

UNCTAD

Foreign Direct Investment in Africa: Performance and Potential

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UNCTAD's contribution to African development

UNCTAD has in recent years considerably stepped up its activities in connection with Africa. These can be summarized in two closely related clusters, that is research and policy analysis and technical cooperation and advisory services.

Research and policy analysis

A major research project on the "Economic development and regional dynamics in Africa: Lessons from the East Asian experience" was initiated by UNCTAD in early 1997 with funding from the Government of Japan. The project examined issues including reasons for poor supply side responses to policy reform, lack of export diversification and difficulties in building up domestic capacity in the private and public sectors, drawing on earlier research and successful development experiences in Asia. This work resulted in the convening of a Conference in Mauritius at which 13 papers covering a full range of issues with regard to African economic development were discussed.

In 1998, the annual Trade and Development Report drew on this and other research for a comprehensive study of African development, covering national savings and investment, debt, agriculture, structural adjustment, trade, industry and institutional reform. Current research focusses on the development implication of high transport costs for African competitiveness and trade.

Technical cooperation and advisory services

UNCTAD has developed an extensive programme of assistance to African countries in the areas of trade, investment, services development, debt management and enterprise development.

Foreign Direct Investment in Africa, Performance and Potential

Trade

UNCTAD is a active participant in the context of the United Nations System-wide Special Initiative on Africa and acts as lead agency for the trade access and opportunities cluster of the Initiative. In this connection, it works closely with other United Nations agencies in assisting African countries in their trade and trade-related activities.

In particular, in cooperation with the WTO and ITC, a Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries has been developed which has aimed at assisting African countries in implementing the Uruguay Round agreements and assisting them in preparations for future multilateral trade negotiations and in the formulation of strategic export options to cope with the changing global market environment.

Furthermore, 17 African countries are benefitting from the Integrated Framework for Trade-related Technical Assistance to support least-developed countries in their trade and trade-related activities. This is a capacity building programme for trade and round table meetings for trade and for market access are scheduled to take place on the basis of needs assessments prepared by the LDCs concerned.

Also in cooperation with the UNDP, a programme has been organized *inter alia* to prepare the African countries for the next round of trade negotiations. A workshop will bring together African countries to address Africa specific concerns in the new trade round as well as issues related to the ACP-EU negotiations and a successor to the Lomé Convention.

UNCTAD's activities include issues related to commodity diversification and commodity risk management in which UNCTAD has been particularly active. UNCTAD has also provided extensive assistance and advisory services to African countries on issues related to competition policy and law.

Services development

A special programme of assistance to developing countries on services has also benefited 20 African countries in reducing the knowledge gap about the role and contribution of services in the national economy, policy formulation and assisting African countries in linking the liberalization process in the framework of the WTO with clearly identified national development objectives.

Trade facilitation

In the area of trade facilitation, UNCTAD's trade point programme now covers 32 African countries. The programme has the objective of establishing trade points in individual countries which would be enabled to participate in global electronic trade through a global trade point network (GTPN) established by UNCTAD. Further, the Automated System for Customs Data which aims at facilitating customs procedures through an information based system has been installed in 25 African countries.

Debt

UNCTAD has undertaken considerable work with respect to the debt problems of African countries and has made numerous innovative proposals for the relief of the African countries' debt burden. In addition, UNCTAD assists African countries in their negotiations in the context of the Paris Club, and its Debt Management and Financial Analysis System which is a programme aimed at the management of national debt has been installed in a large number of African countries.

Investment

In the area of investment, UNCTAD has undertaken a project on investment guides and capacity building for least developed countries for which projects have commenced and are in the pipeline

for five African countries. Investment policy reviews are under way in three sub-Saharan countries and, linked to them, science and technology innovation policy reviews will be undertaken in two countries which have requested them.

UNCTAD has assisted a number of African countries in their investment codes and regulatory frameworks in order to attract foreign direct investment and has undertaken considerable work for investment promotion in African together with the World Association of Investment Promotion Agencies.

Enterprise development

The Entrepreneurship Development Programme (EMPRETEC) has assisted more than 4,000 entrepreneurs through four local EMPRETEC centres in Africa.