiative starts its activities in countries by conducting country case studies, which provide updated and detailed analysis and information about the use of ICT in the tourism sector. In the second stage, this information serves as inputs into training courses and validation seminars for national stakeholders. These seminars result in a joint formulation of recommendations and projects/action plans. In parallel, the Initiative develops a generic electronic platform based on free and open-source (FOSS) software. This platform can later be customized for the use of any specific interested country.

406. **Outputs:** Since January 2008, a large part of the efforts of the Initiative have been devoted to the design and development of a new training package aiming at building local consensus on e-business solutions in the tourism sector of developing countries. The package then aims at creating an understanding among the stakeholders of the importance of working together and equipping them with the behavioural, organizational and technological tools that are required for a successful implementation of more sophisticated models as other needs emerge from the destination. Designed for both public and private audiences, this capacity-building tool has been available since January 2009. The training package is built around five modules. Module 1 aims at leading the participants to better understand and grasp the benefits of ICT for destinations. The objective of module 2 is to develop the notion and spirit of public-private partnerships around ICT, including a presentation of best practices in this field. Module 3 is related to the strengthening of local knowledge of best practices in promoting, positioning and marketing destinations on the web. In this module, Web 2.0 and social networking techniques are presented and concrete examples of their impact on tourism are demonstrated. Module 4 aims at increasing the capacity of the audience to choose the most relevant management models and the most recent ICT applications available. Finally, module 5 is dedicated to presentation of the "Data Collector" IT tool, for its further adoption by the destination. The first version of the Data Collector had been released by the end of January 2009. This IT tool is a component of the future electronic tourism platform. This tool is a stand-alone solution running on a PC that allows destination stakeholders to gather and standardize all local tourist information. This allows beneficiary countries that adopt this solution to immediately start the collection of data, in accordance with the standards defined by organizations such as the Open Travel Alliance. The innovative open source approach selected will enable a free distribution of the software code and make it possible for beneficiaries to customize and improve the tool according to their own evolving needs and wishes.

407. **Impact:** As a follow-up to the decisions taken during a seminar on sustainable tourism held in Geneva in November 2007, a TrainForTrade/E-tourism subregional workshop on Sustainable Tourism for Development, targeting French-speaking

countries in Africa, was organized in Bamako in October 2008. About 31 delegates from Burkina Faso, Guinea, Madagascar, Mali, Mauritania and Senegal – as well as representatives from donor institutions – exchanged experiences and views on ways of developing sustainable tourism in their countries. Participants also stressed the necessity of involving policymakers and trade operators in the decision process, and welcomed the use of ICT in the field of sustainable tourism to help in fighting poverty and achieving the Millennium Development Goals. A first series of capacity-building activities is planned for 2009 in Benin, Burkina Faso, Guinea, Mali, Mauritania, and possibly Madagascar. In parallel, in the context of the Memorandum of Understanding signed with the Université du Québec in Montreal, UNCTAD continues with the development of the electronic tourism platform, as well as providing advisory services on e-tourism issues.

408. **Results:** Advice on e-tourism strategies has been provided by experts, and up-to-date teaching material has been produced. There is now an increasing awareness of the challenges and opportunities for beneficiary countries, as well as an increased mobilization of partners and donors with regard to ICT and tourism issues. Plans of action have been elaborated to implement measures further developing human resources and fostering tourism-oriented entrepreneurship. The positive results of the initial work have led to a growing number of requests for seminars, greater networking among the public and private tourism sector, and an increased visibility of the involvement of the e-Tourism Initiative and other partners.

## **B. ICT and e-business for development**

409. **Development context:** Through the outcome of the World Summit on the Information Society (WSIS), the international community recognizes the need to address the digital divide that exists between developed and developing countries in access to and use of ICTs, including with regard to economic and business aspects. ICTs have considerable potential to improve the competitiveness of enterprises in developing countries, provide better access to markets, and generate new opportunities for economic diversification – among other benefits for developing countries. Accordingly, ICT policies have been incorporated in the national development strategies and policies of many developing countries.

410. UNCTAD works to promote ICT and e-business for development, through technical cooperation in the areas of ICT measurement and e-commerce and law reform, and in particular, by building the capacity of countries to produce information economy statistics that will enable them to formulate and implement evidence-based ICT for development policies, and by helping countries to harmonize their legal frameworks and create an enabling environment for electronic commerce.

411. **Objectives/features:** UNCTAD aims to strengthen the capacity of developing countries to use ICT for economic growth and productivity, to formulate ICT for development strategies, and to assess the results of these policies by developing appropriate mechanisms for monitoring and evaluation, including through the production of statistical indicators.

412. **Output:** As part of UNCTAD's work to assist developing countries in the area of ICT measurement, during 2008 the *Manual for the Production of Statistics on the Information Economy* was revised, through a global consultation process, and it was submitted for approval to the fortieth session of the United Nations Statistical Commission in February 2009.<sup>14</sup> As part of the consultation process for the *Manual*,

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<sup>14</sup> *Manual for the Production of Statistics on the Information Economy: 2009 revised edition* (UNCTAD/SDTE/ECB/2007/2/Rev.1).

UNCTAD and the United Nations Statistics Division jointly organized an expert group meeting in May 2008 that discussed the *Manual* and provided suggestions for review.

413. The *Manual* provides a practical tool and reference document for developing and transition economies in their production of official statistics on the ICT sector, ICT trade, and the use of ICT by businesses. It is also the main reference document for the UNCTAD training course on the same subject (see below).

414. UNCTAD delivered its training course on the production of statistics on the information economy for Asian and Pacific countries from 18 to 22 February 2008, in Incheon, Republic of Korea. The course was hosted by the ESCAP Asia and Pacific Training Centre for Information and Communications Technology for Development, and was delivered in collaboration with the United Nations Statistical Institute for Asia and the Pacific. The course was attended by 24 participants from 16 countries in the region.

415. UNCTAD also co-sponsored – with ECLAC – the Fourth Regional Workshop on Information Society Measurement in Latin America and the Caribbean, which took place on 11 and 12 February 2008 in San Salvador. The workshop served to share progress and best practices in the elaboration and analysis of ICT indicators in the region, to discuss difficulties in harmonizing defined core indicators, and to agree on the next steps to continue the implementation process of such indicators. Forty-one participants from twenty countries prepared a plan for the following year, in order to advance ICT measurement in the region.

416. In May 2008, UNCTAD and the Thai national statistical office published a study on the impact of the adoption and use of ICT on the productivity of Thai firms. The study followed a joint research project to measure such impact and UNCTAD's technical assistance to the Thai national statistical office, in order to build its capacity to analyse ICT statistics.

417. The UNCTAD technical cooperation project for ICT and Law Reform in 2008 continued its development in the East African Community (EAC), in Latin America, and in Cambodia and the Lao People's Democratic Republic.

418. The UNCTAD technical cooperation project for e-commerce and law reform in 2008 focused on the EAC. The EAC Task Force on Cyberlaws met three times in 2008 to discuss options and challenges in the development of a harmonized regional legal framework, and to prioritize the legal issues to be considered for the preparation of a harmonized legal framework for the region.

419. The type of assistance depends on how advanced countries are in terms of law reform; Kenya, Rwanda and Uganda, for example, have already published draft bills addressing various areas of cyber law reform. UNCTAD has updated its training course on legal aspects of e-commerce to reflect different legal systems. In 2008, UNCTAD made plans to assist Burundi through a national consultative workshop on cyberlaws in 2009, so as to move faster and in concord with other EAC countries.

420. In 2008, some 100 government and private-sector representatives from member countries of ALADI were trained through distance learning and face-to-face training workshops, organized by UNCTAD. During a workshop organized in Buenos Aires in October, twenty participants from nine member States presented the status of cyberlaws in their countries, as a basis for a regional comparative review of cyberlaws. They also identified legal issues of concern for the regional harmonization of cyberlaws.

421. In 2008, national workshops were organized in Cambodia and the Lao People's Democratic Republic. While the draft Cambodian e-commerce law and Lao

e-commerce decree were translated respectively into Khmer and Lao, the process for submission of the draft law was delayed, and by not enacting their e-commerce legislation by December 2008, the countries did not comply with the e-ASEAN initiative.

422. **Results:** UNCTAD continued its leading role in the Partnership on Measuring ICT for Development – as part of its Steering Committee, as leader of its Task Group on Capacity-Building, and as a member of its Task Group on Impacts.<sup>15</sup>

423. One of the main achievements of the Partnership in 2008 was the revision of the core list of ICT indicators, which had been endorsed by the United Nations Statistical Commission and will serve as a basis for the collection of internationally comparable data on ICT by developing countries. The revised list is to be presented at the United Nations Statistical Commission in February 2009. The Partnership also published a stocktaking of the availability of ICT statistics (*The Global Information Society: A Statistical View 2008*) and held a global event on measuring the information society, which was part of the WSIS cluster of events in Geneva, in May 2008.

424. Regarding international recognition of ICT measurement work, it should be noted that in a resolution of May 2008 (E/2008/31), the United Nations Economic and Social Council acknowledged the work of the Partnership on Measuring ICT for Development in developing indicators, and recommended that it consider the creation of benchmarks and impact indicators, for further consideration by the United Nations Statistical Commission, in order to track progress towards the attainment of the specific goals and targets set out in the WSIS outcome documents.

425. The joint publication with the Thai national statistical office makes Thailand one of the first developing countries to carry out research on the link between the use of ICT in enterprise and labour productivity, as an essential input to national ICT policymaking. The national statistical office now has the ability to carry out similar ICT impact analyses in the future.

426. The various regional workshops and trainings have built the capacities in several developing countries in order to improve the availability of ICT statistics, and to use such statistics for effective policymaking.

427. The new phase of the e-commerce and law reform project has the challenge of increasing the level of competent human resources with ICT and legal knowledge in beneficiary countries. In the East African Community (EAC), the project has helped decision-makers, lawmakers, parliamentarians and legal professionals of EAC partner States to understand the legal implications of e-commerce and to engage in dialogue on ICT benefits and legal requirements. The cooperation with the EAC secretariat has encouraged institutional ownership and commitment since the beginning of the project. Partner States appointed key members to attend the task force meetings, and funded additional participants to those funded by UNCTAD. In addition, they organized national consultations with key stakeholders to discuss the framework.

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<sup>15</sup> UNCTAD is a founding member of the Partnership on Measuring ICT for Development. The members of the Partnership are: the International Telecommunication Union; the Organization for Economic Cooperation and Development; UNCTAD; the United Nations Educational, Scientific and Cultural Organization (UNESCO); the Institute for Statistics (UIS); the World Bank; the United Nations Economic Commission for Africa; the United Nations Economic Commission for Latin America and the Caribbean; the United Nations Economic and Social Commission for Asia and the Pacific; the United Nations Economic and Social Commission for Western Asia; and the Statistical Office of the European Communities (Eurostat). For more details on the Partnership, see [http://new.unctad.org/default\\_600.aspx](http://new.unctad.org/default_600.aspx) or contact the lead applicant at [emeasurement@unctad.org](mailto:emeasurement@unctad.org).



428. The development of a framework and harmonized cyberlaws for the EAC countries will promote regional harmonization in the legal response to the challenges raised by the increasing use of and reliance on ICTs for commercial and administrative activities, specifically in an Internet or cyberspace environment. The framework details those agreed features that should be transposed into national laws and regulations. It reflects international best practice, model laws, and other instruments of public international law.

429. Further capacity-building is required in the EAC partner States. The United Republic of Tanzania is in the process of drafting its cyberlaws and needs further capacity-building in this field. EAC partner States have requested sensitization workshops for parliamentarians, and have recommended the delivery of training modules and workshops to judges, law researchers, legal practitioners, and other officers involved in the implementation of the proposed cyberlaws.

430. In Cambodia and the Lao People's Democratic Republic, there is still a lack of capacity among policymakers in various ministries and among actors in the legal chain. In both countries, the adoption of e-commerce legislation comes along with a larger legal-reform process. Further assistance has been requested in building the capacity of various stakeholders involved in the process of reviewing the e-commerce legislation.

**Table 13. ICT policies and applications for development**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
INT/0T/4AW	Strengthening of the World Trade Point Federation and its trade points	2004–	World Trade Point Federation
INT/0T/4CD	Trust fund for supporting the adoption and appropriation of ICT by the tourism industry in developing countries, with a special focus on LDCs/ E-Tourism Strategy for Development	2004–	Multi-donor
INT/0T/5AN <sup>a</sup>	Measuring ICT for development	2005–2008	France
INT/0T/6AL	E-commerce and law reform	2006–	Finland
ROA-1562 (L5)	Capacity-building for information and communications technology measurement and policy	2005–	Development Account

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## **Cluster XIV. Cross-divisional training and capacity-building**

Lead division: Division on Technology and Logistics (DTL)

431. **Development context:** The need to secure developing countries' beneficial integration into the globalized world economy can be satisfied only if these countries build resources, knowledge and skills that will allow them to achieve their development objectives. In this context, UNCTAD seeks to develop local capacities for trade as a key to growth and development.

432. **Objectives/features:** The programmes under this cluster, namely TrainForTrade, the UNCTAD Virtual Institute and the Course on Key International Economic Issues, aim to enhance sustainable local capacity in the fields of trade, finance, investment, tourism and other interrelated areas, and also in local teaching and research capacities on trade and development in academic institutions in developing countries and countries with economies in transition. They do so through technical assistance and cross-divisional capacity-building, focusing on human

resources development, training, networking and academic support. The mandate for these programmes is confirmed by paragraph 162 of the Accra Accord.

## A. TrainForTrade programme

433. *Outputs:* In 2008, TrainForTrade continued revising, updating and adapting its courses so as to better meet beneficiaries' needs<sup>16</sup>. Examples of these courses include the updated course on investment promotion for the Latin American and the Caribbean Economic System (SELA), and the Spanish versions of distance-learning courses on the legal aspects of e-commerce and on international investment agreements.

434. Thanks to the funds made available by Spain, TrainForTrade consolidated its presence in Latin America and expanded its activities to new countries and topics. A training for distance-learning tutors, which had been developed in the previous year, was held in Guatemala City in May 2008 to expand the network of TrainForTrade distance-learning tutors; it included all Spanish-speaking countries in Latin America. In the fields of international investment agreements and electronic commerce, activities that had been initiated the previous year were pursued. About nine regional distance-learning sessions were delivered to more than 200 participants from Argentina, the Plurinational State of Bolivia, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay. These distance-learning workshops were followed by face-to-face regional workshops on dispute settlement and cyberlaws, carried out in Costa Rica and Argentina respectively, in November 2008.

435. Under the TrainForTrade project for Cambodia and the Lao People's Democratic Republic, new versions of the workshops to train instructors and distance-learning tutors were offered in vernacular languages; a distance-learning course on investment promotion was developed in the Lao language, and two distance-learning courses – on e-commerce and competition law – were adapted into Khmer. In the framework of the same project, progress was made towards local ownership of project activities through the transfer of the project management to local authorities. Stronger partnerships with the Cambodian Royal School of Administration and the Lao Economic Research Institute for Trade were set up. National networks of trainers and distance-learning tutors were established in both countries. Capacity-building activities, such as training seminars and round tables, are now being organized and run by local teams.

436. To address the needs of other countries in the subregion, the programme organized the UNCTAD High-Level Conference on Trade-Related Capacity Development in Selected East Asian Countries, which was held in Phnom Penh in February 2008. As a result, the 135 participants, from Bhutan, Cambodia, Indonesia, the Lao People's Democratic Republic, Nepal and Viet Nam, adopted a concluding statement in which they reaffirmed their commitment towards trade-related capacity development programmes such as those developed by the UNCTAD TrainForTrade programme.

437. Technical assistance activities were launched in Angola. With the support of the European Commission, TrainForTrade carried out an in-depth needs assessment mission in Luanda, and determined – in cooperation with national stakeholders –

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<sup>16</sup> The TrainForTrade programme benefited from the support of the Governments of Belgium, France, Ireland and Spain, and from that of port members of the Port Training Programme (both in developed and developing countries) in implementing its technical cooperation activities. All its substantive courses were designed and delivered in cooperation with other UNCTAD divisions and programmes.

priority actions to be taken in the fields of training and capacity-building. Based on an annual work plan, the programme implemented an extensive programme on international investment agreements, organized a regional training of port trainers, and started designing specific training material on trade, energy and environment in Portuguese.

438. A joint UNCTAD–International Trade Centre project, funded by the French Development Agency, was signed, for the “Strengthening of Guinean capacities in the field of international trade through training, support to intermediate institutions and direct assistance to food-processing businesses and units”. In cooperation with the Ministry of Trade and Competitiveness of Guinea, project activities were launched in Conakry on 28 October 2008, with the establishment of a work plan for 2009.

439. In the field of sustainable tourism for development, TrainForTrade continued to promote its training and capacity-building activities for African countries. As a follow-up to the decisions taken during the regional round table on sustainable tourism held in Geneva in November 2007, TrainForTrade held a regional workshop on sustainable tourism for development in Bamako, in October 2008, targeting French-speaking African countries. The event was attended by participants from Burkina Faso, Guinea, Madagascar, Mali, Mauritania and Senegal, and also by donor representatives. The recommendations adopted at the workshop valued the importance of training and capacity-development activities in this field for least developed countries.

440. A TrainForTrade port-training-programme international coordination meeting was held in Valencia, Spain, in March 2008, for Spanish-speaking Latin American port communities. As a follow-up, several fact-finding missions were organized in the region, followed by a training-of-trainers workshop in Gijón, Spain, in November 2008. In the framework of the English-speaking port training network, a train-the-trainer workshop was held in Dublin for port managers from Ghana, Indonesia, Malaysia, the Maldives and the United Republic of Tanzania. The TrainForTrade networks of the French-speaking and Portuguese-speaking port communities of Bissau, Conakry, Cotonou, Dakar, Douala, Dunkirk, Ghent, Leixões, Lomé, Luanda, Marseille, Mindelo and Praia continued their training and capacity-building activities.

441. **Results:** The TrainForTrade programme contributed to building self-sustained training systems in beneficiary countries and regions by strengthening local capacities and increasing network activities. In particular, the programme:

- (a) Developed standardized training materials that can be adapted to the local needs of each beneficiary country; they are translated into local languages, thereby increasing the outreach of training activities to local provinces and facilitating local ownership;
- (b) Promoted the establishment of national steering committees – such as those set up in the framework of TrainForTrade projects in Angola and Guinea – that bring together key stakeholders in the training and capacity-development activities and decide on annual action plans, thereby building institutional capacities;
- (c) Identified local specialists who could serve as trainers in their subject areas, and provided them with the teaching skills necessary to deliver the courses locally; and trained IT tutors, who played a significant role in facilitating both the management of distance-learning sessions, and access to the TrainForTrade learning platform, in their respective countries;

- (d) Trained trade operators from both the public and private sectors of developing countries: in 2008, a total of 21 face-to-face and distance-learning workshops benefited 609 trade operators from 39 developing countries, including 17 LDCs. 291 of these trainees followed distance-learning courses all over the world; and
- (e) Organized three high-level workshops on trade-related, port management and sustainable tourism training issues. These meetings offered the possibility of discussing new technical assistance activities for South-East Asia, Latin America and French-speaking African countries.

442. An example of the positive results obtained by TrainForTrade is the distance-learning strategy that was implemented in the Lao People's Democratic Republic to transmit knowledge and training to Lao provincial trade officials. A TrainForTrade course on national investment promotion was adapted to Lao needs, translated into the vernacular language, and made adaptable in order to cope with such challenges as an erratic electricity supply, limited telecommunications, and limited access to the Internet. Lao officials were trained to deliver it, and the Lao TrainForTrade team gave its first computer-based distance-learning course from 20 November to 19 December 2008. With funding help from France, UNCTAD has been building trade- and investment-related training skills in Cambodia and the Lao People's Democratic Republic for the past five years through the TrainForTrade project.

## **B. The Virtual Institute on Trade and Development**

443. *Output:* The Virtual Institute (Vi) continued to assist universities in member countries to enhance their capacity to deliver trade-related academic programmes and research in a way that addresses the concerns and needs of their countries. To this end, it offered them a customizable menu of services, provided in cooperation with partners from other UNCTAD programmes and international organizations, and drawing on their analytical work. During the period under review, the Virtual Institute was financially supported by the United Nations Development Account, and the Governments of Finland and Spain.

444. The fifth year of the Vi's existence saw a moderate quantitative expansion of the network from 23 members to 28 – slightly over 20 per cent – with several member universities joining from Latin America (Peru and Uruguay) and from developed countries (Germany, Italy and Spain). At the same time, the Vi deepened its ties with existing member countries and attracted four new affiliate members – two from Brazil, and one each from the Russian Federation and South Africa, bringing the total number of affiliate university members to 16 by the end of 2008. Virtual Institute member universities gathered in Geneva in February 2008 for the 3rd meeting of members. They used this event to debate with international experts about the international financial system and the regional trade agreements, identify and discuss areas and projects for cooperation with other members, and participate in the formulation of the work programme of the network for the coming year.

445. In 2008, the Vi continued to assist universities by providing teaching resources, publishing new teaching material on the transfer of technology, and providing an updated teaching package on the economic and legal aspects of international investment agreements, now in its third year of use. In collaboration with UNCTAD's Division on Globalization and Development Strategies, the Vi also hosted the online version of a training package on debt sustainability analysis.

446. Continuing its support to members who wish to adapt teaching material to better suit their local needs, the Vi facilitated the completion of 10 localization

projects in 2008, with a further 13 still outstanding and near completion. Members have adapted or are adapting all of the Vi generic teaching materials.

447. The Vi sent more than 1,300 publications from UNCTAD and other Vi partners to the libraries of its member universities, and uploaded more than 150 documents to its own online library of teaching resources. In addition, the Vi also developed seven multimedia teaching resources, including short videos and narrated presentations for use in the classroom or online. Lastly, the Vi also created publicly available CD-ROMs of its workshop on investment, its new teaching materials, and its study tours of Geneva-based institutions. The number of individual registered users of the Virtual Institute website who can benefit from these online resources (in addition to Vi member universities) doubled from 450 at the end of 2007, to more than 900 from over 80 countries at the end of 2008.

448. On the research side, the Vi supported the activities of members through several research projects. Joint research papers were completed, and submitted for publishing, on the impact of regional trade agreements on intraregional trade (India, Jordan and Mauritius) and the impact of Chinese exports of textiles on Senegal (China and Senegal). In addition, the Vi launched research projects on regional integration in Latin America involving several Latin American members and Spain, a comparative study of the coffee sector (Colombia and Viet Nam) and a research project on Qualified Industrial Zones (Egypt and Jordan).

449. In 2008, the Vi provided various professional development services for its members. Four Vi fellowships, lasting between four and six weeks, were awarded to academics from universities in the Russian Federation, Senegal, Uganda and the United Republic of Tanzania. The Russian fellow was self-financed, and the other three fellows were supported by a grant from the Government of Finland. The Vi held a regional workshop on the teaching and research of economic and legal aspects of international investment agreements, in Uganda,<sup>17</sup> which was attended by 24 academics from 10 English-speaking African countries, and included the participation of seven policymakers for a round table on communication with policymakers. At the end of the year, the Vi also organized a national professional development workshop on intellectual property rights and development<sup>18</sup> for its member university in Viet Nam.

450. During 2008, the Vi provided support for teaching and research in its member institutions in several other ways. It organized four videoconferences; with members in Chile, Egypt and Peru, and for four universities in the Russian Federation on UNCTAD's flagship reports and analytical work in the fields of investment and globalization. The Vi organized two study tours of Geneva-based institutions for members in the Russian Federation and the Caribbean, as well as two shorter sessions, for an affiliate member in Colombia, and for Duke University in the United States. Lastly, the Vi also organized teaching support for its university member in Mauritius on trade facilitation and transport logistics,<sup>19</sup> and provided advisory services to its member in Uganda on the establishment of a master's course in international trade and development, as well as course advice on international trade and on intellectual property rights to its member in Viet Nam.

451. The Vi continued to provide a range of information and advocacy services through its work with Geneva-based diplomatic missions and its partner organizations, which in 2008 included the addition of the World Bank, the International Centre for Trade and Sustainable Development, and the United

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<sup>17</sup> The workshop was held in cooperation with the UNCTAD Division on Investment and Enterprise.

<sup>18</sup> The workshop was delivered by the UNCTAD Division on Investment and Enterprise.

<sup>19</sup> The course was delivered by the UNCTAD Division on Technology and Logistics.

Nations Economic Commission for Europe. The Vi also continued to provide information and tools through its online services, which included publication of four quarterly newsletters, and developed a documentary video about the programme, which is available at [http://vi.unctad.org/joomla/index.php?option=com\\_content&task=view&id=166&Itemid=2](http://vi.unctad.org/joomla/index.php?option=com_content&task=view&id=166&Itemid=2).

452. **Results:** The Virtual Institute contributed to enhanced teaching and research of trade and development issues at member universities, by providing support for the development of both individual and institutional capacities in this area.

453. In terms of its impact on the professional capacities of individuals (academics and students), the Virtual Institute:

- (a) Provided university students and staff at member universities with up-to-date teaching resources and materials on topical international economic issues and related national policies, which are relevant for/adapted to the specific contexts of their countries, and which can enrich their existing courses and inspire new ones;
- (b) Enhanced academics' research skills and their capacity to teach topical international trade and development issues through professional development workshops, Virtual Institute fellowships, and participation in research projects linked to the local adaptation of Vi teaching materials or joint research among Vi members;
- (c) Raised researchers' awareness of the needs of policymakers and of possible ways of feeding research into policymaking processes in their own countries, and motivated them to undertake more research on trade and development issues;
- (d) Improved students' knowledge of international economic issues and understanding of policymaking processes, through interaction with international experts from UNCTAD, WTO, ITC and other organizations, and also with the representatives of permanent missions, during Vi study tours, videoconference presentations, or direct training by UNCTAD staff; thereby making them better prepared to deal with practical trade and economic policy issues in their future careers.

454. In terms of the institutional impact, the Virtual Institute:

- (a) Contributed to the establishment of larger teams of lecturers/researchers at universities, who have built trade-related competencies and skills and are now involved in teaching and researching these issues;
- (b) Contributed to the strengthening of existing undergraduate and graduate programmes and courses on trade and development issues, and, at times, to the introduction of new such programmes and courses; and
- (c) Supported academic cooperation (both South–South and North–South) and the creation of a community of practice in trade teaching and research among its university members, through network meetings, joint projects, and the use of the website and e-mailing for communication; and contributed to the strengthening of their capacity to interact, share and cooperate across different countries and cultures.

### **C. Training course on key international economic issues**

455. **Output:** The course entitled Key Issues on the International Economic Agenda continued to enhance knowledge and understanding of contemporary economic

issues among the trade policy officials, finance and investment experts and academics from the UNCTAD Virtual Institute network. The programme of each course was adapted to each region's specificities.

456. The 2008–2009 biennium saw a further rise in the number of government officials and academics nominated to attend the course, as compared with the previous biennium. The rise in nominations is indicative of the growing appreciation of the programme, including by past participants, who themselves propose colleagues or their own staff to take part in the course.

457. A total of 42 participants from 21 countries – of whom 3 were from LDCs – attended the two regional courses that were organized between June and November 2008: one for countries with economies in transition, in Minsk, Belarus (23 June–11 July 2008), and one for Western Asian countries, in Bahrain (26 October–13 November 2008).

458. The format and content of the regional courses were refined in response to the needs of policymakers and the recommendations of an independent external evaluation in 2005. During the design phase, UNCTAD collaborated with United Nations regional commissions, Virtual Institute members and national experts to ensure a rich, coherent programme on trade and development. Detailed case studies and lessons learned from previous policy decisions were successfully integrated into the course, and emphasis was put on policy design and implementation. Resource persons from Virtual Institute universities, and other academics, were invited to the courses, with the aim of enriching the debates with an academic perspective and facilitating the exchange of insights between academia and policymakers.

459. In response to a request by member States, and with the intention of strengthening links between UNCTAD's analytical work and its intergovernmental deliberations, a series of six short courses on topical international economic issues was offered to representatives from the permanent missions in Geneva, taking place between February and November 2008. The courses were attended by 164 delegates.

460. **Results:** The evaluations from the regional Key Issues on the International Economic Agenda courses show that participants appreciated the integrated approach to development taken by UNCTAD in designing a programme that looks at development from the multiple perspectives of trade, finance and investment, to illustrate how appropriate policies can contribute to economic growth and the development process in general. In particular:

- (a) Participants and resource persons from academia felt that this approach would strengthen their arguments with regard to students or government officials;
- (b) Several participants decided to incorporate elements of the course into their own teaching programmes, which is in line with UNCTAD's strategy of increasing the long-term impact of the course. For example, one participant mentioned the weakness whereby in some countries, teachers do not place students into real-life situations with practical examples; this participant appreciated the fact that this course had been able to produce such a learning environment. Another participant indicated their intention to plan several lectures for postgraduates on the development of a national ICT strategy, based on the course material;
- (c) Most participants stated that the methods and tools used in UNCTAD's analysis were useful for their professional and personal development and would help them address the issues that they are faced with in their work. The structure of a number of lectures, exercises and debates, for many, was excellent, in particular as various aspects of one common process were

tackled – globalization and cooperation that can lead to development. Getting a full picture of an economy and the issues addressed changed their thinking and understanding in this regard and will be useful for their countries.

461. There was appreciation for the opportunities to interact and have better mutual understanding. A simulation exercise that is part of the course was particularly appreciated in terms of providing an opportunity to reflect upon appropriate development strategies and to formulate and negotiate solutions that bring about development gains.

462. With regard to the short courses, all delegates stated that the courses had raised their awareness of trade topics, which, in 70 per cent of cases, had been directly useful for their work.

**Table 14. Cross-divisional training and capacity-building**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
ANG/0T/7AP	TrainForTrade	2007–	EC
GUI/0T/8AF	Renforcement des capacités de la Guinée en matière de commerce international à travers la formation	2008–	France
INT/9X/00L	Training in the field of foreign trade	1990–	France
INT/9X/10U <sup>a</sup>	TrainForTrade Trust Fund	1991–2008	Multi-donor
INT/0T/2CJ	Capacity-building programme on training in selected economic issues: distance learning techniques	2002–	Belgium
INT/0T/4AB	Mise en place d'un projet de renforcement des capacités de formation portuaire pour les pays en développement	2004–	Developing country ports
INT/0T/5BS	TrainForTrade – Portuaire de Valence	2005–	Spain
INT/0T/6AP	Trust Fund for the UNCTAD Virtual Institute on Trade and Development	2006–	Multi-donor
INT/0T/6AR <sup>a</sup>	TrainForTrade Trust Fund	2006–2008	Multi-donor
INT/0T/7BR	UNCTAD/TrainForTrade Port Training Programme for English-speaking Developing Countries	2007–	Ireland
RAS/0T/2CK	Capacity-building in the field of training for international trade (TrainForTrade)	2002–	France
RLA/0T/6BJ	Appui aux activités de formation UNCTAD–ALADI	2006–	Spain
ROA-2180 (O5)	Strengthening national capacities for home-grown economic policies through a network of the UNCTAD Virtual Institute	2005–	Development Account

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## Cluster XV. Science, technology and innovation

Lead division: Division for Technology and Logistics (DTL)

463. The programmes under this cluster seek to support (a) capacity-building in developing countries with regard to the design and implementation of effective national systems of science, technology and innovation, and to support technology transfer; and (b) South–South cooperation in science and technology.

### A. Science, Technology and Innovation Policy (STIP) review

464. *Development context:* Science, technology and innovation (STI) play a fundamental role in supporting and strengthening the economic, social and environmental dimensions of the development process. Not only is STI a major



driver of economic growth, but it can also provide answers to the challenges of managing scarce natural resources, reducing pollution, addressing climate change, preserving biodiversity, and broadening the range of options available to people in terms of general quality of life. As knowledge-based and technology-intensive processes generate an increasing share of added value, developing countries need to upgrade their capacity to generate and absorb knowledge and technology and related capacities. Developing countries need to continuously fine-tune their STI-related policies across all sectors of the economy, in order to provide an enabling environment for technological upgrading and catch-up, and also to support innovative development at both the enterprise and government levels.

465. *Objectives/features:* The product of an interactive process with the Government, the STIP reviews aim at assisting developing countries to assess the effectiveness of their STI-related policies and to adjust their policies and institutions in order to build a national STI framework that is conducive to technological growth and innovative development. STIP reviews include an analysis of the country's strengths, weaknesses, opportunities, and threats to development. They identify the different elements – legal instruments, policies, measures and practices – that make up their current STI framework; pinpoint systemic and structural weaknesses; evaluate the STI-related components of sectors of national priority; and provide options and recommendations.

466. *Outputs:* The focus on sub-Saharan countries was maintained in 2008. The findings and recommendations of the review on Angola were discussed at a round table stakeholders' meeting in Luanda, and presented at the eleventh session of the Commission on Science and Technology for Development, which took place in Geneva from 26 to 30 May 2008. At the request of the Government, the full review is being translated into Portuguese.

467. During 2008, the bulk of the work on the STIP Review of Mauritania – which started in 2007 – was completed, and the report is now being finalized. The STIP Review of Ghana, which was started in late 2007 and is being undertaken in collaboration with the World Bank, continued throughout the year and will be completed during the first half of 2009.

468. An evaluation mission took place in Lesotho, which had renewed its request for a STIP review. Preliminary findings and recommendations were discussed with the national counterpart, and also with the UNDP office in Maseru. The STIP Review of Lesotho is being built on the National Science and Technology Policy 2006–2011, a collaborative work undertaken by the Government of Lesotho and UNESCO. The final report of the STIP Review of Lesotho will be completed in the first half of 2009.

469. A Memorandum of Understanding was signed between the Government of Iraq and UNCTAD in September 2008 to include a STIP Review of Iraq as a component of a wider UNCTAD programme of support to the country.

470. There are still a number of outstanding requests for a STIP review that have not been met because of funding shortfalls, and efforts have been made to seek funding from extra-budgetary resources. A request for funding has been submitted to the African Development Bank. Another proposal for funding has also been made to the United Nations Development Account, in order to meet requests from the Latin American and Caribbean region.

## **B. Network of centres of excellence on science and technology**

471. *Development context:* Efforts by developing countries to bridge the technology gap and build national STI capacities can benefit significantly from

enhanced scientific networking and from improved access to the STI capabilities existing in other developing countries.

472. **Objectives/features:** The Network of Centres of Excellence was established in late 2005, with the support of the Italian Government, to build on the resources of a number of outstanding scientific and technological institutions in developing countries, using them as regional hubs of learning and training on science and technology applications. The training courses organized by the Network of Centres of Excellence enable scientists and engineers from developing countries, especially from Africa, to update their professional expertise in modern scientific environments. They also strengthen professional linkages within the scientific community and facilitate the mobility of science and technology professionals.

473. **Outputs:** Three training sessions were organized in 2008: one in Tunisia and two in Egypt. The Network's first French-speaking session was held in Tunisia in collaboration with the National Agency for Computer Security – which was also the only certified Computer Emergency Response Team in Africa – with the participation of 15 engineers from French-speaking countries in Africa. The Network's partner agency in Egypt is the Agricultural Genetic Engineering Research Institute in Giza. The two training sessions held in Egypt – one on molecular marker techniques and fingerprinting, and the other on biosafety and GMO detection – were each attended by 20 scientists from African countries.

474. A website platform has been set up at <http://www.unctad.org/noce> to facilitate post-training interaction among members of the network and participants in the training courses. It supports online interaction and networking, and document- and information-sharing, it facilitates access to training and administrative documents, and it enables participants to evaluate the course online. In order to broaden its reach, the website is available in three languages: English, French and Spanish. The implementation of the web platform was made at no additional cost, as it is based on open-source educational software and uses existing in-house expertise.

475. The Network benefits from a large audience in the developing world's scientific community, and from a database of over 400 scientists, researchers and various contacts in the academic world. Demand for the training courses has been very heavy, despite the fact that some of them are in highly specialized areas. For example, the training course on cybersecurity received over 100 applications for 15 openings. In total, about 600 applications were received for 133 openings.

**Table 15. Science, technology and innovation**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
ANG/06/001	STIP	2006–	UNDP
INT/0T/6AD	Network of centres of excellence in new and emerging technologies in developing countries	2006–	Italy
INT/0T/7CB	Special Trust Fund for Activities related to the Commission on Science and Technology for Development with regard to WSIS follow-up	2007–	Switzerland
ROA-2106 (M5)	Capacity-building for policymaking on the promotion and application of science and technology to meet the Millennium Development Goals	2005–	Development Account

## **Cluster XVI. Productive capacities in landlocked developing countries, small island developing States and structurally weak, vulnerable and small economies**

Lead division: Division for Africa, Least Developed Countries and Special Programmes (ALDC)

476. The programmes under this cluster focus on activities that promote economic restructuring, re-specialization and productive capacity-building in least developed countries (LDCs), landlocked developing countries (LLDCs), small island developing States (SIDS) and structurally weak, vulnerable and small economies (SWVSEs), taking into account the implications of these countries' geographical handicap for the nature and structure of competitive economic activities and the composition of external trade.

477. Technical cooperation activities in 2008 continued to be in accordance with the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010. There were also contributions to the implementation of the Integrated Framework for Trade-Related Technical Assistance to LDCs, the Global Framework for Transit Transport Cooperation Between Landlocked Developing Countries and Transit-Developing Countries and the Donor Community, and the Programme of Action for the Sustainable Development of Small Island Developing States.

478. The Division's activities were organized around the following two main pillars:

- (a) Interdivisional coordination of UNCTAD technical cooperation for LDCs, LLDCs and SIDS, in order to enhance the efficiency of the technical cooperation provided by UNCTAD's divisions and programmes; and
- (b) Specific projects implemented by the Division for these different groups of countries, focusing on improving their institutional capacities and human resources in areas within the competence of UNCTAD. These projects include the LDC Trust Fund, Cluster XVI and Cluster XVII.

### **A. Interdivisional coordination**

479. The Division continues to be UNCTAD's main instrument for the implementation of the Enhanced Integrated Framework for Trade-Related Technical Assistance (EIF). In this connection, the Division is acting as the focal point of UNCTAD for the implementation of the EIF. It represents UNCTAD at the EIF board, and as such, has been active in the ongoing operationalization of the EIF. In this process, the Division continued monitoring, following-up and participating in the preparation of the trade diagnostic studies and the technical cooperation projects through the EIF. This included close coordination and collaboration with all UNCTAD divisions, for the greater efficiency and coherence of the products and services provided by the institution.

480. As a result of the close interdivisional coordination UNCTAD was successful in contributing to the in-country Integrated Framework implementation, through its well-established existing technical cooperation programmes such as ASYCUDA, competition law and policy, investment, Train for Trade and commercial diplomacy.

## B. Other specific projects

481. **Objectives:** The objective is to provide support through technical assistance activities to LDCs in the implementation of the agreed programmes of action, and to facilitate their development efforts and their beneficial integration into the world economy in the areas within the UNCTAD mandate. Activities are consistent with the decisions adopted at UNCTAD XII. In these activities, the secretariat took into account the commitment to contribute towards the achievement of the Millennium Development Goals.

482. **Development approach:**

- (a) Contributing to strengthening national policymaking capacities, by launching more widely and disseminating more proactively the findings of policy analysis and research work, and through training and policy dialogues with policymakers and academia in the countries concerned and in the international community; and
- (b) Building a network, of researchers and policymakers at national levels and of international experts, to promote exchanges of views and experiences on policy and practical programmes and on projects relevant to the development needs of the countries.

### 1. Activities related to LDCs supported by the Trust Fund for LDCs

483. The Trust Fund for Least Developed Countries (project number INT/9X/77J) was used to finance technical cooperation activities implemented by ALDC in favour of least developed countries for the implementation of the Programme of Action of the third United Nations Conference on the Least Developed Countries.

484. Funding was used in three broad areas in support of LDCs, namely: (a) research and policy analysis (which is related to the publication of the 2008 and 2009 editions of the *Least Developed Countries Report*); (b) dissemination and training activities (which focus on the 2007, 2006, 2004 and 2002 editions of the *Least Developed Countries Report*); and (c) supporting the participation of LDC representatives at various relevant workshops and expert meetings and at UNCTAD XII.

#### Research and policy analysis

485. The financial resources of the Trust Fund were used to strengthen research on LDCs, to assist in formulating development strategies and policy recommendations for LDCs, and to disseminate the results of the research and policy work undertaken. The analytical research has been on issues that affect development strategies with a view to providing policy advice to LDCs, in order to influence and to promote the achievement of the goals of the Brussels Programme of Action for LDCs. This involves identifying the implications for policymakers of research findings, disseminating findings, and playing an advocacy role in promoting consensus in the international development community.

486. In addition to the research work related to the *Least Developed Countries Report 2008*, the Division carried out quality control and electronic publication of the following four background papers:

- (1) Taking control: Aid management policies in least developed countries;
- (2) Seizing the opportunity of the Millennium: Harnessing scaled-up aid for the expansion of productive capacities in the least developed countries;
- (3) How to promote agricultural growth through productive investment and governance reform in least developed countries?; and

(4) Poverty trends in least developed countries.

#### **Dissemination and training activities**

487. The value of research and policy analysis is heavily dependent on the dissemination of research findings to policymakers and policy advisors in recipient countries and donor countries, as well as to other intergovernmental organizations and non-governmental organizations. The Division continued to strengthen its dissemination activities in 2008 by developing policy briefs and organizing regional workshops and training programmes, such as UNCTAD's "para. 166" courses, and the Virtual Institute.

488. The workshops organized in 2008 had three objectives: (a) to present key findings from UNCTAD's research work on productive capacities and poverty reduction in LDCs; (b) to enable participants to assess their national development strategies and policies on the basis of UNCTAD's conceptualization of poverty reduction through productive-capacity development; and (c) to facilitate future consultations and networking, between UNCTAD experts in Geneva and counterpart personalities in LDCs, on relevant issues of interest to LDCs, particularly in the sphere of policymaking for productive capacities.

489. The first regional workshop on "Productive capacities, economic growth and poverty reduction in African LDCs: economic linkages and policy implications" was held in Dakar on 27 and 28 February 2008. The main themes presented and discussed at this workshop were: the productive capacities approach to development; policies to develop productive capacities; the relationship between trade, growth and poverty; and technological learning and innovation. Participants were drawn from the public and private sectors of 16 LDCs from West Africa, Central Africa and Haiti. A number of donor countries and international organizations also participated. The workshop was attended by 66 LDC representatives. It was an important opportunity not only to disseminate research findings on the development of LDCs, but also to engage in policy dialogue with officials from LDCs and to listen to and gather feedback from policymakers.

490. A second workshop on "Productive capacities, economic growth and poverty reduction in Asian LDCs: economic linkages and policy implications" was held in Phnom Penh from 28 to 30 October 2008. The main themes presented and discussed at this workshop were: the productive capacities approach to development; policies to develop productive capacities; the relationship between trade, growth and poverty; poverty trends and poverty reduction policies; technological learning and innovation; and management of official development assistance (ODA). Participants were drawn from the public and private sectors of eight Asian LDCs. A number of donor countries and international organizations also participated. This workshop was attended by 79 participants. It allowed UNCTAD to engage in policy dialogue with officials from LDCs and to disseminate its main research findings and policy recommendations.

491. In 2008, UNCTAD further disseminated its research findings through non-recurrent publications including: *Globalization and the Least Developed Countries: Issues in Trade and Investment*; *Globalization and the Least Developed Countries: Issues in Technology*; chapters 2 and 3 of the UNDP/OHRLLS publication *Making Globalization Work for the Least Developed Countries* (March 2008); "Trade and Development for African LDCs' Prosperity: Actions and Directions" – a report that was based on the high-level workshop held in Izmir, Turkey on 4 and 5 March 2008 in preparation for UNCTAD XII; and "Improving the terms of development partnership" – a paper in a special issue of *Norrag News* (no. 41; December 2008) entitled *The Politics of Partnership: Peril or Promise*.

492. The *Least Developed Countries Report 2008* was launched in six LDCs. More than 170 international and national newspapers, journals and magazines gave extensive coverage to the 2008 report. The report was also presented to policymakers and advisors in recipient countries and donor countries.

## **2. Support for the participation of LDCs at relevant ministerial meetings and at UNCTAD XII**

493. With the support of project INT/OT/5BP – and with additional financial support from several donors (i.e. Austria, France, Greece, Norway and Sweden) – UNCTAD supported the participation of LDC ministers at UNCTAD XII and at the LDCs’ ministerial meeting. This meeting provided an opportunity for ministers to exchange views and to formulate common positions on key issues before the Conference. In this regard, the ministerial declaration adopted by the ministerial meeting (TD/434) clearly provided an added impetus to building consensus in the Committee of the Whole on pertinent issues.

494. LDCs ministers actively participated in the Conference, and several elements of their declaration are also reflected in the Accra Declaration and in the various sections of the Accra Accord as adopted by the Conference. The ministerial declaration also called for a “new deal” to tackle the international crisis caused by soaring food prices, for concerted efforts to stabilize the energy market, for a fair international trade regime, and for increased official development assistance and debt relief. To push forward a “new deal” on the current food crisis, the ministers requested the United Nations Secretary-General to establish a high-powered panel consisting of eminent persons.

495. The participation of LDCs at UNCTAD XII – including in the preparatory processes for the Conference – showed remarkable improvement as compared to previous United Nations conferences and summits. UNCTAD XII reaffirmed the special socio-economic situation of the African continent, especially the LDCs and the international support measures required to address them. The Accra Accord and the Accra Declaration should provide a sound basis for the preparatory process leading to the fourth United Nations Conference on Least Developed Countries (UNLDC-IV), which is scheduled to take place in 2011.

496. In the framework of project INT/OT/5BP, UNCTAD issued a publication entitled *Export Competitiveness and Development in LDCs: Policies, Issues and Priorities for Least Developed Countries for Action During and Beyond UNCTAD XII* (UNCTAD/ALDC/2008/1), which served as background document. It includes analysis and policy conclusions drawn from specific case studies undertaken on various export items and sectors of strategic interest to LDCs, such as coffee, cotton, clothing, groundnuts, fishing, horticulture, tourism, oil and mining. It also contains negotiating proposals for LDCs as adopted by the expert meeting convened – as part of the project – in Arusha, United Republic of Tanzania, from 22 to 24 October 2007.

## **3. Activities related to LLDCs and SIDS**

497. Technical cooperation activities in 2008 continued to be in accordance with the implementation of the 2003 Almaty Programme of Action – which addresses the special needs of LLDCs within a New Global Framework for Transit Transport Cooperation with Landlocked and Transit-Developing Countries – and with the Mauritius Strategy for the further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States. The principal objective is to support LLDCs and SIDS in their efforts to reduce the economic and institutional handicaps they face as a result of their structural disadvantages, and to

enhance their economic specialization in order to take better advantage of globalization forces.

#### **4. Activities related to LLDCs**

498. UNCTAD was actively involved in the substantive preparations and delivery of the mid-term review of the Almaty Programme of Action on 2 and 3 October 2008. In this context, it provided advisory services to the group of Geneva-based LLDCs on a regular basis.

499. Advisory services to LLDCs were also provided during the preparatory process for UNCTAD XII, in particular with regard to the final documentation adopted by the Conference and a ministerial meeting that was held at the Conference venue.

500. UNCTAD continued to substantively service negotiations between China, Mongolia and the Russian Federation on a transit traffic agreement facilitating the movement of goods between and among these countries. It had several contacts with the delegations of China and Mongolia, with a view to accelerating the process. However, it did not succeed in its efforts to extend these informal discussions to the third negotiating party.

#### **5. Activities related to SIDS**

501. In 2008, technical cooperation activities in favour of SIDS directly benefited three countries that were going to receive special attention in the 2009 review of the United Nations list of the Least Developed Countries – namely Kiribati, Tuvalu and Vanuatu, and one country that had recently graduated from LDC status – Cape Verde.

502. Direct technical assistance involving multi-faceted advisory services was brought to the Governments of Kiribati, Tuvalu and Vanuatu – three countries that the Committee for Development Policy and the Economic and Social Council had found potentially eligible for graduation from LDC status. The assistance consisted of: (a) explaining the implications of the Committee for Development Policy's earlier findings in the light of the socio-economic performance of the countries under the criteria for identifying graduation cases; (b) preparing, for each one of the three countries, a vulnerability profile to be used by the Committee for Development Policy in the 2009 review of the list, in accordance with UNCTAD's mandate under General Assembly resolution 59/209; and (c) advising the three Governments on their most desirable approach to the upcoming review, given their concerns about the possible adverse consequences of losing LDC treatment. This work was made possible by a mission to the Pacific (to these three countries and Fiji) in July 2008. UNCTAD will follow up on this assistance, irrespective of the answer of the United Nations to the question of graduation in 2009.

503. Direct support was also brought to the Government of Cape Verde in the context of the implementation in that country of the Enhanced Integrated Framework of trade-related technical assistance for LDCs (EIF). The EIF partners had decided, in 2007, that Cape Verde would fully benefit from the diagnostic phase of the EIF in 2008, although the country was about to be taken out of the list of LDCs (21 December 2007). This continued assistance to Cape Verde took place in the spirit of "smooth transition" for graduating countries, as encouraged by the United Nations, and also in the context of the Delivering as One process in Cape Verde – which is one of the eight One United Nations pilots – to streamline and enhance the effectiveness of United Nations action there. The assistance specifically focused on answering the country's desire to open new avenues for economic transformation, particularly through the development of offshore services. UNCTAD's input in this sector resulted in the formulation of a project to examine

the feasibility of developing legal offshore services (offshore company formation services). A project document was prepared and submitted to the relevant Cape Verde authorities in December 2008, at the time of the validation of the Diagnostic Trade Integration Study under the EIF.

**Table 16. Productive capacities in LLDCs, SIDS and structurally weak, vulnerable and small economies**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
HAI/9X/9BV	Entrée d'Haïti dans le Caricom	1999–	France
MAG/9X/8AQ	Appui au développement du commerce extérieur de Madagascar	1998–	France
VAN/9X/9DK	Amélioration de l'efficacité commerciale, encouragement de l'investissement étranger, et réduction de la vulnérabilité économique au Vanuatu	1999–	France
INT/9X/77J	Trust Fund for Least Developed Countries: core project	1997–	Multi-donor
INT/0T/1CI	Publication on small island developing States	2001–	Ireland
INT/0T/5BP	Project of mid-term review of the Brussels Programme of Action for LDCs, LLDCs and SIDS	2004–	Austria
RAS/0T/0AC	Support to the forum secretariat	2000–	Ireland
ROA-2184 (N5)	Developing local capacities for the identification of growth opportunities through resource mobilization	2005–	Development Account

## **Cluster XVII. Strengthening support for trade mainstreaming into national development plans and/or poverty reduction strategy papers in LDCs in the context of the Enhanced Integrated Framework**

Lead division: Division for Africa, Least Developed Countries and Special Programmes (ALDC)

504. UNCTAD assistance under this cluster proactively focuses on tailored support for LDCs' efforts in the formulation of a trade policy framework as a basis for identifying and sequencing trade priorities. This assistance aims at capacity-building for in-country implementation of the EIF.

### **A. Integrated Framework**

505. In 2008, UNCTAD continued participating actively in the intensive preparatory work for the operationalization of the Enhanced Integrated Framework. The process is now well advanced, and includes the establishment of the EIF executive secretariat; UNOPS – the EIF Trust Fund manager – has been appointed and is fully functional based in Geneva while also serving as an ex officio member of the EIF interim board. The EIF Trust Fund has been established, and with agreement reached with individual donors, the balances of their respective contributions to the old Integrated Framework (which ceased to exist on 31 May 2008) have been transferred to its accounts accordingly.

506. Although the Integrated Framework was in a period of transition from the old Integrated Framework to the Enhanced Integrated Framework, in-country activities have continued, with the support of UNCTAD and other agencies. The activities undertaken were made possible thanks to financial support from bilateral partners (the Governments of Finland, France, Italy, the Republic of Korea, and the United Kingdom). UNCTAD provided support from the preliminary stages of the process



through to project implementation, in the form of pre-Diagnostic Trade Integration Studies (DTIS) workshops, advisory missions and participation in Integrated Framework meetings. UNCTAD participated in and contributed to DTIS validation workshops in the Comoros and Vanuatu.

507. Missions were organized to Cape Verde, the Comoros and Uganda. These led to the formulation of projects based on the action matrix of the country concerned. UNCTAD assisted Benin and Sierra Leone in the formulation of projects in partnership with ITC. Projects in the pipeline include the setting-up of a national investment promotion agency and customs modernization in the Comoros. In Sao Tome and Principe, UNCTAD worked on some components of the Window II "Capacity-building project for the Commerce Department", with funding from bilateral donors. In Cape Verde, where the EIF process had started before graduation from LDC status took place on 21 December 2007, UNCTAD participated in the preparation of the segment of the DTIS related to the development of offshore services as an avenue of economic transformation.

508. In June 2008, as part of the follow-up to and implementation of the Rwanda DTIS action matrix, UNCTAD organized a workshop in Rwanda entitled "Trade development and productive capacity, with special emphasis on horticultural, handicraft and leather products". The objective of the workshop was to validate the findings and recommendations contained in two studies commissioned by UNCTAD at the request of the Rwandan Government. Two international experts in the three above-mentioned sectors prepared studies and assisted at the workshop. The discussions resulted in concrete policy recommendations for overcoming the constraints identified and exploiting the potential in the three sectors. The Government undertook to establish a local follow-up mechanism to ensure that the recommendations were implemented.

509. UNCTAD, in partnership with other Integrated Framework partners, has continued to be engaged in all stages of the process, including by providing relevant policy guidance and monitoring at the global level and implementing the framework at the country level.

510. In the context of the EIF, several Integrated Framework countries from West Africa decided to set up a group to coordinate the implementation of projects identified in their respective action matrixes at the regional level, rather than at the national level. As these countries face the same constraints, they can benefit from a regional approach; the adoption of coherent and harmonious policies will allow greater regional integration and better mainstreaming of trade at the regional level. UNCTAD will assist this group on the trade-related issue of dealing with the mango fly, which affects the West African region. Other projects related to trade facilitation are also under discussion.

511. With the increase of available resources under the Enhanced Integrated Framework soon to become operational, UNCTAD would be able to step up its efforts, assisting LDCs benefiting from the framework to implement it.

512. In addition to the above, and as a contribution to an early launching and implementation of the Enhanced Integrated Framework (EIF), UNCTAD, in collaboration with EIF partners, organized two of the four regional EIF awareness-raising workshops approved by the interim EIF board. The EIF awareness-raising workshops for the LDCs from the Pacific and Asian regions were organized Vanuatu, in November 2007 and the Lao People's Democratic Republic in January 2008 respectively. Participants in the workshops – which included the national focal points for the Integrated Framework – learned first-hand how to put in-country implementation arrangements into place or adapt existing arrangements, as well as institutional structures for the implementation of the EIF.

## **B. Trade mainstreaming project**

513. In addition to contributing to the above-mentioned activities under the Integrated Framework, activities under the trade-mainstreaming project are summarized below.

514. A series of briefing sessions and retreats has been held and detailed documentation has been prepared to assist the LDC Group in Geneva with duty-free quota-free negotiations in the context of non-agricultural market access negotiations and agricultural trade negotiations. Briefings on the issues of duty-free quota-free negotiations, rules of origin and trade facilitation were prepared for the LDC ministerial conference held in Maseru in February 2008 and distributed among participants and LDC delegations. Substantive comments and backstopping were provided in the preparation of other substantive briefs for the LDC ministerial. Technical assistance to major African regional groupings continued by the elaboration of working documents on regional integration strategies and rules of origin approximation for SADC, EAC and COMESA, under the Tripartite Task Force. In particular, a series of detailed briefs, presentations and protocols on rules of origin were drafted, and comparative tables on rules of origin were prepared to develop an EAC–COMESA–SADC approach. These documents served as a basis for discussions during successive rounds of consultations among the three regional initiatives. The wealth of experience gained in assisting these different negotiations will be incorporated into a publication that is currently under preparation.

515. Ultimately, the decision of October 2008 by the Heads of State of the three regional economic committees for the expeditious establishment of an FTA among the three regional economic committees, and the instructions to develop a roadmap within six months for the establishment of an FTA, provided further impetus and justification for this work.

516. The aim of these activities, as in the past year, was to support the Task Force in its efforts to coordinate and develop common strategies and policies to achieve better integration and coordination among the three regional economic committees. In addition, assistance to the EAC secretariat in developing a roadmap to liberalize trade in services at the intraregional level in the EAC was provided.

517. The first part of a handbook on trade preferences and rules of origin granted by Quad countries (Canada, the European Union, Japan and the United States) under the duty-free and quota-free initiative has been prepared. The second part of the handbook on trade preferences and rules of origin granted by developing countries under the duty-free and quota-free initiative is under preparation. Assistance has been provided to Cambodia's commerce ministry in dealing with a series of issues involving rules of origin.

518. In collaboration with the COMESA secretariat and local consultants, a study was carried out at field level, with the help of a questionnaire, on the possible adverse effects of preference erosion, and to devise possible actions under the Enhanced Integrated Framework and the Aid for Trade initiative to mitigate such adverse effects. The study is expected to be finalized in mid-2009.

519. Following an understanding between the Inter-American Development Bank, the COMESA secretariat, DFID of the United Kingdom, and UNCTAD, extensive work was undertaken to adapt software developed by the Inter-American Development Bank related to understanding and use of rules of origin, and compliance with rules of origin, for use in the African region. A detailed work plan was implemented during 2008, and a number of technical meetings took place.

**Table 17. Strengthening support for trade mainstreaming into national development**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
MLI/0T/8AW	Elaboration de la politique commerciale du Mali	2008–	Mali
INT/0T/3BY	DCS: pre- and post-diagnostic trade integration study (DTIS) capacity-building	2003–	Finland
INT/0T/4AY <sup>a</sup>	Integration of LDCs, landlocked and island countries in the global economy	2004–2008	Italy

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.

## **Cluster XVIII. Executive direction and management and support services**

Lead entities: Division of Management and the Office of the Secretary-General (DOM and OSG)

520. Activities under this cluster include support services projects from which all divisions benefit, as well as projects under the direct responsibility of the Office of the Secretary-General. Trust fund projects in support of activities for cooperation and outreach with civil society are also included in this cluster.

### **A. Strengthening results-based management of UNCTAD programmes**

#### **1. Evaluation of the United Nations reform process**

521. During 2008, and supported by the “Strengthening results-based management of UNCTAD programmes” trust fund, which is funded by Norway, UNCTAD continued to engage in the system-wide evaluation process on the “Delivering as One United Nations” pilot initiatives, coordinated by the United Nations Evaluation Group. UNCTAD was a member of the management group of this process, representing non-resident agencies, and led the evaluation team for one of the pilot countries – Albania. This evaluability study was financed partly through the trust fund, and partly with funding provided by the United Nations Development Group Office (UNDGO/UNDOCO).<sup>20</sup> This report – together with reports on the other seven pilot countries – was subsequently turned into a synthesis report.

#### **2. Other evaluations**

522. Due to the UNCTAD XII Conference taking place in April 2008, there was no in-depth evaluation of UNCTAD’s programmes in the first half of 2008 – this includes the evaluation that in other years had been conducted at the request of the Working Party on the Strategic Framework and the Programme Budget. After the Conference, however, the secretariat started the process to conduct one other evaluation, namely an evaluation of the project on capacity-building for debt sustainability. The final report was presented in February 2009. An in-depth evaluation of UNCTAD’s commodities programme was started in early 2009.

#### **3. Training of United Nations resident coordinators and economic advisers**

523. Further to the mandates of the General Assembly and the decisions of the CEB regarding the training of United Nations resident coordinators and field staff, a pilot

<sup>20</sup> Note, as of May 2008, UNDOCO replaced UNDGO.

training workshop entitled “Making trade work for the MDGs” was held in Turin from 19 to 22 May 2008, in cooperation with the United Nations System Staff College. The main goals were: (a) to improve the resident coordinators’ awareness and understanding of the role that trade-related assistance plays in achieving the Millennium Development Goals; and (b) to discuss with them how trade-related technical assistance has to be included in the United Nations development assistance plans such as the United Nations Development Assistance Framework (UNDAF) and the One United Nations programmes. A total of 12 United Nations members of staff (resident coordinators and economic advisers) participated in the workshop. In addition to UNCTAD, several agencies that are members of the CEB Inter-Agency Cluster on Trade and Productive Capacity were also involved (UNIDO, UNDP, UNECE, ITC and FAO). A second course to train United Nations resident coordinators and economic advisers was conducted in Geneva; the trust fund paid for the resident coordinators’ travel to Geneva.

#### 4. Development of system-wide training programme on evaluation

524. An evaluation training course is being developed by the United Nations Evaluation Group (UNEG), in partnership with the United Nations System Staff College (UNSSC). The course is part of the UNEG/UNSSC training programme on evaluation, and seeks to enhance the professionalization of United Nations evaluators and to promote a greater harmonization of approaches, methodologies, practices and tools within the United Nations family. Ultimately, the course aims to contribute towards a stronger results-oriented approach to the work of this organization, in order to obtain better results for beneficiaries. To this end, UNCTAD participated in its development and refinement. A meeting in Paris on 17 and 18 January 2008 concluded a quality assurance in respect of the content of the introductory course on evaluation in the United Nations system. In April 2008, the UNEG task force met in New York to further discussions on – and to establish an action plan for – the possible development of a diploma course on evaluation that would contribute to addressing the competencies for evaluators and those managing evaluations, as identified in the UNEG core competencies for evaluators and generic job descriptions. The above-mentioned introductory course on evaluation was offered in Geneva from 6 to 10 October 2008.

## B. Civil society

525. *Development context:* The São Paulo Consensus adopted by UNCTAD XI stated that “UNCTAD should make the participation of civil society, in particular NGOs and academic circles, the private sector and other organizations of the UN system more systematic and better integrated with intergovernmental processes, in accordance with relevant rules of procedure of UNCTAD”. The Accra Accord (April 2008) also called for promoting the further integration and involvement of civil society in UNCTAD’s work. It was therefore decided that the Trade and Development Board would arrange half-day informal hearings with non-state actors to allow them to express their views on the issues before the Board.

526. The São Paulo Consensus also stated that efforts should be made, including through dedicated extrabudgetary contributions, to ensure effective representation and more active participation of civil society from developing countries in such hearings.

527. *Output:* Accordingly, UNCTAD organized in 2008 – with the support of the Governments of Ireland (Irish Aid), Canada (the Canadian International Development Agency) and Norway – two preparatory hearings in Geneva as part of the Intergovernmental Preparatory Committee for UNCTAD XII; two meetings in Geneva of the International Steering Group of Civil Society; the Civil Society

Forum at UNCTAD XII in Accra, in April; and the Trade and Development Board Hearing with Civil Society and the Private Sector, as part of the annual Trade and Development Board session, in September. Civil society representatives from developing countries and LDCs took part in these events, which provided useful opportunities to engage in stimulating dialogue on shared concerns.

528. **Results:** The activities contributed to furthering the knowledge and skills of civil society in developing countries, and strengthened their institutional capacities. In addition, it helped to advance the development agenda. The interaction and involvement of civil society in the work of UNCTAD further builds trust and enhances cooperation, which promotes the effective implementation of UNCTAD's mandate.

### C. Advisory services

529. As reported in previous years, UNCTAD technical cooperation is supported not only by project-specific funds, but also from another source, namely section 22 of the United Nations programme budget.

530. Under section 22 of the United Nations programme budget, for 2008 UNCTAD received an allotment for general temporary assistance, together with travel, and individual fellowship funds. These resources were devoted to five main areas: (a) globalization and development; (b) issues related to international trade in goods and services, and commodities; (c) investment, enterprise development and technology; (d) services infrastructure for development and trade efficiency; and (e) least developed countries. Advisers undertook seven missions in 2008.

**Table 18. Executive direction and management and support services**

<i>Project number</i>	<i>Short title</i>	<i>Starting date</i>	<i>Source of fund</i>
GLO/0T/8CG	Support to Avian Influenza and Food Crisis Coordination Office	2008–	UNDP
INT/0T/0BU	Support to UNCTAD technical cooperation	2000–	Belgium
INT/0T/1AK <sup>a</sup>	Financing of participation of experts from developing countries and countries with economies in transition in UNCTAD expert groups	2001–2008	Finland, Iceland, Mauritius
INT/0T/1CK <sup>a</sup>	Globalization, Liberalization and Sustainable Development, Phase II	2002–2008	Belgium
INT/0T/4BS	Strengthening results-based management of UNCTAD programmes	2004–	Norway
INT/0T/5BN <sup>a</sup>	Panel of eminent persons	2005–2008	Multi-donor
INT/0T/6AW	Civil society participation in the activities of UNCTAD	2006–	Austria
INT/0T/7AU <sup>a</sup>	Civil society activities associated with UNCTAD XII	2007–2008	Canada
INT/0T/7AZ <sup>a</sup>	Civil society participation in the activities of UNCTAD	2007–2008	Norway
INT/0T/7BZ <sup>a</sup>	Civil society activities associated with UNCTAD XII	2007–2008	Ireland
UND12–340	Interregional advisory services	ongoing	Regular programme of technical cooperation

<sup>a</sup> Project that had been “operationally but not financially completed” or “completed” in 2008.