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**PROGRESS REPORT ON THE IMPLEMENTATION OF THE
AGREED RECOMMENDATIONS OF THE COMMISSION AT
ITS TENTH SESSION**

Prepared by the UNCTAD secretariat

Executive summary

The guidelines adopted by the Trade and Development Board at its nineteenth special session (TD/B(S-XIX)/4) state that the Commissions' agendas will continue to include an item on follow-up and implementation of past recommendations. Accordingly, the secretariat has prepared the present report, which explains the implementation of decisions and agreed conclusions adopted at the tenth session of the Commission on Enterprise, Business Facilitation and Development and addressed to UNCTAD. The report covers three main areas: improving the competitiveness of SMEs through enhancing productive capacity; efficient transport and trade facilitation to improve participation by developing countries in international trade; and ICT and e-business for development.

CONTENTS

INTRODUCTION

1.   The report of the Commission on Enterprise, Business Facilitation and Development on its tenth session (TD/B/COM.3/76) contained a number of recommendations for action by UNCTAD. These recommendations and agreed conclusions are set out below, together with relevant actions taken so far.

**I. IMPROVING THE COMPETITIVENESS OF SMALL AND
MEDIUM-SIZED ENTERPRISES THROUGH ENHANCING
PRODUCTIVE CAPACITY**

Recommendation

2.   *The Commission requests the UNCTAD secretariat to continue exploring successful policies to promote enterprise development in developing countries, including the combination of export orientation and active policies oriented to the supply side of the economy to promote investment, technology transfer, entrepreneurship and the consolidation of productive chains, so as to build and maintain the ability to compete successfully in international markets and create new and dynamic capacities to facilitate internal linkages between export-led growth and the domestic economy.*

Actions

3.   An Expert Meeting on Building Productive Capacities was held in Geneva on 4–6 September 2006. The Meeting discussed the development and effective utilization of productive capacities, focusing on constraints on building productive capacities, the role of enterprise competitiveness policies, public private partnerships and international cooperation, and the role of insurance. The experts emphasized that the ability of developing countries to compete in world markets is undermined by supply-side constraints and that UNCTAD should participate actively in the formulation of the Aid for Trade initiative. Constraints include an inadequate business environment, a weak enterprise sector, insufficient institutional support for its development, and a limited resource base, including shortage of entrepreneurs and skilled professionals. The background document (TD/B/COM.2/EM.19/2) and the report of the Expert Meeting (TD/B/COM.2/EM.19/3) have been made available to the Commission.

4.   An Expert Meeting on Best Practices and Policy Options in the Promotion of SME-TNC Business Linkages was held in Geneva on 6–8 November 2006. The discussion of the experts focused on the role of Governments, key drivers, success factors, best practices, policy options and support measures for operational business linkage programmes to strengthen the productive capacities of developing countries and to facilitate the growth of their domestic enterprises. The background document (TD/B/COM.3/EM.28/2) and the report of the Expert Meeting (TD/B/COM.3/EM.28/3) have been made available to the Commission.

Recommendation

5.   *The Commission requests UNCTAD to undertake research and policy analysis and provide technical assistance and policy advice reflecting development needs and priorities of recipient countries to help build the enterprise sector and to enhance the supply side-side capacity of developing countries in order to improve the competitiveness of SMEs, facilitate*

their participation in international value chains and enhance the potential development benefits from FDI. UNCTAD should carry out further work on enterprise internationalization with the aim of identifying replicable best practices for enhancing SME competitiveness, including through business linkages with foreign affiliates; a better integration into global value chains; and investing abroad. UNCTAD's important work in entrepreneurship capacity-building, in particular the EMPRETEC programme, should continue.

Actions

Business linkages

6.   In Brazil, UNCTAD implements the "Promotion of inter-firm cooperation in Northeast Brazil" project together with GTZ-Brazil, Fundaçao Dom Cabral and Instituto Ethos, funded by the German Government. The project promotes sustainable business linkages in the region and advises regional and federal governments on business linkages policies. So far, it has upgraded small and medium-sized suppliers with the involvement of the following transnational corporations (TNCs): BASF, Philips, Lyondell, Veracel, Bosch, Gerdau and Suzanno Chemicals. Additional TNCs are interested in joining the project. Cooperation agreements have been signed with the Brazilian Ministry of Industry and Trade, as well as with SEBRAE Nacional, to ensure the coordination of these activities in Brazil. UNCTAD and the Fundaçao Dom Cabral are finalizing the policy advice component of the project and are planning practical workshops on policy issues in 2007. Brazilian experts and the project director participated in the expert meeting on business linkages, providing their inputs on operational-level best practices.

7.   In Uganda, UNCTAD and UNDP support a business linkage promotion programme that is being implemented by Enterprise Uganda in collaboration with the Uganda Investment Authority (UIA) and is sponsored by the Government of Sweden. The main objective of the project is to promote the creation of durable and mutually beneficial partnerships between TNC affiliates and large local companies on the one hand and SMEs on the other, so as to enhance the productive capacity, efficiency, competitiveness and sustainability of their relationships. Enterprise Uganda brokers and facilitates the implementation of business linkage deals and defines the capacity gaps of SMEs. It also ensures the upgrading of the SMEs through the transfer of technology and know-how, including coaching and mentoring by TNCs, and facilitates access to markets and finance. Experience of the programme so far demonstrates that, in spite of the productive capacities constraints of SMEs, TNCs are ready to upgrade business relationships with SMEs into long-term relationships, provided SMEs commit themselves to remedying shortcomings in their business systems and upgrading their skills. The project has so far achieved the following:

- Uganda Breweries will help upgrade the barley growers' association in Eastern Uganda to benefit over 2,000 farmers.

- In Western Uganda, Kinyara Sugar Works Ltd. and Kinyara Sugarcane Growers Ltd. signed and agreement to strengthen their links and thereby benefit about 2,500 local farmers.

- Two telephone companies have signed up to upgrade their distribution network.

- Uganda's largest real estate developer has signed an agreement to support 15 local suppliers.

8.   In Viet Nam, a Memorandum of Understanding to strengthen and facilitate the creation of linkages between foreign affiliates and domestic SMEs was signed between UNCTAD, the Royal Melbourne Institute of Technology International University Viet Nam (RMIT Viet Nam), and the Investment Promotion Centre of North Viet Nam under the Foreign Investment Agency of Viet Nam (IPCN).

Value chains

9.   A joint OECD-University of Fribourg-UNCTAD research project on Enhancing the Role of SMEs in Global Value Chains was launched in 2006. The research will focus on the differences in the strengths, opportunities, vulnerabilities and threats of SMEs that are part of value chains or cooperate with larger firms. It expects to identify effective policies that can be targeted at independent SMEs in developed and developing countries integrating into global value chains. In 2005, the project completed three developing country company case studies (Tata Motors in India, Toyota in South Africa, and Volkswagen in Mexico).

EMPRETEC

10.   New initiatives, intergovernmental discussions, and the expansion of the EMPRETEC network strengthened the profile of EMPRETEC.

11.   The Thirteenth EMPRETEC Directors Meeting (Geneva, 1–3 November 2006) discussed the definition and branding of the programme, ideas on improving the sustainability of EMPRETEC Centres, communication and collaborative workspace, impact assessment and the strengthening of coordination, including of the facilitation capacity of UNCTAD-EMPRETEC in Geneva. The Directors expressed satisfaction with the progress made since the adoption of the Plan of Action in 2005 and appealed to UNCTAD to take a leadership role in strengthening and expanding the global EMPRETEC network. The Directors agreed to showcase the global EMPRETEC network during UNCTAD XII in Accra in 2008. In addition, African representatives launched their regional networking initiative, the EMPRETEC Africa Forum, to reinvigorate the EMPRETEC programme in Africa. Zimbabwe, Ethiopia and Uganda will lead the effort to mobilize resources, establish effective communication and marketing strategies, ensure the consolidation of existing programmes, and create new country programmes with the support of UNCTAD.

12.   With the assistance of established EMPRETEC centres and the network of master trainers, EMPRETEC has consolidated its presence in Latin America, and in anglophone and francophone Africa. It has expanded to Guyana, Mexico and Angola, and projects are starting to develop in Jordan, the Palestinian Territories, and Romania. The Governments of Jordan and Romania have committed substantial funding to ensure the continuation of their respective EMPRETEC programmes due to the positive results achieved in 2004 and 2005.

13.   Several entrepreneurship training programmes involved exchanges of master trainers and cooperation among EMPRETEC centres. In cooperation with the Brazilian support service for micro enterprises and SMEs (SEBRAE), Brazilian master trainers supported the training programmes in Guyana and Angola. Brazilian master trainers also conducted a number of workshops in Jordan, the Palestinian Territories and Romania. EMPRETEC Ghana trained Guyana local staff in business development services. EMPRETEC Uruguay started the installation of the EMPRETEC programme in Mexico and continued coordinating the establishment of EMPRETEC centres in Guatemala and Panama.

14.   In terms of communication tools, UNCTAD updated training material on entrepreneurship and renovated its EMPRETEC Newsletter. A web-based collaborative workspace now provides permanent access to documents and information, including an on-line communication tool, to EMPRETEC centres worldwide.

SME competitiveness

15.   Four publications were issued on enterprise internationalization and SME competitiveness:

- *Business Linkages: Programme Guidelines* outlines key features and steps to build capacity and facilitate SME growth in developing countries and economies in transition.

- *Deepening Development through Business Linkages* reviews three critical elements for private sector development and a linkage strategy: an enabling business environment, access to finance, and public-private sector partnerships. It analyses case studies of successful linkage programmes in Africa, Asia and Latin America.

- *Improving the Competitiveness of SMEs through Enhancing Productive Capacity: Proceedings of Four Expert Meetings* is a collection of papers presented at four UNCTAD Expert Meetings on SME development and competitiveness (i.e. on TNC-SME linkages, on financing technology for SMEs, on technology development and mastery, and on promoting SME export competitiveness).

- *Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment* examines why developing country firms are investing abroad, the implications for enterprise competitiveness, best practices, and policy options supporting the internationalization of these enterprises. The publication is based on case studies on outward investment from developing countries and economies in transition, which were also useful inputs to the *World Investment Report 2006.*

Technical cooperation on enterprise development

16.   UNCTAD participated in a capacity building workshop for ASEAN investment promotion officials (Tokyo, 28-30 March 2006), organized by the ASEAN-Japan Centre on Strategy for Enterprise Regionalization and FDI in ASEAN.

17.   To launch the *World Investment Report 2006* and the case studies contained in the publication on Global Players from Emerging Markets, four regional meetings took place with ASEAN officials and private sector associations between 15 and 18 November 2006.

18.   In addition, UNCTAD received several requests for assistance in the area of South-South FDI, SMEs and linkages development, and it is following up with the national counterparts.

II. EFFICIENT TRANSPORT AND TRADE FACILITATION TO IMPROVE PARTICIPATION BY DEVELOPING COUNTRIES IN INTERNATIONAL TRADE

Recommendation

19.   *UNCTAD should continue to monitor and analyse issues and developments relating to international transport and trade facilitation and their implications for developing countries,*

with a focus on the special situation of landlocked and transit developing countries and least developed countries, and the particular needs of their SMEs.

Actions

20.　The secretariat continued to monitor and analyse transport and trade facilitation developments. It disseminated information to member countries through the annual *Review of Maritime Transport* and the quarterly *Transport Newsletter*, as well as through non-recurrent publications and the preparation of parliamentary documentation. UNCTAD research on trade logistics, publications and documents is also available to the whole world through the UNCTAD website, and UNCTAD contributes to the website of the Global Facilitation Partnership for Transportation and Trade (GFP) (see www.gfptt.org). Throughout 2006, UNCTAD converted all past port monographs and other port-related UNCTAD documents into electronic format and made them available online, free of charge. Historical data on flag registration has also been made available online for free. UNCTAD staff made several presentations and lectures at international, regional and national conferences, seminars and workshops. UNCTAD further continued its cooperation with the World Maritime University and other institutions of higher education.

21.　The *Review of Maritime Transport 2006* paid particular attention to developments in sub-Saharan Africa's port and maritime transport sector. It also highlighted recent legal and regulatory developments relating to maritime and global supply chain security and to seafarers. In the field of security, these developments include in particular the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), agreed under the auspices of WCO, as well as the adoption, under the auspices of IMO, of mandatory regulations for long-range identification and tracking of ships engaged in international voyages (LRIT) as part of the 1974 Safety of Life at Sea (SOLAS) Convention and of two protocols to the 1988 Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation (SUA Convention). In relation to seafarers, the adoption, under the auspices of the ILO, of the comprehensive Maritime Labour Convention, which consolidates more than 65 international labour standards, marks an important milestone in the regulation of responsibilities and rights with regard to the almost 1.2 million seafarers employed globally in the maritime sector.

22.　In view of the increasing growth in international air transport, the UNCTAD secretariat published a guide on aspects of air law (*Carriage of goods by air: A guide to the international legal framework*), which is intended to assist policy makers and traders in developing countries in their understanding of the complex international legal framework governing the carriage of goods by air and to facilitate national implementation of international conventions in the field.

23.　The trend towards increased containerization of trade continued in the course of 2006. Access to global container shipping networks is thus ever more crucial for the competitiveness of countries. UNCTAD has continued to analyse the connectivity of countries with global shipping networks and published three related articles in the *Transport Newsletter*. The analysis showed that a majority of countries are better connected in 2006 than in 2005, although large differences continue to persist.

24.　UNCTAD convened an expert meeting in Geneva on the issue of ICTs at border crossings and ports in October 2006. Based on an UNCTAD background document analysing international developments that contribute to raising the profile of ICTs and driving the

demand for their use and application in trade and transport, experts discussed the capacity-building and technical assistance requirements of countries planning to implement specific technology-based trade facilitation measures, including those related to the institutional, commercial, legal and operational environment for Customs and other operations at border crossings and ports. The background document (TD/B/COM.3/EM.27/2) and the report of the expert meeting (TD/B/COM.3/EM.27/3) have been made available to the Commission.

25.   Finally, UNCTAD published Part II of its *Trade Facilitation Handbook*, which contains a collation of technical notes on selected trade facilitation measures that countries should consider when reforming their trade, transport and customs operations.

Recommendation

26.   *UNCTAD should continue to undertake comparisons of current practices in developing countries with international standards in international transport and trade facilitation; contribute to creating and strengthening institutional mechanisms in developing countries designed to integrate transport and trade facilitation into the development process.*

Actions

27.   In an effort to help determine how developing countries are performing in an increasingly security-regulated environment, the secretariat continued its work on the potential economic implications of the SOLAS amendments and the International Ship and Port Facility Security Code (ISPS Code). These instruments were adopted under the auspices of the International Maritime Organization (IMO) in 2002 and introduced wide-ranging obligations for Governments, as well as for the shipping companies and port facilities involved in international trade. In this regard, the secretariat completed a study seeking to ascertain whether developing countries ensured compliance with international rules by the prescribed deadline, and the manner in which they did so. In addition, it sought to establish the range of costs associated with such compliance and to allow, as appropriate, for some comparisons to be made, taking into account levels of development and the size and type of operations.

28.   Port benchmarking and trade transaction modelling were the subjects of two articles in the *Transport Newsletter*. UNCTAD also produced a self-practice exercise CD with information on existing Customs and transit conventions affecting multimodal transport.

Recommendation

29.   *UNCTAD should continue to undertake research and provide assistance to developing countries to participate in the trade facilitation and transport and logistics services negotiating processes, including in the context of the Doha Development Agenda.*

Actions

30.   Although the Doha Round of negotiations at the WTO are currently suspended, in 2005 and 2006 the negotiation process on trade facilitation issues at the WTO stressed the need for developing countries to receive the effective support of the international community to better assess their needs and priorities and to respond to or table proposals on facilitation measures. To this end, UNCTAD's trust fund on trade facilitation has become a tool to support the work of capital- and Geneva-based negotiators from developing countries.

31.   The trust fund, established in early 2005, continued to receive financing from the Governments of Sweden and Spain. It aims at building capacity in developing countries and least developed countries to support their effective participation in the WTO negotiating process on trade facilitation (project INT/0T/4CO). In 2006, UNCTAD organized and cosponsored 10 regional workshops, hosted two round tables for Geneva-based delegates, and supported various other national and regional events related to the WTO negotiations on trade facilitation. The trust fund also supported the creation of a national support group in a South American country.

32.   As part of the same trust fund activities, UNCTAD further elaborated a number of new technical notes on specific trade facilitation measures included in various proposals made during the WTO negotiations on GATT Articles V, VIII and X. Each technical note describes the measure in the WTO context and provides information on costs, benefits and implementation issues. To date, 21 technical notes have been published and made available online, in English and Spanish (see http://r0.unctad.org/ttl/technical-notes.htm).

Recommendation

33.   *UNCTAD should continue to provide technical assistance and capacity-building activities in the area of transport and trade facilitation, including on the use of automated systems such as ASYCUDA, to improve international trade and transport management; special attention should be paid to the improvement of transit arrangements for the landlocked and transit developing countries.*

Actions

34.   In 2006, the ASYCUDA (Automated System for Customs Data) Programme continued to implement several technical assistance projects. In Afghanistan, two transit corridors (to the borders of Pakistan and the Islamic Republic of Iran) have been created and computerized with ASYCUDA++, producing an immediate budget revenue increase (US$ 0.7 million in three months); the piloting of ASYCUDA DPS (declaration processing) started in November 2006. New projects were launched in Comoros, Eritrea, Seychelles and Swaziland. The system went live in the Central African Republic, Guinea and Nigeria (four offices operate ASYCUDA++ in the Lagos area). Training activities started in Saint Vincent and the Grenadines, and in Trinidad and Tobago.

35.   The ASYCUDA Programme has created regional centres to support the implementation and maintenance of the system in user countries and to facilitate regional integration, namely in Fiji, Venezuela (to support to Central American and Caribbean countries), Burkina Faso (for Western Africa), Zambia (to support the Common Market for Eastern and Southern Africa countries of Comoros, Eritrea, Seychelles, Swaziland and the Democratic Republic of the Congo) and the United Republic of Tanzania (to support other countries of the region). Discussions are ongoing with the Economic and Monetary Community of Central Africa and potential donors for the establishment of an additional ASYCUDA Regional Support Centre in Africa and the development of a transit system between Cameroon, Chad and the Central African Republic.

36.   The development of ASYCUDAWorld continued. This system is fully compatible with ASYCUDA++ and allows customs administrations and traders to handle most of their transactions via the Internet. In 2006, projects for the implementation of ASYCUDAWorld were signed with the Governments of Haiti, Jordan and Lebanon (although activities in

Lebanon have been stalled by the difficult situation). Implementation activities have started in Côte d'Ivoire and the Syrian Arab Republic, with operational pilot sites scheduled for 1 January 2007.

37.   In October 2006, UNCTAD organized a Global ASYCUDA Users' Meeting in conjunction with the Expert Meeting on ICT Solutions to Facilitate Trade at Border Crossings and Ports. The UNCTAD secretariat and the ASYCUDA Central Team presented the strategy of the programme for future development and implementation of the system, and made a live presentation of the ASYCUDAWorld system. Representatives of ASYCUDAWorld user countries presented their national activities in implementing the system. Open discussions allowed the participants to share their views and experiences.

38.   The secretariat has continued to support the development of transit-transport-related arrangements within the framework of the UN Development Account project on Capacity Building in Trade and Transport Facilitation for Landlocked and Transit Developing Countries for the creation of facilitation clusters (Project M4). Significant progress has been achieved in two out of the three selected corridors, namely the one linking Zambia to the Port of Walvis Bay in Namibia and the corridor linking Vientiane, Laos, with the Bangkok region in Thailand. Plans of action for corridor operation improvement are now in place and are being implemented in both cases.

39.   The secretariat continued to provide technical cooperation through: (a) the Norway-funded project on assessment of trade facilitation needs and priorities (project INT/0T/2CS); (b) the Sweden-funded project on the establishment of trade facilitation platforms (project INT/0T/3BJ); and (c) the Islamic Development Bank–funded project on international multimodal transport operations in the Economic Cooperation Organization (ECO) region (project RAS/0T/1BR). As part of preparations for the second workshop planned to be held under project RAS/0T/1BR in the latter part of 2006 or early 2007 on multimodal transport, four country studies covering the Islamic Republic of Iran, Kazakhstan, Pakistan and Turkey have been completed. Additional country reports are also planned prior to the workshop. Moreover, a consolidated region-wide report reflecting the recommendations of the country case studies has also been prepared.

40.   The project on trade and transport facilitation in Pakistan (project PAK/99/A01 funded by the World Bank since August 2001) concluded at the end of June 2006. During the first semester, activities covered the preparation of a study on the establishment of an electronic trading platform, the finalization of a report on shipping line charges and the administrative process of formal technical assistance closure (transfer of project assets to the Ministry of Commerce, elaboration of the final project report). Under the auspices of the National Transit Corridor Initiative, recently launched by the Government of Pakistan, UNCTAD may be called on to participate in a new project on trade facilitation.

41.   Under the Inter-Agency Letter of Agreement (IALA) between the United Nations Office for Project Services (UNOPS) and UNCTAD signed in late October 2004, UNCTAD's services continued to be provided to the World Bank-funded Emergency Customs Modernization and Trade Facilitation project in Afghanistan (Project AFG/OT/4CE). In 2006, a long-term expert, acting as Field Project Manager, was posted at the Ministry of Commerce and Industry in Kabul. Activities included expert missions in the areas of customs (implementation and operation of the ASYCUDA Transit module along two transit corridors, preparation for the piloting of the Declaration Processing module) and trade facilitation (set-up of the National Trade and Transit Facilitation Committee, assessment of

the training needs for the Afghan freight forwarding industry, and elaboration of the Afghan Memorandum of Foreign Trade Regime as an initial step of the WTO accession process). Geneva-based project officers for the ASYCUDA and trade facilitation components carried out four field missions to supervise and review project implementation.

Recommendation

42.   *UNCTAD should continue to cooperate with other international, intergovernmental and non-governmental organizations and other cooperative mechanisms in carrying out the work programme of the secretariat in the areas of international transport and trade facilitation.*

Actions

43.   UNCTAD continues to contribute actively to the work carried out under the auspices of UNCITRAL on the preparation of a new draft International Convention on the Carriage of Goods [Wholly or Partly] [by Sea]. The secretariat is also cooperating with other relevant bodies involved in establishing uniform international rules and standards through participation in relevant meetings and provision of substantive inputs. This includes, for instance, work carried out under the auspices of UNECE, such as the development of a Protocol to the Convention on the Contract for the International Carriage of Goods by Road (CMR) 1956 to facilitate the use of electronic alternatives to traditional paper-based documents, and UN/CEFACT, such as the development of recommendations on the use of transport documents and the development of single windows.

44.   UNCTAD participated in biannual meetings of the GFP hosted respectively by UNECE in Geneva in February 2006 and by the World Bank in Washington in October 2006. At these meetings, the major international organizations involved in trade and transport facilitation exchanged experiences and coordinated their contribution. UNCTAD also participated in the eighth Inter-Agency Meeting on Trade Facilitation, organized by UNECE back-to-back with the GFP meeting. The inter-agency meetings constitute the main element of a cooperation mechanism requested by the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination with a view to identifying trade facilitation issues to be addressed in a coordinated manner within the UN system.

45.   In cooperation with UNECE, UNCTAD organized a two-day workshop on strengthening of national and regional trade facilitation bodies (October 2006). The workshop constituted one of the activities of the Sweden-funded project on the establishment of trade facilitation platforms. It aimed at sharing experiences on the establishment of trade facilitation bodies, identifying best practices in establishing and operating such bodies, and ensuring their sustainability. It was attended by some 50 representatives of 28 national and regional organizations and assimilated organizations (including pro-organizations, national trade and transport facilitation committees, and JITAP inter-institutional committees). Representatives from the World Customs Organization and the World Bank provided inputs to the discussions.

III. ICT AND E-BUSINESS FOR DEVELOPMENT

Recommendations

46.   *UNCTAD should within its mandate carry out research and policy-oriented analytical work on the implications for economic development of the different aspects of ICT and e-business; particular attention should be paid to supporting the consideration of the trade and development dimensions of international discussions and negotiations pertaining to ICTs and e-business.*

47.   *It should ensure the development perspective of the Information Economy Report and include it as an integral part of the Commission's agenda for due consideration with the objective of facilitating consensus-building.*

Actions

48.   The secretariat delivers its policy-oriented analytical work on ICT and e-business for development through the *Information Economy Report (IER)*, which was released in November 2006. The report continues to provide the most updated information available on the uptake of ICT in developing countries, based on UNCTAD's work on measuring ICT.

49.   To support the efforts of developing countries to overcome the digital divide, the *IER 2006* highlights several of the implications for developing countries of the changes that ICT and e-business are bringing about in the productive, commercial and financial spheres, including a specific chapter on employment, and it analyses the specific policy challenges facing developing countries.

50.   To help developing countries evaluate their national ICT plans and policies, the *IER 2006* proposes a model ICT policy review framework and encourages Governments to carry out such reviews. It also presents a framework that policymakers can use to design pro-poor ICT interventions in developing countries, or to assess their value in terms of their impact on poverty. It also examines more specific issues, such as the relevance to e-business of the layered structure of the Internet and of service-oriented architecture technologies, in particular Web services, as well as the effects of ICT on the production, distribution, and prices of oil, which affect oil-importing developing countries.

51.   Finally, the *IER 2006* examines the recently adopted United Nations Convention on the Use of Electronic Communications in International Contracts in order to help developing countries establish a legal framework for e-business that follows international best practice and enables and facilitates e-business transactions at the national and international levels.

52.   The issues note on the Commission's agenda item 5 on "ICT and E-Business for Development" (TD/B/COM.3/81) is based on the topics covered by the *IER 2006*.

Recommendation

53.   *UNCTAD should within its mandate continue work in the field of ICT measurement, in cooperation with relevant statistical capacity-building bodies and programmes, and contribute to the partnership on measuring ICT for development to enable developing countries to measure the access, use and impact of ICTs, particularly in the area of e-business and development.*

Actions

54.   UNCTAD started to implement its Development Account Project on Capacity Building for Information and Communication Technology Measurement in June 2006. The project will enable policy makers in developing countries to take informed decisions on national ICT policies and strategies by providing relevant statistical institutions with the capacity to produce internationally comparable ICT statistics and indicators. The drafting of a training manual on the collection of ICT-in-business statistics, which will be the basis of a training course on the same topic, is well advanced. Advisory missions are scheduled to countries to provide on-site training, implement training workshops at the regional level to support the creation of regional networks, develop technical material on ICT statistics, and develop a database on e-business indicators in developing countries. The beneficiaries will be chosen from four developing country regions (Africa, Asia and the Pacific, Western Asia, and Latin America and the Caribbean), based on the results of a stocktaking on technical assistance needs carried out jointly with the Partnership on Measuring ICT for Development (see below). The project contributes directly to the implementation of the WSIS Geneva Plan of Action and its follow-up, as agreed in the WSIS Tunis Agenda for the Information Society, which calls for periodic evaluation based on comparable statistical indicators.

55.   UNCTAD continues to play a leading role in the Partnership on Measuring ICT for Development through its Steering Committee and its Task Group on Capacity Building. The Partnership has compiled a roster of experts on ICT statistics, and a stocktaking of technical assistance needs carried out in the summer of 2006 yielded requests from 35 developing countries. Partners have already engaged in various technical assistance activities, such as advisory missions, development and delivery of training, and the organization of more focused workshops to exchange best practice and advance ICT measurement at the regional and national levels. For example, UNCTAD, ITU and UNESCAP jointly organized a Regional Workshop on Information Society Measurements in Asia-Pacific (Bangkok, July 2006). UNCTAD contributed to an OECD Seminar on ICT Statistics in China (Beijing, September 2006). ECLAC organized the Third Regional Workshop on the Measurement of the Information Society in Latin America and the Caribbean (Panama, November 2006), with contributions from and participation of ITU, OECD and UNCTAD. The Partnership continues its work on methodology and the development of new core indicators in areas such as education and government.

Recommendations

56.   *UNCTAD should within its mandate continue to provide a forum for international discussion and exchange of experiences on ICTs, e-business, their applications to promote trade and development and policies aimed at creating an enabling environment, at the national and international levels, for the information economy. In this regard, it should also provide technical assistance and undertake research to assist developing countries build their capacity to participate in the ongoing international processes relevant to ICT goods and services.*

57.   *Within the UN system-wide processes, it should take operational steps to play its part in support of the implementation and follow up of WSIS, giving priority to issues of greatest developmental impact.*

Actions

58.	As part of the courses on key issues of the international economic agenda (the so-called paragraph 166 courses), a module entitled "The Information Economy: Policy Issues" was delivered in Beirut (June 2006), Belgrade (September 2006) and Bangkok (November 2006). Another one will be delivered in Cairo in February 2007. The module is adapted to a regional perspective and aims to familiarize participants with the key economic and policy implications of the development of ICT, emphasizing the effects of ICT on productivity (at both the micro- and macroeconomic levels) and hence on economic performance. It examines the role of e-business, including e-commerce as well as in intra- and inter-firm communications and transactions, and efforts to measure the use, access and impact of ICT; the basic elements of national ICT and e-commerce strategies, using sectors such as tourism and applications such as business services outsourcing; regulatory aspects; and current issues on the international agenda that are vital for the development of the information economy. The module highlights the role of Governments in enhancing efficiency and stimulating the take-up of ICT by enterprises and households, using the examples of e-government and free and open-source software.

59.	The secretariat has also provided advisory services on the legal aspects of e-commerce to the Government of the Lao People's Democratic Republic (March 2006), delivered a workshop in Cambodia (March 2006), and held a distance-learning training course on the same issue in Mauritius (March-April 2006). A regional workshop, organized in cooperation with the East African Community secretariat, will be delivered in Nairobi (December 2006).

60.	The Expert Meeting in support of the Implementation and Follow-up of WSIS: Using ICTs to Achieve Growth and Development" (Geneva, 4 to 5 December 2006) was organized jointly by UNCTAD, ILO and OECD. It brought together experts from developed and developing countries, from international and regional bodies involved in using ICTs to achieve growth and development, and from civil society organizations. They shared experiences and best practices on how to benefit the most from the opportunities offered by ICTs to achieve better economic and social development. They analysed the process of designing and implementing effective ICT strategies and tools from a private and public perspective, based on partnerships among the stakeholders of the WSIS process. The report of the meeting will be made available to the Commission for its consideration.

Recommendations

61.	*UNCTAD should within its mandate, in cooperation with other international organizations, and where appropriate non-governmental entities, contribute to capacity-building in the area of technology and ICTs for development in sectors of particular interest to developing countries.*

62.	*Within the UN system-wide processes, it should take operational steps to play its part in support of the implementation and follow up of WSIS, giving priority to issues of greatest developmental impact.*

Actions

63.	As detailed elsewhere in this progress report, UNCTAD cooperates as much as possible with other international organizations in the delivery of capacity building, particularly in the areas of statistical capacity building on measuring ICT and e-business for

development and of free and open-source software (FOSS). UNCTAD also continued to actively support South-South initiatives in the field of ICTs.

64.   In addition to its participation in several WSIS lines of action, UNCTAD partnered with the International Labour Organization and the International Trade Centre in order to address key issues of e-business and e-employment. The partnership organized the first facilitation meeting on the WSIS action line on "E-business and e-employment" (Geneva, May 2006), which recognized the key role of stakeholders from Governments, civil society, academia and the private sector in shaping, promoting and implementing related projects and programmes.

Recommendation

65.   *UNCTAD should within its mandate further explore the potential benefit of free and open source software for developing countries, with particular attention to the needs of SMEs.*

Actions

66.   UNCTAD and the United Nations Institute for Training and Research (UNITAR) jointly organized a seminar entitled "Alternative Technologies for Development: Free Open-Source Software (FOSS)" (New York, August 2006). The seminar was part of a three-day event on ICT Policy Issues for Development aiming to stimulate critical thinking and provide a forum for discussion and learning about the potential policy implications of ICTs worldwide.

67.   The UNCTAD-UNITAR seminar provided Member States with information needed to review and place the FOSS issue within the international discussions and debate on ICT policy strategies. The seminar was very successful in terms of both process and outcome. Several points can be highlighted. It created opportunities for increased interaction and knowledge exchanges between delegations, FOSS experts and ICT industry representatives. The discussion covered, among other things, questions of FOSS use in Africa, in particular in public institutions and African enterprises, and examined whether software and FOSS choice is a policy issue as well as a pragmatic value proposition. It underscored the importance of the FOSS topic to member country delegations and other stakeholders in anticipation of the General Assembly discussions on ICT issues, while demonstrating synergies that can be had through inter-agency cooperation, in this case UNCTAD and UNITAR. Finally, the event highlighted UNCTAD's lead role in open technology issues and took advantage of the UNCTAD FOSS Partnership framework to engage important external expertise.

68.   Further work on the topic of FOSS was also undertaken in the context of several partnership initiatives that have been established, or are in the process of being established, with public and private sector entities active in the field of human capacity-building through FOSS training and awareness raising.

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