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**REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD**

*Report by the Secretary-General of UNCTAD*

**Annex I: REVIEW OF ACTIVITIES UNDERTAKEN IN 2004\***

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\* This document was submitted on the above-mentioned date as a result of processing delays.

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**Note**

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

**Tables**

Amounts in brackets indicate a negative value.

IALA means “Inter-Agency Letter of Agreement”.

OPC means “operationally but not financially completed”.

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

The financial data in the tables on projects reflect the situation as at 31 December 2004. Occasionally, total expenditures exceed the total budget. Early in 2005, budget figures were corrected to reflect exact income. The negative amounts in the 2004 expenditures column pertain to the adjustments of prior year accounts and/or savings on the liquidation of prior years’ obligations.

*Abbreviations*

<b>ACIS</b>	Advance Cargo Information System
<b>ACP</b>	African, Caribbean and Pacific (group of States)
<b>ACTO</b>	Amazon Cooperation Treaty Organization
<b>ADB</b>	African Development Bank
<b>AERC</b>	African Economic Research Consortium
<b>AIA</b>	ASEAN Investment Area
<b>AIO</b>	African Insurance Organization
<b>ALADI</b>	Latin American Integration Association
<b>AMAD</b>	Agricultural Market Access Database
<b>AOSIS</b>	Alliance of Small Island States
<b>APoA</b>	Almaty Programme of Action
<b>ASEAN</b>	Association of South-East Asian Nations
<b>ASYCUDA</b>	Automated System for Customs Data
<b>ATPSM</b>	Agriculture Trade Policy Simulation Measures
<b>AU</b>	African Union
<b>BEDIA</b>	Botswana Export Development and Investment Authority
<b>BIT</b>	bilateral investment treaty
<b>BTFP</b>	BioTrade Facilitation Programme
<b>CAF</b>	Andean Development Corporation
<b>CAMAD</b>	Common Analytical Market Access Database
<b>CAN</b>	Andean Community
<b>CBD</b>	Convention on Biodiversity
<b>CBTF</b>	Capacity Building Task Force on Trade, Environment and Development
<b>CDM</b>	clean development mechanism
<b>CEMAC</b>	Central African Economic and Monetary Community
<b>CIFIT</b>	China International Fair for Investment and Trade
<b>CITES</b>	Convention on International Trade in Endangered Species
<b>CINDE</b>	Costa Rican Investment Promotion Agency
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>CONCO</b>	Swiss Competition Agency
<b>COP</b>	Conference of the Parties
<b>CORPEI</b>	Corporación de Promoción de Exportaciones e Inversiones
<b>CTESS</b>	Committee on Trade and Environment
<b>CTF</b>	Consultative Task Force on Environmental Requirements and Market Access for Developing Countries
<b>DFID</b>	Department for International Development
<b>DMFAS</b>	Debt Management and Financial Analysis System
<b>DTI</b>	direct trader input
<b>Dtis</b>	Diagnostic Trade Integration Studies
<b>DTT</b>	double taxation treaty
<b>ECA</b>	Economic Commission for Africa
<b>ECDR</b>	Electronic Commerce and Development Report
<b>ECE</b>	Economic Commission for Europe
<b>ECLAC</b>	Economic Commission for Latin America and the Caribbean
<b>ECO</b>	Economic Cooperation Organization

*Abbreviations (continued)*

<b>ECOWAS</b>	Economic Community of West African States
<b>EDI</b>	Electronic data interchange
<b>EDIFACT</b>	electronic data interchange for administration, commerce and transport
<b>EGS</b>	environmental goods and services
<b>EM</b>	Executive Meeting
<b>EMPRETEC</b>	Entrepreneurship Development Programme
<b>ESCAP</b>	Economic and Social Commission for Asia and the Pacific
<b>ESCWA</b>	Economic and Social Commission for Western Asia
<b>ETO</b>	electronic trade opportunities
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FDI</b>	foreign direct investment
<b>FIAS</b>	Foreign Investment Advisory Service
<b>FIELD</b>	Foundation for International Environmental Law and Development
<b>FIPA</b>	Foreign Investment Promotion Agency
<b>FOSS</b>	Free and open source software
<b>FTAA</b>	Free Trade Area of the Americas
<b>FTA</b>	free trade agreements
<b>G-24</b>	Group of Twenty-Four on International Monetary Affairs
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>GGIP</b>	Good Governance in Investment Promotion
<b>GSTP</b>	Global System of Trade Preferences among Developing Countries
<b>GTDS</b>	Global Trade Directory system
<b>HLSOC</b>	High-Level Summit Organizing Committee
<b>IAC</b>	Interagency Committee on Accounting
<b>IASB</b>	International Accounting Standards Board
<b>ICC</b>	International Chamber of Commerce
<b>ICMM</b>	International Council on Mining and Metals
<b>ICSID</b>	International Center for Trade and Sustainable Development
<b>ICT</b>	information and communication technologies
<b>ICTSD</b>	International Centre for Trade and Sustainable Development
<b>ICUNTSO</b>	International Centre for Trade and Sustainable Development
<b>IDDRI</b>	Institut du développement durable et des relations internationales
<b>IF</b>	Integrated Framework
<b>IFAC</b>	International Federation of Accountants
<b>IFOAM</b>	International Federation of Organic Agriculture Movements
<b>IFRS</b>	International Financial Reporting Standard
<b>IIA</b>	international investment agreement
<b>IICs</b>	inter-institutional committees
<b>IIRM</b>	Institute of Insurance and Risk Management
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>IPA</b>	investment promotion agency
<b>IPR</b>	Investment Policy Review

*Abbreviations (continued)*

<b>IPS</b>	Investment promotion strategy
<b>ISAR</b>	International Standards of Accounting and Reporting
<b>IsDB</b>	Islamic Development Bank
<b>ISO</b>	International Organization for Standardization
<b>IT</b>	Information Technology
<b>ITC</b>	International Trade Centre (UNCTAD/WTO)
<b>ITF</b>	International Task Force on Harmonization and Equivalence in Organic Agriculture
<b>IUCN</b>	World Conservation Union
<b>JBIC</b>	Japan Bank of International Cooperation
<b>JIB</b>	Jordan Investment Board
<b>JITAP</b>	UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries
<b>LDC</b>	least developed country
<b>LLDC</b>	landlocked developing country
<b>MCG</b>	Moscow City Government
<b>MDG</b>	Millennium Development Goals
<b>MEA</b>	multilateral environmental agreement
<b>MEA</b>	multilateral environmental agreement
<b>MEFMI</b>	Macroeconomic Financial Management Institute
<b>MOC</b>	Ministry of Commerce
<b>MoU</b>	Memorandum of Understanding
<b>MTS</b>	Multilateral trading system
<b>NAMA</b>	Non-Agricultural Market Access Negotiations
<b>NEPs</b>	National Enquiry Points
<b>NGO</b>	non-governmental organization
<b>NRA</b>	Jordan Natural Resources Authority
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OLADE</b>	Latin American Energy Organization
<b>oPt</b>	occupied Palestinian territory
<b>PA</b>	Palestinian Authority
<b>PIPA</b>	Palestinian Investment Promotion Agency
<b>RAPSODIE</b>	Renforcement de l'aide à la conception et à la mise en oeuvre d'un plan stratégique d'orientation et de développement de l'investissement économique
<b>RCs</b>	Reference Centres
<b>RDBMS</b>	relational database management system
<b>RTA</b>	regional trade agreement
<b>SAARC</b>	South Asian Association for Regional Cooperation
<b>SACU</b>	Southern African Customs Union
<b>SADC</b>	Southern African Development Community
<b>SAGIA</b>	Saudi Arabian General Investment Authority
<b>SDC</b>	Swiss Agency for Development Cooperation
<b>SEAMIC</b>	Southern and Eastern Africa Mineral Centre



*Abbreviations (continued)*

<b>SHI</b>	sustainable human development
<b>SIDS</b>	small island developing State
<b>SIECA</b>	Permanent Secretariat of the General Treaty on Central American Economic Integration
<b>SIPPO</b>	Swiss Import Promotion Programme
<b>SME</b>	small and medium-sized enterprise
<b>STRATSHIP</b>	strategic planning for senior shipping managers
<b>TK</b>	traditional knowledge
<b>TNC</b>	transnational corporation
<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>TSI</b>	trade support institution
<b>TTFP</b>	Trade and Transport Facilitation Project
<b>UEMOA</b>	West African Economic and Monetary Union
<b>UNDP</b>	United Nations Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNF</b>	United Nations Foundation
<b>UNFIP</b>	United Nations Fund for International Partnership
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNOPS</b>	United Nations Office for Project Services
<b>UNRWA</b>	United Nations Relief and Works Agency for Palestine Refugees in the Near East
<b>UNSFIR</b>	United Nations Support Facility for Indonesian Recovery
<b>UMA</b>	Union du Maghreb Arabe
<b>Vi</b>	Virtual Institute
<b>WAIPA</b>	World Association of Investment Promotion Agencies
<b>WCO</b>	World Customs Organization
<b>WGFDIS</b>	Working Group on Foreign Direct Investment Statistics
<b>WIPO</b>	World Intellectual Property Organization
<b>WMU</b>	World Maritime University
<b>WRI</b>	World Resources Institute
<b>WSIS</b>	World Summit on the Information Society
<b>WSSD</b>	World Summit for Sustainable Development
<b>WTO</b>	World Trade Organization
<b>WTPF</b>	World Trade Point Federation
<b>WTU</b>	World Trade University
<b>WWF</b>	World Wide Fund for Nature

*Country/territory/region codes*

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

*Annex 1: Review of activities undertaken in 2004*

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

## INTRODUCTION

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1. This annex provides a description of the main technical cooperation projects and programmes undertaken by UNCTAD in 2004. It is presented, as far as possible, in accordance with the structure of the divisions/branches of the secretariat responsible for backstopping the projects or programmes concerned. A list of individual projects implemented by each organizational unit follows the corresponding narrative.

### A. DIVISION ON GLOBALIZATION AND DEVELOPMENT STRATEGIES

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#### 1. Macroeconomic and development policies

##### (a) Technical support to the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24)

2. **Development context:** The Final Outcome of the International Conference on Financing for Development (Monterrey, 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. The G-24 plays an important role in achieving policy coherence and enhancing global economic governance, through its influence on the decision-making process in these institutions and on policy formulation in individual countries. The activities of the G-24, as the only formal grouping of development countries in the fora of the international financial institutions, have an outreach far beyond its own membership.

3. **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 of the reform of the international monetary and financial system, to enhance their ability to cope with the consequences of increasing global interdependence, and to improve their capacity to deal with international financial instability.

4. **Output/description of activities:** The G-24 was provided with technical studies by internationally renowned experts, for the preparation of discussions and negotiations in the IMF's International Monetary and Financial Committee, the Joint IMF/World Bank Development Committee, and other bodies. 18 studies were presented and discussed among experts and delegations at the two meetings of the Technical Group of the G-24 in 2004. The meeting in Geneva, in March, was organized and serviced by UNCTAD, while the meeting in Washington, D.C., in September, was organized by the G-24 Secretariat with support from the IMF. The results of those meetings were discussed further at the Meetings of G-24 Ministers and their Deputies. The topics covered were: financing of the World Bank; reforms in the governance of the IMF and the World Bank; a sociological perspective on IMF conditionality; reducing the exposure of developing countries to the volatility of international monetary variables; counter-cyclical financing for developing countries; external financing for development and international financial stability; capital controls and the management of financial risks to reduce the potential for financial crises in developing economies; regional and monetary integration in East Asia; debt sustainability in low-income countries; enhancing macroeconomic policy choices for developing countries; real exchange rates and employment; and the relationship between investment, growth and budget deficits.

5. The Technical Group meetings benefited considerably not only from the research financed under the project, but also from presentations by, and discussions with, independent experts and senior staff of other international organizations, whose attendance and contributions were funded from other sources, including the World Bank and the member countries themselves. In 2004, ten studies prepared under the project were made available to a broader audience through their publication in the *G-24 Discussion Paper Series*.

6. **Results:** The research and policy recommendations provided were central for the activities of the G-24. The project has contributed significantly to strengthening the policy-making capacity of its members and other developing countries. The project has continued to improve the basis for understanding the development dimension of current financial and monetary issues. It has enabled policy makers to consider alternative options for macroeconomic, financial and development policies, to enhance their understanding of emerging new issues in the international financial system, and to strengthen South-South cooperation in this area. The Technical Group meetings, in addition to creating new knowledge among the participants, were an important forum for the exchange of experience among policy-makers from developing countries. The project has been influential on policy on various levels of decision-making as well as on the policy debate among policy-makers, staff of international institutions and the academia, not only through the debates within the G-24 but also through the publication of research papers. The synergies between the project activities and the analytical work in UNCTAD's Division on Globalization and Development Strategies have been beneficial for both the quality of the policy advice provided under the project and ongoing research in the Division on international monetary and financial issues.

## 2. The Debt Management - DMFAS Programme

7. **Development context:** Weak institutional capacity in the area of debt management has frequently contributed to the emergence of debt and financial crises over the past 25 years, thereby retarding economic and social development in the countries concerned. The Programme supports debtor developing countries in their efforts to strengthen their debt management capacities, thereby contributing to the follow-up to the major international conferences in the economic and social field and to the achievement of the Millennium Development Goals. The Monterrey Consensus (paragraph 47) recognizes that "comprehensive

strategies to monitor and manage external liabilities, embedded in the domestic preconditions for debt sustainability, ..., are a key element in reducing national vulnerabilities. Debtors and creditors must share the responsibility for preventing and resolving unsustainable debt situations. Technical assistance for external debt management and debt tracking can play an important role and should be strengthened". General Assembly Resolution A/RES/58/203 of 4 February 2004 stressed "the need to strengthen the institutional capacity of developing countries in debt management" and "the importance of such initiatives as the Debt Management and Financial Analysis System of the United Nations Conference on Trade and Development" (para.16).

8. **Objectives/features:** The objectives of the Debt Management - DMFAS Programme are: to help developing countries and countries in transition to develop appropriate administrative, institutional and legal structures for effective debt management; to establish an adequate information system, with detailed and aggregated data on loan contracts and bonds, and on past and future disbursements and debt service payments; to improve national capacity to define and select appropriate debt strategies. The core of DMFAS technical cooperation is the provision of a computer-based debt management system, usually installed in Central Banks and/or Ministries of Finance within the framework of a technical cooperation country project.

9. The Programme has three main features: (i) advisory services, including needs assessments and advice on technical, administrative, legal and institutional debt management issues, and assistance in software installation and maintenance; (ii) software designed to meet the operational, statistical and analytical needs of debt managers and bodies involved in elaborating external debt strategies; and (iii) training in the use of the software and in debt management issues in general. During 2004 the Programme managed 40 active projects, with negotiations under way with four additional countries and preparations for follow-up in a large number of current user institutions/countries.

10. **Output/description of activities:** During 2004, the Programme successfully implemented the new version of its debt management and analysis software, DMFAS version 5.3. By the end of the year this software had been installed and made operational in 17 institutions in 12 countries. This new version of the software incorporates important functional and technological improvements in response to client requests and in line with international standards and best practices.



11. After increasing regularly over the previous ten years, with an average of approximately five new countries joining the Programme each year, the number of countries in which the DMFAS system is applied remained stable during 2004. However, the number of institutions using DMFAS has continued to rise. For the biennium 2004-2005, a target number of 90 user institutions had been set against a baseline of 85. At the end of December 2004, the biennium target had been surpassed, with 91 institutions using DMFAS.

12. The Debt Management-DMFAS Programme also undertook a number of regional training activities in 2004. Two workshops were arranged together with the Macroeconomic Financial Management Institute (MEFMI), one on Debt Statistics and Reporting in Harare, Zimbabwe, in April and another on Domestic Debt in Dar-es-Salaam, Tanzania, in September. Each of these workshops was attended by administrators from ten countries. A workshop on the reporting functions of DMFAS version 5.3 was organized, in cooperation with *Pôle Dette*, in Ouagadougou, Burkina Faso, in September. It was attended by representatives from eight countries. In addition, *Pôle Dette* has approved, in principle, a technical cooperation agreement proposed by UNCTAD. Following the signature of the agreement, expected for early 2005, *Pôle Dette* and UNCTAD will jointly seek funding for the proposed activities. In September ESCWA and UNCTAD arranged a joint debt management workshop for Arab countries in Beirut. The focus of the workshop, which was attended by six countries, including Iraq, was on effective debt management. The institutional set-up of a debt management office was discussed as well as procedures and future capacity-building needs. The participants at the meeting expressed a desire to have the event repeated on a yearly basis.

13. In March, the Paris Club and UNCTAD jointly arranged a high-level workshop on the rescheduling of debt for the interim government of Iraq. Both the Minister of Finance and the Governor of the Central Bank attended this meeting, which took place in Beirut. The Bank of England, IMF, the Ministry of Finance of Lebanon and the United States Treasury also attended the meeting.

14. The Programme has continued its capacity building efforts to strengthen the analytical capabilities for debt management in individual countries. In 2004, the Programme undertook country-specific training missions in debt strategy formulation and debt sustainability analysis in Sudan, Viet Nam, Yemen and Zimbabwe. Project managers

elaborated future capacity building in debt analysis for another 13 countries.

15. **Results:** At the end of 2004, the DMFAS software was installed, or about to be installed, in 93 institutions in 64 countries, including 29 low-income countries, 26 lower-middle income countries and 9 upper-middle income countries. In 21 countries the system is set up in both the Ministry of Finance and the Central Bank, and the number of countries where these two institutions are electronically linked through the DMFAS (on a wide area network) is increasing.

16. The gains obtained from the Debt Management - DMFAS Programme by user countries from better information, analysis, negotiations and policy-making are difficult to quantify exactly. However, it is generally accepted that these gains far exceed the cost of DMFAS country projects. The cost of these projects ranges from \$60,000 to \$1 million, depending on the activities to be undertaken, the size of the debt database to be computerized, and the equipment and staff included in each project. At the very least, DMFAS pays for itself by making debt-servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies.

17. The success of the Programme has also been recognized at the intergovernmental level. In December 2004, the General Assembly adopted a new resolution on external debt crisis and development (A/C.2/59/L.53) "welcoming the efforts, and further calling upon the international community to support institutional capacity-building in developing countries and countries with economies in transition for the management of financial assets and liabilities and to enhance sustainable debt management as an integral part of national development strategies" (paragraph 16).

### 3. Special programmes

#### (a) UNCTAD's assistance to the Palestinian people

18. **Development context:** UNCTAD's programme of assistance to the Palestinian people in 2004 continued to suffer from the deteriorated conditions on the ground and the intensification of the conflict and economic crisis since 2000. Nonetheless, the Palestinian Authority (PA) and civil society remain focused on the objective of building the institutional set-up and infrastructure required for a functioning economy capable of responding to the national and international development efforts. Against this background, UNCTAD's technical assistance programme in 2004 was guided by a

framework to bridge present economic realities with long-term objectives, namely a framework to link relief, rehabilitation, reconstruction and development efforts.

19. **Objectives/features:** The programme supports the Palestinian people's efforts to develop capacities for effective economic policy-making and management, in accordance with the provisions of the United Nations Medium-Term Plan for 2002-2005, paragraph 35 of the São Paulo Consensus, and General Assembly resolutions 56/111 (paragraphs 6 and 7) and 43/178 (paragraph 9). The activities are coordinated with other international agencies to strengthen the institutional and managerial capacity of the PA in the areas of trade policy, competition, trade facilitation, financial and debt management, development planning, investment promotion and enterprise development. The programme also seeks to improve public, private and international institutions' understanding of issues related to Palestinian development in the context of the multilateral trading system and to increase public awareness of issues related to UNCTAD's activities, research and analysis on Palestinian economic development.

20. **Output/description of activities:** During 2004, as in the previous three years, Israeli restrictive measures and the closure policy severely affected a number of UNCTAD's technical cooperation activities in the occupied Palestinian territory (oPt), especially in Gaza. Nevertheless, thanks to a highly selective and flexible mode of operation, it was possible to achieve some progress in the work programme. Following the completion of Phase I of the customs administration capacity building project (ASYCUDA), funding has been secured for Phase II and work commenced in 2004. In cooperation with the Palestinian Investment Promotion Agency (PIPA), work has also begun to implement an "investment retention programme". In the area of development strategies and trade policy, UNCTAD, in association with the International Labour Organization (ILO) and the Palestinian Economic Policy Research Institute (MAS), has started implementing the "Integrated Framework for Palestinian Macroeconomic, Trade and Labour Policy". Activities in support of small and medium enterprise (SME) development (EMPRETEC), which had to be interrupted in the second half of 2003 owing to funding shortfalls, can be expected to resume in 2005. Implementation of the project on debt monitoring and financial analysis capacity building (DMFAS) continued, as the Ministry of Finance operates the computerized system to produce detailed public debt data, which featured in the PA 2004 budget.

21. With a view to further strengthening strategic partnerships with other international agencies, UNCTAD participated actively in ESCWA's Palestine Rehabilitation and Development Forum in October 2004. The secretariat also contributed to substantive preparations for the UNRWA Conference on Assistance to Palestine Refugees held in June 2004. At the request of the PA, in 2004 the secretariat provided advisory services in the area of trade policy (implications of possible alternative trade policy arrangements) and trade facilitation (establishment of the Palestinian Shippers Council). Furthermore the secretariat in cooperation with MAS held two workshops in Ramallah in April and November 2004 on the Palestinian economy fiscal, labour and trade policy and institutional frameworks.

22. Owing to lack of resources and switching of priority attention to urgent economic needs arising from the ongoing crisis, funding for a number of proposed project activities, requested by the PA, is still unmet. These proposed activities include: technical support to the PA National Task Force on Economic Development; improving food security through international trade; building national capacity for e-commerce; in-depth studies on border cargo management and export possibilities under a reformed border regime; capacity building for port management and institutional development; and reforming the Palestinian insurance sector. Furthermore, no funds have been identified to maintain core secretariat resources which were available to this work programme in 2001-2003 and had enabled the secretariat to respond effectively to its mandate of intensified assistance to the Palestinian people. Fulfilment of the mandate of the São Paulo Consensus and improvement of the programme's effectiveness would require more predictable availability of extrabudgetary resources to maintain core activities and further enhance the concrete progress towards its objectives.

23. **Results:** Despite the difficult conditions in the field, UNCTAD continues to successfully implement a diverse programme of technical cooperation with the Palestinian Authority (PA)/civil society, assisting it to develop its capacity and reform programme in several areas. Two secretariat reports on UNCTAD assistance to the Palestinian people were deliberated on widely and noted with satisfaction by the Trade and Development Board. The majority of the Board members echoed the reports' key themes and stressed the need to increase support for assistance to the Palestinian people in UNCTAD. The impact of advisory services provided by UNCTAD, in response to the PA requests, is manifested in the fact that eight of the PA's policy papers/draft laws are being

reformulated in response to, or drawing on, these services. The secretariat activities, in the areas of technical cooperation, research and analysis, and training, continue to have a positive impact on PA policy-making and capacity in the area of customs, debt management, trade facilitation, private sector development and economic analysis and management. The selective and flexible mode of operations adopted by the secretariat in the past three years has effectively produced tangible results. This is reflected in the integration of UNCTAD's ideas and adoption of its recommendations at various levels, building of institutional, technical and human capacities, and the enrichment of public debate on related policy issues. The secretariat activities have helped the PA to maintain the focus on work on key institution-building projects, while addressing the urgent relief needs generated by the ongoing crisis.

## (b) Trust Fund on Iron Ore

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

25. **Output/results:** The *Market Report on Iron Ore* is an annual publication (usually issued in May) containing 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 and production capacity and other data relevant to the world iron ore market. The sales income from these reports as a proportion of the total income of the Fund has increased from around 25 per cent in the early 1990s to around 75 per cent in 2004.

**Table 1**  
**DIVISION ON GLOBALIZATION AND DEVELOPMENT STRATEGIES**  
(In dollars)

Project number	Short title	Duration	Source of fund	Total budget	Cumulative expenditure	Expenditure 2004
<b>Macro-economic and Development Policies</b>						
INT/89/A15	Studies for the G-24 .....	1990-	Multidonors	578 624	590 586	5 686
INT/0T/0AL	G-24 Technical Support Service, Phase IV (IDRC) .....	2001-	Canada	293 497	161 160	22 000
<b>Total Macro-economic and Development Policies .....</b>				<b>872 121</b>	<b>751 746</b>	<b>27 686</b>
<b>DMFAS Programme</b>						
ANG/99/A55	Implementation of DMFAS 5.2 .....	1999-	Angola	477 312	452 555	5 487
BDI/0T//0AN	Renforcement des capacités de gestion de la dette .....	2000-	Burundi	69 281	47 841	3 200
BGD/0T/0BP	Capacity building for management of foreign aid in Bangladesh .....	2001-	Norway	206 112	183 636	25 515
BOL/0T/0AK <sup>a</sup>	Integración de la gestión de la deuda en Bolivia.....	2000-2004	Bolivia	266 539	231 634	72 961
CAF/95/A42	Information de la gestion de la dette extérieure .....	1995-	Central African Republic	60 000	60 889	2 236
CHD/0T/0AB	Renforcement des capacités de gestion de la dette .....	2000-	Chad	99 700	89 147	8 061
CHD/0T/2CI	Fortalecimiento de la capacidad técnica e institucional del Banco Central de Chile.....	2002-	Bank of Chile	166 471	83 541	71 299
DJI/0T/2AY	Renforcement de la capacite de gestion de la dette publique ....	2003-	Djibouti	78 716	44 255	-2 695
DOM/0T/2BJ	Implantacion del SIGADE en la Secretaria de Estoea de Finanzas .....	2002-	Inter-American Development Bank	199 500	127 900	111 175
GAB/0T/1AZ	Renforcement des capacités de gestion de la dette .....	2001-	Gabon	265 000	207 781	49 545
GEO/98/008	Strengthening the external debt management capacity .....	1998-	UNDP	191 318	189 803	4 349
INS/98/A38	Implementation of DMFAS 5.1 .....	2000-	Australia	239 210	210 448	13 786
INS/0T/3BI	Implementation of DMFAS 5.3 .....	2003-	Indonesia	173 891	48 287	48 287

(for note see end of table)



**Table 1 (concluded)**  
**DIVISION ON GLOBALIZATION AND DEVELOPMENT STRATEGIES**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
LIT/99/A15	Capacity Building in Debt and Financial Management .....	1999-	Lithuania	64 410	52 749	-92
MAG/97/007	Capacity Building in Debt and Financial Management .....	1999-	Lithuania	153 485	149 113	43 718
MON/0T/1BI	Supply, installation and support of a Debt Recording System (DRMIS) .....	2001-	Mongolia	434 937	390 952	11 860
PAL/0T/0AH	Capacity building in debt and financial management .....	2000-	Norway	525 178	222 964	30 321
PAN/98/002	Cooperación Técnica Para Apoyar El Programa Sectorial Financiero .....	2003-	UNDP	253 633	207 826	55 630
PAR/95/003	Control y administración del endeudamiento público .....	1995-	UNDP	222 065	219 904	21 611
PRC/0T/3AJ	Renforcement des capacités de gestion de la dette .....	2003-	Rep. of Congo	108 840	42 794	42 794
SUD/96/A02	Institutional strengthening project of the Ministry of Finance .	1998-	Sudan	80 777	75 024	1 152
SYR/00/002	Improvement of debt management in Syria .....	2000-	UNDP	253 086	252 989	974
TOG/98/005	Renforcement des capacités de gestion de la dette publique ....	1999-2003	UNDP	181 703	182 183	-4 799
TOG/03/001	Renforcement des capacités de gestion de la dette publique ....	2003-	UNDP	82 614	64 910	56 110
TRI/0T/2AB	Installation of DMFAS 5.2 - Capacity building in debt and financial management .....	2003-	Trinidad and Tobago	125 091	69 261	63 798
TUK/00/003	Assistance to the Central Bank of Turkmenistan .....	2001-	UNDP	105 175	73 035	7 975
UGA/0T/2BK	Implementation of DMFAS in the Treasury Office of Accounts of the Ministry of Finance .....	2003-	Uganda	92 243	59 566	15 113
VEN/99/A70	Gestión de la deuda en Venezuela .....	2000-	Venezuela	99 461	88 026	8 844
VIE/01/010	Capacity Development for Effective and Sustainable External Debt .....	2002-	UNDP, Australia, Switzerland	177 924	143 239	36 538
INT/95/A11	Strengthening the debt management capacity of developing countries .....	1995-	Switzerland	2 964 927	2 552 940	20 116
INT/95/A66	Strengthening the debt management capacity of developing countries .....	1995-	Netherlands	2 540 428	2 363 584	19 396
INT/95/A89	Strengthening the debt management capacity of developing countries .....	1995-	Norway	2 186 109	2 007 753	-36 236
INT/99/A30	Strengthening the debt management capacity of developing countries .....	1999-	Sweden	623 794	546 012	-8 773
INT/0T/2AO	Strengthening the debt management capacity of developing countries .....	2002-	Multidonors	7 419 546	4 134 448	2 456 443
<b>Total DMFAS Programme .....</b>				<b>21 188 476</b>	<b>15 876 989</b>	<b>3 255 699</b>
<b>Special Programmes</b>						
PAL/0T/4CA	Integrated Framework for Palestinian Macroeconomic, Trade and Labour Policy .....	2004-	Canada/IDRC	74 372	29 240	29 240
INT/94/A37	Collection and dissemination of iron ore statistics .....	1994-	Multidonors	754 290	650 451	52 363
INT/0T/4AK	Preparation For UNCTAD XI "High-Level Interactive Round Table On Trade And Gender .....	2004-	Canada, Netherlands	68 777	44 047	44 047
INT/00/X60	Palestinian Authority .....	2002-	Netherlands	10 326 <sup>b</sup>	10 326	10 326
<b>Total Special Programmes .....</b>				<b>79 103</b>	<b>54 373</b>	<b>135 976</b>
<b>DIVISION TOTAL .....</b>				<b>22 139 700</b>	<b>16 683 108</b>	<b>3 419 361</b>

<sup>a</sup> Project which had been "operationally but not financially completed" or "completed" in 2004.

<sup>b</sup> Annual budget.

## **B. DIVISION ON INTERNATIONAL TRADE IN GOODS AND SERVICES AND COMMODITIES**

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### **1. Trade Analysis**

#### **(a) Agricultural Trade Policy Simulation Model (ATPSM)**

26. *Development context and objectives:* ATPSM was initially developed in response to the need for developing countries to be able to undertake analysis of agricultural impacts of any negotiated outcomes from the Uruguay Round. Given the emphasis placed on developing countries in the Doha Work Programme, the importance of such analysis has increased.

27. *Outputs/results:* The secretariat continues to further develop software and databases that provide information on trade control measures affecting the market access and entry of developing country exports in particular, and to develop capacities to undertake analysis of the impacts of trade negotiations, including on competitiveness. ATPSM was provided with further funding by the UK Department for International Development (DFID) for further improvement, including model development and dissemination. For example, WTO agricultural negotiations have recently focused on a blended formula that is much more difficult to model than the previous linear approaches. UNCTAD is undertaking improvements to the interface to enable these complex scenarios to be analysed. Also, a wider range of research questions and tariff reduction formulas can be analysed. UNCTAD has demonstrated the model and model results at various regional meetings in Addis Ababa, Jakarta, Nairobi, Santiago, Lima and Bogotá in addition to Geneva. UNCTAD has also used the model for its analysis. Several papers illustrating applications of the model have been distributed to developing countries.

28. Applications using ATPSM have been published in various UN publications and others.<sup>1</sup> Papers using the model have been presented at the European Trade Study Group meeting in Nottingham, the German Economic Association meeting, an ECA conference in Tunis, the International Food and

Agricultural Trade Policy Council meeting in Johannesburg, the International Lawyers and Economists Against Poverty workshop in Nairobi, the SATRN workshop on issues in international trade in Pretoria, the FAO and the Economic Research Service at the United States Department of Agriculture. Researchers in many countries have used the model, including in Argentina, Australia, Austria, Botswana, Canada, Germany, Turkey and Zambia. Training seminars were given for all UN regional commissions, and for country experts from Bangladesh, Ethiopia and Sudan. Such seminars were also held at Trinity College Dublin, the Seminar for African Anglophone Diplomats in Cairo, UNCTAD paragraph 166 training course for African trade experts and a European Commission training seminar for developing countries in Maastricht.

#### **(b) Trade Analysis and Information System (TRAINS)**

29. *Development context/objectives:* TRAINS is an information system intended to increase transparency in international trading conditions. It is intended more specifically to provide a comprehensive information system for use by policy makers and economic operators engaged in exporting. It is also a powerful tool that can be used in trade negotiations (e.g. to monitor an integration process) and for general research on international trade. One component of the system relates to the Generalized System of Preferences in that it includes information on tariffs, preferential margins, rules of origin and other regulations affecting the export interests of developing countries vis-à-vis the preference-giving countries. A subsystem (TRAINS for the Americas) has been developed in collaboration with the Inter-American Development Bank for extension of the database with information on bilateral preferential trade agreements, as well as extended coverage of non-tariff measures. For dissemination purposes, UNCTAD has invited member States and sub-regional institutions to designate TRAINS focal points, which in addition to being supplied with updated information on trade control measures, serve as a channel through which UNCTAD obtains recent information on countries or regions, particularly computerized information on tariffs and trade, as well

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<sup>1</sup> For example in the CREDIT Research Paper series.

*Annex 1: Review of activities undertaken in 2004*

as documentation on para-tariff and non-tariff measures.

30. **Outputs:** The secretariat continues to develop and disseminate the Trade Analysis and Information System (TRAINS). The widespread use of TRAINS, particularly in the publications of such organizations as the OECD, the World Bank and the IMF, as well as UNCTAD itself, attests to the recognition of its usefulness. In addition, the database serves as the primary source of data for other databases such as the Agricultural Market Access Database (AMAD), which in turn is often referenced as an information source in many publications on trade in agriculture. That a number of universities and private organizations have made voluntary contributions to the TRAINS trust fund is a good indication of the value of the system. Requests for the TRAINS have also come from government ministries and international organizations engaged in trade negotiations under WTO as well as the Free Trade Area of the Americas (FTAA).

31. Among the regional secretariats actively collaborating with UNCTAD are those of the Latin American Integration Association (ALADI), the South Asian Association for Regional Cooperation (SAARC), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Central African Economic and Monetary Community (CEMAC) and the South African Development Committee (SADC). TRAINS is available to other parties that make a minimum contribution to the UNCTAD trust fund created for this purpose.

32. TRAINS has contributed data for the calculation of MDG indicators on market access.<sup>2</sup>

33. At the beginning of 2004, UNCTAD, WTO and ITC together decided to create a Common Analytical Market Access Database (CAMAD), putting together all data sources collected or received by each organization, thereby creating the most comprehensive market access database in the world. At the technical level, as of mid-December 2004, the database was near completion of its first stage of putting together data for the latest five-year periods. However, due to a dissemination rule on WTO data, access to this database is limited to those already having access to WTO databases, i.e. WTO member governments and selected international organizations.

**(c) Supporting Developing Countries' Assessment of the Non-Agricultural Market Access Negotiations**

34. **Development context:** A new project was launched on "Supporting Developing Countries' Assessment of the Non-Agricultural Market Access Negotiations" (NAMA). A WTO agreement on NAMA has the potential of contributing to the further development and strengthening of non-agricultural sectors in developing and least developed countries. This will depend on a number of factors, particularly the extent to which the agreement (a) offers real market access; (b) is tailored to take account of economic circumstances in poor countries; and (c) is complemented by domestic reforms in those countries.

35. **Objectives/features:** The purpose of this project launched in 2004 is to assist WTO trade negotiators, policy makers, the business community, and civil society in the beneficiary countries through research and technical assistance to better assess the possible implications of the non-agricultural market access (NAMA) negotiations. The project explores the range of options that needs to be considered to cope with challenges and capitalize on opportunities in the context of coherent trade policy at the national and international levels, identifying and suggesting possible options to safeguard developing country interests and ensuring that the development dimension is fully addressed. The project focuses on deepening the understanding of the issues involved in NAMA negotiations, including possible sectoral adjustment problems, revenue implications and preference erosion. It also highlights opportunities and benefits from NAMA such as increased market access for developing countries.

36. **Impact/beneficiaries:** Direct beneficiaries of the project include policy makers, trade officials and negotiators in capitals in all regions as well as local universities, think tanks, and other research institutions (as participants in the policy analysis workshops and the intensive training courses) and delegates to the WTO and UNCTAD (as participants in Geneva and field policy analysis seminars and training workshops). They will benefit from extensive analysis of the WTO non-agricultural market access negotiations. The project will help them to explore the range of options that needs to be considered to cope with challenges and capitalize on opportunities in the context of coherent trade policy at the national and international levels, identifying and suggesting possible options to safeguard developing country interests and ensuring that the development dimension is fully addressed.

<sup>2</sup> Namely Indicator 38 (Proportion of total developed country imports from developing countries and least developed countries, admitted free of duty) and Indicator 39 (Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries).

## 2. Trade negotiations and commercial diplomacy

### (a) Development of trade capacities

#### (i) *Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries (JITAP) Phase 2*

37. **Development context:** Following a four-year phase ending December 2002, a second phase was launched of the Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries (JITAP). JITAP is implemented jointly by ITC, UNCTAD and WTO. The second phase started in February 2003 for the duration of four years (up to end 2006) for 16 African countries, namely the eight beneficiaries of the pilot phase (Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda, United Republic of Tanzania), which will exit from the programme mid-way through its implementation, and eight new countries (Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal, Zambia).

38. **Objectives:** JITAP aims at building human, institutional, policy, entrepreneurial and export strategy capacities in African countries to better understand, coordinate stakeholder views on, negotiate and implement multilateral trade agreements and trade policies; to take advantage of business opportunities emerging from the multilateral trading system (MTS); and to effectively manage their integration into the multilateral trading system and wider international economy. The five main areas of capacity building comprised under JITAP are: (1) trade negotiations, implementation of WTO Agreements, and related trade policy formulation through the Inter-Institutional Committees (IICs) that are official frameworks to organize national stakeholder discussion and decision making on the MTS (multilateral trading system); (2) MTS Reference Centres (RCs) and National Enquiry Points (NEPs) for providing reliable technical information on the MTS, with attention to standards and quality requirements; (3) development of the national knowledge base on MTS through training of trainers and formation of trainer networks; (4) development of a goods, commodities and services policy framework and sectoral export strategies; and (5) networking of the institutional and human capacities built in each country to encourage synergy and exchange of expertise and experiences, including at the sub-regional level.

39. **Outputs:** JITAP substantive capacity building activities in 2004 centered on the development of

negotiation capacities and effective participation in the Doha negotiations. Following the adoption of the 1 August 2004 Decision by the WTO General Council on the July Package, JITAP countries were supported in assessing the implications of the package and preparing for the expected detailed negotiations. National inter-institutional committees (IICs), serving as the consultative mechanism among stakeholders on WTO trade negotiations and implementation, were assisted in conducting national retreats to review and evaluate the July Package from their national perspectives. Such retreats were convened in Benin, Botswana, Cameroon, Côte d'Ivoire, Kenya, Mauritania, Uganda, the United Republic of Tanzania, and Zambia and are being organized in other countries. At such retreats, the exchange of experiences and cross-fertilization of ideas among JITAP countries is encouraged and facilitated through the involvement of JITAP Focal Points from neighbouring JITAP countries. In addition, contacts between the IICs and the Geneva trade negotiators is facilitated through the involvement in the IIC retreats of a Geneva trade negotiator.

40. Several videoconferences on agriculture, non-agricultural market access and services were held in August 2004 for the beneficiary countries to provide them with additional briefing on the latest developments in the Doha negotiations.

41. Upon request from JITAP countries, technical advisory services were provided to assist the IICs in Botswana, Kenya, United Republic of Tanzania, and Zambia on negotiation issues on the Doha Work Programme, particularly in agriculture, non-agricultural market access and services. Such assistance helped the countries to increase understanding of the negotiations, and to strategize in enhancing national preparations for participation in the negotiations.

42. A toolkit on institutional capacity building for trade negotiations and trade policy formulation was completed by UNCTAD and disseminated to JITAP countries at two sub-regional seminars, namely in Lusaka, Zambia, in April 2004 for Anglophone countries and in Dakar, Senegal, in May 2004, for Francophone countries. At each workshop some 30 members of the Inter-Institutional Committees (IICs) participated. They included representatives from government, the private sector, academia and civil society. Amongst the participants were several senior women officials or representatives from women's organizations.

43. A workshop on MTS capacity building and regional integration in Africa was held in Geneva in



*Annex 1: Review of activities undertaken in 2004*

May 2004 with the participation of JITAP Focal Points and officials from the African sub-regional groupings. The workshop created an opportunity to exchange experiences on challenges and opportunities for actions between JITAP and regional economic communities in developing MTS capacity and building regional integration. Donor countries and observers from other organizations also took part in the event, including UNIDO.

44. At UNCTAD XI, in June 2004, a high-level event for JITAP beneficiary countries, donors and other interested parties was organized. It was the occasion for the programme to show-case and exchange ideas on best practices in MTS capacity building, including JITAP's contribution to UNCTAD's programme of work. The event showed that JITAP is making a major contribution to trade-related capacity building in the beneficiary countries.

45. Related to capacity building to negotiate, a training workshop on negotiation skills was organized for some 30 participants (trade policy makers and trade negotiators) from the Anglophone JITAP countries in Uganda in November 2004. The training helped to strengthen the trade negotiation skills of the trainees from JITAP countries and their ability to identify national interests and develop negotiating strategies and positions for trade negotiations. A similar workshop for the French-speaking JITAP countries was organized in Nouakchott (Mauritania), in February 2005.

46. **Results:** The relevant JITAP implementation tools have been finalized and have set the basis for capacity building. These include the formation of national task forces in the 16 beneficiary countries and the preparation of country-specific project documents. These have been finalized through intensive national consultation processes and with guidance on the methodology and substance by the executing agencies. Three among five toolkits designed to facilitate self-execution of MTS capacity building have been completed. These cover institutional capacity building for trade negotiations and trade policy formulation; MTS reference centers and enquiry points; and export sector strategies. The preparation of two other toolkits on MTS training and MTS networking are ongoing. A "Guide to Commodity-based Export Diversification and Competitiveness Strategies in Africa" has been finalized to help the countries develop a holistic approach to addressing supply-side and competitiveness issues in the commodity sector for export development. Assistance to JITAP countries in preparations for multilateral trade negotiations resulted in the stakeholders being fully aware of the

issues included in the July Framework Package, which re-launched the Doha round.

**(ii) Support to developing countries on multilateral trade negotiations**

47. **Objectives:** Assist developing countries in assessing and identifying their strategic trade and development interests within trade negotiation issues in multilateral forums, in particular in the context of the WTO, as well as at the subregional and interregional levels.

**48. Outputs:**

49. **Support to Africa:** A project in favour of African countries supported by the UNDP Regional Bureau for Africa/UNOPS entered into effect in the third quarter of 2004. It is implemented by several agencies, including UNCTAD, with overall management by UNDP. During the reporting period, UNCTAD's assistance was focused on the provision of advisory services on Doha agenda negotiations to African countries and their regional organizations. UNCTAD serviced the first retreat organized by the African Union Office in Geneva in October 2004 on the July Package in the 1 August 2004 Decision of the WTO General Council. African trade negotiators were briefed on the key implications for their countries in the July Package generally and specifically as regards agriculture, non-agricultural products, services and development issues. UNCTAD officials participated in the technical workshop and brainstorming meeting organized by the Economic Commission for Africa (ECA), the African Union (AU) and the African Development Bank (ADB) in Tunis in November 2004, on the July Package, providing substantive inputs to the deliberations, especially on agriculture, non-agricultural products, services and development issues. Work is being undertaken in cooperation with the African Economic Research Consortium (AERC).

50. UNCTAD has been assisting SADC in the negotiations on the establishment of a free trade area in goods since 1997, and is providing similar assistance in developing an agreement on trade in services.<sup>3</sup> It is assisting SACU in its efforts to develop a "Common global trade and development strategy for the Southern African Customs Union (SACU)" and in assessing the impact of services agreements with other trading partners. In this

<sup>3</sup> Such assistance was specifically requested by SADC Trade Ministers and it has been delivered through the participation of UNCTAD experts in the negotiating process (together with the SADC secretariat) and through preparation of papers and other analytical work on, among others areas, rules of origin, dismantling of tariffs and offers evaluation, and trade in services.

context UNCTAD participated in the SACU Ministerial meeting, which took place in Windhoek, in November 2004. UNCTAD is also assisting the Common Market for Eastern and Southern Africa (COMESA) in assessing the implications of services trade with the EU under the Cotonou Agreement.

51. **Support to African, Caribbean and Pacific (ACP) States:** At the regional level, support was provided to the ACP States through advisory services and technical papers in addressing development issues arising from negotiations with the EU on economic partnership agreements and the multilateral dimension of such partnerships. UNCTAD monitored and assessed ACP-EU trade negotiations. In 2004, Congolese policy-makers were informed on the compatibility of Economic Partnership Agreements with WTO rules through a seminar which took place in Brazzaville.

52. **Support to Arab States (Union du Maghreb Arabe- UMA):** Member countries of UMA benefited from assistance provided by UNCTAD through a sub-regional meeting on WTO issues and assessment of the 5<sup>th</sup> ministerial conference of the WTO and the reinforcement of regional cooperation among Arab countries, held in February 2004 in Rabat, Morocco.

53. **Support to LDCs and African Group:** In October 2004, UNCTAD organized a workshop on the current stage of the WTO negotiations on agriculture for the LDCs and the African group in Geneva. The workshop examined the July Package agricultural framework in respect of domestic support, highlighting the "watch points" and key questions that can be raised by developing countries during technical consultations.

54. **Country- or group- specific support:**

- **Kenya:** Under a UNDP-Kenya funded project on trade, UNCTAD organized and serviced a symposium on the Doha work programme and other trade negotiations in February 2005. The symposium assisted the Kenya National Committee on WTO in preparing for their contribution to the finalization of modalities in the July Package, and contributed to the Mini-Ministerial Conference convened by Kenya in March 2005.
- **Pakistan:** with the financial support of the EC, UNCTAD is implementing a national project for Pakistan with a view to: (i) improving Pakistan's participation in the ongoing WTO negotiations; (ii) addressing the needs of Pakistan in the area of human and institutional development on trade policy formulation; and (iii) enhancing the capacity of the business

community to reap the benefits of the multilateral trading system

- **India:** UNCTAD is assisting Indian trade negotiators, policy makers and other stakeholders in addressing the development dimension of key trade issues, particularly as they related to the current WTO agenda, through support for analysis and stakeholder consultations. The project is implemented with the cooperation of three institutions: the Ministry of Commerce and Industry of India, the UK Department for International Development (DFID), and UNCTAD.
- **Bangladesh:** UNCTAD continued the implementation of the project on trade-related issues, particularly those linked to current and future trade negotiations at the WTO. The development objective of this Project is to provide enhanced support to Bangladesh for policy analysis and capacity building in trade negotiations in order to secure its effective participation in multilateral trade negotiations. The project also aims at strengthening the research programme, including publication of ad hoc studies on trade issues of importance to Bangladesh, with the objective of improving the research capacity and training networks of existing local institutions, in order to enhance the capacity to provide research and analytical work directly useful to trade negotiators, local authorities, decision-makers and the civil society.

55. **Results/impact:** Developing countries have been participating effectively in trade negotiations as a result of support provided by UNCTAD and becoming more active in WTO negotiations. For example, prior to the WTO General Council Meeting of July 2004, ACP States, African countries and LDCs met in Mauritius and adopted elements of a G90 Platform on the Doha Work Programme to pursue common negotiating objectives.

#### (b) Accession to the WTO

56. **Development context:** pursuant to the intergovernmental mandate received at UNCTAD IX and UNCTAD X and reconfirmed at UNCTAD XI, the secretariat continued in 2004 to assist member states that are in the process of accession to the WTO.

57. **Objectives:** Promoting the accession of developing countries, especially the LDCs, and countries with economies in transition to the WTO on terms consistent with their level of development and their ability to implement obligations associated with

*Annex 1: Review of activities undertaken in 2004*

WTO membership. Recognizing this policy objective as being a key mechanism for building valuable trade policy capacity and thereby increasing the opportunities for economic development and poverty reduction, the São Paulo Consensus (UNCTAD XI) at paragraph 98 provides that: "UNCTAD should provide enhanced technical support and cooperation to all developing countries, particularly LDCs, and to countries with economies in transition prior to, during, and in the follow-up to their WTO accession process."

58. **Features:** Technical assistance is delivered through:

- Training of negotiators both in Geneva and in their home countries
- Attachment of individual trade policy makers to UNCTAD staff for a limited time period for exposure to the working environment in international organizations, as well as to attend relevant meetings related to their work.
- Technical and advisory missions on both substance and the process of accession. This includes providing trade policy advice to assist these countries in moving towards a market-oriented regime consistent with the provisions of the GATT and WTO, while taking on board their development aspirations.
- Workshops sensitizing the negotiating team, and other government agencies, the private sector and academia, as well as key policy-makers, including parliamentarians, on the GATT and WTO agreements, the accession process, as well as obligations and benefits of WTO membership.
- Assisting in the preparation of the Memorandum on the Foreign Trade Regime (FTR). This includes preparation of written responses to questions posed by members, preparation of accession-related documents, and preparing the negotiating team for the meeting of their Working Party and with their trading partners.
- Equipping the national teams of negotiators with IT equipment to facilitate their work

59. **Outputs:** In 2004, UNCTAD continued to provide assistance on accession to acceding countries, including Algeria, Azerbaijan, Bhutan, Cape Verde, Ethiopia, Laos, Sudan, Samoa, Serbia and Montenegro, Yemen, and Kazakhstan. Technical advisory missions were sent to Sudan, Bhutan, Cape Verde, Ethiopia, Yemen, Laos, and Azerbaijan in preparation for the first Working Party on accession,

provided policy advice and trained and prepared the members of the negotiating team on both substance and procedures, and carried out simulation exercises for the meeting of the Working Party on accession. Technical missions were sent to these countries to undertake the initial steps necessary to launch the sectoral studies to be undertaken, in view of the preparation of the initial offers on goods and services. Intensive training sessions were organized in Geneva and in the capitals for members of the negotiating team on how to manage the Working Party on accession. UNCTAD participated in a joint UNCTAD/WTO workshop on accession organized in Yemen, involving the private sector and civil society. Accession to the WTO was the focus of a paragraph 166 training course organized in Prague in July 2004 and attended by participants from acceding countries in Europe.

60. **Results:** The technical assistance provided by the UNCTAD secretariat has increased the awareness of the acceding country's negotiating team, in particular, and civil society, in general, of the multifarious issues that arise in the accession process, as a result of their better understanding of the WTO rules and disciplines, including special and differential treatment and other developmental provisions and their implications for national policy options. This has enabled them to participate more effectively in the accession negotiations.

61. **Impact:** UNCTAD's counsel has enabled the beneficiary countries to be aware of the basic requirements for WTO membership while preserving their development policy options. Additionally, UNCTAD's technical assistance has also resulted in better quality documents in terms of substance and form. The demand for such activities from the beneficiaries as well as other applicants in the process of WTO membership, and the response to the activities implemented by UNCTAD hitherto, are strong indications that the alternatives provided by UNCTAD, including the developmental approach, have been well received by all those who have participated in the activities.

### (c) Trade in services and development

62. **Development context:** In its technical cooperation work in the area of services, UNCTAD aims at identifying opportunities for developing countries in new and dynamic services sectors and modes of supply, and at assisting and promoting their beneficial integration into the multilateral trading system through the implementation of GATS, in particular Articles IV and XIX. Aspects of such services sectors were taken up during the interactive



thematic session of UNCTAD XI on “Policy Options and Strategies to Support Developing Countries’ Competitiveness in the Most Dynamic Sectors of International Trade”, and in the related background note by UNCTAD secretariat.<sup>4</sup> In the context of the ongoing work in the area of the assessment of trade in services, an International Forum on Assessment of Trade in Services and Development Gains was held as a parallel event of UNCTAD XI.<sup>5</sup> In the discussions, developing countries stressed the need for better understanding of policies that would maximize economic and social dividends from the development of the services economy. As one of the outcomes of the forum, a set of development benchmarks for assessing trade in services to better target and help capture progress in addressing development needs was proposed. The secretariat prepared a note on “Trade in Services and Development Gains”<sup>6</sup> for the forum. National studies were also prepared and presented. UNCTAD, the World Bank and DFID of the UK have launched a new partnership between them on impact assessment. The main objective of this assessment initiative would be to fill in the knowledge gap and enable developing countries to better identify their national interest in proceeding with the reform and liberalization, and establish how the growing services sector could help in the implementation of the MDGs, especially poverty alleviation. In addition, sector-specific pilot studies aimed at providing insight into the issues relevant for the impact assessment of trade in services have commenced in some Andean countries jointly with the World Bank and DFID.

63. **Objectives/features:** Upon request, UNCTAD has provided direct individualized assistance to a number of developing countries on matters related to the current request/offer negotiations under GATS Article XIX and the work being undertaken in the different subsidiary bodies of the WTO Council for Trade in Services. Technical assistance has been provided on the following issues: (i) elaboration and/or review of initial requests; (ii) analysis of the requests received; (iii) elaboration of initial offers; (iv) development of institutional arrangements to manage the negotiating process; and (v) building overall negotiating capacities on services-related issues. Assistance to developing countries in the request/offer process and in rule-making negotiations is an ongoing activity, and the objective is to increase

the number of countries receiving direct assistance from the project, as there are increasing demands for individualized technical assistance from UNCTAD.<sup>7</sup>

64. **Outputs:** Upon request by some countries the project has provided assistance in the elaboration of joint proposals aimed at implementing mandates deriving from the Guidelines and Procedures for the Negotiations. Work undertaken in assisting developing countries in this area has contributed to the current negotiating process. Members have requested further assistance on these issues in order to perfect the proposals, react to comments by other countries, and for the final implementation of the mandates. Work is being done in this regard.

65. As an outcome of regional/national consultations, a number of sector-specific studies were launched in the course of the year including in the area of tourism (Brazil, Kenya, Indonesia), professional services (Colombia, Indonesia), construction (Brazil, Indonesia), distribution services (Lithuania), and telecommunication and financial services (Kenya).

66. The secretariat completed a study on “Assuring development gains from the international trading system and trade negotiations: International trade in oil and gas services”.<sup>8</sup> Considering the potential for economic growth and development that the services segment of the energy industry bears, developing countries, and especially energy-producing and exporting ones, need a strategy to promote their domestic capacity in this field including in the ongoing GATS negotiations. In addition, specific assistance on energy services issues has been provided to energy-endowed countries.

67. Analytical work has been undertaken in the area of emergency safeguard measures and subsidies in order to identify areas and issues of possible interest to developing countries and the make progress in the ongoing GATS rule-making work.

68. UNCTAD made substantive contribution to the ongoing international debate on GATS negotiations in the area of Mode 4. UNCTAD is also involved in collaborative work among Geneva-based international organizations which are members of the informal Geneva Migration Group. Some specific approaches to further commitments on GATS Mode 4 have been reflected in the secretariat’s note on “Trade

<sup>4</sup> TD/396.

<sup>5</sup> 17 June 2004.

<sup>6</sup> UNCTAD/DITC/TNCD/MISC/2004/1.

<sup>7</sup> To date the Project has assisted mainly Latin American, Caribbean and African delegations. The reach of the Project has to be extended in the next phase to cover also some Asian and Pacific countries.

<sup>8</sup> UNCTAD/DITC/TNCD/20004/4.



and development aspects of professional services and regulatory frameworks”.<sup>9</sup> This note also addresses cross-cutting issues of special interest to developing countries such as domestic regulations. Adequate domestic regulatory frameworks and active public policies, including trade policy, can contribute to achieving development objectives. Regional initiatives and development-friendly rules and disciplines in the multilateral trading system on the recognition of qualifications and commercially meaningful commitments on the temporary mobility of professionals could significantly contribute to increasing the participation of developing countries in international trade in professional services and implementation of GATS Article IV.

69. The secretariat has responded, including in the provision of technical papers, to the requests by COMESA, SADC, SACU and other regional organizations for assistance in their efforts at liberalization of trade in services in the context of economic integration and multilateral trade negotiations. An analytical study was prepared by the UNCTAD secretariat addressing issues of economic integration in services.<sup>10</sup>

70. UNCTAD continued to provide assistance to developing countries, regional groupings and other groups of countries sharing common interests and concerns in the ongoing GATS negotiations and to acceding countries. Capacity building work was carried out also in a large number of developing countries in response to specific requests for assistance, especially in the context of the request and offer stage of negotiations. Developing countries that have presented requests and initial offers have benefited from UNCTAD assistance.

71. **Results:** Developing countries have been participating effectively in trade negotiations as a result of support provided by UNCTAD. For example, assistance to developing countries in the request/offer process, and in rule-making negotiations, is an ongoing activity. The objective is to increase the number of countries and trade negotiators receiving such assistance. Work undertaken in assisting developing countries in this area has contributed to the current negotiating process.

#### (d) Preferences, South-South trade and regional and global trade agreements

#### (i) Market access, trade laws and preferences

72. **Development context:** During the Rio Trade Week, UNCTAD organized a “Forum on Multilateralism and Regionalism: The New Interface” and provided a background note on “Multilateralism and regionalism: The new interface”. The forum, *inter alia*, suggested that it is crucial to ensure that regional trade agreements are more conducive to strengthening the multilateral trading system by minimizing their possible negative effects, while allowing developing countries to maximize their trade gains in the different layers of integration. It also suggested that UNCTAD can help developing countries deal with the interface between multilateralism and regionalism by: (a) facilitating exchange of experiences, best practices and lessons learned among regional trade agreements; (b) promoting networking and information sharing among regional trade agreements; (c) facilitating consensus building and international cooperation in addressing the development dimension of regional trade agreements and the interface with the multilateral trading system; (d) undertaking development impact assessment of regional trade agreements; and (e) reinvigorating and enhancing the GSTP.

73. At UNCTAD XI, several Heads of State and Government examined the phenomenon of the new trade geography, which provides new opportunities for South–South trade, on the basis of a background note provided by the secretariat.<sup>11</sup> They drew attention, *inter alia*, to the following: (a) the new trade geography not only brings commercial gains, but also enhances solidarity and equity among countries; (b) there is increased potential for beneficial cooperation among developing countries, based on fair rules and solidarity, including special treatment for the weaker among them; and (c) increased South–South trade is a complement to, rather than a substitute for, North–South trade.

74. **Objectives:** to deepen UNCTAD's work on preferences, South–South trade (including the Global System of Trade Preferences among Developing Countries – GSTP) and the interface between regional and global trade agreements and processes and their trade and development implications and impact.

75. **Outputs/results:** UNCTAD strengthened its work on trade preferences, South–South trade and the interface between regional trade agreements and the multilateral trading system. UNCTAD continued to

<sup>9</sup> TD/B/COM.1/EM.25/2.

<sup>10</sup> UNCTAD/ITCD/TAB/28.

<sup>11</sup> TD/404.

assist developing countries and/or their regional groupings in order to: (i) increase utilization of the trading opportunities and preferences under existing preferential arrangements, such as the GSP, the Cotonou trade regime and other bilateral arrangements, through increased understanding and familiarization of government officials and the business community; (ii) enhance the understanding of preferential and non-preferential rules of origin and formulate and negotiate rules of origin matching their industrial and development needs; and (iii) formulate trade strategies in responding to the evolving international trading system.

76. UNCTAD continued to provide assistance to government officials to resolve difficulties encountered in GSP utilization and rules of origin requirements. In December 2004, the secretariat organized a regional training workshop with the objective of improving the awareness and understanding of Omani and Yemeni exporters and government officials on the operationalisation of current GSP schemes and rules of origin, including the policy issues related to these schemes and rules of origin. The active participation by some 40 officials from both the private sector and government through questions that affect their daily businesses and the information disseminated served to improve their awareness of the existing trading opportunities under some GSP schemes and related rules and regulations. Participants commented that the seminar served to identify export opportunities and policy issues relevant to Oman and Yemen. The usefulness and effectiveness of the seminar was evidenced by the evaluation questionnaires.

77. The secretariat has assisted SADC in the negotiations on the establishment of a free trade area in goods since 1997, and is providing similar assistance in developing an agreement on trade in services.<sup>12</sup> It is assisting the Southern African Customs Union (SACU) in its efforts to develop a "Common global trade and development strategy for SACU" and in assessing the impacts of services agreements with other trading partners. It is also assisting the COMESA in assessing the implications of services trade with the EU under the Cotonou Agreement.

78. The secretariat assisted the Group of 77 and China in substantively servicing a High-level Forum on Trade and Investment.<sup>13</sup> The forum examined initiatives to expand South-South trade and investment as a contribution to the South Summit in 2005, to which UNCTAD will provide substantive support.

## (ii) *Global System of Trade Preferences among Developing Countries (GSTP)*

79. The GSTP was established as a framework for the exchange of trade preferences among developing countries with a view to promoting trade among these countries. The first round of negotiations was conducted in 1988 and the Agreement entered into force April 1989. To date, 43 countries have ratified the Agreement.

80. The decision to launch a new round of the GSTP was taken on the occasion of UNCTAD XI. UNCTAD is providing technical backstopping support on the negotiations to the GSTP Committee of Participants, as well as assistance in disseminating information on the GSTP to the general public.

## (e) *Commercial diplomacy activities*

81. **Development context:** Following the Cancún Ministerial Meeting and up to the adoption by the WTO of the 1 August 2004 Decision containing the July Package, requests for technical assistance from developing countries increased. Those requests for training focused on specific agriculture, services and market access issues. Several other requests for training and capacity building covered other topics of the Doha agenda, as well as the articulation of WTO negotiations with regional and bilateral trade processes.

82. **Objectives/features:** To assist developing countries in developing capacities in addressing trade and development interests within trade negotiations in multilateral forums, in particular in the WTO, as well as at the sub-regional and interregional levels, and build up the capacity and understanding in developing countries of the trade laws and regulations governing market access conditions in the international trading system, so as to enable developing country officials and exporters to improve their capacity to respond to the challenges and opportunities arising from trade negotiations at bilateral, regional and multilateral levels, deal with trade disputes, and utilize preferential trade arrangements. Technical support and capacity

<sup>12</sup> This assistance was specifically requested by SADC Trade Ministers, and has been delivered through the participation of UNCTAD experts in the negotiating process (together with the SADC secretariat) and through preparation of papers and other analytical work on, among other areas, rules of origin, dismantling of tariffs and offers evaluation, and trade in services.

<sup>13</sup> Doha, Qatar, 5–6 December 2004.

*Annex 1: Review of activities undertaken in 2004*

building assistance has been provided to developing countries, both in their capitals/regions and in Geneva, for their effective engagement in the Doha Work Programme since it was launched in November 2001, and generally for dealing with the WTO Agreements.

83. **Outputs/results:** In 2004, UNCTAD carried out several advisory and technical missions to developing countries, in particular in LDCs and African countries, and their regional organizations on the WTO Doha Work Programme, ACP-EU trade negotiations addressing development issues arising from negotiations with the EU on economic partnership agreements, regional trade negotiations among developing countries, accession to WTO, dispute settlement, and the GSP and other trade preferences. UNCTAD continued to provide technical assistance to developing countries, including LDCs at the national level, utilizing extrabudgetary resources. The list of activities implemented reveals a wide variety of formats, countries and regions, topics and levels of training or capacity building, according to the demands and to the various extrabudgetary resources available for the technical assistance activities.<sup>14</sup>

84. The dispute settlement programme implemented several workshops and prepared several courses. Workshops were conducted on the following: Introduction to WTO Dispute Settlement, Guatemala;<sup>15</sup> WTO Dispute Settlement on Commercial Defence Measures, São Paulo;<sup>16</sup> and Introduction to WTO Dispute Settlement, Managua.<sup>17</sup> Some 40 course modules have been finalized on General Dispute Settlement Topics, Settlement of International Investment Disputes and ICSID, Settlement of International Trade Law Disputes and WTO, Settlement of International Intellectual Property Disputes and WIPO, International Commercial Arbitration; and Regional Approaches. Some 36 modules of the course have been placed on the project website,<sup>18</sup> from where they can be

downloaded free of charge by visitors to the UNCTAD website.

85. UNCTAD recently developed a pilot strategy integrating new distance learning techniques in its regular training courses. This has become an important element in capacity-building programmes, and it has been used as a complementary tool in training seminars. UNCTAD has incorporated the distance-learning dimension in the training of trade negotiators and institutional capacity of developing countries in trade negotiations. Using this modality, a regional course was developed for three Asian countries (Viet Nam, Laos and Cambodia) and four African countries (Benin, Guinea, Mali, and Togo) for trade officials involved in the WTO negotiations on trade in services. The distance-learning phase was complemented by a face-to-face seminar where the participants exchanged experiences.

86. In 2004, UNCTAD commercial diplomacy activities also focused on the training of diplomats in developing countries. In this context, two seminars were organized in developing countries for the training of local diplomats. A training for English-speaking African diplomats on development gains, opportunities and challenges in the international trading system and international trade negotiations was organized jointly in Cairo with the Ministry of Foreign Affairs of Egypt, while a similar training course on international trade and economic issues, took place at the Foreign Services Academy of Pakistan for officers and diplomats from developing and least developed countries.

87. Training activities for Bangladesh included: two training courses in Geneva covering all aspects of the multilateral trading system for 32 Bangladeshi trade officials; four national workshops on technical issues such as market access and supply-side constraints; non-preferential and preferential rules of origin, the WTO dispute settlement mechanism and the use of UNCTAD trade policy tools and databases; and a workshop on how to strengthen capacities for the multilateral trade negotiations; these workshops were complemented by the supervision of several studies written by local think tanks in order to nourish the expertise of Bangladeshi policy-makers, and support for a WTO cell in the Bangladeshi Ministry of Commerce.

#### 88. **Result/impact:**

- Improved understanding of the issues being negotiated at the WTO, their implications from the point of view of development policies, and the legal and economic aspects entailed in the WTO agreements.

<sup>14</sup> These activities are shown in the website [www.unctad.org/commddip](http://www.unctad.org/commddip) - the website itself was revamped.

<sup>15</sup> 18-20 February 2004, for 22 participants from Latin-American countries.

<sup>16</sup> 21-23 June 2004 for 33 "real" participants and 75 virtual participants (by webcast) from Argentina, other Brazilian locations, Jordan and Pakistan.

<sup>17</sup> 11-13 August 2004, for some 50 participants from the Central American region.

<sup>18</sup> <http://www.unctad.org/dispute>.



- Improved assessment of negotiating objectives and consideration of policy responses to the Doha Agenda.
- Marked efforts in favour of the LDCs.
- Backstopping of the technical capacity of the sub-regional secretariats, and analytical inputs to the process of subregional and regional integration.

89. The activities implemented in 2004 provided valuable support to the negotiating capacity of both Geneva-based missions and capital-based trade policy makers. The increasing quality of the developing countries' negotiators is visible in all areas of the WTO agenda.

### 3. Commodities

#### (a) Capacity building for diversification and commodity-based development

90. **Development context:** World trade in high-value commodities and, in particular, foodstuffs is growing rapidly. However, most developing countries, particularly LDCs and African countries, have not been successful in diversifying their commodity economies to exploit these dynamic and lucrative markets. The enterprise sector has been unable to adapt itself to the liberalized and more demanding trading environment, and its support needs are not effectively prioritized. Government policies need to be reviewed in the current trading framework and government support needs to be more selective and focused. Civil society and institutions also have a crucial facilitating role in the diversification process. There is, therefore, a need in commodity-dependent developing countries for capacity building in enterprises to adapt export diversification strategies and business practices to modern market exigencies; improving effective partnerships between enterprises and finance providers; capacity building for Governments to design and implement focused and sequenced policies and measures that tackle the most important problems; increasing the effectiveness of local institutions and civil society in ensuring that the disadvantaged segments of the population are involved in the diversification process with a view to reducing poverty; and increasing national and regional food security and food self-sufficiency, and regional trade.

91. **Objectives/features:** To promote the horizontal, vertical and geographical diversification of production and trade structures; to improve government's capacities to formulate focused,

effective and sequenced policies in this respect; to increase the competence of enterprises in adapting their business strategies and supplies to the post-Uruguay Round trading framework; and to strengthen positive linkages between the commodity sector and the rest of the economy. The workshops held under the project aim to support developing countries, including small island developing States, to diversify export production into high-value products, improve their quality and increase the retained value-added through fair participation in global supply chains.

92. **Outputs:** A workshop for Pacific island countries on the use of coconut palm wood in high quality, value-added products was held in Nadi, Fiji, from 22 to 23 September 2004. A final workshop on the costs of compliance with SPS-derived standards for tropical fruit is being prepared for Guinea in 2005. Editing and translation of the substantive documentation prepared for the previous workshops have continued, and the papers are being printed. Alternatives with respect to follow-up to the project are being explored in the context of plans for partnerships between intergovernmental organizations, governments and civil society.

93. **Results:** Although it is still too early to identify the specific impacts of the project, several concrete outputs have already been generated. These are in addition to further specific capacity building activities requested by the beneficiary countries. Several project proposals that have been prompted by the workshops are under preparation for submission to donors, and two are being implemented. Evaluations by participants after the workshops show a very high degree of satisfaction. The website <http://www.unctad.org/infocomm/Diversification/index.htm>, where all relevant information is posted, facilitates access to workshop materials.

#### (b) Costs of SPS compliance

94. **Development context:** In recent years, agrifood exports to developed country markets have emerged as a potentially major new source of dynamic export growth for many developing countries. However, exploiting this potential poses many challenges. In particular, the capacity of developing country exporters to enter these markets depends critically on their capacity to meet increasingly stringent food safety standards imposed in developed countries. Not only are these standards typically much higher than those prevailing in developing countries, and often difficult and costly to meet, but they are also subject to frequent changes. These agrifood standards are of particular concern to developing countries, especially African LDCs, which may incur additional costs in

meeting such standards. Most LDCs lack the capital, technology and human resources to meet the standards and will need assistance in order to comply with them. A necessary step is to identify the critical shortfalls in production and distribution systems and to quantify the resources necessary to bring these systems up to the required standards.

95. **Objectives:** To identify and quantify the compliance costs for tropical fruits faced by a representative group of African LDCs; to present a framework that will facilitate estimation of costs of compliance for exporters that are associated with agrifood standards and SPS; to compare costs that are necessarily incurred when complying with agrifood standards and SPS, and those which would have been incurred in the absence of meeting these requirements; to identify the technical, institutional and policy constraints faced by governments and exporters in the selected countries in meeting agrifood standards and SPS requirements; and to propose how developing countries can best assisted with appropriate technical support and expertise to improve domestic capacity in this area.

96. **Outputs:** Preparations have advanced for the three national workshops planned for April 2005 in Guinea, Mozambique and Tanzania. Three national field studies were conducted and finalized in cooperation with selected country institutions, producers, exporters, importers and other business bodies such as chambers of commerce, certifiers and international standard organizations (ISO).

97. **Results:** These activities contribute to examining the trade impact of SPS measures and other agrifood and quality standards and to distinguishing how the impact relates to the nature of these standards themselves and the limits on the capacity of governments and exporters in the selected countries to comply with such measures. A comprehensive inventory of existing agrifood standards and SPS in the selected countries and the actual practice in this regard will be prepared. These standards will be compared with international standards recognized under the SPS Agreements and specific standards by importing countries or firms, and recommendations will be made on ways and means of harmonizing and simplifying standards.

**(c) UNCTAD/Migros/SIPPO Partnership for Strengthening Capacities of Small Producers of Fruit and Vegetables of African LDCs**

98. **Development context:** The African farming community is almost wholly made up of small producers in family farms of less than one hectare. Generally illiterate and badly equipped, farmers have

neither the means nor the capacity to produce sufficient volumes and enter markets. Since the advent of structural adjustment programmes at the beginning of the 1980s and the ongoing process of trade liberalization, many African countries have removed their public and parastatal marketing boards. This has opened the way for speculators and intermediaries who tend to lower the prices to levels that make it difficult for small producers to cover production costs. In addition, African small farmers are unable to access credit and equipment, and they lack the skills to meet quality requirements of international markets. To reverse this situation, UNCTAD has initiated a partnership with the Swiss supermarket chain Migros and the Swiss Import Promotion Programme (SIPPO) to contribute to improving market access and bargaining power for African small farmers.

99. **Objectives:** To strengthen the capacities of small producers of fruit and vegetables of African LDCs with regard to market access and bargaining power; to establish a "win-win" partnership between Migros and producers' cooperatives in African LDCs; to examine the possibility of establishing production and marketing contracts between Migros and small farmers in selected LDCs in order to provide high returns and ensure traceability and more consistent product quality and quality, and guarantee certain methods of production.

100. **Outputs:** Two countries were selected: Ghana and Mozambique, which are countries that SIPPO and the Swiss Agency for Development Cooperation (SDC) have some experience with; two reports based on missions to Ghana and Mozambique were prepared in the course of 2004; a flow chart of expected requirements for different stakeholders – Migros, the importer in Switzerland, the purchaser of mangoes in Ghana, cooperatives, producers' associations and individual farmers in Ghana – was prepared; contacts were made with representatives of other large distribution networks, producers' cooperatives and government bodies to explore ways and means to develop and expand the initiative.

101. **Results:** Meetings were held with the stakeholders, who have all responded positively to the project. The main products that Migros has agreed to import from the two selected countries for distribution in its supermarkets include French beans and mangoes for Ghana and citrus, mangoes, lychees and ginger for Mozambique. The project has led to a better understanding of (i) inspection services (quantity, weight and quality of products); (ii) testing services (testing product quality and performance against various health safety and regulatory

standards); and (iii) certification services (certifying that systems and services meet the requirements of the imported firm); and has contributed to increasing the bargaining power of small farmers in the selected countries.

**(d) Commodity risk management, finance and energy**

102. *Development context:* Governments that liberalize their commodity sectors risk leaving a vacuum behind. In agriculture, if they no longer set prices, how will prices be determined? How will farmers, processors, traders and consumers cope with the price fluctuations to which they become exposed – and will farmers, who tend to be highly risk-averse, have to give up a large share of their income in order to reduce their risk exposure if they have no access to proper tools to manage these risks. How can banks lend into the commodity sector in a liberalized environment? All these issues are becoming even more relevant in the face of the globalization of the commodity economy: in order to be competitive, developing countries need highly efficient commodity sectors in which the above issues have been resolved. UNCTAD's work in the area of commodity risk management, finance and energy aims to assist in finding such solutions, using modern financial tools such as commodity exchanges and structured commodity finance to fill the vacuum left by liberalization and build commodity sector competitiveness.

103. *Objective/features:* In an environment of continuing liberalization and international exposure, poor access by developing countries to modern financial instruments makes it difficult for them to become competitive. Thus, the main objective of work in this area is to improve the use of modern risk management and financing techniques in the commodity sector of developing countries. This not only makes important cost savings possible, but 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 to this programme has come entirely from private sector donors, and a lack of official aid funding continues to make it impossible to meet many demands from developing countries, particularly LDCs.

104. *Outputs:* In 2004, the largest activity in this area was the Eighth African Oil and Gas Trade and Finance Conference, held in Marrakech, Morocco,

26-30 April 2004. This conference (organized with the Government of Morocco and a private sector conference organizer, ITE Ltd.) attracted some 650 participants from over 50 countries, mostly high-level decision makers from the African oil and finance sectors (including 16 Ministers and presidential advisers, and some 60 company presidents, CEOs and the like). The conference was fully funded by private sector sponsoring, including from African companies. It was deemed very successful by participants, and demand for UNCTAD's follow-up work in this area is strong. Several countries offered to host the ninth and tenth African Oil Trade Conferences; it was decided to organize the 2005 Conference, again to be entirely funded by private sector sponsorship, in Mozambique, and the 2006 conference in Algeria.

105. Support for the development of new commodity exchanges continued. This is a very important issue in many countries, as Governments are withdrawing from their agricultural marketing and price-setting roles, and there is a need for new marketing and price discovery mechanisms. UNCTAD again co-organized an emerging markets workshop back to back with one of the world's major future industries conferences (in Burgenstock, Switzerland, September 2004), which attracted several dozen participants. Policy advice and training, paid for by the beneficiaries as well as the World Bank, was provided in Africa (in a regional context), India, Kazakhstan, Nigeria and Sri Lanka. In India, UNCTAD's past work on commodity exchange development has resulted in the creation of new commodity exchanges, the largest of which reached daily turnover records in 2004 of \$800 million (for NCDEX) and \$600 million (for MCX).

106. In the area of structured finance, UNCTAD provided training to African bankers on the occasion of a workshop organized by the African Export-Import Bank in Tunis, Tunisia, as well as to a larger group of bankers through workshops organized at conferences in South Africa and London. In addition, work towards the creation of a new collateral management company in India resulted in the creation of such a company (the National Commodity Collateral Management Services Corp.) as a joint venture between several of India's largest banks and a Swiss collateral management firm; this firm aims to increase commodity lending (mainly, agricultural lending) three-fold (from an annual level of \$8 billion) over three years and to \$200 billion by 2015.

107. *Results:* These activities led to a better understanding of modern financial techniques relevant to the commodity sector among, in



particular, private sector decision makers. Given limited funding, no effort could be made to further evaluate impact, but it should be noted that, as most of this work is funded by the private sector, a lack of impact would rapidly lead to a drying up of funding – which so far has not happened. Several major new trade-supporting institutions have been created as a result of UNCTAD's work, institutions that have already reached turnovers of billions of dollars and which are likely to greatly enhance credit conditions for the agricultural sector in developing countries.

### (e) Commodity Information and Knowledge Management – INFOCOMM

108. **Development context:** In the São Paulo Consensus, paragraph 74 recognized, *inter alia*, that “relevant suggestions contained in the report of the Meeting of Eminent Persons on Commodity Issues and the relevant outcome of discussions at the fiftieth session of the Trade and Development Board and in the General Assembly on the report should be given serious consideration”. Paragraph 11 of the above-mentioned high-level meeting of Eminent Persons on Commodity Issues stressed in particular that “developing countries suffer from a lack of access to timely, comprehensive, accurate and user-friendly information and analysis, as well as from the capacity to utilize it in decision making at the government, firm and farm level”. It then calls for “strengthening the capacity of UNCTAD to regularly disseminate specialized information and analysis, covering a broad range of commodity issues and establish networks so as to contribute to market transparency and to develop collaborative tools to facilitate the use of this information”. The São Paulo Consensus complemented the mandate given to UNCTAD at its tenth session, which recognized, *inter alia*, that “market transparency and information should be improved, as should capacities of developing country enterprises to access and use information, particularly in electronic form, and training to this end should be supported (para. 68)”, as well as that UNCTAD work's should focus on “assisting in increasing market transparency and information flows through, *inter alia*, collection and publication of relevant commodity information and data on a regular and frequent basis (para. 144).” Thus, as asymmetrical information strongly impacts rural development, there is a real need for broad-based and equitable access to relevant commodity-related information.

109. **Objectives/features:** The main objective of this project is to improve transparency in commodity markets, in order to offer greater market intelligence and understanding to actors within the sector. The core aims of the project are:

- To consult and to adapt and disseminate, in a new way, series of products that prove useful for the different strategic, informational, organizational and economic aspects of the commodity sectors;
- To develop a knowledge management approach in which different stakeholders will share strategic information, pulling together quantitative and qualitative information for selected sectors and countries.
- To promote market transparency, to reduce the asymmetry in accessing strategic commodity-related information, to improve the understanding of commodity structures and to provide access to the analysis vital to the formulation of pertinent policies for commodity production, marketing, processing and financing. However, improving commodity market transparency goes beyond assembling market information and data. UNCTAD is embarking on the development of new analytical products and the setting-up of innovative and knowledge-sharing management tools.

110. **Outputs:** The development of international knowledge management tools (including *Infocomm*, an extranet electronic platform, and *Infoshare*, a sharing database system, as well as other specialized schemes). The main goal of this process is to monitor and analyze the evolution of the world market for major commodities as well as to manage, organize and develop, in a practical and original manner, a knowledge management and sharing instrument for assisting the decision-making process in both the public and private sectors. Following are some examples of recent outputs:

- **Maintenance and updating of the on-line knowledge management instrument – INFOCOMM** – in which key strategic information on selected commodity and energy products is available. For each commodity, different entries analyzing characteristics, quality, uses, market trends, marketing structure, companies, the impact of technology, price discovery mechanism and selected trade and economic policies are available electronically. Each part contains an overview of the topic as well as interactive maps, graphs and a selection of electronic sources of information.
- **The Infocomm portal** was expanded in 2004. The following commodities were completed:

banana, cashew nuts, iron ore and steel, karite, spices, sugar, tobacco and wheat.

- **Organization of national workshops** such as the one in Kribi, Cameroon, 21-25 September 2004, with the preparation of a conference on “capacity building regarding market transparency and trading in the Cameroonian cocoa sector” followed by a workshop on “market information in the commodities area”. Similarly, Infocomm materials were used to support workshops in Chisinau, Moldova (28-30 April 2004) on International Trade in Agricultural Produce, and in Clermont Ferrand, France, (26-27 January 2005), a training event on commodity-related issues for high-level government representatives. The material was also utilized to prepare video conferences (e.g. Geneva-Brazil, 22 April 2004), on “the State of the Art in Commodity Trading” - a new joint initiative between Unicamp and UNCTAD - and Geneva-Washington on “Trade and Poverty in Commodity-dependent countries”, a joint programme between WBI (World Bank Institute) and UNCTAD).
- **Development of the pilot version of an innovative sharing database – INFOSHARE:** With this tool, interested countries will be able to generate local databases in liaison with the main UNCTAD INFOSHARE structure to enhance market transparency.
- As a follow-up to the General Assembly declaration regarding the International Year of Rice (in 2004), this commodity was selected as a pilot product to issue, through INFOCOMM, a monthly report (available in French, English and Spanish) on the world rice market.

111. **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 possibilities to position themselves on world commodity markets. The INFOCOMM portal is the most visited of all UNCTAD sub-sites, which illustrates the demand for this type of information. Several requests from universities and specialized bodies to use the material have been received. For instance, the University of Harvard will use this material in their in-house course.

**(f) Capacity building and policy networking for sustainable resource-based development**

112. **Development context:** Relatively few developing countries have successfully used their

tradable natural resource sector (timber, oil and gas, and minerals) to achieve diversified growth and sustainable development. Indeed, a growing number of “resource-rich” countries are lagging behind resource-deficient countries in the economic and social sphere, and have accumulated a substantial human capacity deficit. Work undertaken in UNCTAD has shown that the development path for “resource-rich” countries can be equally difficult and possibly more complex than for “resource-poor” countries. The situation is particularly complex – and urgent – for countries dependent on the exploitation of non-renewable resources. In the long-term context of sustainable development, the major policy challenge for natural resource economies is to exploit their natural capital and associated resource rents in a sustainable manner in order to enhance human and institutional capacities. In this way, these countries will achieve the transition from rent-based to knowledge-based development, engage more effectively in the process of globalization and be better placed to address the development of other sectors of their economies.

113. **Objective/features:** To enhance the capacity of developing countries, especially those dependent on non-renewable natural resources, to devise and sustain a balanced and viable development path over the longer term, with an emphasis on the application of integrated economic, environmental and social policies to the natural resource sector. This will be achieved by building and strengthening a broad-based, policy oriented network of academic and development expertise.

114. **Outputs:** A Web-based system for promoting best practices and related policies was initiated with the cooperation, *inter alia*, of the International Council on Mining and Metals (ICMM). This went public in 2004 and was linked to the UNCTAD-UNEP website Mineral Resources Forum ([www.natural-resources.org/minerals](http://www.natural-resources.org/minerals)). A network for the Latin America and Caribbean region with a focus on mineral resources and related sustainable development issues was established and is now in operation. This new network is operated by the Universidad Nacional Mayor de San Marcos (see <http://www.Redlids.org>) in Lima, with the assistance of UNCTAD and ECLAC. A similar network for Africa is under development in cooperation with the Southern and Eastern Africa Mineral Centre (SEAMIC) and will start operating in the first half of 2005. Training materials on sustainable development aimed at the local authorities of mining areas were prepared in cooperation with ECLAC and published in 2004. A workshop for Peruvian government officials



representing areas depending on mining was organized in cooperation with ECLAC in February 2004. A second set of training materials, published and distributed by ECA in late 2004, comprises five training modules, in English and French, aimed at central government officials in Africa and concerns the macro-economic management of mineral-dependent economies.

115. **Results:** The objective is to strengthen the capacity of natural-resource-dependent developing country governments, at the national and local level, to formulate sound policies for sustainable resource-based development and to optimize the use of inputs and expertise from a variety of resource practitioners and other stakeholders. The networks established are still in their early stages of implementation, but it is already evident that they have improved the access to knowledge by stakeholders, researchers and policy makers. For instance, a seminar held in Ecuador in 2003 led to an agreement between the central government and local authorities in mining areas under which the local authorities will get much improved access to information about planned mining projects. An association of Latin American lower-level governments in mining-dependent areas, which will allow extensive exchange of experiences between local authorities in different Latin American countries, is being established as a direct result of the network activities associated with the website established in cooperation with the University of San Marcos in Peru. This website is attracting ever greater interest and is expanding into new areas of interest, such as small-scale mining, as a result of demands from network partners. The project has attracted considerable in-kind support as well as some supplementary funding from various institutions including UNEP, UNECA, the UK Department for International Development and the International Council for Metals and Mining.

#### 4. Trade, environment and development

116. **Development context:** The São Paulo Consensus, at paragraph 103, provided that efforts at supporting developing countries on issues at the interface between trade, environment and development should be intensified. The overarching long-term objective of the technical cooperation and capacity building programme on trade, environment and development is to enhance the capacities of developing countries, especially LDCs, to analyze those issues and address them at the national, regional and international levels in a manner consistent with their development priorities. In addition, UNCTAD promotes practical mechanisms aimed at addressing

specific problems identified in its technical assistance activities or intergovernmental work. Examples are the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF) and the Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF).

117. Current technical cooperation and capacity building activities on trade, environment and development focus on the following priority subjects:

- Market access: Environmental requirements and export competitiveness, including trading opportunities for environmentally preferable products;
- Trade liberalization in environmental goods and services (EGS);
- Protection and sustainable use of biodiversity;
- Traditional knowledge;
- The UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF);
- Assisting developing countries in seizing trade and investment opportunities of the emerging climate regime and carbon market.

##### (a) Market access

118. **Development context:** Pursuant to UNCTAD XI, it was stressed that UNCTAD should enhance its work on the interrelationships between market access, market entry and competitiveness factors and their impact on exports of developing countries. It should also examine the effects of non-tariff barriers.

119. **Objectives/features:** To assist developing countries in gradually moving from a fire fighting to a pro-active, anticipatory and more strategic approach on coping with and adjusting to environmental and related health requirements in key export markets.

##### 120. Outputs/results:

- (i) **The UNCTAD/FIELD Project on Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues, funded by the UK Department for International Development (DFID)**

121. The project assists selected developing countries in Asia and Latin America in building national and regional capacities to deal with trade, environment and development. The project is implemented by UNCTAD, in cooperation with the Foundation for International Environmental Law and Development (FIELD). More precisely, it assists

beneficiary countries in (a) their effective participation in the WTO negotiations and discussions on trade and environment and (b) developing long-term policies aimed at promoting sustainable development through trade. It has promoted sector-specific analysis and (national and sub-regional) policy dialogues on specific thematic issues, namely environmental requirements, market access and export competitiveness in three sectors: leather and footwear, horticulture, and electrical and electronic goods; and environmental requirements in key export markets and market access for agricultural products, including the promotion of trading opportunities for organic products. The Asian cluster of the project (involving Bangladesh, Cambodia, China, Philippines, Thailand and Viet Nam) focuses on three sectors: leather and footwear, horticulture, and electrical and electronic goods. A large number of sector-specific studies with a country focus were prepared. For each sector, national and sub-regional workshops were held. In addition, national training workshops were held for the horticulture and leather and footwear sectors in Cambodia, Bangladesh and Viet Nam. Besides officials from trade and environment ministries, these meetings involved a large number of other stakeholders, including the private sector, academia and NGOs. The Central American cluster (encompassing Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama) focuses on two subjects for selected food products: (i) environmental requirements in key export markets and market access for agricultural products, including the promotion of trading opportunities for organic products; and (ii) trade liberalization in environmental goods and services (EGS). A regional workshop on EGS and Market Access, held in Santo Domingo, Dominican Republic, revealed a strong interest in analysing trading opportunities for organic agricultural products. Some national case studies have focused both on environmental requirements and market access as well as export opportunities for organic agricultural products.<sup>19</sup>

**(ii) *The Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF)***

122. The CTF was launched at a pre-UNCTAD XI workshop on Environmental Requirements and Market Access for Developing Countries, organized jointly by the UNCTAD secretariat and the National Institute of Metrology, Standardization and Industrial

Quality (Inmetro) of Brazil in Rio de Janeiro in June 2004. Participants (from Governments, international organizations, the private sector, NGOs, and academia) saw the particular added value of the CTF in: (a) putting policy and capacity-constraints issues in a holistic and development-oriented context; (b) including in the analysis and discussion voluntary environmental requirements of the private sector and NGOs and thus providing a formal exchange mechanism between these stakeholders and Governments; (c) interfacing the WTO debates in the CTE and the TBT Committee with other discussions at international and national levels; (d) drawing into the discussion key stakeholders normally not involved in WTO debates on the subject; and (e) allowing a regular exchange of information among agencies and initiatives that provide technical assistance and capacity building in those fields relevant to CTF discussions. The CTF held its first substantive meeting in Geneva on 5 and 6 November 2004. Background documents included (a) a feasibility study on an Internet-based “portal” that would facilitate access to and link existing international clearinghouses, including those run by the private sector and NGOs on environmental requirements and market access, and (b) a study on transparency practices in the public and private sector in selected developed countries regarding pre-regulation and pre-standard-setting consultations. Discussions focused on two sectors: electrical and electronic equipment and horticulture.<sup>20</sup>

**(iii) *International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF)***

123. UNCTAD has joined forces with FAO and the International Federation of Organic Agricultural Movements (IFOAM) to launch the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF) in February 2003. The ITF is an open-ended platform for dialogue between private and public institutions involved in regulatory activities in the organic agriculture (OA) sector. Its objective is to facilitate international trade and access of developing countries to international OA markets. The ITF has met four times. Discussions at the third (Rome, November 2004) and fourth meeting (Nuremberg, February 2005, held back-to-back with BIOFACH 2005) centered on background papers outlining a possible long-term strategy and short-term actions leading towards harmonization, technical equivalence and mutual recognition and thereby

<sup>19</sup> More information on the project can be obtained from: [www.unctad.org/trade\\_env/test1/projects/field.htm](http://www.unctad.org/trade_env/test1/projects/field.htm)

<sup>20</sup> More information on the project can be obtained from: [www.unctad.org/trade\\_env/test1/projects/taskforce.htm](http://www.unctad.org/trade_env/test1/projects/taskforce.htm)

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facilitating international trade in organic products.<sup>21</sup> From UNCTAD's perspective, ITF activities can contribute to a better understanding of the practical value and real use of the concepts of harmonization, equivalence and mutual recognition (as enshrined in the TBT, SPS and GATT 1994 Agreements) aimed at facilitating market access for exports of organic produce from developing countries.<sup>22</sup>

124. The following main events on environmental requirements and market access were carried out in 2004:<sup>23</sup>

*Manila, Philippines, 18-20 February 2004*

Sub-regional workshop on environmental requirements and market access for exports of electrical and electronic products from China, the Philippines and Thailand.

*Ho Chi Minh City, Viet Nam, 30-31 March 2004*

A national training workshop on environmental requirements, market access/entry and export competitiveness for leather and footwear.

*Geneva, Switzerland, 27 May 2004*

Workshop on Environmental Requirements and Market Access: An update on policy and practice - inside and outside the WTO, organized by UNCTAD, STIC and IISD.

*Rio de Janeiro, Brazil, 7-8 June 2004*

Pre-UNCTAD XI workshop on Environmental Requirements and Market Access for Developing Countries, organized jointly by the UNCTAD secretariat and the National Institute of Metrology, Standardization and Industrial Quality (Inmetro) of Brazil during the Rio Trade Week.

*San José, Costa Rica, 17-18 August 2004*

A consultative sub-regional workshop on environmental requirements and market access in Costa Rica.

*Bangkok, Thailand, 29 September to 1 October 2004*

Sub-regional workshop on environmental requirements, market access/entry and export competitiveness for the horticultural sector in

Bangladesh, Cambodia, China, Philippines, Thailand and Viet Nam.

*Dhaka, Bangladesh, 4-5 October 2004*

National training workshop on environmental requirements, market access/entry and export competitiveness for the horticultural sector

*Brussels, Belgium, 28-29 October 2004.*

A workshop between developing country experts, the European Commission and European industry on the consultative process and impact assessment related to the proposed EU Chemicals Regulation (REACH). The workshop was jointly organized by UNCTAD and the Foundation for International Environmental Law and Development (FIELD).

*Geneva, Switzerland, 5 and 6 November 2004*

First substantive meeting of the CTF.

*Rome, Italy, 17-19 November 2004*

Third meeting of the UNCTAD-FAO-IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF).

*Phnom Penh, Cambodia, 23-24 November 2004.*

A national policy dialogue on environmental requirements, market access and export competitiveness of horticultural products from Cambodia.

*Manila, Philippines, 2-3 December 2004*

A national policy dialogue on environmental requirements, market access and export competitiveness of horticultural products.

**(b) Trade liberalization in environmental goods and services (EGS)**

125. **Development context:** Trade liberalization of EGS, as contained in paragraph 31(iii) of the Doha Ministerial Declaration, is one of the negotiating subjects of the current round of multilateral trade talks. UNCTAD is assisting developing and other interested countries in actively participating in WTO negotiations on the subject, notably in the context of the definition of environmental goods as discussed in the WTO Committee on Trade and Environment. Furthermore, UNCTAD also supports interested developing countries in identifying and seizing trading opportunities for environmentally preferable products as well as strengthening national capacities in specific EGS sectors.

126. **Objectives/features:** The immediate objectives of activities in the area of EGS are: (a) to assist beneficiary countries to participate effectively in WTO negotiations; (b) to promote regional dialogue and identify national and regional interests in the area of EGS, for example with regard to classification and negotiating objectives; and (c) to explore strategies to strengthen national and regional capacities in certain EGS sectors.

127. **Outputs/results:** (i) *In the context of the DFID-funded project*, a number of national studies on EGS

<sup>21</sup> The workplan includes finalization and dissemination of the ITF discussion paper "Strategy on Solutions for Harmonizing International Regulation for Organic Agriculture"; a review and proposal for developing common regulatory objectives for organic norms; an analysis of experiences of equivalency determination, recognition of conformity assessment, and other trade-enhancing mechanisms for organic products; a documentation and analysis of cooperation between organic conformity assessment bodies; a feasibility study on practicable approaches for setting up an international comparative database of organic standards and certification requirements; and a feasibility study on the added value of an analysis of consumer sensitivity to differences in standards and compliance verification systems.

<sup>22</sup> More information on the project can be obtained from: [www.unctad.org/trade\\_env/test1/projects/ifoam2.htm](http://www.unctad.org/trade_env/test1/projects/ifoam2.htm)

<sup>23</sup> The presentations and documents of all meetings are accessible through: [www.unctad.org/trade\\_env/test1/mmschedule2.htm](http://www.unctad.org/trade_env/test1/mmschedule2.htm)



have been completed, in particular on Cuba, Dominican Republic, Honduras, Nicaragua and Panama. In the area of environmental goods, several beneficiary countries have expressed an interest in the development of illustrative lists of environmental goods that reflect national and, where appropriate, regional sustainable development and export interests. Nicaragua has carried out a study on ethanol and other environmental goods and Cuba is preparing a study on photovoltaic cells.

128. (ii) *In the context of the WTO Special Session of the Committee on Trade and Environment* in October 2004, a number of ongoing and planned technical cooperation and capacity building activities on EGS were discussed. Many WTO members encouraged the UNCTAD secretariat to intensify its assistance provided to interested developing countries in exploring national lists of environmental goods of trade and sustainable development interest. The following specific events on EGS were carried out in 2004:<sup>24</sup>

*Santo Domingo, Dominican Republic, 27-29 April 2004*

Sub-regional workshop on environmental goods and services, rallying participants from Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

*Havana, Cuba, 2-3 December 2004*

National workshop to discuss the results of work on EGS and market access and to make recommendations for national initiatives to follow up on these results.

### (c) Biotrade Initiative

129. **Development context:** The BioTrade Initiative of UNCTAD is a programme that supports sustainable development through trade and investment in biological resources in line with the three objectives of the Convention on Biological Diversity (CBD).<sup>25</sup> The initiative responded to the limited capacity of developing countries to benefit from international markets for products whose production processes enable sustainable use and conservation of biodiversity.

130. **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 for both domestic and international markets.<sup>26</sup>

131. The specific objectives of the BioTrade Initiative are to: assist developing countries in the formulation and implementation of National BioTrade Programmes; assist inter-governmental organizations in the formulation and implementation of Regional BioTrade Programmes; provide inputs to international policy making processes related to trade and biodiversity; and carry out technical assistance on biotrade issues related to trade and investment.

132. **Outputs/results:** The following main activities on BioTrade were carried out in 2004:

A high-level parallel event entitled *Biotrade Initiative: Trade and Biodiversity Partnerships* was held in São Paulo on 15 June 2004. The event provided a platform to share experiences gained with partnerships and private sector involvement in trade and sustainable use of biodiversity. During the event, three new BioTrade partnerships were launched:

- A partnership with the Amazon Cooperation Treaty Organization (ACTO) aimed at establishing a regional BioTrade Programme in the Amazon. Possible areas of action include the improvement of regional policy and legal frameworks or regional trade promotion.
- The Brazil BioTrade Partnership, which will promote biotrade in Brazil through a task force headed by UNCTAD, APEX (Brazil's export promotion organization), FUNBIO (the Brazilian Biodiversity Fund) and SEBRAE (Brazil's largest organization supporting the development of SMEs).
- A partnership between UNCTAD and the Ministry of Tourism, Trade and Industry of Uganda aimed at implementing a National BioTrade Programme to promote trade and investment in biological resources in support of improved livelihoods, poverty alleviation and sustainable commercialization.

133. As a result of the above partnerships, assistance will continue to be provided under the second phase of the BioTrade Initiative. The programme will strengthen the ongoing work of Regional BioTrade programmes, dissemination of

<sup>24</sup> The presentations and documents of all meetings are accessible through: [www.unctad.org/trade\\_env/test1/projects/field.htm](http://www.unctad.org/trade_env/test1/projects/field.htm)

<sup>25</sup> The Convention's objectives are the conservation of biological diversity; sustainable use of its components; and fair and equitable sharing of the benefits arising from the utilization of genetic resources.

<sup>26</sup> UNCTAD BioTrade Initiative, Implementation Strategy. 2005. United Nations Conference on Trade and Development. UNCTAD/DITC/TED/2005/5. More information can be found at [www.biotrade.org](http://www.biotrade.org)

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results among key multilateral environmental agreements (MEAs) and the development of a national programme in Brazil. It is expected that results will contribute to a more conducive policy environment at the national, regional and international levels with the active participation of key national and international partners. The United Nations Foundation (UNF), through the United Nations Fund for International Partnerships (UNFIP), will fund BioTrade Initiative II.

134. Technical assistance was also provided to the national BioTrade Programmes in Brazil, Costa Rica<sup>27</sup>, Uganda<sup>28</sup> and Venezuela in their formulation process, and National BioTrade Programmes in Bolivia, Colombia, Ecuador and Peru were supported in their implementation process.

135. Regional BioTrade Programmes were assisted in enabling the sharing of experiences among national programmes, and in promoting the development and implementation of regional strategies. Fund raising activities were initiated to support the Regional BioTrade Programmes in the Andean and Amazonian Regions. UNCTAD has received funding from UNF to support the implementation of both programmes in collaboration with the Secretariat of Andean Community and ACTO.

136. BioTrade's work on MEAs such as the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) included participation at various briefings and Conferences of the Parties (COPs), specifically at a side event on the role of trade promotion in the sustainable use of CITES species during COP13. This participation was the start of the cooperation with CITES Secretariat which contributed to the creation of a more enabling policy environment for BioTrade programmes.

137. Activities of the BioTrade Facilitation Programme (BTFP) in 2004 focused on supporting the value chains of biotrade products in developing countries, which were selected based on their potential contribution to the sustainable use and conservation of biodiversity. These activities were developed through a network of specialized partners at the national and international levels.<sup>29</sup> Also,

Andean countries started the implementation of sectoral strategies for value chains of natural ingredients and carried out sectoral assessments for new groups of products, such as tropical flowers and ornamental fish. Specific activities were developed supporting trade promotion, capacity building at the national level and improvement of natural resources management and quality control. Over sixty enterprises and trade promotion organizations in seven developing countries have benefited from one or various training activities ranging from trade fair participation to training on good agricultural practices; twelve companies defined management plans for raw materials and at least six companies obtained quality control certificates. In Southern Africa, BTFP supported research and development activities of selected ingredients to improve quality and processing technologies. BTFP supported the development of methodologies concerning sustainable use and value chain analysis. Moreover, BTFP participated in initiatives on the implementation of trade requirements at the national and international levels (e.g. Novel Foods regulations, standards for wild collection of medicinal plants). BTFP receives financial support from the Governments of Switzerland and the Netherlands.

138. **Documentation/Publication:** The BioTrade and BTFP leaflets were updated and reprinted in English and Spanish, as well as translated into Portuguese and distributed at different events. The BioTrade Initiative Implementation Strategy was published after discussions with relevant partners. BTFP published sectoral assessments for natural ingredients used in the cosmetic and pharmaceutical industries in collaboration with National BioTrade Programmes of Colombia, Ecuador and Peru; three technical up-dates regarding activities of technical assistance carried out in 2004 and eight market studies for selected natural ingredients for cosmetics and pharmaceuticals were initiated. Drafts of methodological tools on good practices of natural resources management and quality and value chain analysis were developed and discussed with relevant partners.

139. The following main events on BioTrade events were organized in 2004:

- A regional capacity building workshop for National BioTrade Programmes in the Andean region on Good Manufacturing Practices, Good Agricultural Practices and Good Conservation Practices for natural ingredients for cosmetics

<sup>27</sup> The formulation of the National Programme of Costa Rica will be funded by the Government of Switzerland (SECO)

<sup>28</sup> The programme formulation for Uganda is carried out with the financial support of Norway

<sup>29</sup> Partners include, the Swiss Import Promotion Programme (SIPPO), the Dutch Centre for the Promotion of Imports from developing countries

(CBI), International Trade Center ITC, Trade Promotion Organizations at national level and National BioTrade Programmes.

and pharmaceuticals was held in Bogotá, Colombia, in February 2004 with the support of BTFP.

- In order to support value chain analysis and strategy development, BTFP held workshops in Uganda (April 2004) and in Lima, Peru (May 2004) in collaboration with the ITC, CBI and the National BioTrade Programme.
- A business-to-business workshop was organized on 30 April 2004 in Milan, Italy, with the participation of seven BTFP partners and around ten private sector representatives.
- In order to promote concrete investment opportunities through venture capital in bio-businesses, UNCTAD BioTrade organized the New Ventures Biodiversity Investor Forum for the Andean-Amazonian Region in collaboration with the World Resources Institute and the Andean Development Corporation. The first forum was held in June 2004 in Lima, Peru.
- On the occasion of the eleventh session of the United Nations Conference on Trade and Development (UNCTAD XI) in June, BioTrade, in collaboration with the Amazon Cooperation Treaty Organization (ACTO), organized an informal workshop in São Paulo, Brazil, to discuss the formulation process of the Amazon Biotrade Programme.
- A technical workshop was held in November 2004 in Rio de Janeiro, Brazil, with APEX, SEBRAE and FUNBIO to identify and strengthen value chains.
- UNCTAD, in cooperation with CBI and SIPPO, supported the participation of BTFP beneficiaries in the following trade fairs: In-cosmetics (Milan, April 2004), Vitafoods (Geneva, May 2004), Health Ingredients Europe (Amsterdam, November 2004) and Cphl (Brussels, December 2004).
- UNCTAD/BTFP participated in workshops on the development of guidelines and standards for conservation and collection of wild medicinal plants (led by organizations such as WHO, WWF, IUCN and Traffic and the Government of Germany).

#### (d) Traditional knowledge

140. Objectives and results of technical cooperation and capacity building activities on traditional knowledge (TK): In 2004, UNCTAD's work in this area focused on identifying possible elements of

holistic national sui generis (one of a kind) systems aimed at preserving, protecting and promoting TK for development, as well as brainstorming on possible approaches at the international level. An international workshop on this subject was held jointly with the Commonwealth Secretariat. The detailed report of this workshop aims to provide policy makers with a toolkit of options to draw upon when designing holistic national TK policies, as well as some insights on dimensions of international solutions. The background papers and report are available on the UNCTAD Website.<sup>30</sup>

#### (e) UNEP-UNCTAD Capacity-building Task Force on Trade, Environment and Development (CBTF)

141. **Development context:** The CBTF is a joint initiative of UNEP and UNCTAD, launched at UNCTAD X in Bangkok in 2000.

142. **Objectives/features:** The overall purpose of the CBTF is to help strengthen the capacities of interested developing countries to effectively address trade-environment-development issues, in particular those of national and regional interest.

143. As described in a special UNCTAD XI issue of the CBTF newsletter prepared on the occasion of the UNCTAD XI Roundtable on Promoting Trade for Sustainable Development (São Paulo, Brazil, 17 June 2004), African countries, LDCs and small island developing States (SIDS) will be the main beneficiaries of CBTF activities.

144. **Outputs/results:** The following specific CBTF events were held in 2004:<sup>31</sup>

*São Paulo, Brazil, 17 June 2004*

Roundtable on Trade for Sustainable Development.

*Nairobi, Kenya, 19-20 July, 2004*

Training Workshop on Integrated Assessment for African Countries.

*Nairobi, Kenya, 26 September 2004*

Consultations with regional standards group (EPOPA project) on proposed CBTF project on "Promoting production and trading opportunities for organic agriculture in East Africa".

*Nairobi, Kenya, 27 September 2004*

National multistakeholder consultations on proposed CBTF project on "Promoting production and trading opportunities for organic agriculture in East Africa".

*Dar es Salaam, Tanzania, 30 September 2004*

<sup>30</sup> [www.unctad.org/trade\\_env/test1/meetings/tk2.htm](http://www.unctad.org/trade_env/test1/meetings/tk2.htm)

<sup>31</sup> The documents of these meetings are accessible through: [www.unep-unctad.org/cbtf/cbtf2/meetings.htm](http://www.unep-unctad.org/cbtf/cbtf2/meetings.htm)

*Annex 1: Review of activities undertaken in 2004*

National multistakeholder consultations on proposed CBTF project on "Promoting production and trading opportunities for organic agriculture in East Africa".

*Kampala, Uganda, 5 October 2004*

National multistakeholder consultations on proposed CBTF project on "Promoting production and trading opportunities for organic agriculture in East Africa".

*Kampala, Uganda, 7 October 2004*

CBTF side event at IFOAM Organic Coffee Conference: Consultations on proposed CBTF project.

*Phnom Penh, Cambodia, 5-6 October 2004*

A Training Workshop on Enhancing Policy Coordination on Trade and Environment Issues: Implementation of MEAs Containing Trade-Related Measures.

*Luanda, Angola, 8-10 November 2004*

CBTF regional seminar on trade, environment and development for Portuguese-speaking African countries (Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé).

*Mauritius, 11 January 2005*

CBTF Side Event on Trade Liberalization, Environmental Protection and Sustainable Development - Opportunities and Challenges for SIDS.

#### (f) Climate Change Programme

145. **Development context:** Climate change policies have significant implications for trade, investment and development particularly with the entry into force of the Kyoto Protocol. The agreed recommendations adopted by the UNCTAD Commission on Trade in Goods and Services and Commodities on 18 March 2005 are designed to assist developing countries to make use of the trade and investment opportunities arising from the Kyoto Protocol, including the Clean Development Mechanism (CDM), as a project-based activity.

146. **Objectives/features:** UNCTAD's work on climate change focuses on the trade and investment impacts of the emerging climate regime and carbon market, with a particular emphasis on potential opportunities available to developing countries. It supports the establishment of public-private operational entities in developing countries, particularly in LDCs and countries with economies in transition, in order to facilitate investments and maximize the sustainable development benefits of the CDM, one of the "flexibility mechanisms" of the Kyoto Protocol of the UNFCCC. The main objective is to promote developing countries' participation in the emerging carbon market through the use of clean technologies and by bringing together Governments, industry and civil society. The activities related to the

implementation of CDM projects take into account the national circumstances of developing countries by supporting the establishment of projects that better suit each country's economic, social and environmental needs and conditions. The programme also conducts research activities on various issues associated with the emerging carbon market such as the interface of WTO rules and domestic climate policies pursuant to Kyoto Protocol goals. In addition, the Carbon Market Programme,<sup>32</sup> in partnership with the Earth Council Geneva,<sup>33</sup> provides innovative e-learning training opportunities to a global audience on climate change and trade issues, including the use of CDM.

147. **Outputs/results:** In 2004 the following main activities were developed:

- In collaboration with the European Commission, the Government of Norway and the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat, UNCTAD offered a capacity-building e-learning course in Tanzania on the CDM.
- An inter-agency UNF/UNFIP-funded project, Preparatory Assistance: Promoting Innovative Public-Private Partnerships for Efficient Clean Development Mechanism Operations, was implemented focusing on formulating a full-size project proposal for efficient CDM operations in India, Philippines, Morocco and South Africa. It aimed at obtaining commitment from stakeholders in target countries in engaging and supporting the project and exploring potential national entrepreneurs interested in developing a pipeline of CDM projects.
- An open-ended consultation on potential areas of synergy between trade and Kyoto Protocol rules was convened by UNCTAD, the FCCC Secretariat and the International Centre for Trade and Sustainable Development (ICTSD) in Geneva on 16 October 2004 with the participation of many delegations including EU, Sweden, China, Republic of Korea, Germany, Costa Rica, Peru and Brazil, as well as various NGOs including the World Wildlife Fund (WWF), the Center for International Environmental Law (CIEL) and the International Institute for Sustainable Development (IISD).

<sup>32</sup> For more information, please visit [www.unctad.org/ghg](http://www.unctad.org/ghg)

<sup>33</sup> Further information can be found at [www.earthcouncil.com](http://www.earthcouncil.com)



- A parallel side event on trade and investment opportunities under the Kyoto Protocol was held at the 10<sup>th</sup> Conference of the Parties of the Climate Convention in Buenos Aires, Argentina, on 14 December 2004.

## 5. Competition policy

148. **Development context:** Strengthened competition enhances overall economic efficiency and significantly improves prospects for sustained economic growth and development. The worldwide implementation of fundamental market-oriented economic reforms has unleashed considerable competitive forces, which play a key role in ensuring the success of the reforms and need to be supported by the appropriate rules of the game. However, despite a general widespread trend towards the adoption, reformulation or better implementation of competition laws and policies in developing countries and economies in transition, many of these countries still do not have up-to-date competition legislation and policies or do not apply them with full effectiveness and request technical assistance in this area. In this connection, the UN Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices calls for the provision of technical assistance, advisory and training programmes, particularly to developing countries. Furthermore, at UNCTAD XI, UNCTAD was given a mandate to further strengthen capacity building activities to assist developing countries on issues related to competition law and policies, including at a regional level.

149. **Objectives:** The programme aims at assisting developing countries, including the LDCs as well as economies in transition, in formulating or revising competition policies and legislations at contributing to the building of national institutional capacity in this area, at providing government officials and private entrepreneurs with a better understanding of competition laws and policies, at supporting regional cooperation as well as at assisting the above-mentioned countries to better evaluate the implications of multilateral discussions on competition issues.

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

- (a) Provision of information about anticompetitive 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 directed at a wide audience including government officials and academics, as well as business and consumer-oriented circles;
- (c) Assistance to States or regional organizations which 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;
- (d) Advisory services for the setting-up or enforcement of competition authorities, which usually includes training of officials responsible for the actual control of anticompetitive practices and may involve training workshops and/or on-the-job training with competition authorities in countries having experience in the field of competition;
- (e) Seminars for States that have already adopted competition legislation, have experience in the control of anticompetitive practices and wish to enforce the implementation of competition legislation or consult each other on specific cases and exchange information;
- (f) Assistance to States or regional organizations which wish to revise their competition legislation and seek expert advice from competition authorities in other States, so as to amend their laws in the most effective manner possible; and
- (g) Assistance to developing countries, including the LDCs as well as economies in transition, with a view to helping them better evaluate the implications of multilateral discussions on competition issues.

151. **Output/results: National activities:** In 2004 UNCTAD continued its demand-driven efforts to assist in the creation of a competition culture in individual developing and least developed countries as well as economies in transition. For this purpose, UNCTAD provided technical assistance related to the preparation, adoption, revision or implementation of national competition and consumer protection policies and legislation as well as in areas contributing to a better understanding of the issues involved, and building national institutional capacity to enforce effective competition legislation. This assistance, which was delivered in the form of training and advisory missions as well as national seminars and workshops, was provided to Malawi, Lesotho, Botswana, South Africa, Tanzania, Laos, Cambodia, Viet Nam, Indonesia, Bhutan, Zambia, Egypt, Republic of Korea, Peru, Brazil, Bolivia, Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala, Kenya, Zimbabwe and Angola.



*Annex 1: Review of activities undertaken in 2004*

152. A training course on the implementation of competition law for high-level officials and competition experts was held by UNCTAD in cooperation with the Ministry of Finance of Angola on 26-30 January 2004 in Luanda. A national workshop on competition policy for competition experts was organized by UNCTAD and the Ministry of Commerce and Industry of Botswana on 5-6 February 2004 in Gaborone. Two workshops for review of the draft competition law with representatives of government departments and of the private sector were jointly organised by UNCTAD and the Ministry of Trade of Viet Nam on 19-20 February 2004 in Hanoi and on 23-24 February 2004 in Ho Chi Minh City. A workshop in Ho Chi Minh City also reviewed the situation in various sectors with a view of identifying existing and possible anti-competitive practices and their implications for the draft competition bill. An intensive course on competition law and policy for development and a national workshop on the role of competition law and policy in development were held by UNCTAD in cooperation with the Ministries of Commerce of Cambodia and Laos in Phnom Penh on 21-23 July and 26-28 July 2004 in Vientiane. A national competition workshop aimed at finalizing with government officials the country's economic mapping and legal inventory as well as at formulating a competition policy framework was co-organised by UNCTAD and the Ministry of Trade and Industry of Lesotho on 11 August 2004 in Maseru. Together with the Commission for the Supervision of Business Competition of Indonesia, on 25-27 November 2004 in Jakarta UNCTAD held a training course for judges on issues related to competition law and policy. An intensive training course on the implementation of competition law was organised in Pretoria on 1-7 December 2004 by UNCTAD in cooperation with the Government of South Africa and with German financial support. A training course on competition law and policy was co-organized by UNCTAD and the Ministry of Trade and Private Sector Development of Malawi on 9-11 December 2004 in Blantyre.

153. **Regional and sub regional activities:** Together with assisting in the drafting of competition legislation for member States of the Common Market for Eastern and Southern Africa (COMESA) and in the implementation of the recently adopted legislation of the West African Economic and Monetary Union (UEMOA), UNCTAD also prepared a draft agreement for regional competition policy (art. 40 and 41) for member States of the South African Customs Union (SACU). UNCTAD also organized a number of conferences, seminars and workshops

which contributed to capacity-building and multilateral cooperation in competition and consumer protection area.

154. A regional seminar on strengthening institutional and capacity building in the area of competition and consumer policy for Latin American countries was held on 22-24 March in Lima, Peru. It considered the cases of Bolivia and Peru and was organized by UNCTAD together with the Peruvian competition agency (INDECOPI), the Swiss Competition Agency (CONCO) and the Swiss State Secretariat for Economic Affairs (SECO). A regional workshop on competition law and policy for Arab countries members of the Organization of the Islamic Conference was co-organized by UNCTAD and the Islamic Development Bank on 27-28 April 2004 in Khartoum, Sudan. A competition policy, competitiveness and investment conference was held on 10-12 May 2004 in Dar-es-Salaam, Tanzania, for participants from 12 countries of southern and eastern Africa. The conference was co-organized by the World Bank and UNCTAD and financed by the European Commission. An international conference on competition policy for countries in transition was held in Kiev, Ukraine on 18-19 May 2004. It was organized by UNCTAD in cooperation with the Antimonopoly Committee of Ukraine and was attended by representatives of CIS countries and several East European and Baltic states. Taking advantage of UNCTAD XI on 10-12 June in São Paulo, Brazil, UNCTAD held an interregional seminar on the role of competition policies in the promotion of competitiveness and development. It provided an opportunity for an exchange of views between government officials involved in competition issues from Latin America, the Caribbean and other countries and aimed at positioning member countries with regard to the role of competition policy in the promotion of competitiveness and development. A review meeting on a possible framework for cooperation among South African Custom Union (SACU) member States on anti-competitive practices was organized on 9-10 August 2004 in Maseru by UNCTAD and the Ministry of Trade and Industry of Lesotho for representatives of five Southern African countries. At the request of seven African countries – Kenya, Zambia, Malawi, Zimbabwe, Tanzania, Namibia and South Africa – on 5-12 October 2004 UNCTAD in cooperation with the government of Zambia held a seminar in Livingstone for judges and public prosecutors on the enforcement of competition law as well as a training course on investigation and evidence-gathering on competition cases.

155. **Participation in seminars and conferences:** In 2004, staff members of UNCTAD took part in a number of seminars, workshops and conferences related to issues of competition law and policy and consumer protection. In particular, the UNCTAD secretariat actively participated in: (1) the WTO National Workshop on Competition Policy, Economic Development and the Multilateral Trading System in Accra (Ghana) on 18-19 February 2004; (2) the National Workshop on the Draft Consumer Protection Act (Thimphu, Bhutan, 25-26 February 2004); (3) different OECD competition meetings held on 10-16 February and 11-15 October 2004 in Paris; (4) the APEC Training Programme on Competition Policy Meeting and the First Asian Conference on Competition Law and Policy held in Kuala Lumpur on 1-4 March 2004; (5) the Workshop on the Agreement on Anti-competitive Practices annex 1 to the SACU Agreement 1994, organised in Ezulwini (Swaziland) on 11-12 March 2004; (6) the National Stakeholders Meeting on Competition Law, organized in Blantyre (Malawi) on 15-16 March 2004; (7) the First Expert Meeting on the Survey on the Status of Consumer Protection and Quality of Life in Africa (Dakar, 15-17 March 2004); (8) the WTO Training Course on Competition, held in Mauritius on 29 March – 2 April 2004; (9) the Meeting to Review the Centre of Regulation and Competition (CRC)

Strategy Document (London, 13-15 April 2004); (10) the Third ICN Conference organized in Seoul on 20-22 April 2004; (11) the EC Training Seminar for Trainers on Competition, held in Vienna on 3-7 May 2004; (12) the WTO Intensive Training Course on Competition Policy, held in Rabat (Morocco) on 3-8 May 2004; (13) the APEC Training Programme on Competition Policy meeting held on 3-5 August 2004 in Ho Chi Minh City (Viet Nam); (14) the Symposium on Legal Perspectives in a Global Business Environment, held in Lund (Sweden) on 18-20 August 2004; (15) the CRC Annual Conference and the Competition and Regulation Group (CARG) meeting, held in Cape Town on 7-9 September 2004; (16) the JICA Group Training Course on the Anti-monopoly Act and Competition policy, organized in Osaka on 20-23 September 2004; (17) the WTO/UNESCAP/ASCI Regional Seminar on Trade and Competition Policy for Asia and Pacific Economies (Hyderabad, India, 6-8 October 2004); (18) the COMESA Ministerial Roundtable on the Link between Competition and Policy and Development, held in Cairo on 22-23 November 2004; (19) the APEC Training Programme on Competition Policy meeting (Jogjakarta, Indonesia, 6-8 December 2004); (20) the WTO Competition Meeting held in Brasilia on 8-10 December 2004.

**Table 2**  
**DIVISION ON INTERNATIONAL TRADE IN GOODS**  
**AND SERVICES, AND COMMODITIES**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>Trade Analysis</b>						
ALG/98/001	Elaboration d'un programme d'appui à l'adhésion de l'Algérie à l'OMC et à son association à l'Union européenne .....	1998-	UNDP	245 000	144 355	-1 057
INS/99/002	Technical assistance for Sustained Economic Recovery .....	2002	UNDP	50 000	3 141	-1 806
LAT02005	Support to Government on Trade Policy Formulation and International Trade and Investment .....	2003	UNDP	35 000	34 132	-1
MAG/98/A10	Appui au développement du commerce extérieur.....	1998-	France	84 459	80 309	14 039
INT/90/A07	TRAINS: Development and dissemination of selected computerized trade data .....	1991-	Multidonors	477 030	424 877	51 725
INT/90/A19	Negotiations for a GSTP among developing countries .....	1990-	Multidonors	2 783 862	2 093 559	293 893
INT/98/A60	Agricultural Trade Policy Simulation Model .....	1998-	United Kingdom	208 905	187 076	17 580
INT/0T/1AT	Increasing the developing country representation in the Agricultural Market Access Database (AMAD) .....	2001-	Ireland	235 242	183 481	133 210
RAB/96/001 <sup>a</sup>	Support to the Arab States in their pursuit of economic and social reform and multilateral economic cooperation .....	1997-2004	UNDP	3 017 321	3 017 332	-112
<b>Total Trade Analysis .....</b>				<b>7 136 819</b>	<b>6 168 262</b>	<b>507 471</b>
<b>Trade Negotiations and Commercial Diplomacy</b>						
BGD/0T/3BA	Trade related technical assistance: Pre Cancun Package .....	2003-	EC	769 233	689 269	296 948
KEN/04/102	Enhancing capacities through trade expansion and diversification .....	2004-	UNDP	183 642	13 707	13 707
NEP/96/010	Nepal's Accession to the WTO .....	1997-	UNDP	704 765	687 526	-12 127
RUS/00/009	Integration into International Trading System and WTO Accession .....	2001-	UNDP	86 814	53 687	-20
GLO/02/G04	Follow-up of Round Table Pilot Phase-Integrated Framework in Uganda .....	2002-	UNDP	30 806	29 987	8 197
GLO/02/G05	Follow-up of Round Table Pilot Phase-Integrated Framework in Tanzania .....	2002-	UNDP	60 208	55 963	15 012
INT/84/A01	GSP - Technical Assistance Programme.....	1984-	Multidonors	3 507 495	3 230 033	2 600
INT/93/A34	Trade relations and economic cooperation in the Mediterranean region .....	1993-	Italy	608 654	533 230	2 684
INT/97/A06	Technical cooperation on market access, trade laws and preferences .....	1997-	Italy, China, EC	1 376 532	1 309 633	139 169
INT/99/A50	UNCTAD trust fund project for WTO accession .....	1999-	United Kingdom	1 995 898	1 232 765	471 311
INT/0T/1BV	First Round of CBTF Activities: UNCTAD-LED Projects .....	2001-	UNEP	229 132	132 601	11 758
INT/0T/1CQ	Support to Capacity Building for Effective Integration in the International Trading System and Facilitation of Market Access .....	2001-	Finland	452 291	408 157	-9 233
INT/0T/1CY	Services and Development Capacity Building .....	2001-	United Kingdom	650 000	525 936	221 613
INT/0T/2CT	Training in LDCs and developing countries on trade policies formulation .....	2003-	Norway	1 024 381	302 354	159 742
INT/0T/3BN	Services Trade-Related Development Strategies For Poverty Reduction .....	2003-	Germany	303 750	62 362	62 362
INT/0T/4AU	Financing Of Activities In Support Of The Preparatory Process of UNCTAD XI; Parallel and Side Events .....	2004-	Norway	293 207	30 360	30 360
RAB/02/005	Strengthening capacities for promoting Arab growth under globalization .....	2002-	UNOPS	129 354	99 910	26 861
RAF/96/001	Capacity building for trade and development in Africa .....	1996-	UNDP	1 405 000	1 405 170	-1 693
RAF/04/006	Trade Capacity Development For Sub-Saharan Africa .....	2004-	UNDP	215 259	30 418	30 418
RAF/0T/3AI	Joint Integrated Technical Assistance Programme Phase II.....	2003-	WTO/ITC/ UNCTAD	1 543 768	924 483	656 825
RAS/97/A18	Assistance to Countries of the Asian Region on MFN and Preferential Tariffs Negotiations .....	1998-	Japan	1 810 000	1 659 760	198 175

(for note see end of table)

**Table 2 (continued)**  
**DIVISION ON INTERNATIONAL TRADE IN GOODS**  
**AND SERVICES, AND COMMODITIES**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
RLA/0T/3BF	Strengthening Institutional and Capacity Building in the Area of Competition and Consumer Law and Policy in Latin America Count.....	2003-	Switzerland	1 370 306	297 889	108 445
INT/02/X37	Trade negotiations .....	2002-	France	89 793	89 793	89 793
ROA-2072(N)	Integration in multilateral trading system .....	2002-	Development Account	945 000	1 048 412	2 011
<b>Total Trade Negotiations and Commercial Diplomacy .....</b>				<b>19 785 288</b>	<b>14 853 405</b>	<b>2 524 918</b>
<b>Trade Analysis and Information</b>						
INT/0T/4BC	Support Developing Countries' Assessment of the NAMA Negotiations and Trade Preferences.....	2004-	United Kingdom	124 964	38 157	38 157
<b>Total Trade Analysis and Information s .....</b>				<b>124 964</b>	<b>38 157</b>	<b>38 157</b>
<b>Commodities</b>						
URT/03/002	National Dialogue on the Contribution of Mining to Poverty Reduction.....	2003-	UNDP	43 000	21 091	173
INT/96/A26	Commodity risk management and finance .....	1996-	Multidonors	306 559	247 628	17 540
INT/99/A27	L'intelligence économique au service des plus démunis .....	1999-	France	364 902	243 040	68 315
INT/0T/1CN	Book on Organic Fruit and Vegetable production in the tropics and international trade .....	2001-	Switzerland	96 388	82 245	31 617
INT/0T/3BV	Commodity Atlas .....	2003-	Common Fund for Commodities	59 800	39 634	39 634
INT/0T/4AF	Selected Commodity Issues In The Context Of Trade And Development .....	2004-	Finland	93 240	25 000	25 000
RAF/99/A19	Improving oil and gas trade and finance in Africa.....	1999-	Multidonors	168 806	133 915	109 890
RAF/0T/3AR	Improvement of the Sustainability of Cotton Production in West Africa.....	2003-	Common Fund for Commodities	66 535	29 010	6 010
ROA-2062(M)	Sustained resource-based development .....	2000-	Development Account	522 900	752 397	23 623
ROA-2076(P)	Diversification and commodity-based development .....	2000-	Development Account	945 000	948 934	26 785
<b>Total Commodities .....</b>				<b>2 667 130</b>	<b>2 522 894</b>	<b>348 587</b>
<b>Trade, Environment and Development</b>						
BOL/0T/2AK	Implementing Biotrade Initiative in Bolivia .....	2002-	SECO	100 000	86 998	-1 138
IND/0T/2CC	Strategies and preparedness for trade and globalization in India .....	2002-	DFID	3 380 589	1 398 002	807 411
GLO/9X/9DZ <sup>a</sup>	Engaging the Private Sector in Clean Development Mechanism project activities under the UNFCCC/Kyoto Protocol .....	2001-2004	UNFIP	193 334	188 317	-2 539
INT/92/A06	Reconciliation of environmental and trade policies .....	1992-	Netherlands, Norway	841 648	765 091	6 482
INT/97/A50	Biotrade initiative programme .....	1997-	Multidonors	315 313	292 286	4 429
INT/0T/2AL	Development of new export markets for BIOTRADE products and services.....	2002-	SECO	200 000	176 779	-10 885
INT/0T/2AQ	Building capacity for improved policy and negotiations on key trade and environment issues.....	2002-	United Kingdom	1 248 746	682 038	345 929
INT/0T/2CQ	Getting started with CDM in least developed countries .....	2003-	Norway	109 744	88 614	2 545
INT/0T/3AC	Biotrade Facilitation Programme for Biodiversity Products and Service.....	2003-	SECO/ Netherlands	2 025 000	930 307	780 342
INT/0T/3BB	Consultative task force on environmental requirements and international trade .....	2003-	Netherlands	150 000	104 806	78 424
INT/04/X27	Trade, Environment and Development .....	2004-	Netherlands	37 829 <sup>b</sup>	37 829	37 829
RLA/99/050	BIOTRADE Initiative in the Amazon.....	2000-	UNFIP	1 699 982	1 499 435	181 434
<b>Total Trade, Environment and Development .....</b>				<b>10 302 185</b>	<b>6 250 501</b>	<b>2 230 262</b>

(for note see end of table)

**Table 2 (concluded)**  
**DIVISION ON INTERNATIONAL TRADE IN GOODS**  
**AND SERVICES, AND COMMODITIES**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>Competition Law and Policy and Consumer Protection</b>						
VIE/01/002 <sup>a</sup>	Competition Law and Policy in Viet Nam .....	2001-2004	UNDP	154 097	123 115	-1
INT/86/A01	Training programme on RBPs (competition policies) .....	1986-	France, Norway, Sweden/SIDA	1 824 685	1 433 174	429 423
INT/96/A19	Strengthening competition policy and legislation in developing countries and countries in transition .....	1996-	Netherlands	1 104 378	981 606	240 667
INT/0T/1CO	Institutional and Capacity Building in the area of Competition Law .....	2001-	United Kingdom	880 829	652 276	5 755
INT/0T/4AM	Competition Policy, Competitiveness and Development .....	2004-	United Kingdom	73 752	61 578	61 578
RAF/97/A41	Institutional and capacity building in competition law and policy for African countries .....	1997-	Netherlands	617 602	554 126	-4 254
ROA-2076(M)	Competition law and policy .....	2002-	Development Account	430 500	498 621	16 549
<b>Total Competition Law and Policy and Consumer Protection .....</b>				<b>5 085 843</b>	<b>4 304 496</b>	<b>749 717</b>
<b>DIVISION TOTAL.....</b>				<b>45 102 229</b>	<b>34 137 715</b>	<b>6 399 112</b>

Note: EC – European Commission.

<sup>a</sup> Project which had been “operationally but not financially completed” or “completed” in 2004.

<sup>b</sup> Annual budget.



## C. DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT

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### 1. Investment Issues Analysis Branch

#### (a) UNCTAD/ICC Joint Project: Investment Guides and Capacity Building for Least Developed Countries (LDCs)

156. **Development context:** The project is a collaborative undertaking between UNCTAD and the International Chamber of Commerce (ICC) and aims to bring together parties with complementary interests: companies that seek new locations and countries that seek new investors. It is a response to the fact that LDCs receive less than 0.5 per cent of global FDI flows even though most of them have removed many obstacles to FDI and are now actively seeking it.

157. **Objectives/features:** To address this imbalance, the guides are designed to serve as (a) objective descriptions of opportunities and conditions for potential investors; and (b) credible and attractive marketing tools for Governments. The project also incorporates a capacity-building element through: (a) the training of local consultants engaged to gather information and produce partial drafts; (b) the close involvement of the investment agency in the entire process; and (c) project workshops that strengthen dialogue between investors and the Government, and create a greater awareness of the importance of promoting the country as a location for FDI.

158. **Outputs/results:** By December 2003, investment guides to Bangladesh, Cambodia, Ethiopia, Mali, Mozambique, Nepal and Uganda had been published. In 2004, four country guides were published: *Ethiopia* (a completely revised version in a new format), *Mali* (also a completely revised version in a new format), *Mauritania* (in both English and French) and *Uganda* (an updated version). These guides were also launched at various events to bring them to the attention of the international business community. The Ethiopia guide was launched in Addis Ababa on 9 June 2004 and in Xiamen, China, on 9 September 2004. The updated Uganda guide was also launched in Xiamen, China, on 9 September 2004. The guides to Mali and Mauritania were launched in Bamako and Nouakchott, respectively, on 7 and 9 September 2004, and then jointly launched in Paris, France, on 23 November 2004, in cooperation

with *Maison de l'Afrique* and the *Chambre de Commerce et d'Industrie de Paris*. The launches received extensive media coverage. In 2004, work commenced on the guides for *Kenya*, *Tanzania* and the *East Africa* region. Drafts for Kenya and Tanzania were discussed at workshops held in Nairobi and Dar es Salaam in September-October 2004, and were to be finalized by December 2004 while the East Africa guide was in the process of being drafted. In 2004, the project team also developed a new dissemination strategy, emphasizing the Internet in particular. Its elements include improvements in the web presentation of the guides, facilities for information update and exchange, visit tracking and awareness raising. As of December 2004, 11 requests for guides were outstanding.

#### (b) Project on Needs Assessment to Attract Asian FDI into Africa

159. **Development context:** An increasing share of FDI from the developing world, which now accounts for about one tenth of world FDI flows, originates in developing Asia. Some of the region's firms have grown to rank among the largest TNCs in the world. Yet not much of the investment of these TNC has been directed to Africa. Recently, however, there have been signs that these companies are beginning to venture into some African countries. This could help boost FDI inflows in the region significantly. The project, which draws on the experience of successful Asian economies, is aimed at strengthening the institutional capacity of African countries to attract Asian FDI, and maximize its developmental impact. It also identifies industries that have comparative advantages in attracting Asian FDI and could help strengthen growth in African countries.

160. **Objectives/features:** The project seeks to strengthen understanding of how African countries, particularly LDCs, can attract FDI from Asia and utilize it effectively for development. It enhances South-South cooperation and increases the involvement of the private sector in LDCs through sharing the experiences of Asian firms. It highlights best practices in Africa to enhance Asian investors' awareness of the continent's investment potential and

the institutional mechanisms required to develop the private sector. It also analyses underlying factors and makes recommendations to assist African LDCs in formulating policies to attract FDI from Asia, including FDI by SMEs.

161. **Outputs:** All five African country case studies – Botswana, Ghana, Madagascar, Mozambique and United Republic of Tanzania – as well as studies on Chinese and ASEAN FDI in Africa, were updated with the most recent information and data available in 2004.

162. **Results:** UNCTAD is preparing a publication entitled *Asian Investment in Africa: Towards a New Cooperation Among Developing Countries*. One of the chapters was used at the TICAD Asia-Africa Trade and Investment Conference, 1-2 November 2004, Tokyo and its analysis and policy suggestions on Asian FDI in Africa drew considerable attention from high-level participants.

**(c) Technical cooperation in the area of FDI statistics**

**(i) Association of South-East Asian Nations (ASEAN)**

163. **Development context:** It is envisaged that the establishment of a harmonized, high-quality FDI data collection system could assist ASEAN in achieving the ASEAN Investment Area (AIA) objectives of ensuring the region is competitive, transparent and attractive for FDI. However, FDI data collection systems in the 10 ASEAN member countries are at various stages of development and not harmonized. This often leads to data reporting that is neither comprehensive nor comparable to support policy analysis. To address this problem, the ASEAN Investment Area Council established a Working Group on Foreign Direct Investment Statistics (WGFDIS) in ASEAN. UNCTAD was invited to be a resource institute for WGFDIS and attended its meetings to support ASEAN FDI statistical activities on the methodology for harmonizing regional FDI data collection systems.

164. **Objectives/features:** To advise the WGFDIS and the ASEAN secretariat on a harmonized FDI data methodology and strategies, and organize joint training seminars and capacity-building workshops in the region.

165. **Outputs:** In 2004 UNCTAD had an advisory role at the meetings of the ASEAN WGFDIS. UNCTAD and ASEAN organized the Seminar on Services FDI and Competitiveness in Asia, 2-4 March 2004, Kyoto, Japan. UNCTAD extended technical cooperation to the ASEAN Secretariat for the

publication of *Statistics of Foreign Direct Investment in ASEAN* in 2004.

166. **Results:** Providing comprehensive, quality and timely FDI statistics for ASEAN countries - both to support policy analysis and to monitor FDI flows in the context of the ASEAN Investment Area (AIA) - is a priority for the region. UNCTAD continues to provide advice and expertise to support various AIA projects for improving FDI data quality and harmonizing FDI statistics.

**(ii) ESCWA: Strengthening Networking and Expertise on Foreign Direct Investment in ESCWA Member Countries**

167. **Development context:** Despite increased liberalization in the region, the countries of West Asia have attracted a relatively small share of FDI – less than 0.5 per cent of world inflows, with a high concentration in a few countries. The scarcity, unreliability and inconsistency of existing data-reporting systems cause severe problems in formulating FDI policies and strategies. This results in a shortage of studies on the role of FDI, its impact on sustainable economic development and its contribution to the transfer of technology, human resource development and export performance.

168. **Objectives/features:** The overall objective of the project is to increase FDI inflows to the ESCWA region. The project aims to enhance the capacity of government agencies in ESCWA member countries to compile, disseminate and analyze data on FDI and TNC activities through implementing internationally recommended methodological standards and enabling national authorities to maintain high-quality and up-to-date databases. It 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 experience. It will also provide assistance to ESCWA member countries in formulating and adopting appropriate FDI promotion policies.

169. **Outputs:** In 2004, three national training workshops were organized in partnership with ESCWA. They took place in Oman (19-21 April 2004), Saudi Arabia (3-7 July 2004) and the Syrian Arab Republic (11-15 July 2004). These were intended to prepare and implement international methodological standards and set up mechanisms for the compilation and dissemination of internationally comparable FDI statistics in these countries. The workshops made use of UNCTAD's four-volume draft manual on compilation of FDI statistics, related

institutional and technical issues, as well as data on TNC operations.

170. **Results:** Following the holding of the workshops, the first survey on FDI was undertaken by the respective governments.

### (iii) Capacity Building in FDI Statistics in Africa

171. **Development context:** This joint project with the *Internationale Weiterbildung und Entwicklung* (InWent) of the German Government aims to strengthen the capacity of African countries to collect data on FDI in Africa, and to develop a dialogue between countries in the region.

172. **Objectives/features:** A workshop - Capacity Building for Promoting FDI in Africa: Trends, Data Compilation and Policy Implications - was jointly organized by UNCTAD, UNECA and InWent, on 22-24 November 2004 in Addis Ababa, Ethiopia. Twenty-nine people from eleven countries participated in the workshop. Participants included representatives of central banks, national statistical institutes, investment promotion agencies and policy makers. The objective was to address problems faced by African countries in compiling comparable and consistent statistics on FDI. The workshop examined a series of African country FDI profiles and papers prepared for the workshop, with special attention to intra-African FDI.

173. **Outputs:** A publication, *New Developments in African FDI*, will be produced in 2005 based on the materials presented at the meeting.

174. **Results:** The workshop launched the process to establish a regional "Association of African FDI data compilers" to advance the regional harmonization of FDI statistics, along the lines of the arrangements in other developing regions such as the ASEAN working group on FDI statistics.

## 2. Investment policies and capacity building

### (a) International Investment Agreements (IIAs): Policy Analysis and Capacity Building in Developing Countries on Issues in International Investment Agreements

175. **Development context:** The international policy dimension of countries' efforts to attract and benefit from FDI continues to intensify and proliferate at the bilateral, sub-regional, regional and interregional levels. Indeed, the existing network of investment rules is laid out in numerous bilateral investment treaties (BITs), free trade agreements (FTAs) with investment components, double taxation treaties

(DTTs), regional trade agreements (RTAs) and multilateral agreements. This network of investment rules is multi-layered and multi-faceted, partly overlapping and partly complementary, and the issues at stake are complex, and always the subject of consensus. The new momentum to the involvement of developing countries and economies in transition in discussions and/or negotiations concerning IIAs requires that all parties be thoroughly familiar with key issues and concepts surrounding IIAs, especially their development dimension.

176. **Objectives:** The primary objective of UNCTAD's work in this area is to build national and regional capacity through policy analysis and technical assistance, in order to assist developing countries to participate effectively in international rule-setting. More specifically, this work focuses on deepening national decision makers' and negotiators' understanding of the issues involved, identifying issues that need to be considered, protecting developing country interests and ensuring that the development dimension is understood and adequately addressed, with a view to consensus-building.

177. **Features:** Since the withdrawal of investment issues from the WTO's Doha agenda, and in response to a recommendation at the eighth session of the Commission on Investment, Technology and Related Financial Issues and to increasing demand from member States, UNCTAD has renewed its focus on regional and bilateral IIAs. In 2004, this work included policy analysis and development, and human resources and institutional capacity building.

### 178. Outputs/results:

179. **Policy analysis and development:** In 2004, work was completed on the final four papers of UNCTAD's Series on issues in IIA (*Incentives, Key Terms and Concepts in IIAs: A Glossary, Competition and State contracts*), bringing the total number of published IIA papers to 28 (most recent papers include: *Transparency* (March 2004), *Dispute Settlement: State-State* (June 2003), *Dispute Settlement: Investor-State* (June 2003)). In 2004, work also commenced on consolidating 27 out of the 28 papers into three volumes, entitled *International Investment Agreements: Key Issues*. The first volume was finalized in 2004. Initiated in 2003, work continued on the new *Series in International Investment Policies in International Investment Agreements* that builds on and expands the first generation Series, with the finalization of two papers (*The REIO Exceptions in MFN Treatment Clauses* and *International Investment Agreements and Services FDI*). Another three papers are close to completion (*A Wave of South-South Cooperation in*



**Annex 1: Review of activities undertaken in 2004**

the *Area of International Investment Policies, International Investment Agreements and the Right to Regulate: Experience from Investment and Trade Agreements, and Review of Investment Disputes arising from BITs and NAFTA*). Over the course of the year, two publications benefited from the expertise of the IIA work programme (*Development Dimension of FDI: Policy and Rule-making Perspectives. Proceedings of an Expert Meeting and Foreign Direct Investment and Performance Requirements: New Evidence from Selected Countries*). Work also progressed on the *Compendium on International Investment Instruments* with the publication of volumes XI and XII and the finalization of volumes XIII and XIV. The *Compendium* was made available in electronic format on the IIA website with a user-friendly search engine. Based on the compilation of 1,800 existing bilateral investment treaties (BITs) published on a CD-ROM (UNCTAD/ITE/IIA/2004/6/CD), an interactive BITs database and updated list of BITs was also created on the IIA website. Several other databases (the database containing the texts or relevant abstracts of preferential trade and investment agreements, the database on double taxation agreements and the database on investor-State dispute settlement cases) were established and will soon be available.

180. **Human resources and institutional capacity building:** Over the course of 2004, five intensive training sessions for IIA negotiators were organized (the third for English-speaking African countries (Pretoria, March 2004), the fourth for French-speaking countries (Alexandria, May 2004), the third for Asia and the Pacific (Tianjin, July 2004), the third for Latin America (Lima, October 2004) and the first for French-speaking Central and Eastern European countries (Bucharest, December 2004)). Each was preceded by a distance-learning course that allowed participants to acquire a basic knowledge of key issues relevant to IIAs (scope and definition, admission, treatment, protection and dispute settlement). The five modules are now available in English, French and Spanish and being prepared in Portuguese and Arabic.

181. **Negotiation of bilateral investment treaties:** A round of BITs negotiations for Francophone countries took place in Brussels in February 2004. Involving 13 countries, the round resulted in the conclusion of 17 agreements. In addition, a signing ceremony was organized at UNCTAD XI in São Paulo in June 2004 and resulted in the signature of six BITs by seven countries.

182. **Ad hoc technical assistance** was provided in the form of advisory services and technical workshops (for Pakistan, a national seminar on IIAs (April 2004) and a contribution to the seminar on the BIT negotiations with the United States (October 2004); for China, a national seminar on RTA negotiations (July 2004); for Peru, an advisory workshop on dispute settlement (October 2004); and for Saudi Arabia, an advisory mission on drafting of a BIT model and negotiation process (December 2004)). Ad hoc technical assistance to regional organizations increased in 2004. Indeed, at the request of various secretariats and country members, eight technical assistance activities were undertaken (a workshop for Brussels-based representatives of SADC (February 2004) and a mission to their secretariat (March 2004); a workshop for SACU on IIA issues (March 2004); continued advisory assistance on the COMESA Common Investment Area with a technical workshop for COMESA negotiators (March 2004), and briefings at the Senior Management Meeting (September 2004) and at the Ministerial Meeting (November 2004); a workshop on investment and services for the Andean Community (October 2004); and a mission on technical assistance in IIAs for UMA (November 2004)). The IIA work programme also contributed to the TrainForTrade conference on "International trade, investment and human resources development: the role of regional organizations" (March 2004), and the G-77 High-level Forum on Trade and Investment (December 2004).

183. The IIA Forum was also restructured in 2004 in response to a request at the eighth session of the Commission on Investment calling on the secretariat to continue to facilitate an ongoing exchange of information and experiences in this area. It now comprises a web-based database and an email-based network of IIA experts (for registered users only), allowing for exchange of information and experiences and for participation in discussions on key substantive issues related to IIAs. The Network of IIA Experts now comprises more than 550 members. In addition, the IIA website was regularly updated ([www.unctad.org/iaa](http://www.unctad.org/iaa)).

184. **Capacity building through engagement of civil society** also continued in 2004. The joint UNCTAD-CUTS (Consumer Unity and Trust Society of India) project on "Awareness and capacity building for civil society on investment regimes and international investment issues" was concluded with a project briefing and a global seminar held on the occasion of the eighth session of the Commission on Investment (January 2004).

185. **Overall assessment and results:** In 2004, five intensive training courses, two BIT-related events and 12 technical assistance advisory missions and services were undertaken. Over 500 officials from 82 economies (3 developed, 72 developing (including 27 LDCs) and 7 transition economies) benefited from one or more of these events. Assessments are carried out following each of the training and technical assistance activities, in order to help the secretariat adapt and improve their quality, effectiveness and efficiency. By and large, the response of participants to activities carried out in 2004 has been positive. For example, 78 per cent of participants at the five intensive training courses rated their effectiveness and usefulness as excellent. As part of the overall IIA work programme's reporting and evaluation procedures, the secretariat initiated an external in-depth impact evaluation at the end of 2004. It will build on the mid-term evaluation undertaken in September-December 2003. The results are expected in June 2005.

#### (b) Investment Policy Reviews

186. **Development context:** Investment Policy Reviews (IPRs) evaluate the policy, regulatory, institutional and operational framework for investment, with a particular focus on FDI. They provide concrete policy recommendations aimed at attracting FDI and enhancing its contributions to capacity building, employment creation, economic growth and poverty reduction. IPRs also help Governments to integrate foreign investment into their private sector development strategies and to maximize the benefits of FDI through transfers of technology, linkages with the domestic economy and the establishment of a proper regulatory framework.

187. **Objective/features:** IPRs encompass the following: (a) an examination of the country's objectives and competitive position in attracting FDI; (b) an audit of the country's FDI policy framework and administrative structures and procedures; (c) a survey of firms to obtain investor perceptions and experiences; (d) a round-table meeting of stakeholders to discuss preliminary findings, policy options and recommendations; and (e) a presentation in appropriate intergovernmental and international forums whereby other Governments and private sector representatives can familiarize themselves with the country's investment environment and policies.

188. **Outputs/results:** In 2004, the IPRs of Algeria and Sri Lanka were published and those of Benin, Brazil, the Islamic Republic of Iran, Kenya and Zambia were completed. The IPR of Algeria was discussed at the eighth session of the Commission on

Investment, Technology and Related Financial Issues that took place in January 2004, and the IPR of Sri Lanka was discussed back to back with an Expert Meeting in 2004, with the active participation of senior decision makers from the countries concerned. In those countries, authorities have initiated concrete actions to implement the recommendations contained in the IPRs. Follow-up technical assistance has been requested, and the ensuing advice and training are expected to reinforce the policy actions being taken. More detailed results by country are set out below.

189. **Benin:** The Benin authorities launched an ambitious and extensive programme of political and economic restructuring in 1989. Important reforms were put in place during the 1990s in order to stabilize and liberalize the economy. A clear improvement in the investment environment has induced a significant increase in FDI inflows in Benin. Nevertheless, the presence of important structural problems still negatively affects the country and its potential, leaving Benin still too reliant on volatile cotton exports. In terms of strategic perspectives, the IPR highlights cotton, the food-processing sector, tourism and the mining industry as providing high potential investing opportunities. The autonomous port of Cotonou should also occupy a more central position in the economic development of the country, and attention should be devoted to its restructuring and valorization. The IPR gives concrete recommendations for improving the country's institutional and regulatory framework, devising a proactive investment strategy and reinforcing the domestic private sector by promoting links between local enterprises and transnational corporations. The recommendations also suggest strengthening the dialogue between the private and public sector.

190. **Brazil:** Brazil has a long history of attracting FDI, due mostly to the size and growth potential of the internal market. The IPR recommends increasing the positive impact of foreign investments with a view to achieving long-term growth. The country will have to be proactive by providing an investment climate which is more attractive to efficiency-seeking investors, through regulatory and tax reforms. More effective investment generation and coordination of investment promotion activities at federal and state level can be achieved through institutional reforms, particularly by strengthening state agencies in the poorest regions and developing protocols of cooperation between all institutions involved in investment promotion.

191. **Kenya:** The Investment Policy Review of Kenya highlights the country's underperformance in



terms of attracting FDI in the past couple of decades. While Kenya was a magnet for foreign investment in East Africa in the 1960s and 1970s, poor or inconsistent economic policies, deteriorating infrastructure, poor growth performance and rising corruption and insecurity discouraged FDI throughout the 1980s and 1990s. A wide array of TNCs is nevertheless present in the country, and FDI has played a key role in some of the few dynamic sectors of the economy. The IPR finds the investment framework to be relatively sound on paper, but lacking in terms of implementation. It is also critical of the recently adopted Investment Promotion Act, which introduces a blanket restriction on FDI entry. The IPR recommends alternative solutions to FDI regulation, which would address the Government's concerns about the impact of foreign investment on domestic private sector development without creating a barrier to beneficial FDI. The IPR also recommends that the Government adopt a more proactive FDI attraction strategy. It proposes policy measures to enhance the impact of FDI on growth and economic development, focusing on 4 pillars: (1) the manufacturing of basic consumer goods and industrial inputs for the regional market; (2) the development of Kenya into a regional services hub; (3) agri-business activities; and (4) diversification of activities in export processing zones.

192. *Zambia*: During 2004, UNCTAD initiated an IPR of Zambia at the request of the Government. With the introduction of liberal policy measures in the early 1990s, the investment climate in Zambia changed favorably resulting in increased FDI inflows and the expansion of domestic investment opportunities. The UNCTAD review shows that recent FDI inflows have contributed to much-needed diversification of the economy, technology transfer, skills formation and export expansion. The overall message of the review is that Zambia has many attributes to attract investment, but it has been performing below its potential. To realize this potential, Zambia has to work harder in bringing its policy framework, macroeconomic policies, infrastructure and costs of doing business to levels that are compatible regionally and globally. The IPR recommends measures to be taken to achieve these goals.

193. *Ongoing activities*: Investment Policy Reviews are being carried out in Colombia and Rwanda. Official written requests for Investment Policy Reviews have been received from a number of countries including Bangladesh, Belarus, Bolivia, Central African Republic, Congo, Gabon, Guinea-Bissau, Kyrgyzstan, Lebanon, Mali, Mauritania, Moldova, Morocco, Mongolia, Nicaragua, Nigeria,

Pakistan, Senegal, Swaziland, Tahiti and Viet Nam. Follow-up to completed reviews is continuing through technical assistance and dissemination of findings and recommendations. In 2004, UNCTAD also continued follow-up work on the IPR of Algeria and Sri Lanka. Dissemination efforts included the upgrading of the UNCTAD website to make the reviews and information provided by participating national investment agencies available online.

### (c) **FORINVEST: Policy Framework for Attracting Foreign Investment**

194. *Development context*: With the globalization of economic activities, more and more developing countries are seeking FDI. This has resulted in proactive policies designed to maximize FDI inflows, in order to increase external capital/foreign exchange, induce employment and improve access to technology and know-how, as well as management and marketing skills.

195. *Objectives/features*: To assist developing countries in strengthening their capacity to create and manage the Policy Framework for Attracting Foreign Investment and in developing an operating climate in which FDI and international business can thrive. FORINVEST provides advisory services and training packages related to investment policy, investment legislation, investment codes, policies governing the participation of TNCs in specific sectors, technology transfer and mechanisms for attracting investment (such as export processing zones, industrial estates and build-operate-transfer arrangements).

#### 196. *Outputs/results*:

197. *Andean Community*: The Andean Community of Nations, comprising Bolivia, Colombia, Ecuador, Peru and Venezuela, faces a significant challenge in competing for foreign direct investment within South America and requested technical assistance to improve its ability to attract and benefit from FDI. During the reporting period, and after a preliminary consensus was achieved on the region's priorities and a related plan of action, a project document was drafted in consultation with member countries. The objective is to raise funds for the implementation of the agreed plan.

198. *Botswana*: The project being undertaken in Botswana includes a number of activities designed to follow-up on selected recommendations contained in the country's 2003 Investment Policy Review. During 2004, work commenced on an investor-targeting exercise for the garments sector, with the dual purpose of increasing the country's attractiveness to investors in this sector and building the capacity of

the Botswana Export Development and Investment Authority (BEDIA) to undertake sectoral investor targeting work. The Ministry of Trade and Industry is continuing to build consensus around draft FDI legislation, an overall FDI strategy prepared under this project in 2003. Work also continues on benchmarking Botswana's business immigration procedures with those of several comparator countries.

199. *Jordan*: The current project, which started in September 2002, is the third in a series of projects since 1999 aimed at enhancing the policy, legal and institutional framework of Jordan's mining/minerals sector, with a view, in particular, to attracting foreign investment. In March 2004, UNCTAD accompanied a delegation of four senior officials from the Jordan Natural Resources Authority (NRA) and the Jordan Investment Board (JIB) to the 17th Industrial Minerals Conference in Barcelona, Spain. This was an opportunity for the NRA and the JIB to put into practice elements of the investment promotion strategy for industrial minerals, which was drafted by UNCTAD for the Government of Jordan and finalized in December 2003. In May 2004, UNCTAD's basic training materials for investment promotion and investor targeting in the mining sector were completed. In December 2004, tutorials to accompany the training materials were completed.

200. *Lesotho*: The project in Lesotho is designed as a follow-up to selected recommendations contained in the country's 2003 Investment Policy Review. Following a fact-finding mission to Lesotho in June/July 2004, UNCTAD drew up draft FDI legislation which was delivered to the Government in September 2004. The Ministry of Trade and Industry, Cooperatives and Marketing is circulating the current draft to stakeholders as a consensus-building exercise prior to the introduction of modern FDI legislation. Work has commenced on benchmarking Lesotho's business immigration procedures with those of several comparator countries.

201. *Russian Federation/Moscow*: At the request of the Moscow City Government (MCG) UNCTAD has, since April 2003, been implementing a project aimed at assisting MCG in identifying the FDI potential of the electronics industry in the Moscow region, particularly through investor-targeting support. As part of the project, UNCTAD prepared an investor-targeting strategy for the industry, which was officially presented to main stakeholders at a workshop held in Moscow on 7 April 2004. The document contains an action plan with concrete recommendations on attracting FDI.

**(d) STAMP: Strengthening and Streamlining Agencies Concerned with Maximizing and Promoting FDI**

202. *Development context*: In an environment of increased liberalization, countries have been adopting a very proactive policy of maximizing FDI flows.

203. *Objectives*: To provide assistance to developing countries and economies in transition in strengthening their investment institutions, especially investment promotion agencies (IPAs); streamlining their modes of operation and approval processes; monitoring the quantity, quality and impact of inflows; and promoting host countries as attractive locations. Special attention is being given to the strengthening of IPAs in Africa and investment promotion efforts in the African region.

204. *Features*: STAMP provides advisory services and training packages on: (a) setting up investment promotion agencies and clarifying the identity, role and powers of existing institutions; (b) establishing effective one-stop agencies; (c) procedures and practices to encourage and evaluate FDI inflows; (d) developing information system capabilities to register/record inflows and assess their impact on employment, taxation, balance of payments, training and technological development, and backward and forward linkages; and (e) setting up of information systems, organizing promotional visits and promotional material (including brochures) and arranging investment roundtables. UNCTAD is developing a training curriculum on investment promotion and investor targeting, so as to establish a new strategy for capacity building in investment promotion in developing countries and economies in transition.

**205. Outputs/results:**

206. *Bolivia*: In the context of the installation of the Investment Gateway system - an e-tool for investment promotion - detailed information was gathered on 40 forestry, 42 textile and 38 agro companies seeking investment. Potential investors were identified and all procedures related to foreign investment were listed and documented. This information was widely used to promote investment opportunities and to facilitate investment operations. More than 9,000 potential investors were identified, 1,693 contacts were made, 292 country presentations were made to top executives, 71 visits were organized in Bolivia for foreign investors and 15 investment and business projects took place, generating over US\$ 11 million in investments.

207. *Bosnia and Herzegovina*: As part of a technical cooperation project initiated in 2003, UNCTAD

*Annex 1: Review of activities undertaken in 2004*

provided assistance to the Foreign Investment Promotion Agency (FIPA) of Bosnia and Herzegovina. The first project deliverable was the preparation of the advisory report with an Investment Promotion Strategy, which was presented at a high-level workshop, in Sarajevo, on 10 November 2004. One of the highlights was the suggestion made by the representatives of the government to establish a working group at the highest level of government to study recommendations made in the advisory report in order to elaborate a national FDI promotion strategy. The second project deliverable was the organization of an UNCTAD training workshop on Third Generation Investment Promotion and Investor Targeting that was held at FIPA offices from 11 to 12 November 2004. 17 participants representing government agencies and ministries dealing with foreign investors, including FIPA, the Ministry of Foreign Affairs, the Ministry of Foreign Trade and Economic Relations and Regional Development Agencies attended the two-day workshop. The workshop programme included sessions and presentations on: image building in a post-conflict situation; establishing a one-stop-shop service center; strategic planning for IPAs; investor-targeting; and corporate development support. UNCTAD is discussing with FIPA the development of a second project phase that would include a larger public relations campaign to inform the population about the developmental aspects of FDI and help build consensus in the country for developing a national investment promotion strategy.

208. *Bulgaria:* The Minister of the Economy requested support in creating e-tools to support investment promotion and facilitation in May 2004. A one year pilot project financed by the government of Switzerland started in December 2004, with a view to implementing the Investment Gateway system for three pilot sectors: health care, IT and biotechnology. A strategic planning seminar was held in Sofia to determine the project's strategy and work plan.

209. *CEMAC countries:* In 2002 the *Agence Intergouvernementale de la Francophonie* requested UNCTAD to launch a project entitled RAPSODIE (*renforcement de l'aide à la conception et à la mise en oeuvre d'un plan stratégique d'orientation et de développement de l'investissement économique*) aimed at improving the investment climate in the Economic and Monetary Community of Central Africa (CEMAC). In 2003, UNCTAD started a diagnostic study of the investment climate in CEMAC countries with a view to achieving higher levels of FDI in the region. In 2004, 2 consultative committee meetings were held in Paris, in order to discuss the draft report with various stakeholders

from the public and private sectors, including international and multilateral organizations (African Union, OECD, *Agence Française de Développement*, etc.), and discuss the first draft.

210. *Chad:* In the context of the Integrated Framework, the World Bank requested that UNCTAD produce the chapter on investment for the Chad DTIS Report. To this end UNCTAD launched a fact-finding mission to N'Djaména in June 2004. Discussions with representatives of the Ministry of Commerce and UNDP were focused on UNCTAD technical assistance, particularly in capacity building. Further to this in December 2004 UNCTAD received a request to help establish an IPA in Chad.

211. *China:* UNCTAD conducted, jointly with WAIPA, a training workshop on investor aftercare and corporate development services at the China International Fair for Investment and Trade (CIFIT) in Xiamen, China, from 10 to 12 September 2004. UNCTAD introduced the concept of investor aftercare and corporate development services to Chinese investment promotion agencies (IPAs) at the sub-national, mainly provincial, level and to others from the country's Special Economic Zones.

212. *Colombia:* At the request of the Colombian Central Bank, UNCTAD continued its census of all regulations and procedures governing the acquisition of real estate and the creation and acquisition of companies in Colombia. All information was registered in an on-line database (e-regulations), which will be accessible to foreign investors. In December 2004, the Minister of Trade and Investment requested that UNCTAD extend the project to other investment operations.

213. *Costa Rica:* During the reporting period the UNCTAD secretariat supplied the Costa Rican Investment Promotion Agency (CINDE) with the final version of their organizational audit. It provides advice on the reorganization and rationalization process already initiated by CINDE.

214. *Djibouti:* A mission to Djibouti was undertaken in 2004 as part of the project to reform its IPA's information systems. Its purpose was to commence a number of project activities: training IPA staff on the Investment Gateway, developing the database and meeting major stakeholders. Information technology equipment was supplied to the IPA. Currently UNCTAD is developing a database in close collaboration with the IPA and UNDP. A national consultant is to be recruited to assist the IPA in the collection and analysis of information. Development of the Investment Gateway's land acquisition module has already commenced.



215. *Ecuador*: As part of the implementation of the national investment promotion plan, UNCTAD continued with the development of the Investment Gateway for the national IPA (CORPEI) during the reporting period. It focused particularly on strengthening information related to investment regulations and procedures to make them interactively available through the Internet. Efforts are under way to find new financing for the expansion of this project.

216. *Morocco*: Following a request from the *Direction des Investissements Extérieurs* for technical assistance to reform its investment promotion practices and strengthen national capacities, UNCTAD prepared a diagnostic report on the situation in Morocco with a view to improving its ability to attract FDI. This report contains a strategic plan of action, including recommendations for the organization of investment promotion institutions in Morocco. The second phase of the project includes the development of an investment promotion strategy and a marketing plan that identifies sectors for the national investment promotion agency as well as capacity building.

217. *Nicaragua*: At the request of the Ministry of Foreign Affairs, UNCTAD organized a training workshop on Investment Promotion for Nicaraguan diplomats posted in Europe. This took place in Geneva from 4 to 6 October 2004. The workshop encouraged the exchange of best practices in investment promotion and the drafting of an action plan to use the Nicaraguan diplomatic corps more efficiently to attract FDI to Nicaragua from Europe.

218. *Assistance to the Palestinian Authority*: Following a contribution from the Government of Norway to support this project, UNCTAD prepared a needs assessment survey. This was to be used by the Palestinian Investment Promotion Agency (PIPA) to conduct a survey of its clientele - foreign and domestic investors, as well as local firms seeking foreign investment. The survey results will underpin an investment retention strategy, which, along with capacity building activities, is the principal objective of the project. The collection of survey responses by PIPA is designed as a "learning-by-doing" exercise. The database will be used by PIPA as a valuable resource in its investment promotion and business linkages activities.

219. *Peru*: At the request of the Ministry of Foreign Affairs and the Peruvian Agency of Investment Promotion (Proinversion), and further to recommendations contained in the 2000 Peru Investment Policy Review (IPR), UNCTAD initiated a project in 2004 aimed at (a) preparing an

investment promotion strategy (IPS) at the sub-national level; (b) implementing the first phase of the Investment Gateway tool for textiles and agro-industry sectors; and (c) undertaking a capacity building programme in investment promotion for regional governments. The first draft of the sub-national IPS summarizing the investment policy framework and current investment promotion practices at the national and regional level was prepared during 2004. A number of major components of the Investment Gateway have been completed, including Investment Procedures and Investment Opportunities. On 28-30 September 2004, 27 Peruvian diplomats posted in Europe participated in a training workshop on investment promotion held in Geneva. The main objectives of this training workshop were to promote the exchange of best practices in investment promotion and to draft an action plan to use the Peruvian diplomatic corps more efficiently to attract European investment to Peru. Two training workshops on the Investment Gateway took place in Lima on 29-30 March and 27-29 October 2004.

220. *Saudi Arabia*: The first component of the revised overall framework of technical assistance being provided to the Saudi Arabia General Investment Authority (SAGIA) - training in the negotiation and drafting of bilateral investment treaties - was completed in December 2004.

#### **(e) Capacity Building Project on Good Governance in Investment Promotion and Facilitation**

221. *Development context*: With increased competition for FDI, the quality of investment promotion and facilitation is critical in attracting foreign investors. Important factors in this include the efficiency of applied investment promotion practices, the effectiveness of customer services and the level of transparency and predictability of the public administration. By improving governance, the project aims to reduce costs and risks for foreign investors and improve the competitive position of project countries.

222. *Objectives/features*: The objective of the project is to assist developing countries, particularly LDCs, in improving their enabling environment for FDI. This will be achieved by focusing on good governance, including better customer service for investors and assistance in creating more stable, predictable and transparent regulatory frameworks and procedures for investments.

223. *Outputs/results*: In 2004, the Good Governance in Investment Promotion (GGIP) project

completed an advisory report on good governance in investment promotion for the Maldives. The report was based on investor surveys among international investors in the Maldives, interviews with government officials and representatives of private sector groups, local NGOs, donor agencies and the press, as well as country reports carried out by other organizations. Recommendations in the report focus on practical ways in which accountability, predictability and transparency can be improved in government departments that deal with investors. The Maldives Government has started implementation of recommendations made in the GGIP advisory report, including the translation of all laws relevant to investors into English and the introduction of regular consultations between the Government and foreign investors. The Maldives Government also agreed to work with UNCTAD to improve its FDI data collection systems and to promote the use of e-government applications in investment promotion.

224. Following GGIP recommendations for Lesotho and Tanzania to consider an Investment Ombudsman system for resolving disputes with foreign investors, the Government of the Republic of Korea agreed to organize and finance study tours by senior investment promotion officials from Lesotho and Tanzania to Korea. They will examine the work of the successful Office of the Korean Investment Ombudsman.

225. UNCTAD and the Ethiopian Investment Commission agreed on the design of a comprehensive follow-up technical assistance project to implement recommendations of the GGIP Advisory Report for Ethiopia.

226. In November 2004, UNCTAD held in Geneva an Expert Meeting on Good Governance in Investment Promotion in which experiences gained in GGIP project activities were presented and discussed. UNCTAD also published an issues paper on what constitutes good governance in investment promotion based on best practices and lessons learned. The Expert Meeting was attended by 140 officials from 60 countries.

#### **(f) Support to WAIPA**

227. In 2004, UNCTAD continued to support the World Association of Investment Promotion Agencies (WAIPA) by organizing and coordinating networking and training activities for investment promotion professionals in developing countries. This support included the organization of the WAIPA Executive Meeting and WAIPA annual conference, the world's largest annual gatherings of senior investment promotion professionals.

228. The WAIPA Executive Meeting was held in Geneva from 28 to 29 January 2004. The EM was preceded by a one-day training workshop sponsored by Pro-Invest – a European Union programme for IPAs in Africa, the Caribbean and the Pacific (ACP) – on maximizing the efficiency of investment promotion professionals' sales and marketing strategies. The plenary sessions of the Executive Meeting were devoted to the following issues: "Best Practices in IPAs Target Setting and Performance Evaluation", "ICT Industries: An Opportunity for FDI?", and "Strengthening the Role of IPAs in Policy Advocacy". The last topic was considered at the joint high-level session with UNCTAD's Commission on Investment, Technology and Related Financial Issues. 268 delegates from 90 countries participated in the two-day meeting, including 65 Heads of IPAs. The Executive Meeting also attracted numerous private sector participants, ranging from service providers to business information professionals and economic media, as well as representatives from international and multilateral organizations, NGOs and academia. After the plenary sessions, a number of training workshops were organized jointly by WAIPA and UNCTAD, including sessions on UNCTAD's IPR programme, FDI statistics, Investment Compass, the FDI environment and strategic marketing.

229. The ninth WAIPA Annual Conference was held in São Paulo, Brazil, from 15 to 16 June 2004 in parallel with the eleventh session of UNCTAD. The Conference was preceded by a two-day training workshop sponsored by Pro-Invest on "How to Promote and Target FDI into Tourism and Benefit from it". On 15 June 2004, a Joint High-level UNCTAD/WAIPA session on "Leveraging FDI for Export Competitiveness" was held under the chairmanship of H.E. Mr. Celso Amorin, Brazilian Minister for Foreign Affairs. In the context of building internationally competitive productive capacity in developing countries, this session focused on the role of policy in promoting greater developmental benefits from FDI. Other sessions of the Conference focused on issues such as the work of IPAs in attracting FDI and assisting governments in developing country strategies; the role of IPAs in better positioning a country to become part of the global supply chain; and encouraging national firms to invest abroad. A number of side events were organized during the Conference, including the launch of a training programme for IPAs, "Targeting FDI in Tourism", and a WAIPA-EMPRETEC roundtable "Promoting Linkages between TNCs and Indigenous Enterprises". In the São Paulo Consensus adopted by UNCTAD XI, WAIPA was identified as a



principal partner of UNCTAD in the area of investment.

230. With the support of UNCTAD a number of WAIPA training workshops were organized in 2004, including two regional workshops on Strategic Marketing (New Delhi, India, 21-22 October, and Marseille, France, 1-2 December) and a regional workshop on Cluster Creation and Development (Manama, Bahrain, 12-13 December).

**(g) UNCTAD-ICTSD Capacity Building Project on Intellectual Property Rights and Sustainable Development**

231. **Development context:** The incorporation of the TRIPS Agreement into the multilateral trading system and its relationship with health, food supply, industrial development and cultural values has given rise to great concern about its pervasive role in society. Intellectual property rights (IPRs) issues are permeating national, bilateral, regional and multilateral agendas. At present, developing countries' main concerns in relation to TRIPS are: the options, costs, opportunities and challenges arising from the Agreement; preparing for the various types of implementation, including the provision of training and financial assistance for enforcing IPRs; maintaining flexibility in the implementation of the various provisions of the Agreement; and implementing IPRs in a way that promotes dynamic competition through the acquisition and local development of technology in an environment that is conducive to sustainable growth and development. The Capacity Building Project on Intellectual Property Rights and Sustainable Development is intended to address these concerns. It is being implemented by UNCTAD and the International Center for Trade and Sustainable Development (ICTSD).

232. **Features:** The project has produced a series of documents through a participatory process involving trade negotiators and national policy makers, as well as eminent experts in the field, the media, NGOs, international organizations, and institutions in the North and the South dealing with IPRs and development. The published outputs are not intended as academic exercises, but as instruments that are, in their final forms, the product of thorough consultation. This is achieved through the rapid development of working drafts and their circulation to experts and the intended audiences for comments. These documents include:

- *A Policy Discussion Paper* intended as a clear synthesis of key issues to help policy makers, stakeholders and the public in developing and

developed countries to understand the varying perspectives surrounding IPRs, their known or possible impact on sustainable livelihoods and development, and different policy positions on TRIPS;

- *A Resource Book on TRIPS and Development* conceived as a guide providing background and technical information on the main issues under discussion in TRIPS, including, *inter alia*, an analysis of each TRIPS provision from the Uruguay Round negotiating history, possible interpretations, WTO jurisprudence, IPR-related developments in non-WTO fora, and social and economic implications of domestic implementation;
- *Studies* on various IPR issues to supplement the Resource Book and the Discussion Paper. These will contain concrete evidence and shed light on the impact and relevance of IPRs in specific sectors;
- *Research Tools* for further study of IPRs and development.

233. **Objectives:** The project's principal objectives are twofold. The first is to improve understanding of the development implications of not only the TRIPS Agreement, but of IPRs in general. The second is to facilitate informed participation by developing countries in ongoing negotiations on IPR issues, including at the WTO, and to assist national authorities in general in the implementation and adoption of IPR policies in the broad context of growth and development.

234. **Outputs/results:** Launched in August 2001, the UNCTAD-ICTSD Project produced and disseminated the following documents:

- Non-voluntary Licensing: The United States' experience, forthcoming, 2005.
- Nutrition and Technology Transfer Policies, Issue Paper No. 6, by John Barton, 2004.
- Encouraging International Technology Transfer, Issue Paper No. 7, by Keith Maskus, 2004.
- The Socio-Economics of Geographical Indications, A Review of Empirical Evidence from Europe, Issue Paper No. 8, by Dwijen Rangnekar, 2004.
- Development in the Information Age: Issues in the Regulation of Intellectual Property Rights, Computer Software and

Electronic Commerce, Issue Paper No. 9, by Ruth Okediji, 2004.

- Intellectual Property and Computer Software, A Battle of Competing Use and Access Visions for Countries of the South, Issue Paper No. 10, by Alan Story, 2004.

235. In 2004, the Project convened a series of policy dialogues at the multilateral, regional and national level, with a view to facilitating the emergence of a critical mass of well-informed stakeholders who could play an active role in future IP policy-making. The following events were organized by the UNCTAD-ICTSD Project in 2004:

- UNCTAD-ICTSD Dialogue on "Development in the information age: Intellectual property, computer software and e-commerce", with Ruth Okediji, University of Minnesota, and William Drake, ICTSD Senior Associate.
- UNCTAD-ICTSD Dialogue on "WIPO's new IGC Mandate: Implications for intellectual property, biodiversity and traditional knowledge", co-organized in collaboration with the World Conservation Union (IUCN).
- UNCTAD-ICTSD Dialogue on "Exploring the environmental and developmental dimensions of geographical indications", co-organized in collaboration with the Institut du développement durable et des relations internationales (IDDRI).
- UNCTAD-ICTSD Regional Dialogue for South America on "Intellectual Property Rights and Sustainable Development" co-organized in collaboration with the University of Buenos Aires and the Sociedad Peruana de Derecho Ambiental (SPDA), Buenos Aires.
- UNCTAD-ICTSD National Dialogue for Argentina on "TRIPS-plus standards in regional free trade agreements", co-organized with the University of Buenos Aires and the Sociedad Peruana de Derecho Ambiental (SPDA), Buenos Aires.
- UNCTAD-ICTSD Policy Dialogue on "Intellectual Property Rights and Development 10 Years after Marrakech: Where are we? Where are we heading?"
- UNCTAD-ICTSD-TIPS Regional Dialogue: "Innovation, Intellectual Property Rights and Sustainable Development in Eastern and Southern Africa".

- UNCTAD-ICTSD meeting "The Third Bellagio Dialogue on Development and Intellectual Property" on "Policy Options for Assuring Affordable Access to Essential Medicines", Bellagio, Italy.
- UNCTAD-ICTSD "Regional Dialogue on IPRs, Innovation and Sustainable Development", Hong Kong, China.
- UNCTAD-ICTSD National Dialogue for Thailand on IPRs and FTAs, Bangkok, Thailand.
- UNCTAD-ICTSD meeting "The Fourth Bellagio Dialogue on Development and Intellectual Property" on "Moving the pro-development IP agenda forward", Bellagio, Italy.

236. The Project also organized informal meetings in the context of ICTSD's activities to brief and receive feedback from interested delegations. For details on the activities of the project and reports, see <http://www.iprsonline.org/unctadictsd/description.htm>.

#### (h) UNCTAD/ICC Investment Advisory Council

237. **Development context:** The importance of private investment in stimulating and supporting economies' growth has increased significantly, relative to official development assistance over the past decade. However, the flow of FDI to developing countries has been uneven, concentrated in a handful of countries in Asia and Latin America, but failing to reach significant segments of the African and poorer Asian population. This programme aims to establish a continued dialogue among senior business leaders and Governments from the least developed countries.

238. **Objectives/features:** The UNCTAD/ICC Investment Advisory Council provides an informal and flexible framework within which senior business executives and senior government officials responsible for investment matters can interact on questions related to attracting FDI and benefiting from it. More specifically, the purposes of the Council are to (i) facilitate the interaction between government and corporate representatives; (ii) provide governments of LDCs with advice and recommendations that can help to increase the level and quality of foreign direct investment in their countries; (iii) speed up development; (iv) facilitate the integration of their economies into the world economy; and (v) increase the awareness of international business with regard to investment opportunities in LDCs.

239. **Outputs/results:** The fourth meeting of the Investment Advisory Council (IAC) took place on the occasion of UNCTAD XI in São Paulo. For the third time, United Nations Secretary-General Kofi Annan attended and opened the meeting, which discussed practical means to increase the benefits of FDI, particularly in LDCs, with a special focus on strengthening the investment climate and deepening linkages between foreign affiliates and domestic firms. The meeting resulted in concrete technical assistance proposals to promote business linkages in Uganda and an agreement to continue work (together with the JBIC) on best practices to strengthen the investment climate in two Asian LDCs (Cambodia, Lao PDR).

240. This led to the preparation of the *Blue Book on Best Practice in Investment Promotion and Facilitation*, a new product aimed at improving the investment climate and dealing with investment impediments and public-business sector dialogue. It complements the work already undertaken within the Division, particularly the Investment Guides for LDCs, which give an account of the existing investment framework of a country, and the Investment Policy Reviews, which outline investment policy options and measures to be implemented by developing country governments in the longer term. The focus of the *Blue Book* is an action plan that proposes concrete and measurable activities for governments that can be implemented in the timeframe of one year.

### 3. Investment, Enterprise Competitiveness and Policy

#### (a) Enterprise Competitiveness Policy

##### (i) *UNDP-UNCTAD Project on Support to Regional Policies for Private Sector Development in Africa*

241. **Development context:** Asian developing countries are emerging as dynamic international investors. Most Asian FDI is still concentrated in other Asian economies but investments in other parts of the world are increasing. Historically Asia has not been a large investor in Africa but in recent years there seems to have been a change in attitude towards the African market. Asian investors are particularly influential in the apparel and textile industry, as well as in chemical products and natural resources. Current Asian investors are acting as ambassadors for future FDI, by creating positive awareness and paving the way for further investment opportunities in Africa.

242. **Objectives/features:** As a follow-up to activities carried out in Phase I of the joint project, UNCTAD provided technical assistance to the AFRASIA Business Council (AABC) Consultative Committee to help finalize and concretize the AABC strategy and action plan, prior to its official launch in March 2005. The AABC is designed as a consultative body and resource center for members from African and Asian private sectors with a clear mandate for discussion of policy issues and alleviation of constraints on trade and investment between Asia and Africa.

243. **Outputs/results:** UNCTAD was invited to attend two meetings of the AABC Consultative Committee, held in Kuala Lumpur, Malaysia, and Seoul, Republic of Korea, in March and May 2004. It finalized the strategy paper entitled "Enhancing the Contribution to Development of the Indigenous Private Sector in Africa", which will serve as an official background document for the launch of the AABC.

#### (b) Corporate transparency

244. **Development context:** Member States recognize the importance of transparency and disclosure in the corporate sector as critical elements in efforts to create an enabling business environment and promote growth and stability in their economies. Member States, particularly developing and transition economies, face a highly competitive market in attracting foreign investment. In making their investment decisions, investors, both domestic and foreign, require reliable and comparable financial and non-financial information. A comprehensive economic development strategy would consist of programmes to promote best transparency and disclosure best practice.

245. **Objectives/features:** The programme promotes exchange of views on technical issues between experts from member States through the annual sessions of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), workshops and roundtables. Key issues of concern include accounting, auditing, corporate governance and corporate responsibility. Best practice is disseminated through technical guidance on various aspects of corporate transparency and disclosure.

246. **Outputs/results:** The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) concluded its deliberations on the accounting and financial reporting needs of small and medium-sized enterprises (SMEs). It issued Guidance for two levels

of SMEs (SMEGA Level 2 and 3). The Guidance for the two levels has been published in all six working languages of the United Nations. ISAR's approach is influencing the International Accounting Standards Board's (IASB) project on accounting by SMEs. UNCTAD is working in close cooperation with the IASB and is represented in the IASB Working Group on accounting by SMEs. The secretariat is in the process of disseminating the Guidance as widely as possible, and UNCTAD XI provided a good opportunity for such dissemination. Over 250 copies of each Guidance were distributed to attending delegates.

247. The secretariat organized two parallel events during UNCTAD XI in São Paulo; a roundtable on corporate governance and investment and a workshop on accountancy and economic development. The roundtable on corporate transparency took place at the Sao Paulo Stock Exchange (BOVESPA). It brought together over 200 participants, representing regulators, the private sector, standard-setting bodies, academia and the accounting profession. It featured several high-level speakers. The roundtable highlighted the importance of good transparency and disclosure practices for attracting foreign investment. The workshop on accountancy and economic development attracted over 100 experts representing the accountancy profession, regulators and standard-setters, academia, civil society, private sector investors and regional and international organizations. The workshop underscored the importance of the accountancy profession in the economic and social development of Member States.

248. During its 21<sup>st</sup> session, ISAR deliberated on the relevance and comparability of existing indicators on corporate responsibility reporting. The deliberations highlighted the need for developing technical guidance on preparing corporate responsibility reports, in order to ensure their comparability and relevance. The session also reviewed recent trends, the implementation status of corporate governance disclosures and the role of such disclosures in adding sustainable value. The Group of Experts noted that various stakeholders were paying increased attention to governance issues and that the trend towards convergence in disclosure practices was growing. It also discussed a number of implementation challenges that are still to be addressed to bridge the gap between the existing codes and practices. It agreed that further efforts are needed to reassert the developmental benefits of good corporate governance to host countries as well as its impact on company performance.

249. In November 2004, UNCTAD and the International Federation of Accountants (IFAC) signed a memorandum of understanding to join forces in order to strengthen the international economy through greater transparency and accountability in financial information. UNCTAD and IFAC agreed to cooperate on the issues of professional education and training of accountants, corporate governance and awareness of the importance of accountancy for economic growth. They also agreed to cooperate in each other's activities, with UNCTAD participating in IFAC Committees and Task Forces.

250. In 2005, many enterprises around the world, including over 8,000 listed companies in the European Union, adopted International Financial Reporting Standards (IFRS) promulgated by the IASB. In recognition of this unprecedented shift in corporate reporting, the UNCTAD secretariat organized a workshop on 26 October 2004, on the eve of the 21<sup>st</sup> session of ISAR. Participants discussed various challenges posed by the adoption of IFRS to preparers, regulators and investors. The workshop highlighted the importance of constant dialogue among global standard-setters, national regulators and those responsible for implementing international standards. The need for cooperation and coordination among all stakeholders was also underscored. The Swiss-based Ciba Specialty Chemicals Company implemented the ISAR manual for preparers and users of eco-efficiency indicators. The company has received positive feedback from users after publishing its eco-efficiency reports on the basis of the ISAR guidelines.

251. During the reporting period, UNCTAD continued its cooperation and coordination efforts with a number of relevant regional and international organizations. These include the World Bank, the European Commission, the Organization for Economic Cooperation and Development, the Standards Advisory Council of the IASB, various committees and task forces of the International Federation of Accountants and several regional professional accountancy bodies.

#### (c) **Entrepreneurship and SME development: The EMPRETEC Programme**

252. **Development context:** It is generally recognized that entrepreneurship is one of the key factors in the developmental process and SMEs are the main engine of economic growth. The dynamism of SMEs, their adaptability, flexibility and innovative capacity have made them a cornerstone of ongoing economic reforms in both developed and developing countries. SMEs contribute significantly to the economy in



terms of output, employment, new job creation and innovation. In most countries, SMEs account for over half of GDP.

253. However, SMEs face obstacles such as a lack of access to markets, capital, technology, finance (whether credit or equity) and insufficient managerial skills. In addition, they frequently do not have access to timely and accurate information on new market opportunities. In developing countries, many SMEs use traditional, low-productivity technologies. They serve local markets with low-priced and often low-quality products.

254. Business linkages between large enterprises, such as foreign affiliates of transnational corporations (TNCs), and local SMEs can be an effective channel for the transfer of technology, knowledge and skills to host economies. For this reason, targeted linkage promotion initiatives have to be put in place. In particular, local capacity building and skill development programmes are crucial for domestic SMEs to become “partnership ready” in order to maximize the impact of foreign investment.

255. **Objectives/features:** One of the principal programmes for fostering entrepreneurship is UNCTAD's EMPRETEC Programme. EMPRETEC is a capacity-building programme that provides entrepreneurship training and technical assistance to promote SME development by:

- Promoting entrepreneurship;
- Fostering individual entrepreneurial capabilities;
- Building institutional capacity at the country level; and
- Encouraging employment-creating investment and linkages between SMEs and between large and small enterprises.

256. EMPRETEC helps to promote the growth of innovative and internationally competitive small and medium-sized enterprises (SMEs) in developing and transition countries, thereby contributing to the development of a dynamic private sector and entrepreneurial culture.

257. The EMPRETEC programme identifies existing and potential entrepreneurs; provides them with training to strengthen their entrepreneurial and business skills; assists them in accessing business development services; facilitates access to financing; helps arrange mutually beneficial links with larger national and foreign companies; and puts in place long-term support systems to facilitate the growth and internationalization of SMEs. The programme

promotes active networking between public institutions, private business associations and multilateral organizations as well as between national EMPRETEC programmes and other programmes promoting SME development.

258. The principal beneficiaries of the EMPRETEC Programme are:

- Existing small, medium and micro 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, SME support agencies); and
- Governments.

259. UNCTAD is taking advantage of EMPRETEC Centres' accumulated experience and specialized know-how in its projects. The unique EMPRETEC training methodologies and advisory services are also promoted by Centres themselves.

260. **Outputs/results:**

261. **Empretec Centres:** 50 National Empretec Centres (including 26 SEBRAE/EMPRETEC Centres located in Brazil) are now in operation. Since the programme's inception in 1988, EMPRETEC programmes have been initiated in 24 countries, assisting entrepreneurs (Empretecos) through local market-driven business support centres. Over 70,000 entrepreneurs have received entrepreneurship training (from almost 400 experienced UNCTAD-EMPRETEC and local trainers) and follow-up support.

262. The EMPRETEC Programme has thus built a solid capacity in Latin and Central America and Anglophone and Francophone Africa. With the assistance of established EMPRETEC Centres, the programme has been expanding to new countries in these regions (Angola and Paraguay) and has recently started to develop projects in the Middle East and Central and Eastern Europe. Based on the positive results achieved by EMPRETEC in Jordan and Romania in 2004, their respective Governments committed substantial funding to ensure the programmes were maintained.

263. In 2004, the EMPRETEC website registered more than 10,000 visitors. These statistics reveal a

strong interest in the programme. A newly developed training methodology for women entrepreneurs was standardized and transferred to established EMPRETEC Centres. There was also an increasing number of requests for the creation of EMPRETEC centres and customized training programmes for specific target groups (e.g. exporters, farmers, women entrepreneurs). Information on the programme and its support services can be found on the upgraded EMPRETEC website: <http://www.empretec.net/>.

**264. South-South cooperation:** During 2004, efforts continued to develop further cooperation between EMPRETEC centres in developing countries. To achieve this, more mature programmes provided assistance to less mature/new programmes. This assistance included the exchange of experiences and provision of entrepreneurship and business development training in Guyana and Angola. Entrepreneurship training programmes in Guyana, Paraguay and Angola were created with the support of Brazilian EMPRETEC trainers and in close cooperation with SEBRAE Brazil. Brazilian trainers also conducted a number of entrepreneurship training workshops in Jordan and Romania. Furthermore, EMPRETEC Ghana undertook three installation missions to Guyana to train local staff in business development services. EMPRETEC Uruguay continued to coordinate the creation of EMPRETEC Centres in Ecuador, Guatemala and Panama. Finally, EMPRETEC Zimbabwe and EMPRETEC Ethiopia continued to assist in the installation of Enterprise Uganda.

**265. UNCTAD XI:** In 2004, UNCTAD-EMPRETEC encouraged cooperation between member countries participating in the EMPRETEC Programme. DITE organized several parallel events and activities during UNCTAD XI aimed primarily at strengthening cooperation and exchange of experience between developing countries. These included an EMPRETEC Chronicle, New initiatives, an informal EMPRETEC Directors meeting, a joint EMPRETEC-ITC workshop on successful tools for export promotion, a joint WAIPA-EMPRETEC roundtable on business linkages, and two workshops with SEBRAE on business linkages.

**266. Management Information System:** During 2004, UNCTAD continued to develop and maintain the Internet-based Management Information System (MIS). This provides detailed information on more than 1000 companies that work with EMPRETEC Centres in Africa, Latin America and the Middle East and facilitates the establishment of business relationships between all Empretec companies from developing countries. Thanks to the MIS, the

EMPRETEC programme has access to an accurate and robust international database of EMPRETEC companies and participants, a continuously updated roster of national trainers, and data for: (a) assessing the performance of the EMPRETEC Centres and (b) monitoring the impact on the beneficiaries (both qualitatively and quantitatively).

**267. Business linkages:** In 2004, a Study Group was established in partnership with two Brazilian institutions (Fundação Dom Cabral and Ethos Institute) and a number of foreign affiliates to explore a business linkages programme in Brazil. In the course of four meetings, the Study Group examined types and benefits of linkages, and mechanisms to foster and develop business partnerships and to identify concrete linkage opportunities. This resulted in the development of a comprehensive business linkages programme launched in January 2005 in the north-east of Brazil. It is expected that the experiences gained from implementation of this project will result in the extension of the linkages concept to other countries. Funding for the business linkages project in Uganda has been secured from SIDA. An Inter-Agency Letter of Agreement between UNCTAD and UNDP was drafted and is being finalized. Finally, six TNCs received offers and indicated interest in participating in the programme.

**268. Other activities:** Additional core activities undertaken in 2004 include the circulation of two newsletters to all the Empretec/EMPRETEC Centre directors and to bilateral and multilateral donors highlighting developments and different aspects of the programme (also available on [www.empretec.net](http://www.empretec.net)); and preparation of various reports on outreach, performance and impact assessment to be presented to donors and representatives of other international organizations and circulated among programme directors to identify success stories and diffuse best practices.

#### (d) Development of Competitive Insurance Markets

**269. Development context:** Any trade or development activity first requires financing, and those providing the finance will insist that insurance be in place before funds can be provided. For most international trade and services activity, insurance is obligatory. One cannot ship goods, operate aircraft, open a hotel, or perform numerous other activities essential to trade without recourse to obligatory insurance. After banking, insurance services are usually the second largest component of countries' financial services sectors, and enable economic agents to protect themselves against risk and

safeguard national assets used in the processes of trade and development. Many developing countries, particularly in Africa, still lack affordable and reliable insurance services that meet the needs of a country's economic agents. At the same time, insurance markets generate significant reserve funds that could be committed to a country's enterprises through portfolio investment. The stability of insurance markets is key to profitable and viable investment and a determinant of developing countries' level of progress.

270. **Objectives/features:** The aims of the project are to (a) help establish competitive and efficient insurance markets and improve access to insurance services for the majority of developing countries' populations as well as their commercial sectors, so as to prepare developing countries for further liberalization of their financial services sectors; (b) provide technical support, advice, guidance and training for insurance supervisory authorities, particularly in the establishment of legal frameworks and supervisory practices geared towards the development of sustainable competitive insurance markets; (c) organize training seminars/workshops to improve understanding of the role of supervision and enhance the competence and technical abilities of the staff of supervisory authorities in African and Caribbean countries; (d) organize events on the impact of liberalization; (e) create, via the UNCTAD/African Insurance Organization (AIO), a "rating agency" for African insurers; and (f) develop insurance management software for use by African insurers.

271. **Outputs/results:** In 2004, more than about 100 countries benefited from events organized by UNCTAD on insurance. The 2004 UNCTAD/AIO Seminar on Insurance, Reinsurance and Catastrophe Risks, held in Casablanca, attracted more than 400 participants – four times more than anticipated – turning this into a major international conference. The outcome has been the creation of the African Centre for Catastrophe Risks (CARC/ACCR). Through its programme of assistance to the AIO, UNCTAD's Insurance Programme was also instrumental in the creation of the African Export Credit Insurers' Association in May 2004, and in the adherence of the membership of the Dakar Union to this association.

272. The AOI/UNCTAD Ratings Facility, established with the kind assistance of Standard & Poor's, is continuing, and another major global Insurance Rating Agency, A.M. Best & Co. has agreed to join as a co-sponsor. UNCTAD continued to provide assistance at meetings as a member of the Ratings Board.

273. The Computerized Insurance Management System developed by UNCTAD and AIO is now at a stage where a permanent service centre and technical support team will have to be established. Additional funding will be needed, and donors are being sought. A number of ASEAN countries and the Islamic Republic of Iran have made enquiries about utilizing the system and another UN programme has shown interest in extending the product's availability to other developing countries.

274. A Memorandum of Understanding has been signed between UNCTAD and the World Trade University (WTU), of which UNCTAD is a founding sponsor under the Global Compact. The Insurance Programme is cooperating with WTU to develop an Insurance EMBA. UNCTAD is also assisting WTU in providing training for the Chinese Insurance Regulatory Commission at seminars arranged in Bermuda and London, and will create a campus in Shanghai to deliver the EMBA programme China. UNCTAD supported the WTU's World Tourism Marketing Summit in Nanjing, China, which addressed the indivisible role of insurance in every element of the tourism industry and its implications for developing country markets.

275. The assistance programme in the Asian region included the co-organization, with the Indian Institute of Insurance and Risk Management, of a regional Training Seminar for supervisors and staff of insurance regulatory authorities within ASEAN and other developing and emerging market countries. It also saw the first graduation ceremony of the UNCTAD/IIRM International Postgraduate Diploma in Insurance, held in Jakarta on 10 December 2004. The course is now being conducted at several centres in other Asian countries and the number of IPGDI graduates should continue to grow in the coming years.

276. In cooperation with the International Association of Insurance Fraud Agencies, UNCTAD assisted at a meeting to improve international cooperation between developing countries' Regional Associations of Insurers and Regulatory Agencies for regulatory and fraud prevention purposes. As in past years, UNCTAD also participated in the annual International Association of Insurance Supervisors' (IAIS) Working Meeting for Insurance Regulators of Offshore and Island Countries, where it is represented on the Executive Board, as well as on the Emerging Markets and Education Committees. UNCTAD also participated in the 18th Meeting of The Council of Bureaux on the COMESA Yellow Card Scheme - which manages the UN treaty based International

Motor Insurance Agreement for countries in Eastern Africa - in Siavonga, Zambia.

277. Until the finalization of the Doha Round on Trade in Services at the WTO, the Insurance Programme's component of the UNCTAD partnership with the OECD for their joint ongoing project on trade in services will continue to provide assistance on request to the Geneva Missions of developing countries in the trade negotiations being conducted under the aegis of the WTO in the area of insurance. The assistance includes support for

countries using UNCTAD's negotiating checklist which was published in conjunction with the OECD.

278. UNCTAD also undertook a mission to assess the regulatory requirements of Burundi's insurance sector. This was in preparation for a report that will form the basis of the Burundi authorities' strategy for legislation and regulation of their insurance sector in line with current best practice and regulatory principles. Assistance was also provided to the AIO in developing a software package for African insurance enterprises.



**Table 3**  
**DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>Investment Issues Analysis</b>						
INT/96/A20	Policy-oriented case studies on interlinkages between foreign direct investment, trade and technology .....	1996-	Netherlands, Hong Kong (China)	421 063	376 951	-1 051
INT/98/A40	Investment Guides and capacity building for least developed countries (LDCs) .....	1998-	Multidonors	2 364 176	1 574 655	555 509
INT/99/921	Needs assessment to attract Asian FDI investment to Africa (Phase I) .....	1999-	UNDP	326 488	287 932	34 236
INT/99/A71	World Investment Report .....	1999-	Sweden	200 233	174 104	-2 915
INT/00/942	Strengthening of South-South Investment Cooperation .....	2000-	UNDP	315 853	315 019	8 335
INT/0T/2BA	Investment policy reviews in five LDCs.....	2002-	Germany	245 500	218 685	4 139
INT/0T/2BC <sup>a</sup>	World Investment Report 2003 .....	2002-2004	United Kingdom	188 447	170 984	20 053
INT/0T/2CW	Development and Dissemination of Selected Data on FDI and the Operations of Transnational Corporations .....	2003-	Multidonors	220 822	84 854	18 148
INT/0T/3BG	Investment Policy .....	2003-	Sweden	240 000	134 218	134 218
INT/0T/3BR	World Investment Report .....	2003-	Multidonors	758 618	143 894	143 894
INT/0T/4AA	Support For Regional Investment Agreements .....	2003-	Multidonors	321 741	294 828	294 828
RER/95/A02	Raising awareness of foreign direct investment issues in Poland .....	1995-	Poland	13 000	10 098	2 098
INT/99/X10	External financing for LDCs .....	2002-2004	Finland	12 360 <sup>b</sup>	12 360	12 360
<b>Total Investment Issues Analysis .....</b>				<b>5 628 301</b>	<b>3 798 582</b>	<b>1 223 852</b>
<b>Investment Policies and Capacity-Building</b>						
ALG/02/007	Examen des politiques de l'investissement de l'Algérie.....	2002-	UNDP	258 123	196 232	10 404
ANG/03/011	Angola Enterprise Programme: Support to the Development of the Micro-Enterprise Sector in Angola.....	2004-	UNDP	482 133	108 551	108 551
BEN/02/001	Examen des Politiques d'Investissement du Benin .....	2002-	UNDP	67 500	48 690	1
BOL/99/A72	Strengthening investment promotion – Implementation of the National Investment Promotion Strategy .....	2000-	Switzerland	953 773	778 610	233 339
BOT/02/U01	Advisory services & capacity building in investment promotion.....	2004-	UNDP	142 815	55 986	55 625
DJI/98/005	Promotion des investissements - assistance a l'ANPI .....	2004-	UNDP	94 951	51 693	51 693
ECU/0T/1BU	Improving Ecuador's Investment Framework and designing an investment promotion plan .....	2001-	Switzerland	211 000	185 617	18 869
EGY/99/A26	Training of Egyptian diplomats in investment promotion.....	1999-	Egypt, Switzerland	58 860	44 341	-1 002
MAR/01/001	Fiscal Incentives Review of Mauritius .....	2001-	UNDP	129 750	129 446	3 045
PAL/0T/3BZ	Institutional Support and Capacity Building for Investment Retention.....	2003-	Norway	90 916	29 423	29 423
ROM/0T/1CZ	EMPRETEC Phase I - Romania .....	2002-	Romania	514 742	294 633	114 357
SAU/00/009	Modernization of the legal and fiscal framework for foreign investment and capacity building for Saudi Arabia General Investment .....	2000-	UNDP	50 415	46 145	42 696
INT/93/A44	United Nations Trust Fund on Transnational Corporations .....	1993-	Multidonors	2 563 471	2 333 993	26 965
INT/97/A44	Quick response window for ASIT .....	1997-	Switzerland	1 643 989	774 575	81 519
INT/99/A11	Support to the World Association of Investment Promotion Agencies (WAIPA) .....	1999-	WAIPA	594 395	348 919	114 815
INT/99/A33	Micro-Bank .....	1999-	Luxembourg	709 709	677 929	-253
INT/99/A34 <sup>a</sup>	Crossborder Environmental Management in TNCs .....	1999-2004	Denmark	100 000	98 194	-1 328
INT/99/A37	Support to WAIPA in providing a forum for exchange of experiences among investment promotion agencies .....	1999-	Ireland	183 398	144 960	-3 027
INT/0T/0BG	Capacity building on international investment agreements .....	2000-	Multidonors	4 810 497	3 427 549	1 083 822
INT/0T/1BM	Accountancy Development in Developing Countries and countries with Economies in Transition .....	2002-	Multidonors	208 817	183 245	8 470

(for note see end of table)

**Table 3 (concluded)**  
**DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
INT/0T/1BN	Capacity Building in Investment Promotion .....	2001-	France	343 502	110 840	18 985
INT/0T/1CH	Capacity Building on Good Governance in Investment Promotion .....	2001-	Sweden	832 224	646 232	137 292
INT/0T/2CO	Promoting and Facilitating Foreign Direct Investment in Least Developed Countries .....	2002-	Italy	494 966	222 331	184 084
INT/0T/3AO	Support To The UNCTAD/ICC Investment Advisory Council .....	2003-	Norway, Germany	199 254	125 755	61 718
INT/0T/3AW	Investment policy reviews in French speaking countries .....	2003-	France	786 750	306 834	306 834
INT/0T/3BH	Integrating IPR Policies In Sustainable Development Strategies .....	2003-	DFID	248 600	155 789	114 478
INT/0T/3BT	Renforcement de l'aide a la conception et a la mise en oeuvre d'un plan stratégique d'orientation et de développement de l'investissement économique (RAPSODIE) .....	2003-	AIF	95 703	53 633	53 633
INT/0T/4BJ	Investment Policy Reviews and Capacity-Building in Investment Policy Making .....	2004-	Japan	84 820	26 409	26 409
INT/0T/4BN	Facilitation of foreign investment procedures .....	2004-	World Bank	260 000	48 316	48 316
RAF/94/A38	Développement de marchés des assurances compétitifs .....	1994-	Luxembourg	1 309 858	1 186 844	3 487
RAF/03/004	Asia, Africa Chamber of Commerce .....	2004-	UNDP	28 605	26 003	26 003
INT/03/X08	Investment Promotion .....	2003-	Netherlands	82 383 <sup>b</sup>	82 383	82 383
INT/03/X44	Trade and globalization .....	2003-	Italy	84 427 <sup>b</sup>	84 427	84 427
ROA-2106(K)	Developing countries to attract and benefit from international investment .....	2002-	Development Account	997 500	740 608	145 840
ROA-2106(N)	Investment promotion through public-private partnerships .....	2004-	Development Account	650 000	14 462	14 462
<b>Total Investment Policies and Capacity-Building .....</b>				<b>20'367'846</b>	<b>13 789 597</b>	<b>3 286 335</b>
<b>Technology and Enterprise</b>						
GUY/01/002	EMPRETEC Guyana .....	2003-	UNDP	61 828	47 736	9 108
INT/96/A57	Blueprint for green accounting .....	1997-	World Bank	596 827	561 469	4 704
INT/98/A33	Mediterranean 2000 .....	1998-	Italy	3 507 686	3 039 271	21 487
INT/98/A48	Study of international cooperation networks in the area of science and technology .....	1998-	Austria	29 358	27 436	4 000
INT/0T/2AU	Special trust fund for activities of sciences and technology for development .....	2002-	Multidonors	45 168	27 957	11 921
INT/0T/2BB	Strengthening women entrepreneurs in selected LDCs in Africa .....	2002-	Germany	245 500	219 445	-1 224
INT/0T/2BU	Expert Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity: Financing Technology .....	2002-	Norway	26 932	16 960	-2 044
RLA/96/A37	Empresa y tecnología para el siglo XXI (EMPRETEC) .....	1996-	Spain	773 658	758 929	31
<b>Total Technology and Enterprise .....</b>				<b>5 286 957</b>	<b>4 699 203</b>	<b>47 983</b>
<b>DIVISION TOTAL .....</b>				<b>31 283 104</b>	<b>22 287 382</b>	<b>4 558 170</b>

<sup>a</sup> Project which had been "operationally but not financially completed" or "completed" in 2004.

<sup>b</sup> Annual budget.

## **D. DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT AND TRADE EFFICIENCY**

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### **1. Trade logistics**

#### **(a) Advance Cargo Information System (ACIS)**

279. **Development context:** Inefficient transport systems have a major negative impact on economic development; this results in very high transport costs, delays, pilferage and eventually loss of markets for export goods or increased prices of import goods. ACIS is designed to make transport systems more efficient by providing the required information on goods and transport equipment.

280. **Objectives/Features:** ACIS provides operational and financial information so as to increase the transparency of the transport sector and enable management to identify problems with a view to finding solutions. The information provided to the shipper “live” gives the whereabouts of cargo and rolling stock or equipment, and the information provided to the operational management increases the efficiency of the network. Medium- and long-term investment planning is enhanced through the aggregate statistics and performance indicators automatically produced by ACIS.

281. The ACIS modules respectively track cargo on rail (RailTracker) and at ports (PortTracker) and on roads (RoadTracker) can be installed on any relevant transport network and in different languages.

282. **Outputs:** Based on a presentation of the ACIS system made at the secretariat of UEMOA, terms of reference for a feasibility study to implement the system in the transit road corridors of West Africa were drafted. This proposal was presented and validated at a meeting in Accra (Ghana) at which ECOWAS representatives endorsed the study and requested that implementation of ACIS be extended to all member countries.

283. To prepare the study funded by the African Development Fund, an UNCTAD mission of four experts visited five countries (Burkina Faso, Niger, Mali, Togo and Ghana) in October/November 2004 and submitted its report to the secretariat of UEMOA. Two main road corridors were analysed in detail and a pilot-project was suggested for implementation.

284. **Results:** UNCTAD is awaiting a decision on the two feasibility studies prepared in June 2003 at the request of the United Nations Economic Commission for Africa (UNECA) in Kigali and on behalf of the Rwandese Trading Community to install (1) a messenger service in Rwanda to allow Rwandese operators to access information provided by RailTracker along the Northern and Central Corridors, and (2) RoadTracker system on international roads used by Rwandan traders from Mombassa (Kenya) and Dar-es-Salaam (Tanzania).

285. The UEMOA study is near completion. Funding for the proposed activities might be available from development banks. Implementation of the system would allow tracking and control of cargo and trucks along the main roads using satellite technology and thus improve truckers' performance and costs. The system would be managed and maintained regionally and become self-sustainable, involving bodies from public and private sectors.

#### **(b) Transport and trade facilitation**

##### **(i) Trade and Transport sectors**

286. **Development context:** 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 effectively implemented international instruments, recognized best commercial practices and common standards. These activities recognize the critical importance of border crossing points, which are key locations where discrepancies between buyers' and sellers' domestic trade environments are exacerbated.

287. A vital aspect of development is the ability to trade competitively in the world economy. Efficient transport services are a prerequisite for reaching overseas markets, as the incidence of freight and insurance costs is particularly high for developing countries' exports and a decisive factor in determining the marketability of those countries' goods.

288. UNCTAD's technical cooperation not only identifies the required improvements to the physical

features of existing transport networks, but also proposes specific actions to make the best use of available trade- and transport-related assets, eliminating wherever possible any barrier that might increase transaction costs and create unnecessary delays. This includes improving the performance of transport operators and auxiliary services, changing the commercial behaviour of traders, harmonizing administrative and commercial procedures and documents, reviewing the legal framework and introducing innovative relations between public institutions and transport providers and users of international trade and transport.

#### 289. *Output/results/impact:*

##### *Afghanistan: Emergency Customs Modernization and Trade Facilitation project*

290. In 2004 UNCTAD initiated activities under the Customs Modernization and Trade Facilitation Project in Afghanistan, with funding from the World Bank/IDA and close cooperation with UNOPS and other development partners. This project is being implemented by the Afghanistan Customs Department of the Ministry of Finance, in close cooperation with the Ministry of Commerce, over a period of 3½ years. Project implementation started in the first semester of 2004.

291. The key objective of this project is to increase government revenues from Customs through: (a) better administration and collection of existing customs revenues; and (b) facilitating trade and transit to increase the customs revenue base. In the framework of this project, UNCTAD provides technical assistance to GOA, covering the following two main areas:

- Installation of the UNCTAD ASYCUDA system within the Afghan Customs Department; and
- Implementation of trade and transport facilitation measures covering in particular: transit agreements, transit transport corridor arrangements between Afghanistan and its neighbors; trade and transport documents and related legislation; reactivation of the TIR convention

292. UNCTAD has initiated a number of activities in the framework of the first phase of the project aimed at completing the diagnosis of the trade, transit and transport environment of Afghanistan and at enhancing institutional building in the country. To this end, UNCTAD participated in the Project Launching Workshop (January 2004) and carried out nine field missions involving four experts (April-

May-July August-September-October and December 2004) to assess the situation in various sectors, including reviewing the organization of the Ministry of Commerce (MOC), collecting data on transport companies and reviewing the international transit arrangements signed by Afghanistan. The UNCTAD project provided the Government of Afghanistan with an analysis on the organization of the MOC and prepared suggestions in the framework of the MOC restructuring process. Inputs were also provided regarding the assessment of transit arrangements and the effectiveness of their implementation, as well as through the collection of data on the current transit situation in the country.

##### *Pakistan: Promotion of trade and transport sectors*

293. The World Bank-funded Trade and Transport Facilitation Project (TTFP) of Pakistan was designed as a follow-up to an earlier UNCTAD-executed project (1994), which resulted in identification of an outline work programme for facilitation in Pakistan. Although the TTFP project document was originally signed between the Ministry of Commerce of Pakistan and UNCTAD in 1999, the World Bank loan was granted only in the spring of 2001.

294. The implementation of the project activities, which started in late August 2001, continued in 2004 and the project was able to achieve a number results in important areas. The most successful project achievements in 2004 are summarized below:

- Analysis of Pakistan's export transactions (mapping of external business processes) and validation for the export of mango during a seminar organized in Karachi (October 2004);
- Draft carriage of goods legislation submitted to the Ministry of Commerce to be discussed to facilitate its enactment;
- Substantial support provided to the NTTFC's Secretariat to improve its capacity to deal with trade and transport facilitation matters in Pakistan;
- Training in various workshops, seminars and training sessions, as well as a number of activities aimed at creating awareness on trade facilitation issues among the trading community, including a seminar on the TIR Convention held in Karachi in November; and
- Various analytical studies and reports containing concrete recommendations in line with the project objectives submitted to the Government, including the study on performance measurement at the Karachi



International Container Terminal and a study on the Pakistan Freight Forwarding sector.

295. Project activities continued in 2004, with a view to enhancing and strengthening the capacity of the trade and transport institutions of the GOP. Unfortunately, some activities had to be partially delayed due to financial constraints in the last trimester of 2004 and postponed to 2005. The TTFP is due to end its activities on 31 August 2005.

*Economic Cooperation Organization (ECO): Introduction of international multimodal transport operations in the ECO region.*

296. UNCTAD initiated, jointly with ESCAP, a project covering both multimodal transport and trade facilitation issues for the Economic Cooperation Organization (ECO) member countries. This project is being implemented within the framework of an initiative to strengthen cooperation between the ECO and UNCTAD in building capacity in the area of trade efficiency and cooperation. The Islamic Development Bank is financing the Trade Facilitation component.

297. The joint ECO/IsDB/ESCAP/UNCTAD execution continued in 2004 with (a) completion and review of eight national country studies on trade facilitation issues prepared by ECO-recruited local consultants; (b) preparation of a consolidated report by an UNCTAD international consultant reflecting major findings of the national consultants reports and providing a number of relevant recommendations for the ECO Member States and; (c) holding of the first workshop in Tehran on 29-31 May 2004 on "Multimodal Transport and Trade Facilitation in the ECO Region: Measuring Trade and Transport Facilitation Instruments for Development".

298. The ECO secretariat circulated these studies, reports and the outcome workshop documents to the ECO Member States' concerned institutions and stakeholders in their original language for their comments

299. The Workshop facilitated discussions on the preparation of a proposed Plan of Action to assist ECO Member States to overcome physical and non-physical impediments in their regional and international trade. The workshop identified a number of possible options and ways in which UNCTAD and ECO member countries could cooperate in joint efforts toward moving forward the trade and transport facilitation agenda in the region.

*Developing practical tools to assess trade facilitation needs and priorities in LDCs*

300. With funding from the Government of Norway, in 2004 UNCTAD concluded the first part of the preparation of a draft set of guidelines and analytical tools intended for least developed countries to self assess their needs and priorities. Three consultants who looked at the trade context analysis, the identification of obstacles to trade, and the formulation of relevant remedial actions, prepared the first draft of the tools. The next step involves a consolidation of these drafts and its submission for the purpose of validation to selected experts in the course of 2005.

*Support to trade facilitation platforms in developing countries*

301. In 2004 UNCTAD also continued its activities under a Swedish-funded project aimed at assisting developing countries, and in particular least developed countries, in implementing specific trade facilitation institutional development mechanisms. The project has been focusing on two types of trade facilitation platforms, namely: facilitation bodies and single window facilities. Three national experiences on the implementation of trade facilitation bodies (Albania, Nepal and Pakistan) and one on a single window facility (Guatemala) have been reported.

*Capacity building in trade and transport facilitation for landlocked and transit developing countries*

302. In June 2004, UNCTAD started the implementation of a project, funded by the UN Development Account, to provide landlocked and transit developing countries with sustainable capacity to put into practice regional trade and transport facilitation initiatives. The first of the three phases of the project deals with the preparation of educational materials for local trade and transport facilitation clusters to analyze and improve a given transit corridor operation. In 2004, consultants prepared three sets of reference material to be finalized by March 2005 to prepare for the field activities to take place in three pilot sites in South-east Asia, Southern Africa and South America.

**(ii) Training: Capacity building for officials in modern transport management techniques through cooperation with the World Maritime University**

303. **Development context:** The overall objective of the cooperation with the World Maritime University (WMU) is to contribute to the training of officials from developing countries to allow them to make planning and policy decisions that will improve the efficiency of their country's transport sector.

304. **Objectives:** The specific objectives focus on transfer of knowledge in the fields of container terminal development, equipment management, port tariffs, multimodal transport and legal aspects of transport.

305. **Features/outputs/results:** The activity, through the financial support of WMU, allowed secretariat staff to deliver training seminars over a period of about five work-weeks over 2004 at the University in Malmö, Sweden. A total of about 70 officials from the transport ministries, shipping lines and port authorities of developing countries participate in the training each year. The officials have university degrees and in general have been working for at least five years in the transport industry. They have found the material very useful and a number of them have maintained contact with the secretariat after their graduation. This cooperation has been ongoing since the early 1990's and over 660 officials have been trained in these subjects. These activities are part of UNCTAD's work to make transport more efficient and facilitate trade of developing countries.

**(iii) Training: Strategic planning for senior shipping managers (Stratship)**

306. **Development context:** A vital aspect of development is the ability to competitively trade in the world economy. Efficient maritime transport services are a prerequisite for reaching overseas markets, as the incidence of freight and insurance costs is particularly high for developing 'countries' exports and a decisive factor in determining the marketability of developing countries' goods.

307. **Objectives:** The global shipping industry is characterized by rapid technology change, consolidation of companies, large capital investments, high risk and a critical demand for well-trained management. The goals of Stratship are to improve the performance of shipping management through human resource development. The mastery of Strategic planning techniques allows them to be more effective in the management of their shipping lines.

308. **Features:** Stratship workshops generally last three working days and are based on a mixture of presentations, case studies and a computer-based management game. The main purpose of the computer simulation is to reinforce the concepts developed in the workshop, create actual decision-making experiences and upgrade management skills in a competitive environment.

**309. Outputs/results:**

310. In 2004, Stratship training material was updated. One delivery was planned but postponed to 2005.

## **2. The ASYCUDA Programme**

311. **Development context:** The efficiency of the Customs administration is an essential part of a country's good governance policy. Customs departments have a wide range of responsibility, including assistance to the Government for dealing with national, regional and international policies associated with revenue collection and combating fraud. They also have to control the import of prohibited and restricted goods and to provide external trade data for government analysis and planning. For a variety of reasons, many administrations are unable to comply with their responsibilities and many areas are often neglected or dealt with poorly.

312. **Objectives:** The main objective of the Automated System for Customs Data (ASYCUDA) programme is the modernization of Customs, including the automation of the process for the clearance of goods. One of the ways in which it aims to achieve trade facilitation is by speeding up this clearance process through the use of information technology and the reduction and simplification of Customs documentation and procedures. It also has the objective of increasing State budget revenue through the computerization of the Customs tariff, thereby automatically calculating duties and taxes. As a complementary, but nevertheless important, by-product of processing Customs data, a further aim is to provide reliable and timely trade and fiscal statistics data to assist Governments in their economic planning and publication of trade results.

313. ASYCUDA technical assistance projects are established for implementation in the shortest possible time and within the institutional and environmental context of each administration. Project implementation activities include a comprehensive training package that allows for the transfer of ASYCUDA know-how and skills to national staff, thus ensuring that the programme can be sustained by the national administration.

314. **Features:** ASYCUDA++ is a computerized Customs management system covering the whole clearance process, from (and prior to) the arrival of the goods until their ultimate release after payment of duties and taxes. The system manages all types of procedures, such as import and export, as well as all other Customs regimes, including transit and

warehousing. It has been designed to take into account international codes and standards established by ISO, WCO and the United Nations. It is EDIFACT-compliant, thus allowing for the electronic exchange of data. The system has the features expected from a modern Customs information system, based on risk management and including manifest control, transit, declaration processing, accounting and selectivity. It provides traders with a module that allows for the direct input of declarations, as well as an interface to permit the electronic data exchange between Customs and approved third parties, such as banks, the trader community or other government agencies.

315. **Implementation strategy:** The ASYCUDA implementation strategy has been developed and refined on the basis of more than 20 years' experience. Many current projects target the upgrading to ASYCUDA++ rather than new installations; these are named "migration projects". Most initial implementation projects are structured in three phases to ensure a low-risk, cost-effective approach that provides for national long-term sustainability. The first, pre-installation phase requires an assessment of the current state of Customs, including procedures, legal aspects and organization. If necessary, the update of the legal environment is recommended. In the second phase, the system is configured in accordance with national regulations. This phase, known as the prototyping of the system, is followed by installation in one or two selected pilot sites, where the prototype is tested, together with the training of staff and the trading community. In the third phase, the system is extended to the other Customs offices country-wide. The first two phases take approximately 18 months and the final phase between 6 and 12 months, depending on resources and the number of sites to be installed.

#### (a) ASYCUDA++ migration projects

316. As part of the programme initiative, it was decided to continue helping ASYCUDA users to upgrade to the latest release of the system, ASYCUDA++. This system offers enhanced functionality and modern architecture, improving the efficiency of Customs and preparing the trade community for a modern environment open to e-commerce. The programme is still facing a continuing number of requests for migration.

317. Migration projects include the same phases as those described above for the initial implementation of the system, but the process can be shortened as the recipient administrations are already used to

computerization and fewer efforts are needed to achieve the installation of the new system.

318. **Impact, output and results:** The impact of ASYCUDA projects can be assessed by various institutional and trade facilitation benchmarks, including increased revenue, improved trade facilitation and shorter clearance times, and the availability of reliable trade statistical data. Some projects are more successful than others. An important factor is the willingness to change and the commitment and full support of the Government. Certain projects do not realize the full benefits of automation mainly because of resistance to the institutional and procedural reforms that the programme requires.

319. In 2004, there were more than 50 operational ASYCUDA projects with expenditures exceeding \$7million. The ASYCUDA programme remains the largest technical cooperation programme within UNCTAD, encompassing over 80 countries and four regional projects. In 2004, projects were signed for the implementation of the system or the migration to ASYCUDA ++ in Afghanistan, the Central African Republic, Guinea (Conakry), Lesotho and Trinidad and Tobago. Meanwhile migration projects started in Barbados, Madagascar, Papua New Guinea and Saint Lucia.

320. Technical cooperation agreements were renewed with the COMESA and ECOWAS secretariats, allowing the organization of various activities (e.g. training, documentation) and the provision of support at regional level.

321. An ASYCUDA Regional Centre was established in Ouagadougou (Burkina Faso) to provide first-level support to the user countries of the region that are in the process or completing the migration of their systems to ASYCUDA ++ . The Centre already undertakes several technical support missions and training sessions for the benefit of Customs administrations of the user countries.

322. Another ASYCUDA regional centre for the Americas was established in Caracas (Venezuela) and started its support and training activities for the user countries in the Central American and Caribbean region.

323. Other countries that have recently implemented ASYCUDA ++ on a pilot site or that have been using the system for several years started support projects with UNCTAD. Such technical assistance projects were signed or extended in Bosnia and Herzegovina and The former Yugoslav Republic of Macedonia, to provide the user countries with ongoing support or to



*Annex 1: Review of activities undertaken in 2004*

assist them during the nationwide roll-out of the system.

324. Four of these countries, were candidates for accession to the European Union – Estonia, Latvia, Lithuania and Slovakia. They directly financed the activities for the interconnectivity and compliance of their national customs systems with the European Union/European Commission systems (TARIC, Quotas...). These countries officially became members of the European Union on 1 May 2004, and their operational ASYCUDA systems are fully compliant with EU requirements.

325. **Project evaluation:** Post-implementation reviews and audits are part of normal ASYCUDA project activities. Independent evaluations including representatives from UNCTAD, WCO and other Customs administrations are commonly undertaken. The latest external evaluation of an ASYCUDA project was done in November 2003 in Cape Verde by experts from the French Customs (DGDDI). The report indicated that the Customs automation project had been very successful and that it had increased considerably the efficiency of the National Customs Administration. The objectives of the project are fully met, particularly regarding the connection of external users (implementation of DTI – Direct Trader Input) and the implementation of modern procedures such as an automated selectivity module. The evaluation team considered the project suitable as a model for replication elsewhere, assuming the necessary dedication of senior Customs officials and the Government.

### **(b) ASYCUDAWorld**

326. In March 2002, UNCTAD officially launched ASYCUDAWorld, the new Web-based ASYCUDA system. This system is the latest result of a process that began when UNCTAD identified the first signs of the potential of the Internet in international trade, looking at how to reduce transaction costs by applying information technologies to every link of the trade transaction chain.

327. ASYCUDAWorld is likely to have a major impact on e-business and e-government transactions. These developments, combined with the fact that 85 countries around the world are already using the same Customs IT system, ASYCUDA, represent a formidable opportunity for using the Internet to make international trade simpler and cheaper whilst also making international markets more accessible to enterprises from developing countries.

328. ASYCUDAWorld builds upon the successful experiences of ASYCUDA++, which was designed to

function in difficult telecommunications environments. Being Web-based, the ASYCUDAWorld system will allow Customs Administrations and traders to handle most of their transactions via the Internet.

329. The development of ASYCUDAWorld is in line with the traditional strategic objectives of UNCTAD as presented above and with the principles described below.

330. The investments previously made in Customs computerization using ASYCUDA must be preserved, and in accordance with this principle, ASYCUDAWorld is being developed to co-exist with and operate in the environment of ASYCUDA++. New components will be fully compatible with modules developed in accordance with national requirements by a Customs administration complementary to the ASYCUDA++ system. This approach allows the beneficiary countries to implement ASYCUDAWorld at their own pace and according to each individual country's technical decisions and resources.

331. The Customs administrations in the beneficiary countries should have ownership of the system. UNCTAD considers the transfer of technical know-how to national project teams to be a priority. Combined with the facilities offered by new IT technologies, this will allow national teams to adapt the system according to specific requirements while complying with international codes and standards.

332. ASYCUDAWorld takes full advantage of new IT technologies to ensure the implementation of new components in the Customs operational environment without any disruption of the current system.

333. ASYCUDAWorld continues to promote and to support the application of modern operational principles that all Customs administrations target, such as effective management of the Customs clearance process, selective examination practice, trader compliance, secured payment schemes and control of trade routing to approved Customs clearance offices.

334. The ASYCUDAWorld platform is Internet-based, independent of the Relational Data Base Management System (RDBMS), independent of hardware platforms, scalable and resilient with regard to telecom breakdowns. It implements the concept of e-documents that reflect in the IT world the paper documents used currently and implement the required business processes. The selected technology will be particularly useful to countries where poor fixed-line telecommunications are a major problem for e-government applications. It is, however, powerful



enough to accommodate the operational and managerial needs of Customs operations in any industrialized country as well.

335. At the end of the year 2003, a project has been signed for the implementation of the ASYCUDAWorld system in the Republic of Moldova. Project activities started during the first quarter of 2004. The national prototype was built all along the year 2004 concurrently with the legislation reform (Customs code, regulation and procedures...). The Customs code was finally approved by Parliament in February 2005 and the necessary hardware and software are contracted and will be delivered in March or April 2005. Consequently the pilot site will start on April 2005 and the roll out is scheduled to happen in the second half of 2005. The Customs Department of Moldova is already planning an ASYCUDA-user countries' meeting in the second half of the year 2005 to present the national achievements, thus demonstrating complete support and commitment for the successful implementation of the system.

### (c) ASYCUDA website

336. The ASYCUDA homepage, [www.asycuda.org](http://www.asycuda.org), provides an overview of the system and a presentation of its functionality and of the benefits to be expected by the Governments concerned. The public website provides the latest news in terms of Customs computerization and country-related information, editorial and pictorial, of the ASYCUDA projects worldwide. It also has links to the organizations working in the Customs domain such as the WCO and WTO. A secure area, the ASYCUDA Community, access to which is restricted to the user countries, contains technical and functional information relating to the system as well as discussion groups.

## 3. Human Resources and Information and Communication Technologies for Capacity Development

### (a) Building Capacity Through Human Resources Development

337. **Development context:** The ability of developing countries, including least developed countries, and countries with economies in transition to meet global economic and trade challenges depends on their enhanced capacity and improved understanding of key trade and development issues. The terms of foreign trade and its growth potential also depend on well-run trade supporting services, relying on competent staff and officials to coordinate

performance at community level. In this context, UNCTAD seeks the application of human resources development policies for trade as a key to growth.

338. **Objective/features:** TRAINFORTRADE, the Training Course on Key Issues on the International Economic Agenda and the Virtual Institute on Trade and Development are the three UNCTAD complementary programmes that – by developing human resources – aim to build national and regional capacities to formulate, negotiate and implement policies and strengthen trade-related skills that maximize the benefits of globalization for UNCTAD member countries, particularly the least developed ones (LDCs).

339. These programmes operate in the fields of international trade, trade-related services, investment, tourism and port management, and create a network of expertise in developing countries, thereby reinforcing South-South cooperation.

340. The three programmes target government officials involved in formulating and implementing effective trade, investment, finance and development policies. Understanding the key role that other actors play in these processes, the programmes also target trade and transport operators, import/export associations, chambers of commerce and NGOs dealing with trade, investment and development.

341. To reach this population, the Virtual Institute works with staff of universities involved in teaching and research on policy aspects of international economic and development issues, as these are often the institutions that provide policy advice to governments and are involved in educating future and current decision makers through their graduate, post-graduate and professional development programmes.

342. Regional organizations are also actively involved in TRAINFORTRADE activities.

343. **Output/Results:** During the reporting period the three programmes implemented the following activities:

#### (i) Training Courses on Key Issues on the International Economic Agenda

344. **Output:** In 2004, the secretariat organized the three further courses focused on Investment and Trade Facilitation. The first was organized for trade officials and academics with the University of Mauritius and ECA in Mauritius from 26 January to 11 February 2004. 27 participants from the African region, of whom 12 from LDCs, participated in the course. The second course was organized with the Economic University of Prague from 12 to 28 July 2004 for 19 trade officials from countries with

economies in transition. The third course was held in Hanoi, Viet Nam, for 18 trade officials, including officials from 5 LDCs, and academics from the Asia-Pacific region from 15 November to 1 December 2004. In all three courses, regional and national perspectives were addressed with the participation of ECA, ECE and ESCAP and national resource persons in the delivery of presentations and discussion groups. In the three courses, the simulation exercise "Competing for Foreign Direct Investment" was delivered to ensure that the entire syllabus - and particularly that on Investment and Development - allows participants to better understand what it takes to attract different types of FDI in a competitive environment while at the same time ensuring that FDI influence economic and social developments in a desired direction.

345. **Results:** The design of courses to take into account regional and national specificities allowed the sharing of experience amongst participants on best practices in designing and implementing national development strategies that enhance learning on these issues. Participants' skills were strengthened as negotiators in bilateral, regional and multilateral negotiations on trade. National resource persons who attended/delivered presentations were from local universities that offered similar programmes. It is expected that the content of UNCTAD's training materials will help to broaden these programmes. Partnerships through networking have been established with the University of Mauritius, the Economic University of Prague and the Hanoi Foreign Trade University. The University of Mauritius is a founding member of the UNCTAD Virtual Institute.

346. Evaluation forms were sent to participants and their supervisors to gauge the impact the course has had on the professional development of these trade officials, including the value-added to their work in their respective departments. The returns of these evaluations in 2004 from previous courses and the Mauritius course are as follows:

Santiago de Chile:	Participants 56%, Supervisors 39%
Beirut:	Participants 75%, Supervisors 56%.
Mauritius:	Participants 52%, Supervisors 48%.

347. About 70 per cent of all respondents stated that the course had an impact on their professional development (application of knowledge/information of the course and the extent to which the knowledge has been applied/shared), and that the course added

value to their professional jobs. Many also confirmed the improved understanding of the complex issues on the international economic agenda and their interdependence.

348. Over 77 per cent of supervisors confirm the above and also indicated that they will nominate other colleagues to future courses due to the positive impact these have had on their colleagues' professional development and the direct relevance of the course to their professional jobs.

349. All trade officials and academicians expressed satisfaction that the 2½ week course provided them with useful tools to better analyze the current international economic agenda in most of the areas that the course covered.

## **(ii) The Virtual Institute on Trade and Development**

350. **Output:** The Virtual Institute (Vi) was launched at UNCTAD XI as one of the multi-stakeholder partnerships endorsed by the Conference.

351. Since June 2004, the Vi has concentrated on working closely with member universities, providing them with customised support to further develop and expand their teaching of international trade and development-related issues, and it has established a regular dialogue with them so as to respond to their needs and requirements.

352. The Vi now has an active core membership of six universities: University of Campinas (Brazil), University of Mauritius, Jawaharlal Nehru University (India), University of Dar-es-Salaam (Tanzania), University of Jordan and University Pierre Mendès France (Grenoble, France).

353. Both members and other interested universities have access to training tools, resources and background papers through the Virtual Institute website. The website enables members to upload their own materials and to share resources. Based on feedback from this prototype website, a new site is being developed to add new communication and interactive functions and to provide easier access to UNCTAD resources.

354. Information about UNCTAD's work in key substantive areas of interest to academic institutions is being disseminated through the quarterly Vi newsletter. The newsletter provides updates of UNCTAD's work, information about UNCTAD's and members' teaching and research resources, and information about the activities of members.

355. In order to provide more focused information and knowledge, the Vi has also developed specially

designed sample teaching materials. Each of these provides members with an overview of the subject, learning objectives, key background readings and presentations. With the collaboration of the relevant UNCTAD programmes, materials have been developed on ICT for development, foreign direct investment, and sanitary and phytosanitary measures. New materials on additional UNCTAD subjects are currently under development.

356. The Vi also seeks to build the capacity of its individual members in terms of enhancing and extending their courses and research. For example, the Vi has worked very closely with the University of Dar-es-Salaam in Tanzania to develop a new, practice-orientated Trade Policy Management Masters Programme.

357. One of the central aspects of the work of the Vi is the facilitation of contacts and cooperation among member universities and with UNCTAD so that they can learn from each other's experiences and benefit from the knowledge and skills of each. Examples of this kind of activity include:

- A two-week study tour to Geneva by students of Economic Diplomacy at the University of Campinas. The students gained greater insight into the policy making process through a rich programme of presentations and practical activities with trade experts. The materials and resources from the study tour will be used to form the basis of an UNCTAD training module and will be disseminated to other universities.
- Support from the University of Campinas to the University of Dar-es-Salaam on setting up a new post-graduate trade policy course. The University of Dar-es-Salaam benefited from the experience of Campinas and used their curricular and learning objectives in planning their own course.

358. Reading lists, course outlines and substantive research papers have been shared among the members through the Virtual Institute website. An example is a paper on FDI in India from the University of New Delhi.

359. **Results:** The Virtual Institute has had an impact on enhancing the trade-related knowledge and skills of current and future stakeholders in the policy process. It has:

- Connected member universities in developing countries to global debates and discussions on international economic issues and increased their visibility and reach
- Given member universities access to communication tools and networks that

enhance their capacity to access and apply relevant information, for example through the information exchanged in the newsletter or through the website

- Given member universities access to an enhanced range of up-to-date and high-quality materials
- Improved the knowledge and understanding of international economic issues and policy making processes among post-graduate and professional students
- Provided expert and policy-relevant guidance and resources on designing and implementing a Masters Programme on Trade Policy Management, including contributing to a Training of Trainers programme

### (iii) *TrainForTrade*

360. **Output:** In 2004, TRAINFORTRADE pursued its activities in the following areas:

#### *Distance learning (DL)*

361. Under the project on Capacity Building on Training in Selected International Economic Issues, DL training material has been developed on:

- International investment agreements (in cooperation with the UNCTAD Policy and Capacity building Branch of DITE).
- Multilateral Negotiations on Trade in Services and Multilateral Negotiations on Trade in Agriculture (in cooperation with the UNCTAD Trade Negotiations and Commercial Diplomacy Branch of DITC); this includes an innovative distance learning simulation exercise on trade in services to provide hands-on experience of the negotiation process to future negotiators.

362. The courses on International Investment Agreements, and Trade Negotiations and Commercial Diplomacy were delivered in 4 countries in West Africa (Benin, Guinea, Mali and Togo) and 2 countries in South-East Asia (Laos PDR and Cambodia).

363. The course on International Investment Agreements was also delivered in 5 countries in Eastern Europe over 6 weeks in November and December 2004 and a Spanish version was developed for Latin American countries and was used to train 46 people. Altogether, between August 2003 and December 2004, 73 countries in Africa, Asia and Latin America benefited from TRAINFORTRADE courses, both face-to-face and distance learning.

*Annex 1: Review of activities undertaken in 2004*

364. Other DL activities included:

- The adaptation of the TRAINFORTRADE course on the Legal Aspects of e-Commerce for use in distance learning.
- The development of a TRAINFORTRADE module on ICT in ports.

365. TRAINFORTRADE has also integrated new distance learning tools into the web-based distance learning platform: video-conferencing has been tested in Cambodia, Brazil and Senegal; animated flash presentations have been used to add interactivity to distance learning modules; and more user-friendly video versions of help files have been integrated into the web platform and trainees' CD ROMs.

### ***Regional cooperation***

366. *Cooperation with regional groupings:* Regional integration groupings can provide a strategic approach to building human resource capacity using existing structures that can support capacity building at both the national and regional level. It is within this framework that an international meeting on "Training and capacity building: The role of regional integration groupings" gathered representatives from regional organizations and countries in Asia, Africa, Latin America and the Caribbean in March 2004 in Las Palmas de Gran Canaria, Spain, to examine a regional approach to training in the areas of trade, investment, and ICT development. The meeting was organized by TRAINFORTRADE with the support of the Las Palmas Chamber of Commerce, the Cabildo de Gran Canaria, and the Fundación Puertos de Gran Canaria. Following on from this meeting, several regional integration groupings from Africa, including CEMAC, ECOWAS, IGAD, UEMOA, COMESA, SADC and UMA have requested UNCTAD's assistance in developing joint training and capacity building programmes in key areas of trade and investment.

367. Contacts have also been established with regional organizations in Asia, including APEC and ASEAN, and in Latin America, with ALADI.

368. *The TRAINFORTRADE Regional Project for Cambodia and Lao PDR:* the project on *Strengthening Training and Capacities Multilateral Trade Negotiations in the Field of International Trade* was launched in Cambodia and Lao PDR. This four-year project funded by France aims to build the capacity of Cambodian and Laotian officials, as well representatives from the private sector and academia in a number of selected topics. The project has established offices in both countries in the Ministries of Commerce.

369. A national steering committee has been created in each country. These committees, which report to a regional steering committee, are headed by the Vice Minister of Commerce of each country. The involvement of these ministers ensures that the project activities are in line with national trade and poverty reduction policies and with the international commitments of both countries.

370. In 2004, nine seminars and workshops were organized, reaching over 160 participants. These seminars included a distance learning training of tutors session, port training activities, and training in investment agreements as well as competition law and policy.

371. In addition to the activities organized in the framework of the project, TRAINFORTRADE has been the focal point in the region for a number of UNCTAD sections and programmes, in particular for the Trade and Environment Section, the Investment Policy Reviews Section, the International Investment Agreements Programme, the *World Investment Report 2004*, and the Trade Logistics Branch; it has also represented UNCTAD in the pre-DTIS mission for the Integrated Framework for Laos.

372. A project website was launched in November 2004, providing a one-stop shop for all information on the TRAINFORTRADE project for Laos and Cambodia.

### ***Port Training Programme Activities***

373. Pedagogical material has been updated in French (in collaboration with the Port of Marseille and the Port of Ghent) and in Portuguese (in collaboration with the Port of Leixões and Cape Verde). Module 5c of the Port Training Programme - Port Computerization and Electronic Data Interchange (EDI) - is now available for distance learning in French, and a Portuguese version is being prepared. English versions of the last four modules of the training of trainers' workshop for the course "Modern port management" are being prepared.

374. *The TRAINFORTRADE Port Training Programme undertook the following activities in 2004.*

375. ***French-speaking network:*** Cameroon, Guinea, Togo and Tunisia put in place the port training programme and have organized the first national seminars for their respective port communities. Senegal and Benin continued their regular training activities. Cameroon is in the process of finishing the second training cycle with 25 participants, and has used the distance learning version of Module 5c.



Togo and Guinea are organizing the trainees' presentation of their theses.

376. **Portuguese-speaking network:** Cape Verde has completed a full cycle of national training for 36 participants. In November 2004, Angola organized the presentation of theses for the 11 participants.

377. **English-speaking countries:** Cambodia has begun to implement the programme. Since 2004, a total of nine participants from Sihanoukville Autonomous Port and nine other participants from Phnom Penh Port have been engaged in the training.

378. Between August 2003 and December 2004, 79 participants and 55 instructors were trained. This makes a total of 549 port operators who have been trained since the beginning of the programme.

379. In September 2004, a meeting took place in Geneva to coordinate the port training activities for 2005. This meeting brought together fourteen representatives of port communities from Angola, Benin, Cameroon, Cape Verde, Guinea, Senegal, Togo and Tunisia. Participants assessed their recent and current activities and defined new priorities for 2005.

#### ***TRAINFORTRADE activities on behalf of the UNCTAD Task Force on Sustainable Tourism for Development***

380. **TrainForTrade** organized the pre-UNCTAD XI International High-Level Meeting of Experts on Sustainable Tourism for Development in Lisbon in March 2004. The meeting brought together 60 participants from 44 countries and 5 international organizations. Experts at the meeting agreed upon the "Lisbon Declaration" and put forward a set of recommendations to promote the development of sustainable tourism.

381. In 2004, following the Lisbon Declaration, **TrainForTrade** developed a course on this subject. It was also involved in the definition of integrated technical assistance programmes, particularly for the governments of Angola, Cambodia, Lao PDR, Madagascar, Mali and Zambia, as well as COMESA, UMA and UEMOA. In 2004, **TrainForTrade** participated in a fact-finding mission to Benin, which led to the preparation of an integrated technical assistance project for the development of sustainable tourism, including human resources development.

#### ***Impact of the TRAINFORTRADE programme***

382. The development of distance learning has improved the impact of TRAINFORTRADE activities on beneficiary countries. An independent evaluation praised the project for its innovative use of ICT in least developed countries. The evaluation also

highlighted the success of the project in using DL to reduce the cost of training and to reach more participants. In addition, the evaluation recommended that a regional approach should be adopted for distance learning so as to promote networking and South-South cooperation.

383. In this framework, the Las Palmas meeting and its follow-up activities with regional groupings, and the regional project for Cambodia and Lao PDR have allowed partner countries to benefit from regional training activities, exchange of resources and networking, which have contributed to strengthening their national and regional capacities for trade, investment and trade-related services.

384. TRAINFORTRADE activities have also contributed to the recognition of the potential of sustainable tourism development as an additional tool for economic growth.

385. In the field of ports, participating countries have benefited from train-the-trainers activities, exchange of resources, and training which allowed middle-managers to better run and coordinate performance at port community level.

#### **(b) Capacity building for Trade Support Institutions (TSIs)**

386. Public and private trade support institutions (TSIs) in developing countries are the main source of trade-related/business information and providers of international trade-related consultation services and guidance for local small and medium-sized enterprises (SMEs). However, in many developing countries, in particular the least developed ones (LDCs), TSIs lack the necessary capacity to provide such services. As a result, local SMEs do not receive appropriate information/guidance from the local TSIs and therefore cannot take full advantage of opportunities available in international markets.

387. **Development context:** UNCTAD technical cooperation activities aim to strengthen the TSIs in developing countries, in particular their capacity to provide services to local SMEs that would improve the readiness of SMEs to trade internationally and make their export/import operations more efficient.

388. **Objective:** The specific focus of the projects is to build or enhance capacities in developing countries to provide trade support and e-business services. This is being done through the transfer of knowledge on e-business, application of information and communication technologies (ICTs) to trade, and other trade information services and tools.

*Annex 1: Review of activities undertaken in 2004*

389. **Output:** Through the projects "Narrowing the digital divide for SMEs in international trade and electronic commerce" financed by the United Nations Office for Project Services (UNOPS) and "Strengthening the Capacity of the Trade Support Institutions" financed by the Government of Japan, UNCTAD organized the following high-level capacity building events and other activities on e-business and trade information and the use of ICT:

390. In Vientiane, Lao PDR:

- One-week advisory mission to Lao PDR (19-25 May 2004), identifying capacity-building needs of the Ministry of Commerce and local trade support institutions.
- E-Business Training Workshop for managers in cooperation with the Ministry of Commerce, 12-14 October 2004;
- E-Business Awareness Raising Seminar for senior decision makers in cooperation with Ministry of Commerce on 15 October 2004;
- Follow-up consultancy services on website development for the Ministry of Commerce, Lao PDR and Lao Trade Promotion Centre on 11 October 2004.

391. In Bangkok, Thailand 2004:

- Regional Training Workshop on the Use of the Internet for Efficient International Trade for Senior TSI Managers from Asia/Pacific, 16-19 November 2004. The workshop was also designed to provide follow-up for those TSIs that had already participated in TC activities in earlier years.

392. UNCTAD also developed training materials and published a manual on "Use of the Internet for Efficient International Trade - a Guide for SME Managers" (UNCTAD/SDTE/TIB/2003/3), both of which were used in the above capacity building events. The manual was additionally circulated to a wider audience of interested parties, both in government and in the private sector, including at UNCTAD XI, and its electronic version is also available for download on UNCTAD's website.

393. **Results:** Through the implementation of the above projects, the capacity of TSIs was enhanced. Participating TSIs also had opportunities to receive guidance on ICT implementation plans of their respective institutions during the capacity-building events.

394. Successful transfer of knowledge on e-business, application of information and communication technologies (ICTs) to trade, and other trade information services and tools: Through

its activities, the project strengthened the capacity of trade information officers (from both government and the private sector) and SME managers of the participating countries (Bhutan, Cambodia, China, India, Indonesia, Lao PDR, Mongolia, Myanmar, Nepal, Sri Lanka, Thailand and Viet Nam).

395. Multiplier effects on the local business community: The projects carefully selected participants from among those who hold regular consultations with the local business community. The skills and knowledge acquired should be further transferred to local SMEs through regular consultancy work.

396. Successful integration of the project research work and operational activities: The projects also have a research component. UNCTAD conducted an extensive survey with more than 300 SMEs in the world to develop case studies on e-business success/failure. This desk and field research resulted in the compilation of training manuals, which were used during the capacity-building events in Lao PDR and Thailand. These manuals were highly appreciated by all stakeholders. After having incorporated feedback from users, UNCTAD published a report, "Use of Internet for Efficient International Trade – Guide for SME Managers" in April 2004 for wider circulation and follow-up activities. The publication is now being translated into Khmer at the expense of the project counterpart, a higher learning institution in Lao PDR.

397. It was crucial for the success of these projects, whose activities were completed at the end of 2004, to establish partnerships and collaborative relationships with counterparts in beneficiary countries.

### **(c) Capacity Development and e-Applications**

398. UNCTAD also aims at building up and strengthening local capacities in member countries by using information and communication technologies through programmes such as those described below.

#### **(i) The e-Tourism Initiative**

399. **Development context:** As the world's 'largest industry', tourism represents a pillar of economic sustainable development for developing countries and especially the LDCs. For them, the tourism sector is also one of the few possible and sustainable means of economic diversification and sources of wealth. Tourism, as an information-intensive service, is among those on which the Internet is having a deeper impact as far as marketing and sales are concerned. More and more, ICTs have a tremendous impact on the tourism landscape, driving a new business

environment and consumer behaviour. In spite of this, most of the on-line marketing of the tourism potential of developing countries is currently carried out by service providers based in developed countries and does not necessarily reflect the interests and policies of the destination countries.

400. There is therefore a need to build national capacity in order to increase the development and participation of local SMEs in global ICT networks. Bridging the tourism digital divide will have a strong impact by minimizing leakages and maximizing linkages. At the country level, it will bring additional degrees of freedom and greater autonomy in the way destinations themselves manage their own tourism resources.

401. **Objectives/features:** As part of the partnerships launched at UNCTAD XI, UNCTAD has designed a technical assistance package (the e-Tourism initiative) aimed at promoting the application of ICTs in the sector of tourism so as to enable developing countries themselves to exploit their tourism resources and benefit from greater autonomy in creating and promoting their own brand.

402. The package builds on the experience accumulated by UNCTAD in the application of information technologies in economic development projects. It comprises three elements: (a) an electronic platform and a business model that helps countries to identify, standardize, coordinate and propose tourism services offered by local enterprises online; (b) a method: collecting information about the tourism and craft sectors, standardizing it and distributing it on the Internet; and (c) a partnership approach: enabling all stakeholders to coordinate their resources and objectives.

403. **Outputs:** This initiative responds to strong demand from developing countries. Since June 2004, Angola, Benin, Lebanon and Mauritania have formulated technical assistance requests. The governments of Cambodia, Lao PDR, Dominican Republic, Madagascar, Mali, Mauritius, Senegal, Sudan and Zambia have expressed interest in the proposal, as well as COMESA, UMA and UEMOA.

404. A multi-donor Trust Fund was created in November 2004 (2004-2008) to support the adoption and appropriation of ICTs by the tourism industry in selected African, Caribbean and Pacific (ACP) countries; the government of Portugal made the first contribution.

405. Efforts have been made by the secretariat to elaborate technical specifications to build up the e-Tourism Platform (ETP), and consultations with key players in this field are under way to design the ETP

system and its general architecture. At the same time, UNCTAD is testing a prototype that meets to the specifications required and constitutes the core system to be enriched with specific functionalities.

406. In support of this initiative, an extranet web site has been developed to enhance communication among participants, including donors. This site will serve as a tool to market the e-Tourism Initiative to potential partners and to disseminate information on all aspects of the Initiative to the general public, as well as a communication tool among partners.

407. The e-Tourism Initiative benefits from inputs from several UNCTAD programmes and substantives divisions working in competition policy, investment promotion, trade and environment, and human resources development. This process facilitates the formulation of an integrated approach that includes a variety of UNCTAD skills and knowledge.

408. In particular, in the framework of the UNCTAD Task Force on Sustainable Tourism for Development, a training module on capacity building in the area of "ICT and tourism" is being developed in cooperation with TrainForTrade. The e-Tourism initiative was also part of the joint mission to Benin in July 2004.

409. **Results:** The e-Tourism initiative was launched only recently; consequently, the first results at the field level are expected for the year 2005.

#### (d) The Trade Point Programme / World Trade Point Federation

410. **Development context:** The World Trade Point Federation (WTPF) originated with the former UNCTAD Trade Point Programme that was the operational component of UNCTAD's Trade Efficiency Initiative launched in 1992. The WTPF aims to increase the competitiveness of disadvantaged players in international trade by helping them to reduce transaction costs, namely by simplifying and harmonizing trade procedures and emphasizing the use of information and communication technology (ICT) in international trade.

411. **Objective:** To facilitate the participation in international trade of small and medium-sized enterprises (SMEs) in developing and least developed countries through the use of ICTs. The full transfer of the Trade Point Programme to the WTPF took place on 4 November 2002. The secretariat continued to provide support to the WTPF in 2004 with a view to strengthening it.



*Annex 1: Review of activities undertaken in 2004*

412. **Outputs/results:** Companies use the services of the WTPF's members (the Trade Points) to access trade-related information and a global information network, obtain advice on how to trade internationally, and acquire hands-on experience in electronic commerce. The worldwide Internet-based network interconnecting all Trade Points provides companies with enhanced international visibility, as well as access to the WTPF's global system of trade leads called the Electronic Trade Opportunities (ETO) system. In close cooperation with the Steering Committee of the WTPF, the secretariat used minimal financial and human resources to support the execution of the operational plan 2004. The President of the WTPF remained in Geneva in order to provide daily guidance to its implementation and, in his function as official representative of the Federation, finalized many issues initiated by the secretariat.

413. The main **outputs/results** during the year were as follows:

**(i) Strengthening of the World Trade Point Federation**

414. In 2004 there were 127 Trade Points in 82 countries (21 in Africa, 33 in the Americas, 19 in the Arab region, 16 in Asia/Pacific and 38 in Europe). The number of operational Trade Points was 58. There was an increase in the number of countries wishing to establish Trade Points; requests were received from Liberia, Malaysia, Monrovia, Nigeria, and the United Arab Emirates. China requested seven additional Trade Points. From Europe, requests came for four additional Trade Points in Germany, two in Spain, one in Russia and one in Turkey. In the Americas, Trade Points were created in Colombia and the United States.

415. The secretariat provided assistance in strengthening the international image of the WTPF, namely through the preparation of an application for consultative status with the ECOSOC, which was granted on May 2004, and in securing the intellectual property rights of seven of the Federation's trademarks and logos that resulted in their protection in Switzerland. Furthermore, support was provided for the finalization of the *Trade Point Review 2004*, as well as for other information material and communications, including requests for information from member States, trade support institutions, enterprises, the media and others.

416. The secretariat assisted in the organization of the annual General Assembly meeting of the Federation (Murcia, November 2004), namely by preparing the agenda of the meeting, and drafting relevant documentation (including the operational

plan for 2005, the progress report for 2004 and four manuals and guidelines on specific topics) and presentations, including one on LDCs. Trade Points were assisted with travel formalities and funding. For the first time, the number of operational Trade Points (39 Trade Points from Africa, Asia, the Americas, the Arab region, and Europe) was sufficient for a quorum, thereby allowing the General Assembly to take decisions. In early December 2004, the secretariat co-organized a two-day meeting in Shanghai that focused on support for enterprises that want to conduct international trade. The audience included Trade Points in the Asia/Pacific region and Chinese trade associations and enterprises. The secretariat also assisted in the organization of two meetings to enhance cooperation between Trade Points in the same region. The first was an UNCTAD XI parallel event of the Inter-American Trade Point Forum (São Paulo, June 2004), and the second was for the Arab Trade Point Forum (Amman, July 2004).

**(ii) Enhancement of services designed for Trade Points**

417. The secretariat provided assistance in the proper implementation of the Federation's rules and regulations by Trade Points, mostly on branding guidelines and some online services such as 'World Trade Events' and 'Trade related Sites'. Additional guidelines were drafted and disseminated to Trade Points for new or enhanced services, namely a 'User guide for the Global Trade Directory system (GTDS)', a 'User guide for an enhanced version of the Electronic Trading Opportunities system (ETOs)', a 'User guide for the WTPF website', and a 'User guide for the Management Modules for Trade Points, including the payment system'.

418. The secretariat coordinated the submission of the annual activity reports of Trade Points, which allow the verification of the activities undertaken and provide content for the annual Trade Point Review. In total, 64 reports were submitted covering the 2003, of which 52 came from operational Trade Points. Further to requests from Trade Points, the secretariat conducted a small study on best practices for the successful operation of Trade Points. The study indicated that most Trade Points offer two types of service packages: a basic one consisting of registration in the GTDS Directory and access to password-protected materials, and an additional service package of which the composition largely depends on local needs.

419. External funds were critical to missions and other technical support work. Missions were organized and most often undertaken by the secretariat itself in order to provide technical support



to Trade Points in Maputo, Asmara, Cotonou, Kuala Lumpur, Tunis, Tashkent, and Lahore. Technical support was also provided to Trade Points in Bolivia, Colombia, Costa Rica and Venezuela. Francophone translation tools were developed for the portal of the WTPF. The secretariat also provided assistance in raising awareness during missions and meetings with third parties and with representatives of Permanent Missions in Geneva.

### (iii) *Services for SMEs, clients of Trade Points*

420. The secretariat participated actively in the WTPF website Task Force to create a new web portal ([www.tradepoint.org](http://www.tradepoint.org)) and enhance online services, namely by facilitating the cooperation amongst its members and following up on progress made and implementation of the web strategy. It also assisted in implementing password protection, introducing an online payment system for Trade Points, and providing content and some translation services. The new portal can be fully integrated into the local websites of each Trade Point, expanding the access of enterprises to services, and Trade Points can tailor local websites to national language and local needs. Hosting costs are covered by the WTPF. Around 45 Trade Points received assistance on the implementation of the new integrated website concept. Two services in particular were enhanced. The ETO system was made more competitive and responsive to international trade requirements; a Trade Alert feature allows the user to receive all ETOs by e-mail. The GTDS, or worldwide company database, allows companies to upload company profiles, and product and/or services information, including virtual catalogues.

421. A Memorandum of Understanding (MOU) was signed between UNCTAD and the WTPF in April 2004 for continuous support and cooperation, including the creation of a Multi-Donor Trust Fund. The WTPF also signed a Letter of Cooperation in October 2004 with ITC for the provision of ICT tools and services via the WTPF for the benefit of Trade Points. A MOU was signed in November 2004 with UNECE on support to SMEs. The already existing partnership with Ernst & Young was further strengthened with additional publications and materials.

## 4. ICT and e-business for development

422. Pursuant to United Nations General Assembly resolution 53/220, UNCTAD's technical cooperation activities concerning electronic commerce had been funded mainly from the Development Account, which was fully utilized by 2004. This resulted in a

significant decrease in the level of technical cooperation operations in 2004 in the area of e-commerce, e-business and related matters. However, the Branch successfully carried out preparatory and fund-raising work that resulted in the generation of additional funds that will be used to support technical cooperation activities in new areas in 2005 and beyond. In 2004 the Branch also continued to provide technical cooperation to interested developing countries, in the context both of its regular work programme and of a number of technical cooperation initiatives that were funded through means other than the Development Account, among which the more salient are described below:

423. **Development context:** There continues to be a digital divide in the adoption and use of ICT and e-business, including e-commerce, between developing and developed countries. However, it is increasingly recognized that ICTs are powerful enablers of development, and e-business can enhance productivity and can offer substantial benefits to developing countries. Hence, a growing number of developing countries are formulating and implementing national ICT strategies for development. The role of ICT in national development strategies and their implications for the competitiveness of enterprises has received ongoing attention in international forums.

424. **Objective:** Strengthen the capacity of developing countries, including least developed ones, and also countries with economies in transition to promote the use of ICT and e-business as a means of lowering transaction costs in production and in the exchange of goods and services, as well as to formulate ICT strategies for development.

### 425. **Output/Results:**

- (a) **Support for the exchange of information and experiences and the development of a policy framework in the area of the economic applications of ICT in developing countries.**

426. The fifth annual *Electronic Commerce and Development Report* (ECDR) was published in December 2004. The ECDR provides policy-oriented analysis on the economic implications for developing countries of the adoption of e-commerce and ICT, in order to support developing-country policy-makers in their efforts to establish and implement strategies to maximize the positive effects and minimize the risks derived from the application of ICT, e-business and e-commerce to the economic sectors of particular interest for developing countries. The ECDR 2004

reviews several questions on the international agenda in the area of information and communication technologies for development, examines the use of e-businesses by SMEs in developing countries, analyses the implications for the creative industries of digital and Internet technologies (especially in the case of music), looks into the prospects of online higher education for developing countries, discusses the role of e-procurement and the development of e-business capacity, studies the issues involved in the protection of privacy rights in an online world, and carries out an assessment of competitiveness in the ICT sector in a developing country (case study of Tunisia).

427. Resource persons participated in an Expert Meeting on Free and Open Source Software that took place in Geneva, from 22 to 24 September 2004. This meeting addressed the issues of the nature and principles of free and open source software (FOSS), how FOSS changed the economics of the information technology (IT) industry, and how the FOSS process influenced technology development in general, in particular as users overcame anxiety about issues of security and predictability of the development path of certain applications. It addressed related issues such as its use in schools and higher education, the issue of software patents, the problem of quality guarantees, and how software relates to technology trade restrictions. As a follow-up to this meeting, UNCTAD pursued its information exchange and capacity-building work, and signed a Memorandum of Understanding with a private company to contribute to closing the global digital divide by enabling developing countries to better use free and open source software by supporting open source training initiatives in developing countries.

**(b) Support and participation to information exchange and capacity building in ICT for Development related issues**

428. At UNCTAD XI, partnerships on ICT for development were launched on the following subjects: (1) measuring the information society (2) e-tourism, (3) ICT policies in developing countries, (4) e-finance for small and medium-size enterprises and (5) Free and open-source software training. The objectives of the partnerships are to build concrete strategies to improve access and use of ICT applications to enhance the economic competitiveness of developing countries, as well as to assist developing countries to formulate and monitor ICT policies.

429. The Partnership on Measuring ICT for Development has as one of its key objectives to

enhance the capacities of national statistical offices in developing countries and build competence to develop statistical compilation programmes on the information society, based on internationally agreed upon indicators.

430. Eleven partners (ITU, OECD, UNCTAD, the UNESCO Institute of Statistics, the UN ICT Task Force, four UN Regional Commissions, the World Bank and Eurostat) work together to coordinate and plan their work on ICT measurement, and to collaborate in assisting developing countries to advance their information society measurements. A letter of intent was signed with ITU and the OECD in May 2004, and an MoU with the UN ICT Task Force in June 2004, confirming the commitments of the organisations to working together in this field.

431. In October 2004, UNCTAD and ITU co-hosted a donors' meeting in Geneva to seek the necessary support for assisting developing countries build capacity to monitor national ICT impact. The meeting presented the Partnership project proposal and was followed by an interactive debate and contributions on the objectives, main activities, expected outcome, and operational modalities for implementing a joint project.

432. UNCTAD actively participated as well in the preparatory phase of the WSIS to be held in Tunis in November 2005, by submitting written inputs to the drafting process for the final Tunis documents, and by participating in all preparatory meetings, the WSIS stocktaking, and meetings of the High-Level Summit Organizing Committee (HLSOC).

433. UNCTAD continued to contribute actively to the work of the UN ICT Task Force within several working groups established by the Task Force.

434. In addition to that, advice to governments in the form of presentations and participation in training courses was offered by UNCTAD staff members at the following e-commerce seminars, workshops and conferences:

- ADB Institute Training Course on E-Commerce. (September 2004, Tokyo, Japan).
- UNCTAD Training Course on Key Issues on the International Economic Agenda. (July 2004, Prague, Czech Republic and November 2004 Hanoi, Viet Nam).

435. UNCTAD also visited the SADC secretariat in November 2004 to conduct a needs analysis and identify potential cooperation opportunities between UNCTAD and the SADC region, including in the field of using ICT for economic development.

436. In addition, the secretariat offered a range of advisory and training services pertaining in particular to the preparation of a supportive legal and regulatory environment for electronic commerce. Further to the request expressed by the government of Lao PDR in September 2004, the training course on Legal Aspects of Electronic Commerce, prepared in cooperation with TrainForTrade, was delivered in March 2005 to 22 participants from various organizations and Ministries. In addition, the assistance of UNCTAD was requested to facilitate the legal drafting process on electronic commerce. A first draft of the law was presented to the drafting group that includes the Scientific, Technical and Environmental Agency

(STEA), the Ministry of Commerce and the Ministry of Justice. The draft reflected five principles: (a) simplicity, based on the current state of electronic commerce development in Lao; (b) flexibility, recognizing that in the future more complex rules may be required; (c) taking into account regional best practice, existing laws and draft recommendations from ASEAN partners; (d) consistency with international harmonization initiatives from UNCITRAL, and (e) consistency with existing Lao law. UNCTAD will follow the drafting process until completion by 2006.

**Table 4**  
**DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT**  
**AND TRADE EFFICIENCY**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>Trade logistics</b>						
IRA/99/008	ACIS in Islamic Republic of Iran (PortTracker) .....	1999-	UNDP	621 982	467 407	-9 383
NEP/97/A53	Promotion of the trade and transport sectors of Nepal .....	1998-	Nepal	3 573 353	2 956 800	-82 258
PAK/99/A01	Promotion of the trade and transport sectors .....	2001-	Pakistan	2 955 819	1 947 707	383 136
PRC/0T/2BQ	ACIS RailTracker Upgrade for SNCC .....	2002-	COMESA Secretariat	71 240	58 119	17 208
SOM/98/001	Ports and trade efficiency for economic recovery of Somalia ..	1998-	UNDP	2 803 030	2 803 004	259
SYR/04/004	Feasibility of Modernisation and Automation of the Syrian Customs Department .....	200-	UNDP	23 632	21 484	21 484
INT/83/A04	Course on Improving Port Performance (IPP) .....	1983-	Multidonors	560 978	527 245	30 142
INT/93/A22	Introduction of multimodal transport and microcomputer software programmes .....	1993-	Multidonors	60 191	41 424	1 158
INT/0T/0BB	Support for ACIS promotional activities .....	2001-	Multidonors	735 897	641 662	-2 521
INT/0T/1AJ	ACIS RailTracker maintenance .....	2001-	Kenya, UR of Tanzania, Uganda	50 108	40 645	-19
INT/0T/2AX	Online trade efficiency support services .....	2002-	Belgium	261 228	222 640	106 731
INT/0T/3BJ	Trade Facilitation in the Context of the Doha Development Agenda: Support to Trade Facilitation Platforms in Developing Countries .....	2003-	Sweden	216 000	105 873	103 561
RAF/94/A70 <sup>a</sup>	Development and installation of ACIS in COMESA .....	1995-2004	EC	7 199 533	6 372 237	-100
RAF/99/A07	ACIS RailTracker in Southern Africa (Rolling Stock Information System) .....	1999-	USAID	1 255 171	1 103 751	15 261
RAF/0T/4BH	ACIS RoadTracker in UEMOA .....	2004-	UEMOA	155 827	121 945	121 945
RAS/0T/1BR	International Multimodal Transport Operations in the ECO Region: Trade Facilitation Component .....	2001-	IDB-ECO	50 104	25 826	13 217
ROA-2180(M)	Trade and Transport Facilitation .....	2004-	Development Account	640 000	51 600	51 600
<b>Total Trade logistics .....</b>				<b>21 234 093</b>	<b>17 509 369</b>	<b>771 421</b>
<b>ASYCUDA</b>						
ALB/0T/1BZ	Computerization of Customs Procedures and Data Processing Using ASYCUDA++ .....	2002-	EC	836 340	714 055	184 746
BAR/0T/1BY	Simplification of Customs Procedures and Data Using ASYCUDA++ .....	2003-	Barbados	476 843	274 461	266 444
BDI/0T/2CH	Migration to ASYCUDA++ .....	2003-	Burundi	460 000	198 587	191 972
BEN/0T/1AR	Migration to ASYCUDA++ .....	2001-	Benin	326 765	222 583	69 093
BGD/0T/0BK	CAM - I Implementation of ASYCUDA .....	2001-	Bangladesh	921 968	857 734	218 493
BIH/0T/3AN	Technical Assistance on ASYCUDA Aspects of the Merger of the Customs Administration of Bosnia and Herzegovina .....	2003-	EC	279 318	259 983	22 234
BIH/0T/4BA	Technical Assistance on ASYCUDA Aspects of the Merger of the Customs Administration of Bosnia and Herzegovina .....	2004-	EC	691 278	519 724	519 724
BKF/0T/1BS	Migration to ASYCUDA++ .....	2001-	Burkina Faso	314 981	254 159	34 426
BOL/00/002	Apoyo a la implementación del sistema aduanero automatizado SIDUNEA .....	2000-	UNDP	748 669	739 569	-4 199
BOT/0T/1AL	Implementation of ASYCUDA in Botswana .....	2001-	Botswana	1 697 615	1 333 343	358 818
CHD/99/003 <sup>a</sup>	SYDONIA ++ .....	1999-2004	UNDP	736 547	733 975	-2 572
CMR/0T/2CR	ASYCUDA++ Implémentation .....	2002-	Cameroon	597 692	205 770	194 190
CVI/0T/0BA	Migration au système SYDONIA ++ .....	2000-	Cape Verde	399 997	336 410	43 679
EST/0T/2BZ	ASYCUDA++ Estonia - Technical Assistance and Support .....	2002-	Estonia	159 454	139 344	33 843
ETH/02/019	Upgrading customs automation (migration to ASYCUDA++), under the framework of public sector reform programme .....	2003-	UNDP	422 013	228 589	191 723
GAB/0T/1CU	Implementation of ASYCUDA++ System .....	2002-	Gabon	584 459	531 645	66 616

(for note see end of table)



**Table 4 (continued)**  
**DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT**  
**AND TRADE EFFICIENCY**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
HAI/0T/2AM	Migration au système SYDONIA++ .....	2003-	Haiti	199 960	86 246	28 007
IRA/02/006	Support to e-customs programme of the Islamic Republic of Iran .....	2003-	UNDP	124 890	119 716	51 743
JOR/96/004	Computerisation of Customs procedures and data for improved revenue collection – Phase I .....	1997-	UNDP	1 531 089	1 309 496	-51
LAT/98/A13	ASYCUDA .....	1998-	EC	481 634	446 154	-34 541
LAT/0T/2CA <sup>a</sup>	Financing Agreement for ASYCUDA++ .....	2003-2004	Latvia	25 000	22 155	-509
LEB/0T/2BI	Completion of the implementation of ASYCUDA++ .....	2002-	EC	105 242	33 642	26 442
LIT/0T/2CB	Agreement for ASYCUDA++ service, technical assistance and support .....	2002-	Lithuania	188 721	146 161	49 253
MAG/0T/2BY	Migration to ASYCUDA++ System .....	2003-	Madagascar	226 945	104 767	104 767
MAU/0T/1CJ	Migration to ASYCUDA++ System .....	2001-	Mauritania	285 000	151 921	89 988
MCD/0T/3BP	ASYCUDA Technical Assistance for Transit and Selectivity .....	2003-	Macedonian Government	76 563	45 348	45 348
MLI/0T/2AT	Migration to ASYCUDA++ .....	2002-	Mali	296 719	123 290	16 634
MLW/98/A34	ASYCUDA .....	1999-	United Kingdom	1 428 100	884 425	51 564
MOL/0T/3BC	Implementation of ASYCUDA .....	2003-	World Bank	395 349	244 434	244 434
NAM/0T/2AI	Migration to ASYCUDA++ - .....	2002-	Namibia	688 058	358 881	232 826
NAN/0T/1BX	Simplification of Customs Procedures and Data Using ASYCUDA++ .....	2003-	Netherlands	713 342	564 517	211 173
NCA/0T/3AU	Implementation of ASYCUDA++ .....	2003-	New Caledonia	1 451 336	657 789	546 335
NER/0T/1BT	Migration au Système SYDONIA++ .....	2001-	Niger	282 131	196 929	6 557
NIC/99/A52 <sup>a</sup>	Migración a SIDUNEA++ .....	1999-2004	Nicaragua	220 000	212 963	-211
PAL/0T/1AX	ASYCUDA++ Preparatory Technical Assistance Project .....	2001-	Palestinian Authority	332 000	284 220	-10 320
PAL/0T/3BM	ASYCUDA++ Phase II – Pilot Site Implementation .....	2003-	EC	656 192	527 494	527 494
PHI/94/A36	ASYCUDA .....	1994-	Philippines	2 665 000	2 485 292	41 444
PNG/0T/4AP	Installation of the Automated System for Customs Data in Papua New Guinea .....	2004-	Papua New Guinea	496 367	120 322	120 322
PRC/0T/2BW	Installation du système du SYDONIA++ .....	2002-	Congo	550 000	338 881	140 404
RWA/0T/2BX	Migration to ASYCUDA++ .....	2003-	DFID	1 349 540	654 868	294 800
SLO/0T/4AD	ASYCUDA++ technical assistance and support .....	2003-	Slovakia	159 086	3 867	3 867
SRL/97/A51	Customs modernization programme – Migration to ASYCUDA++ .....	1997-	Sri Lanka	345 748	335 023	12 469
STL/0T/3AT	Simplification and Computerisation of Customs Procedures and Data Using ASYCUDA++ .....	2003-	Saint Lucia	262 239	42 538	42 538
SUD/0T/3AS	Migration to ASYCUDA++ .....	2003-	Sudan	331 483	44 845	38 845
TIM/02/015	ASYCUDA .....	2002-	UNDP	400 361	331 404	190 986
TOG/0T/2AN	Migration to ASYCUDA++ .....	2002-	Togo	298 687	163 390	107 020
TRI/0T/1BW	Simplification of Customs Procedures and Data Using ASYCUDA++ .....	2004-	Trinidad and Tobago	563 870	3 284	3 284
UGA/0T/1AP	Migration to ASYCUDA ++ – Customs Modernization Programme .....	2001-	Uganda	262 346	206 672	55 643
URT/0T/2CY	Migration to ASYCUDA++ .....	2004-	Tanzania	328 780	107 663	107 663
VEN/01/013	Apoyo a la Modernización del Sistema Aduanero .....	2002-	UNDP	1 973 788	1 365 150	473 899
VEN/0T/0BE <sup>a</sup>	Piloto SIDUNEA++ .....	2000-2004	Venezuela	790 000	703 904	-704
YEM/97/002	Strengthening economic and financial management (Phase II) ASYCUDA ++ and DMFAS .....	1998-	UNDP	3 014 017	2 861 187	-16 862
YEM/03/009	Implementation of ASYCUDA in Yemen - Phase II .....	2003-	UNDP	432 176	197 803	170 986

(for note see end of table)

**Table 4 (continued)**  
**DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT**  
**AND TRADE EFFICIENCY**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
ZAM/0T/1AW	Migration to ASYCUDA++ .....	2001-	United Kingdom	288 538	250 496	30 078
ZIM/99/A40	Institutional strengthening of Customs data processing system ...	1999-	World Bank	735 530	686 594	9 581
INT/94/A49	ASYCUDA marketing activities .....	1994-	Multidonors	181 858	170 616	6 505
INT/98/A19	Support for ASYCUDA implementation activities .....	1998-	Multidonors	160 279	73 965	24 747
INT/98/A42	Support for ASYCUDA implementation activities .....	1998-	Multidonors	756 574	674 780	86 402
INT/99/A57	ASYCUDA: passage à l'an 2000 .....	2000-	France	129 082	125 909	39 038
INT/99/A65	Soutien aux administrations des douanes des pays utilisateurs du système SYDONIA – Bogue de l'an 2000 .....	1999-	France	459 621	443 706	86 405
INT/0T/0BT <sup>a</sup>	Realization of an ASYCUDA – SAFETIR interface .....	2000-2004	International Road Transport Union (IRU)	89 270	83 252	-1 098
INT/0T/2CS	Developing practical tools to assess trade facilitation needs and priorities in LDCs.....	2003-	Norway	300 000	99 154	40 943
RAF/99/A14	SYDONIA v 2.7 (pays de la CEDEAO, et Centre Informatique Communautaire de la CEDEAO (CIC)) .....	1999-	ECOWAS	219 180	207 162	4 790
RAF/0T/2AG	Migration to ASYCUDA system from version 2.7 to ASYCUDA++ in ECOWAS .....	2002-	ECOWAS	89 903	55 036	39 253
RAF/0T/3BX	Creation of a Regional ASYCUDA Centre for Africa.....	2003-	France	244 654	146 037	146 037
RAS/00/A05	ASYCUDA implementation and support in the Asia/Pacific region .....	2000-	Multidonors	357 067	244 577	108 570
RAS/98/A07	Computerisation of Customs Data and External Trade Statistics .....	1998-	Australia	4 266 600	3 991 335	98 954
RAS/0T/1DA	ASYCUDA Support Mechanism for the Pacific .....	2002-	Japan	892 886	548 479	140 838
RLA/0T/3AD	ASYCUDA Regional Support for Americas .....	2003-	National Governments	320 066	53 383	53 383
<b>Total ASYCUDA .....</b>				<b>43 076 806</b>	<b>31 891 053</b>	<b>7277 193</b>
<b>Information and Training</b>						
INT/99/A48	Training in international trade for least developed countries (TRAINFORTRADE) .....	1999-	Multidonors	59 493	36 375	4 090
INT/0T/1AS	Training course on international economic issues (paragraph 166 of the UNCTAD X Plan of Action) .....	2001-	Italy	105 221	89 796	31 601
INT/0T/4AJ	Development of a Prototype of the UNCTAD Training Resources Platform .....	2004-	Canada	173 694	37 548	37 548
RLA/01/001	Strengthening Economic and Financial Management .....	2002-	UNDP	116 147	111 597	45 500
ROA-2074(J)	Key issues on the international economic agenda .....	2002-	Development Account	1 008 000	740 528	296 816
<b>Total Information and Training .....</b>				<b>1 462 555</b>	<b>1 015 844</b>	<b>415 555</b>
<b>Human Resources Development</b>						
INT/91/A15	TrainForTrade Trust Fund .....	1991-	Multidonors	929 536	788 601	149 912
INT/99/A51 <sup>a</sup>	TRAINMAR .....	1999-2004	Netherlands	116 279	100 317	-224
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-	Multidonors	80 000	276	276
RAF/96/A49	TRAINMAR in Western/Central Africa (Certificat portuaire CNUCED) .....	1997-2003	Multidonors	399 935	407 601	36 361
RAF/98/A04	Appui TRAINMAR aux Pays Africains de Langue Officielle Portugaise (PALOP).....	1998-	Portugal	73 549	53 503	12 755
RAF/0T/2AC	Programme de renforcement des capacités de formation portuaire .....	2002-	Multidonors	89 870	64 697	40 504
RAS/0T/2BL	Strengthening capacity of the trade support institutions in Asian LDCs .....	2002-	Japan	265 132	55 001	-1 721
<b>Total Human Resources Development .....</b>				<b>1 954 301</b>	<b>1 469 996</b>	<b>237 863</b>

(for note see end of table)

**Table 4 (continued)**  
**DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT**  
**AND TRADE EFFICIENCY**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>TRAINFORTRADE</b>						
TUN/0T/2CF	Programme de formation portuaire pour la Tunisie .....	2003-	Office de la Marine Marchande et des Ports de Tunisie	34 971	31 684	14 945
INT/90/A18	Training in the field of foreign trade .....	1990-	France	1 846 937	1 443 998	88 292
INT/0T/2AH	Appui aux programmes de formation TrainForTrade et programme de formation portuaire.....	2002-	Le Cabildo de Gran Canaria	182 006	119 272	94 391
INT/0T/2CJ	Capacity building programme on training in selected economic issues: distance learning techniques .....	2002-	Belgium	785 346	459 936	309 558
INT/0T/4AB	Mise en place d'un projet de renforcement des capacités de formation portuaire pour les pays en développement .....	2004-	Les ports des pays en développement	217 278	9 399	9 399
RAF/99/A09	Mise en place de capacités de formation du commerce international (TRAINFORTRADE) .....	2000-	France	386 084	340 668	10 481
RAF/0T/2BT	Formation portuaire pour les pays africains de langue officielle portugaise .....	2003-	PALOP	49 923	46 142	26 876
RAS/0T/2CK	Capacity Building in the Field of Training for International Trade (TRAINFORTRADE).....	2002-	France	1 856 485	267 941	217 515
INT/04/X36	TRAINFORTRADE .....	2004-	Germany	37 158 <sup>b</sup>	37 158	37 158
<b>Total TRAINFORTRADE .....</b>				<b>5 396 188</b>	<b>2 756 198</b>	<b>808 615</b>
<b>Trade Points</b>						
MOZ/99/A47	Training activities at the Maputo trade point .....	1999-	World Bank	33 900	31 576	2 236
INT/0T/4AW	Strengthening of the World Trade Point Federation and its Trade Points .....	2004-	World Trade Point Federation	125 079	59 723	59 723
RAS/99/064	Strengthening Trade Points in Asia/Pacific for Regional Cooperation .....	2001-	UNDP	319 458	303 472	116 872
<b>Total Trade Points .....</b>				<b>478 437</b>	<b>394 771</b>	<b>178 831</b>
<b>DIVISION TOTAL.....</b>				<b>73 602 380</b>	<b>55037 231</b>	<b>9 689 478</b>

Note: EC – European Commission.

<sup>a</sup> Project which had been “operationally but not financially completed” or “completed” in 2004.

<sup>b</sup> Annual budget.

## ***E. SPECIAL PROGRAMME FOR LEAST DEVELOPED, LANDLOCKED AND ISLAND DEVELOPING COUNTRIES***

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437. Technical cooperation includes activities carried out in accordance with the implementation of the Programme of Action for LDCs for the decade 2001–2010, as well as contributions to the implementation of the Integrated Framework for Trade-related Technical Assistance to LDCs, the Global Framework for Transit Cooperation Between Landlocked Developing Countries (LLDCs) and Transit Developing Countries and the Donor Community, and the Programme of Action for the Sustainable Development of Small Island Developing States (SIDS).

438. The objective of technical cooperation of the Special Programme is to provide support through technical assistance activities to the LDCs, LLDCs and SIDS in the implementation of the LDC III PoA, the Almaty Programme of Action (APoA) and the Barbados PoA. This is to facilitate the development efforts of LDCs, LLDCs and SIDS and their beneficial integration into the world economy in the areas within UNCTAD's mandate. The technical cooperation activities are consistent with the decisions adopted at UNCTAD XI, in line with the Bangkok PoA. In these activities, the Special Programme took into account the ongoing WTO negotiations and the commitment to contribute towards the achievement of MDGs.

439. The technical cooperation activities of the Special Programme have been organized around the following two main pillars:

- Interdivisional coordination of UNCTAD's technical cooperation for LDCs, LLDCs and SIDS, in order to enhance the efficiency of technical cooperation provided by UNCTAD Divisions and Programmes; and
- Specific projects implemented by the Special Programme for these three groups of countries focusing on improving their institutional capacities and human resources in areas within UNCTAD competence.

### **1. Interdivisional coordination**

440. These activities are treated as crosscutting and mainstreamed in the sectoral work undertaken in

different UNCTAD Divisions and Programmes and implemented through LDC Focal Points. The overall coordination provided by the Special Programme has served the objective of securing consolidated and coordinated UNCTAD responses to the technical assistance needs of LDCs, LLDCs and SIDS. It also serves to synchronize the implementation of programmes and projects, both inside and outside UNCTAD in a manner that maximizes synergy and effectiveness.

441. The Special Programme has been the main instrument of UNCTAD in the implementation of the Integrated Framework for Trade-related Technical Assistance (IF). In this connection, the Special Programme, through its capacity building cluster, is acting as UNCTAD's focal point for the implementation of the IF.

442. During 2004, Diagnostic Trade Integration Studies (DTIS) were completed for Lesotho, Malawi, Mali and Mozambique. In 2004, seven countries started their DTIS process: Benin, Chad, Lao PDR, Rwanda, Sao Tome and Principe, Tanzania and Zambia. The IF has been extended to seven more least developed countries: Angola, Burkina Faso, the Gambia, Maldives, Niger, Sierra Leone and Uganda. The Gambia, Tanzania and Uganda were included under the old IF scheme, but were accepted into the revised IF process last year.

443. UNCTAD's contribution to the IF implementation process through interdivisional coordination included the following:

- Participated in the DTIS of Benin, Chad and Rwanda for the investment chapters;
- Implemented joint projects with the ITC in Guinea and Djibouti, financed by window II of the IF Trust Fund (UNCTAD contributes to the implementation of activities related to commercial diplomacy, investment and trade information);
- Assisted in projects formulation for the IF member countries such as Mali on commodities and SPS compliance, and Madagascar on capacity building;



- Participated in all DTIS workshops and implementation meetings with the donor community; and
- Participated in the joint IF core agencies' advisory mission to Malawi on renewing the momentum for the post-DTIS follow-up process leading to a donor IF implementation meeting.

## **2. Projects implemented by the Special Programme**

### **(a) LDC Trust Fund supported activities related to LDCs**

444. The Trust Fund for LDCs (INT/97/A09) was used, *inter alia*, for research work required by the *Least Developed Countries Report 2004*. In addition, analytical work has been financed through this fund in respect of substantive servicing of various inter-governmental and expert meetings on the issues of interest and relevance to the LDCs, LLDCs and SIDS. Funding has been made available in support of LDC negotiations at the WTO and the participation of LDC representatives/experts at various expert meetings and conferences, particularly UNCTAD XI. Financial support was also provided for the participation of LDC representatives at a workshop, organized by the OHRLLS, on follow-up activities related to LDC III. The workshop aimed at developing a methodology for national monitoring and progress reporting of the implementation of the Brussels PA.

445. In addition, the Trust Fund, upon the availability of funds, is used as a source of support in ensuring UNCTAD's effective and proactive participation in the IF process. This has included UNCTAD's closer involvement in the preparation of the DTIS, action matrixes and TRTA project formulation in line with UNCTAD's mandate and comparative advantage.

446. In its support to LDCs, the Special Programme developed the concept of and organized the following three events at UNCTAD XI:

#### **(i) High-Level Round Table on Trade and Poverty – The Developmental Perspective on the Relationship Between Trade and Poverty**

447. The Round Table provided a forum for policy makers, LDCs and their development partners to debate the issues related to the linkages between trade and poverty from a developmental perspective and examine: what national and international policies should be pursued to ensure that trade effectively

supports poverty reduction and what institutional mechanisms are needed to promote such policies;

#### **(ii) LDC Ministerial Meeting**

448. The objectives of the LDC Ministerial Meeting held during UNCTAD XI were: (a) to enhance the participation of LDCs in global policy-making processes; (b) to acquaint ministers with the themes, sub-themes and the expected outcome of the Conference, so that they would be able to promote and protect their interests by advancing issues of importance to their own socio-economic progress; and (c) to promote awareness among policy makers in LDCs about the substantive and political significance of the Conference and the implications of the outcome for their respective countries. Once concluded, the Meeting of Ministers adopted a political declaration highlighting key issues of interest to the LDCs and the international support measures needed to address the developmental challenges and prospects facing LDCs.

#### **(iii) High-level Panel on Trade and Development Strategies for LDCs**

449. At the High-level Panel, the findings of the *LDC Report 2004* were presented and discussed. The main objectives of the discussions were to make a substantive contribution to the policy debate on the correlation between trade development and poverty reduction strategies in the context of LDCs, with a view to identifying policy measures for more effective poverty reduction in LDCs.

### **(b) Other activities related to LDCs**

#### **(i) Trade and poverty training workshop**

450. A joint UNCTAD and World Bank Institute training workshop on trade and poverty was held in Geneva (24-27 May 2004). The first objective of this workshop was to sensitize and raise awareness on the linkages between trade and poverty. A second objective was to provide a forum for analysing policy issues surrounding trade and poverty, and to advance the participants' understanding of how trade impacts poverty and how trade policy relates to development and poverty reduction policies. This training course was attended by ten representatives of LDCs, three representatives from developing countries, the Government of Finland, various international agencies, NGOs and university academics. The workshop ended with a majority consensus, away both participants and organisers, that efforts made to tackle the issue of trade and poverty should continue. The workshop was effective in both sensitising policymakers to the issues surrounding trade and poverty and establishing a direct exchange process

**Annex 1: Review of activities undertaken in 2004**

between UNCTAD and the WBI, ensuring exposure to diverse and sometimes opposing views, which stimulated the debate. UNCTAD/WBI collaboration also allowed an interesting exchange in terms of different training methods, reflecting each other's shortcomings and successful practices.

**(ii) Integrated Framework – Pre-DTIS Capacity Building Technical Assistance**

451. In close collaboration with other IF agencies, the Special Programme organized a regional workshop on pre-DTIS support for incoming countries to the IF as a means to strengthen capacity for country ownership of the IF process; the workshop was hosted by the Government of Rwanda in Kigali (18-21 October 2004). The workshop aimed at strengthening the national capacities of the beneficiaries to own and monitor the IF process, as well as to design and implement, with their development partners, measures that will ensure that trade policy and trade-related capacity building make the maximum contribution to growth and poverty reduction strategies.

452. The Workshop was considered timely and necessary by all parties, the beneficiaries, IF agencies and donors. The host country and all participants expressed great satisfaction at the quality of discussions and the active participation (two representatives per country) of both the incoming countries (eight) and enduring countries (three). Moreover, the documentation and CD-Rom made available by UNCTAD, including a draft IF Manual and country case studies, provides a useful, consolidated source of knowledge of the IF process for all IF stakeholders, and it was highly appreciated. In confirming the value derived from the Workshop, the participants called for the continuation and strengthening of pre-DTIS support focusing on the country and regional levels. Requests for similar workshops at the national level are being received, and two national workshops are already scheduled for 2005.

**(iii) Integrated Framework – Manual**

453. The growing number of LDCs joining the IF has resulted in an imperative need for a document that would provide practical and factual information on the IF *modus operandi* to serve as a reference for the beneficiary countries and all stakeholders involved in the IF process. The Special Programme, in close collaboration with UNDP and DFID, has prepared a practical IF Manual, which will be finalized, published and distributed in 2005. The Manual explains the IF structures and processes, as well as the scope of issues to be dealt with, and draws

attention to the tools for trade-related capacity development available to LDCs. It also clarifies what can be expected from the IF process, and highlights the essential role and importance of national ownership and the need for a strong working relationship between LDCs and international partners.

**(c) Activities related to LLDCs**

454. The Special Programme has assisted in the preparations for the International Ministerial Conference on Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Cooperation in Almaty (Kazakhstan, 2003), which adopted the Almaty Programme of Action. This PoA addresses the special needs of landlocked developing countries within a New Global Framework for Transit Transport Cooperation with Landlocked and Transit Developing Countries. Technical assistance activities for the LLDCs are focused on support for the implementation of the APoA.

455. In this context, a sub-regional project proposal has been developed on "Support to Transit Transport Cooperation between Landlocked and Transit Developing Countries in West and Central Africa" - for Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, Togo, Central African Republic, Chad, Cameroon, Congo and Gabon. While the implementation of this proposal is awaiting funding, as a precursor to the project a study was undertaken in 2004 entitled, *Transit Transport Systems in West and Central Africa*.

456. The Special Programme has been substantively servicing negotiations between China, Mongolia and the Russian Federation on a transit traffic agreement facilitating the movement of goods between and among these countries since the year 2000. It prepared substantively the first meeting of governmental experts from these countries held in Geneva in December 2004. The expert meeting led to significant progress in the draft transit traffic agreement, which is submitted to the three governments respectively, and to the decision to launch preparations for the negotiations of technical annexes.

**(d) Activities related to small island developing States (SIDS)**

457. In 2004, almost all technical cooperation activities in favour of SIDS were carried out in the framework of preparations for the International Meeting for the Review of the Implementation of the Programme of Action for the Sustainable

Development of Small Island Developing States (Mauritius, 10–14 January 2005). Substantive support on several subjects relevant to the pre-Mauritius strategy document of the Alliance of Small Island States (AOSIS) was provided in the context of the Inter-regional Meeting of SIDS Experts in Nassau (Bahamas, 26–30 January 2004). Follow-up support was extended to the AOSIS in the intergovernmental preparatory consultations that took place under the auspices of the Commission on Sustainable Development in April 2004, with resumed consultative sessions in May and October 2004. During these consultations, UNCTAD's technical support to SIDS was concentrated on issues relevant to international trade and the question of SIDS graduation from LDC status. In addition, direct support to the Presidency of the 58<sup>th</sup> session of the General Assembly was provided in April 2004, under project STL/99/A56, at the request of the Hon. Julian Hunte, Minister of Foreign Affairs and External Trade of St. Lucia and President of the 58<sup>th</sup> session of the

General Assembly. This support involved technical inputs to the Office of the President on various economic aspects of the Barbados PoA. It provided the Presidency with advice on numerous issues of critical importance to SIDS, particularly the scope for special treatment, and on the substantive format of the Mauritius International Meeting.

458. In addition to technical cooperation with SIDS in the run-up to Mauritius, UNCTAD continued to advise the governments of Cape Verde and Maldives in the context of ECOSOC's deliberations on the framework for a smooth transition for graduating countries and the question of the graduation of Cape Verde and Maldives. The ultimate result of this work was encapsulated in two General Assembly resolutions in December 2004, one providing a road map for a smooth transition, the other one envisaging Cape Verde's and Maldives' graduation, in principle, by the end of 2007.

**Table 5**  
**OFFICE OF THE SPECIAL COORDINATOR FOR LEAST DEVELOPED,**  
**LANDLOCKED AND ISLAND DEVELOPING COUNTRIES**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>Least Developed Countries</b>						
HAI/99/A22	Appui au Gouvernement Haïtien dans le contexte de l'entrée d'Haïti dans le CARICOM.....	1999-	France	30 000	8 418	2 682
STL/99/A56	Support to the sustainable development of St. Lucia's trade in goods and services .....	1999-	Ireland	68 400	60 457	1 885
GLO/02/G03	Suivi à la table ronde sur commerce phase pilote du cadre intégré .....	2002-	UNDP	59 064	40 831	-2 020
INT/92/A17 <sup>a</sup>	LDC participation in Trade and Development Board sessions..	1993-2004	Multidonors	32 421	40 405	-1 110
INT/97/A09	Trust Fund for Least Developed Countries: core project .....	1997-	Multidonors	6 535 277	4 923 893	551 009
INT/0T/1CI	Publication on Small Island Developing States .....	2001-	Ireland	34 994	4 942	4 942
INT/0T/3AM	LDSCS Trade Ministers Preparatory Meeting For The Fifth WTO Conference.....	2003-	Multidonors	212 722	186 473	-1 777
INT/0T/3BY	DCS: pre and post diagnostic trade integration study (DTIS) capacity building .....	2003-	Finland	576 841	171 669	171 669
INT/0T/4AG	Training Workshop on Trade and Poverty, Organised Jointly with the World Bank Institute .....	2004-	Finland	101 668	56 766	56 766
RAS/00/A02	Support to the Forum Secretariat .....	2000-	Ireland	80 000	52 694	7 489
INT/02/X10	Least developed countries .....	2002-	Germany	41 823 <sup>b</sup>	41 823	41 823
INT/03/X46	Least developed countries .....	2003-	Belgium	92 687 <sup>b</sup>	92 687	92 687
<b>DIVISION TOTAL .....</b>				<b>7 865 897</b>	<b>5 681 058</b>	<b>926 045</b>

<sup>a</sup> Project which had been "operationally but not financially completed" or "completed" in 2004.

<sup>b</sup> Annual budget.

## **F. EXECUTIVE DIRECTION AND MANAGEMENT AND SUPPORT SERVICES**

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459. Certain technical cooperation activities are undertaken centrally in view of their interdivisional nature.

### **1. UNCTAD/UNDP Global Programme on Globalization, Liberalization and Sustainable Development**

460. *Development context:* The Programme promotes the convergence of national and international policies to better integrate low-income countries into the global economy, in pursuit of sustainable human development. The Programme is a unique “flagship partnership” between UNCTAD and UNDP. It draws on the mutually reinforcing knowledge and experience of UNDP (sustainable human development) and UNCTAD (trade and development) expertise in the context of developing countries’ challenges. The Programme adds value by promoting greater interaction between economic and social policies across a range of strategic national areas, thereby assisting low-income countries to optimise their competitiveness and social efficiency, opening opportunities for the poor. Such an approach facilitates their adoption of more effective outward-looking development strategies, which will enable them to manage their global integration in a manner that optimises the economic, social and environmental dimension of their sustainable human development strategy. The Programme’s *modus operandi* is to act as a facilitator and initiator, relying on the UN system and different local partners to ensure viability and sustainability. Its work in each country is tailored to local needs.

461. It also advises on policy strategies within international and regional negotiations. Its work is centred on the axes of the economy of knowledge, energy and water, as these are key vectors in attaining the Millennium Development Goals. With extensive regional and international knowledge networks, the Programme provides policy advice to the highest executive and legislative authorities in partner countries, while maintaining permanent contact with civil society, the private sector and the grassroots.

462. In implementing its activities the Programme promotes four kinds of partnership’ alliances:

- It nurtures a long-lasting alliance between UNCTAD and UNDP and progressively opens this partnership to other actors, and in particular the ILO, on “social efficiency” and “decent employment”;
- It improves alliances with NGOs and Universities at the global and regional levels, to set up an “Implementation Network” in the field of competitiveness for sustainable human development;
- It develops alliances with regional development banks, aimed at assisting them in strengthening their capacities in competitiveness-related programmes and securing a permanent source of financial support for initiatives promoted by the programme and by its implementation network; and
- It creates alliances with donors in developing countries, by fostering synergies between the Programme’s activities and donors’ bilateral projects.

463. The Global Programme is active at both global and country level, with country-level activities representing in 2004 approximately 70 per cent of its total activities. Experiences from each level feed the work of the other level.

#### **(a) Enhancing the integration of countries into the global economy**

464. The Programme focused on a specific set of countries and activities for 2004. Bolivia, Morocco, Senegal and Viet Nam were designated high-intensity countries. Indonesia and Kenya were designated low-intensity countries.

465. *Bolivia:* The Programme assists the special envoy of the UN Secretary General to Bolivia. In 2004, the Programme organised the “Parliamentary Forum on Energy, International Integration and Sustainable Human Development,” that took place, in the presence of the executive, the legislative and civil society in La Paz and around the country, promoting the high-value-added energy services sector within



the country's various international commitments. The overall four-month process was organized with the full involvement of many stakeholders in Bolivia.

466. On energy, the Programme secured a team of specialists present in Bolivia in June 2004 to examine the best use and distribution of the gas discovered and secured technical assistance from the Government of Mexico in providing training in the technology of oil and gas production, creating cluster enterprises in the country, and building capacity within the responsible authorities.

467. On governance, the Programme suggested the creation of an Economic and Social Council. In February 2004, a study tour to several Economic and Social Councils in Europe was organized for a delegation of two senior parliamentarians. Having reached an agreement among the stakeholders on the importance of creating an ESC in Bolivia, the Programme handed over the project to UNDESA, which is now in direct contact with the government for follow-up action to initiate the process and to define which kind of ESC would be suitable to the country.

468. *Morocco*: The Programme, with the support of UNDP Rabat, is advising the Government of Morocco on integrating measures to promote an economy of knowledge as part of its upcoming five-year plan. This activity was requested by the High Commissioner for Planning, along with UNDP Rabat, as a priority issue for the Plan. In executing this activity, the Programme has developed a partnership with the Marseille-based Institut de la Méditerranée, to draw in further expertise on strengthening the linkages within the economy between the export and domestic sectors, and between these sectors and research and development institutions in the country and outside.

469. *Senegal*: The Programme is working on improving the links between competitiveness and social efficiency, in particular through advice on the improvement of skills and the development of eco-tourism in the Casamance region in Southern Senegal. This means constructing an outward-looking strategy to provide education and training that addresses the new and specific opportunities that have arisen from the increased stability in its trade and investment climate, increasing linkages with traditional sectors and improving the quality and quantity of jobs, in particular in the tourism sector. On promoting the development of skills, the Programme is cooperating with the Swiss Agency for Development and Cooperation in Senegal. This activity comes under the Government of Senegal's plan for the Casamance region and under UNDP

Senegal's role in implementing the plan. In mid-November 2004, a three-day seminar was held in Ziguinchor to present studies on the two essential topics of training/education and tourism in Casamance. One of the main outputs of the seminar was to bring together various interested actors in the region. Furthermore, contacts have been made with the Minister of Energy for a potential project on energy regarding Senegal's status as an oil-importing LDC.

470. Aware that the Integrated Framework is also active in Senegal, the Programme has paid attention to the matrix of actions established by the IF and identified the areas and sectors where it could take action without duplicating the planned activities of the Framework.

471. *Viet Nam*: In 2004, activities undertaken in this country were geared towards connecting the competitiveness that Viet Nam is developing with its social efficiency, so that the benefits of market liberalization are spread widely. The seminar: 'Negotiating Viet Nam's integration into the global economy: Examples of energy, investment and related sectors' fulfilled its objectives, providing a lively and at times controversial discussion on the road ahead for Viet Nam's integration strategies.

472. eLangViet is a tool to provide much-needed know-how on trade, production, prices, health and education through a closed intranet system to the Vietnamese grassroots in rural areas. In March, final agreement was reached with the government, the six provinces and seven villages on the pre-feasibility study. Funding was identified in June and the feasibility stage was launched in July. At the same time, steps were undertaken to transfer eLangViet to NGO status, so that it will in the future move forward under its own steam, independently of the Global Programme. In-depth research on the basic needs of the communities was undertaken at the village level in September and October by four agricultural universities. The results were presented, analysed and codified at Hanoi Agricultural University in December. These results and analyses were used by sectoral experts in their contributions to the feasibility study, which was published late December.

473. *Indonesia*: As a conclusion of activities undertaken in 2003, the Programme undertook in June a national workshop with DEPLU (the Foreign Ministry) and the United Nations Special Facility for Indonesian Reconstruction (UNSFIR) to examine Indonesia's integration into the global economy from the perspective of SME competitiveness and human development and against the background of economic stagnation and administrative decentralisation:

*Annex 1: Review of activities undertaken in 2004*

'Indonesia: Tackling the Challenges for SMEs from Global Integration and Regional Autonomy.' The major outcome of the workshop was a request by DEPLU for a follow-up activity to address the pressing need for a more coherent national policy, across ministries and provinces, on Indonesia's approach to all issues related to globalization. The Government has designed a project proposal, with the assistance of UNCTAD and UNSFIR, to draft a White Paper on Globalization. DEPLU is currently in negotiation with donors to implement this.

474. *Kenya*: Following discussions between the Programme and UNDP Nairobi in 2003 and early 2004, two Annual Work Plans for late 2004 and early 2005 were agreed upon and signed by UNDP Kenya and UNCTAD. The two Annual Work Plans provide for two sides of the same coin: "Enhancing foreign direct investment in Kenya" and "Expanded opportunities for sustainable production and income diversification". The long-term outcomes of these projects are to contribute towards an increase in Kenya's growth rate, create employment and enhance foreign direct investment flows into Kenya in order to reduce poverty. These projects will also enhance policy frameworks and institutional and human capacities to enable the people of Kenya to benefit from globalization through increased trade. It has been agreed by both parties that the conceptual and operational framework to execute the foreseen activities would be developed by the Programme to ensure coherence, cohesiveness and convergence between the approaches, actions and activities undertaken. However, the activities themselves will be implemented by concerned branches in the UNCTAD Division on International Trade in Goods and Services, and Commodities, and the UNCTAD Division on Investment, Technology and Enterprise Development, as well as the International Trade Centre.

## **(b) At the global level**

475. **Outputs/results:** Two vectors of development were examined in 2004: "Economy of Knowledge" and "Energy", addressing common issues, which can then be applied as relevant to the country level. This includes research and dissemination, global partnerships, mobilization of international stakeholders and advocacy at international events.

### **(i) Economy of Knowledge**

476. The Programme continued supporting the work of UNCTAD's Division on Investment, Technology and Enterprise Development on the transfer of technology, including on the project "Home Country Measures Facilitating access to Technology by

Developing Countries" and its study 'The Impact of Taxation on Technology Transfer to Developing Countries'.

477. In 2004, the Chair on "Managing for Sustainable Human Development" was successfully created in September 2004 at the Solvay Institute of the Université Libre de Bruxelles in Belgium (ULB)., the Programme continued to advise on its overall concept, informing and strengthening it with its own approach and experience. The Programme oriented the Chair towards conducting research on competitiveness and social efficiency and promoting cooperation amongst all stakeholders – firms, NGOs, governments and international institutions – in developing countries.

478. A Memorandum of Understanding between UNCTAD and the Institut de la Méditerranée, a research institute attached to the University of Marseille and specialised in the economy of knowledge was signed in December 2004. The MOU covers cooperation both in assembling theory, analysis and best practice on knowledge-based economies and in establishing in a concrete manner global knowledge communities and societies within developing country regions such as the Mediterranean Basin, with the final aim of joining efforts for the possible launching, under the United Nations, of an international mechanism in this regard.

### **(ii) Energy**

479. In 2004, the Programme worked in energy issues on two fronts: access to energy and the integration of oil- and gas-exporting developing countries into the world economy.

480. The Programme worked with OPEC, GCC, Maghreb countries, the Andean Pact and the Latin American Energy Organisation (OLADE) to help them identify interactions between their common energy interests and their multilateral, regional and bilateral trade obligations. Based on this the Programme was able to help them devise specific trade and energy strategies. The Director of the Programme represents UNCTAD at UN-Energy. In this role he has worked to integrate the ever-growing energy needs of developing countries into the planning of UN-Energy's technical cooperation programme.

## **2. Advisory services**

481. As reported in previous years, UNCTAD's technical cooperation is supported not only from project-specific funds but also from another source, namely section 23 of the United Nations programme budget.

482. Under section 23 of the United Nations programme budget, for 2004 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) international trade in goods and services and commodities issues; (c)

investment, enterprise development and technology; (d) services infrastructure for development and trade efficiency; and (e) least developed countries. Advisers undertook 25 missions in 2004.

**Table 6**  
**EXECUTIVE DIRECTION AND MANAGEMENT AND SUPPORT SERVICES**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2004</i>
<b>Executive Direction and Management</b>						
KEN/04/106	Enhancing Foreign Direct Investment In Kenya.....	2004-	UNDP	102 317	14 089	14 089
GLO/01/615	Globalization liberalization and Sustainable Development PHASE II .....	2001-	UNDP	1 685 647	1 580 551	440 140
INT/00/A27	Building capacity through training in the settlement of disputes in international trade, investment and intellectual property .....	2001-	Multidonors	208 378	158 446	20 929
INT/0T/1AK	Financing of participation of experts from developing countries and countries with economies in transition in UNCTAD Expert Group .....	2001-	Finland, Iceland, Mauritius	366 627	281 653	72 136
INT/0T/1CK	Globalization, Liberalization and Sustainable Development PHASE II .....	2002-	Belgium	1 284 597	1 074 953	478 956
INT/0T/4BS	Strengthening Results-Based Management of UNCTAD Programmes .....	2004-	Norway	213 980	26 029	26 029
ROA-2166(L)	Dispute settlement in international trade, investment and intellectual property .....	2002-	Development Account	441 000	543 298	26 036
INT/01/X52	UNCTAD/UNDP Global Project .....	2001-	Italy	38 929 <sup>a</sup>	38 929	38 929
INT/02/X21	UNCTAD/UNDP Global Project .....	2002-	Belgium	98 491 <sup>a</sup>	98 491	98 491
<b>Total Executive Direction and Management .....</b>				<b>4 439 966</b>	<b>3 816 439</b>	<b>1 215 735</b>
<b>Intergovernmental support service</b>						
INT/99/A49	Civil Society preparation for UNCTAD Conferences .....	1999-	Multidonors	15 539	13 937	5 318
INT/0T/4AT	Financing Of Activities In Support Of The Preparatory Process Of UNCTAD XI; Parallel And Side Events .....	2004-	Multidonors	89 170	69 948	69 948
<b>Total Intergovernmental support service .....</b>				<b>104 709</b>	<b>83 885</b>	<b>75 266</b>
<b>Resource Management Service</b>						
INT/90/A10	Liaison and assistance with technical cooperation donors .....	1990-	Italy	605 749	536 034	3 667
INT/0T/0BU	Support to UNCTAD's technical cooperation .....	2000-	Belgium	970 634	518 845	36 959
<b>Total Resource Management Service .....</b>				<b>1 576 383</b>	<b>1 054 879</b>	<b>40 626</b>
<b>Cross-divisional Advisory Services</b>						
UND12-340	Interregional advisory services.....	2000-	Development Account	1 833 700 <sup>b</sup>	5 022 446	1 134 934
<b>Total Cross-divisional Advisory Services .....</b>				<b>1 833 700</b>	<b>5 022 446</b>	<b>1 134 934</b>
<b>DIVISION TOTAL .....</b>				<b>7 954 758</b>	<b>9 977 649</b>	<b>2 466 561</b>

<sup>a</sup> Annual budget.

<sup>b</sup> Bi-annual budget.