



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
GENERAL

TD/B/EX(32)/2  
20 May 2003

Original: ENGLISH

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TRADE AND DEVELOPMENT BOARD  
Thirty-second executive session  
Geneva, 28 July 2003

**ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA**

Report by the Secretary-General of UNCTAD

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## INTRODUCTION

1. The Trade and Development Board considers annually at one of its executive sessions a report on UNCTAD's activities in favour of Africa. The present document is the seventh in the series since the fifteenth executive session of the Board. It provides an overview of research and analysis being undertaken by UNCTAD with regard to African development, as well as a summary of specific activities, including advisory services and technical cooperation, in each sector falling under UNCTAD's mandate. This report complements and updates the information in document TD/B/EX(29)/2, which was submitted to the twenty-ninth executive session of the Board in September 2002.

2. The United Nations General Assembly in its resolution A/RES/57/7 considered the New Partnership for Africa's Development (NEPAD) as "the framework within which the international community, including the United Nations system, should concentrate its efforts for Africa's development". The Trade and Development Board and the Working Party have also placed emphasis on the need to provide support to the objectives set out in NEPAD. The UNCTAD secretariat has pursued its contacts and close collaboration with the NEPAD Secretariat and members of the NEPAD Steering Committee in providing assistance in its areas of competence. Equally, UNCTAD has actively participated in the Annual Regional Consultations of Organizations Working in Africa and contributed to the work of the inter-agency cluster on "Agriculture, market access and diversification". The reports of the various inter-agency clusters formed for the purposes of contributing to the implementation of NEPAD will be presented to the Committee for Programme and Coordination (CPC) in New York.

3. Broadly, the objectives of UNCTAD's activities in favour of Africa are consonant with the requirements of NEPAD and they can be described as research on African development with a view to adopting policies at the national and international levels to help accelerate growth and development on the continent on the one hand, and technical assistance and advisory services for Africa aimed at capacity-building in various areas of UNCTAD's competence on the other hand.

### I. POLICY RESEARCH AND ANALYSIS

#### A. Consideration by the Trade and Development Board of the item on Africa at its forty-ninth session

4. The UNCTAD secretariat prepared a report entitled "Economic development in Africa: From adjustment to poverty reduction: What is new?". This report reviewed the policy content of the poverty reduction programmes in Africa and analysed the extent to which the new poverty focus of the Bretton Woods institutions differs fundamentally from the structural adjustment programmes which have been applied in the past 20 years. Issues of country ownership and participation, conditionality, macroeconomic policy measures and the

new emphasis on primary health care and education and governance were discussed. The report drew a number of policy conclusions with a view to ensuring that both national and international policies are conducive to growth and poverty alleviation on the continent. The Board's deliberations on this item led to the adoption of agreed conclusions in which *inter alia* it was considered that the report was a contribution to the process of policy appraisal and which stressed the importance of helping countries to effectively undertake poverty and social impact analysis on a more systematic basis on the implementation of Poverty Reduction Strategy Papers. The Board requested UNCTAD to continue to provide relevant analysis and policy advice on African development.

### **B. The least developed countries**

5. UNCTAD prepared an issues note entitled "Least developed country status: Effective benefits and the perspective of graduation", which was submitted to the Trade and Development Board at its forty-ninth session. The note deals with the effective benefits derived by the least developed countries (LDCs) specifically on the basis of their inclusion in the list of LDCs and the practical impact of the measures in favour of those countries, as well as with the question of a "smooth transition" for graduating LDCs from the list.

6. Of interest to the 34 African LDCs is the outcome of the thirtieth executive session of the Trade and Development Board devoted to LDCs. That session focused on the issues raised in *The Least Developed Countries Report 2002: Escaping the Poverty Trap*. The report was prepared with two main objectives in mind: first, to make a substantive contribution to the policy debate on poverty reduction strategies, including identifying policy measures, at both the national and international levels, which can enable LDCs to escape the poverty trap; and second, to promote consensus on key elements of effective policies for poverty reduction in LDCs. The session also considered issues related to the external debt burden, commodities and recent market access initiatives.

### **C. Contribution to the work of the Committee for Development Policy and the Economic and Social Council**

7. UNCTAD has made further substantive contributions to the work of the Committee on Development Policy at its recent meetings on the revision of the criteria and methodology for inclusion in and graduation from the United Nations list of least developed countries.

### **D. Small island developing States**

8. UNCTAD's Special Programme for LDCs, landlocked developing countries (LLDCs) and small island developing States (SIDS) is currently preparing a non-recurrent publication entitled *Small Island Developing States: Issues of Vulnerability and Economic Opportunities*. The study will be of critical importance, especially in the context of the forthcoming Second United Nations Conference on Sustainable Development of SIDS, due to take place in Mauritius in 2004.

## **E. Landlocked developing countries**

9. Transit and transport problems are particularly acute for the African landlocked countries.<sup>1</sup> Preparations are under way at subregional and regional levels for the International Ministerial Conference on Landlocked and Transit Developing Countries, to be held in Kazakhstan in 2003.

## **II. SECTORAL ISSUES**

### **A. International trade**

10. The marginalization of Africa in world trade has continued unabated. The continent's share of world exports fell from 4.6 per cent in 1980 to 1.9 per cent in 2001. Its share of imports fell from 3.6 per cent to 1.7 per cent during the same period. Africa's exports continue to be dominated by primary commodities, which have suffered a secular price decline in the past 20 years, leading to deteriorating terms of trade and current account deficits. The objective of UNCTAD's trade-related activities in support of Africa is to address some of the problems faced by African countries, such as the improvement of their trade performance, better integration into the international trading system, better use of existing preferential/differential clauses in relevant agreements, increased access to markets, enhanced negotiating capacities, reducing commodity dependence and increasing diversification.

11. In the context of its assistance in the implementation of NEPAD, UNCTAD has been actively participating in and making substantive contributions to the NEPAD market access initiative. UNCTAD participated in, and made a contribution to, the workshop held in South Africa in November 2002 which launched the Action Plan for the Market Access Initiative under NEPAD, as well as the follow-up Experts' Meeting on Market Access which took place in Cairo from 30 March to 1 April 2003.

12. UNCTAD's assistance in the trade-related areas is summarized below.

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

13. JITAP is the integrated response of the International Trade Centre (ITC), UNCTAD and the World Trade Organization (WTO), in collaboration with interested international donors, to assist in building human, institutional and policy capacities and export sector strategies in African countries to better understand, manage and take advantage of their integration into the multilateral trading system.

14. In 2002, the final year of operation of JITAP, emphasis was placed on evaluating the programme and completing planned outstanding capacity-building activities. An external

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<sup>1</sup> See paragraphs 46- 53.

evaluation of the programme conducted between February and May 2002 recommended the continuation of JITAP. A series of consultations were organized in this respect, culminating in an agreement reached in December 2002 by beneficiary and donor countries, together with the three executing agencies, to launch a Phase II of JITAP from 2003 to 2006 with total financing of US\$ 12.6 million. The programme will cover 16 countries including the current eight beneficiary countries,<sup>2</sup> and eight new countries, namely Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia. As regards capacity-building activities, all were completed by the end of the year with important results in information dissemination, reference centres and national inquiry points, inter-institutional committees, human resource training and export sector strategies. UNCTAD had the lead responsibility for the strengthening of Inter-Institutional Committees and their affiliated bodies. Positive evaluations of the programme by both beneficiary countries and independent evaluators, and the fact that donors have agreed to finance Phase II of JITAP, are important indications of its impact and success in the provision of assistance to the African countries concerned.

## **2. Integrated Framework for Trade-Related Technical Assistance to Support Least Developed Countries in their Trade and Trade-Related Activities**

15. One of the main objectives of the “Follow-up of trade round table: Pilot phase of the Integrated Framework” is to facilitate the mainstreaming of the trade agenda into national development plans and poverty alleviation strategies. Within this framework, UNCTAD supports the implementation in Uganda and the United Republic of Tanzania of institutional strengthening for national deliberations and consensus building on international trade issues and negotiations. This support is coordinated with assistance under JITAP, thus increasing the synergy between these two programmes at the country level.

16. Since the launching of the Integrated Framework for Trade-Related Technical Assistance (IF) Pilot scheme, the IF has been extended to 14 countries, including 11 African LDCs.<sup>3</sup> Diagnostic Trade Integration Studies have since been completed in six countries, including four African countries,<sup>4</sup> and national validation workshops, at which Trade-related Technical Assistance Action Matrices were adopted, were organized in four countries. Active follow-up to these Action Matrices is under way, including in particular a donor initiative to provide interim financing arrangements through window two of the IF Trust Fund.

## **3. Other trade-related technical assistance**

### ***(a) UNDP/UNCTAD Technical Assistance Programme for Africa***

17. In partnership with the United Nations Development Programme (UNDP), the United Nations Economic Commission for Africa, the African Union, the African Economic Research Consortium, the Southern African Trade Research Network and the Third World Network (Africa), UNCTAD provided analytical and advisory support to African countries in

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<sup>2</sup> Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and United Republic of Tanzania.

<sup>3</sup> Burundi, Eritrea, Ethiopia, Djibouti, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania and Senegal.

<sup>4</sup> Lesotho, Madagascar, Mauritania and Senegal.

assessing negotiation objectives and policy responses to the Doha agenda. Advisory missions were dispatched upon request to several African countries, including Burundi and the Democratic Republic of the Congo. A workshop on services issues in the negotiations under the General Agreement on Trade in Services was organized by the collaborating agencies in Geneva in September 2002 for the Geneva-based trade negotiators on the identification of areas of interest for African countries in the request-offer phase. This contribution has enhanced understanding and preparations by African country trade negotiators for the Doha work programme. Discussions have been under way with the UNDP for further extension of the programme.

**(b) Assistance to regional integration groupings**

18. African countries, as members of the African, Caribbean and Pacific (ACP) group of States, have received UNCTAD support in the form of advisory services and technical papers on development issues arising from their negotiations with the European Union (EU) on future economic partnership agreements and the multilateral dimension of such partnerships under the Doha agenda. Also, two technical reports on trade and investment were prepared for the Third Summit of ACP States.<sup>5</sup>

19. In 2002, UNCTAD participated in, and assisted the Secretariat of the Southern African Development Community (SADC) in organizing, Trade Negotiating Forums (TNFs) dedicated to the negotiations on trade in services. In this context, it developed templates on measures affecting trade in services for several SADC countries, assisted in the drafting of an annex to the SADC Protocol on Trade, and assisted in the presentations of country measures on trade in services and in the preparation of the relevant annex.

**4. Trade, environment and development**

20. UNCTAD addresses a broad range of trade and environment issues from a development perspective through its intergovernmental meetings, policy analysis and technical cooperation and capacity-building projects. Capacity-building activities are carried out both through the regular programme of work and in the framework of the United Nations Environment Programme/UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF). A number of activities benefiting African countries have been organized under this programme. Under the special CBTF programme for LDCs, three projects are being implemented. These include a capacity-building needs assessment seminar for Portuguese-speaking countries hosted by the Government of Angola (May 2003) and a workshop on selected global environmental issues for Portuguese-speaking countries hosted by the Government of Brazil. It is also planned to organize a CBTF workshop back to back with the WTO regional seminar on trade and environment in Cape Town (May 2003). African participation was very strong in the CBTF Policy Dialogue on Promoting Production

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<sup>5</sup> "Participation of the African, Caribbean and Pacific group of States in international trade" (UNCTAD/DITC/TNCD/Misc.27), and "FDI in ACP States: Recent Trends and Development" (UNCTAD/ITE/IIA/Misc.2).

and Trading Opportunities for Organic Agricultural Products from Developing Countries (Brussels, February 2002) hosted by the ACP Secretariat. Experts from 16 developing countries, including Ethiopia, Kenya, Mozambique, Senegal, South Africa, Tunisia, Uganda and Zambia, as well as around 35 representatives from ACP missions in Brussels, attended the meeting.

21. The project on standards and trade helped to identify policies that can address constraints faced by developing countries, in particular the LDCs, in responding to sanitary and phytosanitary measures and environmental requirements in international markets. Studies were undertaken *inter alia* in Eastern and Southern Africa (see [www.unctad.org/trade\\_env](http://www.unctad.org/trade_env)).

22. Some 30 representatives from Ethiopia, Kenya, Mozambique, Uganda and the United Republic of Tanzania participated in a subregional consultative meeting organized under the UNCTAD field project "Building capacity for improved policy making and negotiation on key trade and environment issues" in Nairobi in November 2002. The meeting identified capacity-building priorities focusing on environmental requirements and market access, biodiversity and traditional-knowledge-related issues.

23. UNCTAD is implementing a TrainForTrade programme for Benin, Burkina Faso and Mali. A training workshop on trade, environment and development was held in Cotonou, Benin, in April 2002. Further national training seminars are scheduled for 2003. The distance-learning component of this programme was launched in January 2003.

## **5. Competition law and policy, competitiveness and development issues**

### **(a) *Research and policy analysis***

24. UNCTAD's research and policy analysis in the area of competition policy, competitiveness and development, which includes African countries, is reflected in the Technical Reports series published annually on selected issues identified by the Intergovernmental Group of Experts on Competition Policy.

### **(b) *Advisory services and capacity building***

25. During 2002, the Competition Policy sub-programme fielded 14 missions to nine African countries<sup>6</sup> and two regional African integration groupings,<sup>7</sup> mainly to provide training in the formulation and enforcement of competition policy. In the cases of Botswana, Lesotho and Swaziland, the objective was to assist in the preparation of the competition law. Five national and three regional seminars and workshops on WTO competition issues were organized as part of the preparatory work leading to the Cancún Ministerial Conference. UNCTAD has also been engaged in capacity-building activities in support of regional competition policy within the framework of regional integration groupings of the Common

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<sup>6</sup> Benin, Botswana, Burkina Faso, Gabon, Lesotho, South Africa, Swaziland, Zambia and Zimbabwe.

<sup>7</sup> COMESA and UEMOA.

Market for Eastern and Southern Africa (COMESA) and the West African Economic and Monetary Union (UEMOA).

26. Distance learning has proved to be an effective tool for delivering professional training to officials in charge of the formulation and enforcement of competition policy. Two courses were run on a quarterly basis during 2002 for Burkina Faso, Mali and Benin. An extension of the distance-learning programme to COMESA and other African countries is planned during 2003.

## **6. Commodities**

27. African countries are major beneficiaries of the project “Capacity building for diversification and commodity-based development”, financed from the United Nations Development Account. Of seven workshops held under the project, three took place in African countries. The first was on links between artisanal fisheries and world markets held in Banjul, Gambia on 11 and 12 April 2002. A workshop on national strategy for horticulture-sector diversification took place in Lagos, Nigeria from 23 to 25 April 2002. It led to the publication of a “master plan” for the development of the horticultural sector in Nigeria and the launch of the Nigerian Horticultural Producers’ Association. A horticulture diversification workshop was held in Mauritius on 29 and 30 May 2002; it led to contacts between prominent exporters of pineapples and alternative buyers. A national workshop on small agricultural producers and value chains is planned for Kenya in 2003.

28. In the context of the follow-up to NEPAD, the Government of Senegal will be a hosting an African Commodities Conference with the support of the Common Fund for Commodities and UNCTAD, with the participation of other relevant international organizations. This conference has been scheduled for 9–16 June 2003.

## **7. Training activities**

29. With the integration of the three training capacity-building programmes,<sup>8</sup> a new strategy was developed to reinforce training capacities in the area of international trade and trade-supporting services, including investment promotion and port management.

30. At the request of Madagascar and Mauritius, a subregional mission was carried out in November to assess training needs in the field of international trade, investment promotion and port management.

31. Within the subregional project for strengthening training capacities in the field of international trade and investment promotion in Benin, Burkina Faso and Mali, regional training seminars were organized in the areas of: (a) competition law and policy; (b) trade and environment; (c) multimodal transport and logistics; (d) international trade financing procedures; and (e) investment promotion and investor targeting. During those seminars, 13 national specialists were identified. They were further trained in pedagogic techniques – both

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<sup>8</sup> TrainForTrade, Port Certificate and TrainMar.

traditional and distance-learning techniques – in order to ensure the partial or total delivery of courses at local level. A TrainForTrade instructors' workshop was organized for this purpose in Cotonou in June 2002. In early 2003, the project was evaluated in order to consider its relevance, coherence, efficiency, impact and sustainability. The strategy was deemed to be relevant to the needs of the beneficiaries, and achievements were considered qualitatively and quantitatively satisfactory. The extension of project activities to African regional organizations such as the Economic Community of West African States (ECOWAS), UEMOA and the Economic and Monetary Community of Central Africa (CEMAC) has been recommended as a means of supporting the regional integration process.

32. In West and Central Africa, a regional project has started with the objective of implementing the Port Training Programme in Benin, Cameroon, Gabon, Guinea, Senegal and Togo. Angola, Cape Verde and Guinea-Bissau are supporting its implementation in the framework of a regional project for PALOP<sup>9</sup> member States. In North Africa, Tunisia is the first country to participate in the new Port Training Programme

33. Special focus was placed on TrainForTrade distance-learning activities. On the basis of pilot exercises carried out in Benin, Burkina Faso, Comoros, Mali and Senegal, a “strategy for implementing a distance learning process” has been developed in UNCTAD with the purpose of increasing the outreach of quality training to a targeted population while offering geographical flexibility to trainees and trainers.

34. On 13 November 2002, a distance-learning exercise was started for the tutoring of French-speaking national trainers in charge of the local delivery of the Port Training Programme in Cotonou, Douala and Lomé. Participants who were trained in previous years will have the opportunity to update their skills. International support is being provided through the organization of 13 one-hour sessions. Discussions are held through an Internet forum approximately once a week. The process started in January 2003 for Portuguese-speaking African countries with the participation of national instructors from the ports of Mindelo and Praia in Cape Verde.

35. In March 2003, a regional distance-learning validation seminar was organized in Pretoria to validate the distance-learning training material on “Scope and definition of the international investment agreement” for English-speaking African countries. Twenty-five participants from 18 countries attended the seminar.<sup>10</sup> A French version of the pedagogical material is to be released by the end of May 2003.

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<sup>9</sup> Países Africanos de Língua Oficial Portuguesa (an organization of Portuguese-speaking African countries).

<sup>10</sup> Botswana, Cameroon, Egypt, Ethiopia, Gambia, Ghana, Kenya, Lesotho, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Sudan, Uganda, United Republic of Tanzania, Zambia and Zimbabwe.

## **B. Services development**

### **1. Trade Point Programme**

36. In November 2002, the ownership of the Trade Point Programme was transferred from UNCTAD to the World Trade Point Federation.

37. As of 31 December 2002, there were 36 Trade Points at various stages of development in 24 African countries, of which the following 19 were operational: Burkina Faso, Egypt (10 Trade Points), Mauritius, Morocco, Senegal, South Africa, Sudan, Tunisia, Uganda and Zambia. Two Trade Points are in the development stage (Côte d'Ivoire and Ethiopia) and 15 in the feasibility stage (Algeria, Angola, Benin, Egypt, Eritrea, Gambia, Ghana, Kenya, Mali, Mauritania, Mozambique, South Africa (two Trade Points), United Republic of Tanzania and Zimbabwe). The importance of Trade Points for African countries has been formally recognized by NEPAD, which has identified the Trade Points network as one of the projects for which funding should be sought from donors under a fast-tracking procedure.<sup>11</sup>

38. To address the pressing need for increased Trade Point self-sustainability, an expert group meeting was organized by UNCTAD, ITC and the World Federation of Trade Points in Geneva, Switzerland (8–10 October 2002). The focus of the meeting was on the identification of services that could be successfully commercialized by Trade Points. It greatly benefited from the active participation of African Trade Points, namely Trade Point Nairobi, Kenya and Trade Point Johannesburg, South Africa.

39. With regard to country activities, a joint UNCTAD/ITC mission visited Trade Point Ouagadougou, Burkina Faso in October 2002. A feasibility study for the establishment of a Trade Point was conducted for a Trade Point in Kigali, Rwanda, and initial contacts have been made with an interested donor with regard to the provision of assistance to Trade Point Nairobi, Kenya. An ongoing technical cooperation project for Trade Point Maputo, Mozambique should be completed by the end of 2003.

### **2. ASYCUDA**

40. The Automated System for Customs Data (ASYCUDA) has been installed or is being installed in more than 30 countries in Africa. Since 2000, most of the countries using the former release of the system (ASYCUDA version 2) have decided to migrate to the latest release, ASYCUDA++. This modern system is already implemented and fully operational in some countries (Cape Verde, Chad, Zambia and Zimbabwe), while technical assistance projects for migration to ASYCUDA++ are currently under way in Benin, Burkina Faso, Malawi, Mali, Mauritania, Namibia, Niger, Togo and Uganda. Countries that were not ASYCUDA users before have started to implement the system (Botswana, Cameroon,

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<sup>11</sup> See section V.B (ii) "Bridging the Digital Divide: Investing in Information and Communication Technologies", pp. 25–29, [http://www.nepadsn.org/nepad\\_english\\_version.pdf](http://www.nepadsn.org/nepad_english_version.pdf), and section "Market access" in the summary of NEPAD Action Plans prepared by the NEPAD Secretariat, Midrand, South Africa.

Republic of the Congo and Gabon). Most of these projects are directly financed by the Governments from their own budget, a fact which demonstrates their commitment and the real benefits to be gained from the system.

41. At the regional level, two agreements were signed with the regional organizations (COMESA and ECOWAS) for the establishment of cooperative activities in areas such as training, data and documents standardization, and ongoing support.

42. Implementation of new ASYCUDA releases provides the customs administrations with the opportunity to apply regional or international norms and standards. These normalization activities also include regional standards such as the Codification of Customs Procedure Codes, thus facilitating the compilation of comparable statistical data.

### **3. E-commerce**

43. The *Electronic Commerce and Development Report 2002* drew attention to the low level of e-commerce activity in Africa and stressed the need to develop indicators and reliable data in order to assist African countries in designing e-strategies and to measure the impact of e-commerce information and communication technologies (ICTs) on their economies.

44. With a view to contributing to bridging the digital gap, UNCTAD submitted its contribution to the World Summit on the Information Society on the occasion of the African regional conference on the information society (Mali, 25–30 May 2002). Another regional conference for Africa is planned for the second quarter of 2003 in order to promote the growth of e-commerce in Africa, as well as to strengthen the African position regarding international initiatives in ICT and e-commerce.

45. As a follow-up to the presentation of the UNCTAD initiative on e-tourism (Third United Nations Conference on the Least Developed Countries, Belgium, May 2001), and following a request from the Government of Mauritania related to e-commerce with a special focus on e-tourism, a project was prepared in 2002 for submission to donors in early 2003.

### **4. Transport and transit**

46. The 2002 issue of the *Review of Maritime Transport* estimated that freight costs for imports to Africa were US\$ 14.4 billion in 2000 and were almost 50 per cent higher for African countries than for the average of developing countries. This and related figures in the study illustrate the acute need for infrastructure development and its financing in Africa, as emphasized in the context of NEPAD.

47. An Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade (November 2002) focused in particular on current trade facilitation and security measures, their application in developing countries and the means of reducing the divide in the application of global trade facilitation measures. Experts from a number of developing countries, including Djibouti, Ghana, Togo and Uganda, made presentations on national experiences with regard to facilitating transit

traffic. Trade facilitation was a clear priority as a means of improving the productivity of existing facilities. Extensive assistance was, however, required by developing countries.

48. UNCTAD organized a seminar on port pricing in October as part of the six-week course on port management being run by the Leixões Port Authority. Twenty participants attended from PALOP countries. There were nine participants from Angola, four from Cape Verde, two from Guinea-Bissau, three from Sao Tome and Principe and two from Mozambique.

## **5. Advance Cargo Information System**

49. An independent evaluation of the implementation of the Advance Cargo Information System (ACIS) on five railways of Eastern Africa (Kenya, United Republic of Tanzania (2), Uganda and Zambia) and in two ports (Kenya and United Republic of Tanzania) was conducted to ascertain its usefulness and the viability of extending its geographical coverage and introducing new tracking modules in the subregion. The final evaluation was published in August 2002 and recommended a second phase to this project.

50. Key performance indicators showed that the wagon turnaround time decreased from 18 to 11 days and the average transit time from 15 to three days, and that wagon utilization increased from 73 to 120 km/day. Amongst the main successes, the evaluation indicated that total savings on wagon hire charges amounted to US\$ 6.4 million per annum, whilst realistic potential additional revenue due to increased carrying capacity totalled US\$ 20 million per annum, for the five railways of the region.

51. As a result, COMESA convened a Stakeholders' Consultative Forum at its headquarters in Lusaka from 14 to 17 October 2002, inviting current and future beneficiaries of ACIS. After updating the "logframe" exercise, the stakeholders recommended that a second phase of this project should immediately concentrate on:

- Extending the functionalities in those railways already using RailTracker;<sup>12</sup>
- Implementing ACIS RailTracker on other COMESA railways in Djibouti, Egypt, Ethiopia and the Republic of the Congo;
- Installing new functionalities on all COMESA railways;
- Simultaneously converting the application into a Windows/Web environment.

52. The Rolling Stock Information System funded by the United States Agency for International Development and implemented under the auspices of the Southern African Railway Association remained suspended during 2002 owing to problems between the funding agency and the prime contractor, and the regional situation. As a result, some countries expressed the desire to pursue the installation of RailTracker directly with UNCTAD on national funding.

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<sup>12</sup> The railways of Kenya, the Republic of the Congo, Sudan, Uganda, the United Republic of Tanzania and Zambia.

53. Other activities are: operations have started on Congolese Railways to upgrade the RailTracker system, funded by the EU through COMESA; a preparatory mission was conducted in Gabon to install ACIS; and with regard to RoadTracker, the Economic Commission for Africa's Centre for Land-Locked Countries in Kigali has committed funding, on behalf of Kenya, Uganda and Rwanda, to draft a proposal to install RoadTracker on the Northern Corridor, between Mombasa and Kigali, for transit cargo.

### **C. Debt and debt management**

54. The debt situation of the African countries remains a major source of concern. Africa's total debt stock remained close to US\$ 300 billion in 2001 and that of sub-Saharan Africa at over US\$ 215 billion. UNCTAD's research and policy analysis in the area of developing country debt, including that of African countries and the heavily indebted poor countries (HIPCs), are reflected in the annual report on the debt situation of developing countries submitted to the General Assembly.

#### **1. Paris Club**

55. UNCTAD offers assistance to African and other debtor countries in preparing their negotiations in the Paris Club. It continues to participate as an observer in meetings of the Paris Club for the renegotiation of official bilateral debts. In 2002 and the first quarter of 2003, a total of 14 countries concluded new agreements on the rescheduling or restructuring of their debts with Paris Club creditors. Eleven of them were from sub-Saharan Africa, all of them HIPCs. Burkina Faso, Mauritania and the United Republic of Tanzania in 2002 and Mali in 2003, having reached their completion points under the HIPC Initiative, obtained debt stock reduction measured to reach agreed debt sustainability targets. Five other African HIPCs (Ethiopia, Ghana, Rwanda, Sierra Leone and Zambia), having reached their HIPC decision points, obtained flow reschedulings on Cologne terms (i.e. 90 per cent debt service reduction in present value terms). The Democratic Republic of the Congo secured Naples terms relief involving a 67 per cent debt service reduction in present value terms, and Côte d'Ivoire obtained Lyon terms corresponding to an 80 per cent reduction. Agreements with the latter two countries were concluded pending achievement of the HIPC decision point.<sup>13</sup> UNCTAD aims at helping debtor countries obtain optimum debt relief in the context of overall assistance in strengthening debt management capacities. As most debt-distressed African countries fall into the HIPC category, this is closely linked to the implementation of the HIPC Initiative and improvements in this scheme.

#### **2. HIPC Initiative**

56. In the latest report submitted to the General Assembly (A/57/253), outstanding issues in the implementation of the HIPC Initiative are discussed. As of March 2003, only six African countries (Burkina Faso, Mali, Mauritania, Mozambique, Uganda and United

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<sup>13</sup> Côte d'Ivoire attained decision point under the original HIPC Initiative in March 1998, but could not reach completion as expected in 2001 because of the interruption in 1999 of its three-year programme supported by the Poverty Reduction Growth Facility.

Republic of Tanzania) had reached completion point and 16 are at the decision point. In the light of the slow speed of implementation, a simplification of the procedures and a review of the content of conditionality should be considered. Moreover, in view of the serious economic problems facing HIPC, more rapid access to adequate external financing to design and set up a social safety net, as well as public and private investment, is necessary. As previous reports of the Secretary-General proposed, "front-loading" of debt relief from the decision point onwards could be improved. The optimistic nature of assumptions underlying the debt sustainability assessments is now recognized. Projections of growth and export earnings in those assessments could be rendered more realistic by taking account of past external shocks and likely future developments, particularly in commodity markets. Finally, since the success of the HIPC Initiative depends on the additionality of debt relief in comparison with overall pre-debt-relief transfers, it is essential that donor countries increase efforts to comply with agreed official development assistance targets and to augment such flows to HIPC and other poor countries. Special attention needs to be given to the debt-ridden countries emerging from conflict, and specific measures should be devised for those countries that would not otherwise be eligible owing to their arrears to the international finance institutions. This issue will be further developed in the 2003 report to the General Assembly.

### **3. Debt Management and Financial Analysis System**

57. In Africa, the Debt Management and Financial Analysis System (DMFAS) has been installed in Angola, Burkina Faso, Burundi, the Central African Republic, Chad, Côte d'Ivoire, Djibouti, Egypt, Ethiopia, Gabon, Guinea-Bissau, Madagascar, Mauritania, Rwanda, Sao Tome and Principe, Senegal, Sudan, Togo, Uganda, Zambia and Zimbabwe. In accordance with official requests, new projects in Africa are currently being prepared for Algeria, the Democratic Republic of the Congo and the Republic of the Congo.

58. During 2002, the DMFAS Programme fielded five missions (central staff) to four African countries (Côte d'Ivoire, Djibouti, Republic of the Congo and Togo) with a view to assessing their needs. Furthermore, DMFAS consultants spent a total of 32 weeks in five African countries, mainly to provide training in debt management.

59. UNCTAD has sought to decentralize its DMFAS-related activities in Africa to the extent possible. Along these lines, the DMFAS programme has continued its close cooperation with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)<sup>14</sup> through joint and collaborative activities. Pôle Dette<sup>15</sup> – a joint initiative of the Central Bank of West African States (BCEAO) and the Bank of the Central African States (BEAC) – and UNCTAD have continued the process of extending and

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<sup>14</sup> MEFMI is a regionally owned institute with 10 member countries: Angola, Botswana, Lesotho, Malawi, Namibia, Swaziland, Uganda, United Republic of Tanzania, Zambia and Zimbabwe. Its aim is to improve human and institutional capacities in the critical areas of macroeconomic and financial management. Four of the countries belonging to MEFMI are DMFAS user countries (Angola, Uganda, Zambia and Zimbabwe).

<sup>15</sup> Member countries are: Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, Côte d'Ivoire, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Guinea-Bissau, Mali, Niger, Senegal and Togo. Associated member countries: Guinea and Mauritania. Eight of its members are DMFAS users.

formalizing their cooperation. A technical cooperation agreement between the two institutions is ready for signature. The project will permit the creation of a regional DMFAS unit in Yaoundé, the launching of training programmes for debt managers, the organization of further joint UNCTAD–Pôle Dette workshops and seminars, and the strengthening of Pôle Dette's capacities for intervention in issues related to debt recording and management systems.

60. In November 2002, UNCTAD and UNDP's Central and Eastern Africa Sub-Regional Resource Facility (CEA-SURF) arranged a joint workshop on debt statistics in Nairobi, which received a very favourable rating by its participants. These workshops will allow the DMFAS programme to further train representatives of those countries that are not members of MEFMI or Pôle Dette.

61. DMFAS pays for itself by making debt-servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies. Also, substantial savings can be made by avoiding unnecessary costs such as overpayments to creditors or penalty interests due to poor bookkeeping. Besides these cost savings, the active use of DMFAS in debt offices ensures that countries have an up-to-date database on debt, allowing more effective debt management and better preparation for loan and rescheduling negotiations.

#### **D. International investment and enterprise development**

##### **1. Investment**

62. The regional section on Africa in the *World Investment Report 2002* included a section on recent trends in foreign direct investment (FDI) in Africa. The report was launched in 16 African countries.

63. Work on the joint UNCTAD–International Chamber of Commerce (ICC) project on investment guides and capacity building for LDCs continued with the beginning of work on a guide to Eritrea.

64. A 2002 update was produced for the publication *FDI in Least Developed Countries at a Glance*, covering all African LDCs. This publication is an update to information on the current FDI situation in each of the 49 LDCs (34 of which are in Africa), with an overview of FDI trends and developments in legal framework in this region.

65. In 2002 a seminar for African insurance supervisory authorities and a meeting of the Association of African Insurance Supervisory Authorities were organized. A seminar on the development and marketing of life insurance products in Africa also took place. In addition, assistance was provided for the development of a software package for African insurance enterprises that is now being installed in companies. A rating scheme of African insurers and reinsurers was continued under which 30 companies have been rated.

**(a) *Investment promotion***

66. In 2002, as part of its overall strategy of capacity building in investment promotion, UNCTAD's Advisory Services on Investment and Training (ASIT), jointly with the World Association of Investment Promotion Agencies (WAIPA) and private sector sponsors, organized two regional workshops in Africa on investor targeting. The first was held in Bamako, Mali, for 18 participants from francophone sub-Saharan Africa in February 2002. It was jointly conducted by ASIT, the TrainForTrade programme and an expert from the co-sponsoring institution, the former Price Waterhouse Coopers. The other workshop was held in Rabat, Morocco, for 24 participants from North African countries in September 2002. It was a joint project between ASIT/WAIPA and the Economic Commission for Africa's Sub-regional Development Centre for North Africa. The consulting firm Ernst & Young provided an expert.

67. In the second half of 2002, advisory missions were carried out in Ethiopia and the United Republic of Tanzania as part of the project on Capacity Building on Good Governance in Investment Promotion and Facilitation. Advisory reports were prepared for both countries. The report on Ethiopia was presented at a national workshop in Addis Ababa for an audience of senior government officials, private sector executives and representatives of the donor community. The report's recommendations were endorsed and agreement was reached on a plan of action.

**(b) *Investment Policy Reviews***

68. In 2002, Investment Policy Reviews (IPRs) were completed for Ghana and Lesotho. The IPR for the United Republic of Tanzania, completed in 2001, was presented at the session of the Commission on Investment, Technology and Related Financial Issues held in Geneva from 21 to 25 January 2002. The IPRs for Botswana and Ghana were discussed at expert group meetings which took place in June and October 2002, respectively. National workshops were held in Botswana and Ghana to discuss the findings with stakeholders. In addition, a cabinet briefing involving the Economic Management Team was held in Ghana. For the first time, the IPR for Lesotho was prepared in collaboration with the Integrated Framework. Meanwhile, IPRs for Algeria, Benin, Kenya and Zimbabwe are currently under way, with additional requests from eight other African countries. Follow-up programmes to the IPRs are in progress in: Botswana, Mauritius, Uganda and the United Republic of Tanzania.

**(c) *International investment agreements***

69. The first joint WTO/UNCTAD regional seminar on "An evaluation of closer multilateral cooperation in the area of long-term cross-border investment, particularly foreign direct investment" for the francophone African region was held in Libreville, Gabon, in June 2002. This seminar brought together 36 senior government officials from 25 francophone African countries and Haiti. Further seminars were held for anglophone African countries (Gaborone, Botswana, January 2003) and francophone African countries (Djibouti, February 2003).

70. Intensive training courses on international investment agreements were organized for anglophone African countries from 18 to 29 March 2002, and were attended by 29 participants from 19 countries (11 of which were LDCs). This was undertaken in cooperation with the Investment and Trade Centre of the University of Pretoria, the University of Dar es Salaam, the Legon Centre (Accra) and the WTO. The second set of courses for francophone African countries took place in Alexandria, Egypt, from 27 May to 6 June 2002, and were attended by 21 negotiators from 19 francophone countries of the region, as well as Haiti and Cambodia. It was the first post-Doha training course organized by UNCTAD in collaboration with the WTO and the University of Senghor, the University of Tunis and the University of Yaoundé.

71. Also, as part of the joint UNCTAD/WTO follow-up to the Doha mandate in the area of investment, a national seminar was conducted in Tunisia in December 2002, to be followed by similar seminars for Morocco and Mauritania.

72. Technical workshops for Geneva-based delegations and officials visiting from capitals – scheduled to coincide with meetings of the Working Group on the Relationship between Trade and Investment – were undertaken jointly with the WTO secretariat. Designed to help delegations participate more effectively in work under paragraph 22 of the Doha Ministerial Declaration, the workshops were limited to a maximum of 30 participants each.

73. Another round of bilateral investment treaties (BITs) negotiations was organized in collaboration with the Organisation pour la Francophonie between LDCs and capital-exporting countries, and took place in Geneva from 4 to 13 November 2002. It brought together 19 countries, including three developed countries, and resulted in the initialling of 28 BITs and one Agreed Minute, and the start of discussions on another five BITs. The event also served as a platform for holding preliminary discussions on a regional investment agreement between France and the Zone Franc countries participating in the BITs negotiations.

## **2. Technology and enterprise development**

### **(a) Technology**

74. The Panel on Enhancing Strategic Competitiveness in Information and Communication Technologies met in Luanda, Angola, from 15 to 17 January 2003. It was organized in the context of the work programme of the United Nations Commission on Science and Technology for Development. The panel addressed the use and diffusion of ICTs and examined how they affect countries' abilities to "catch up", "keep up" and "get ahead", and the extent to which ICTs are being used and diffused in developing countries. It reviewed means of fostering ICT production to advance industrial development and economic diversification. The panel identified and examined strategic policy options aimed

at helping those countries at the bottom end of the scale to catch up, and those that are keeping up to become more competitive (see <http://www.unctad.org/stdev>).

**(b) Enterprise development**

75. In Eritrea, a joint mission of UNCTAD, ITC and the International Organization for Standardization under the umbrella of Med2000 was undertaken from 5 to 13 July 2002. UNCTAD undertook a fact-finding mission to assess the environment for the development of small and medium-sized enterprises (SMEs) and identify activities which support that development. It was agreed that there was an urgent need to develop the national capacity to deliver business development services that will support the private sector. This could be partially addressed by the Empretec Eritrea initiative.

76. In Ethiopia, 20 Empretec workshops were held, reaching 477 entrepreneurs. A survey of 75 enterprises measuring the impact of the services provided by Enterprise Ethiopia revealed that enterprises that took part in the Empretec Training Workshop (ETW) initiated many new "projects". The sample showed that six months or more after the ETW the 75 companies had:

- Generated new employment opportunities for 1,773 persons;
- Generated 140,908,800 Birr (around US\$ 17 million) in new investment in existing and new enterprises. In addition, 139 new initiatives were counted, including new businesses or improved production technologies and management systems.

77. In Morocco, cooperation with the Ministère de l'Artisanat et de l'Economie sociale led to a framework agreement for the joint organization of workshops with the Maison de la jeune entreprise (association of young entrepreneurs). In addition, the ministry's participation in a seminar on business linkages contributed to the creation of a Charter of Partnership between large companies and SMEs, signed by 18 Moroccan companies.

78. In Mozambique, three Entrepreneurial Training Workshops took place with 90 participants. They were conducted in the context of South-South cooperation by trainers from Brazil in cooperation with UNCTAD.

79. In Uganda, the programme generated much interest among entrepreneurs in 2002. To date, seven Empretec Training Workshops have been organized, training over 182 entrepreneurs, 37 per cent of whom were women. Two of the training workshops were organized up-country, thus extending the reach of the project outside the capital, Kampala. Enterprise Uganda carried out 107 business diagnostic studies and more in-depth consultancy services were provided to 15 enterprises. Enterprise Uganda also helped a number of companies to access credit. A symposium was held in cooperation with UNCTAD on SME financing, during which an SME Financing Task Force was created.

80. A nine-month pilot project on “Strengthening women entrepreneurs in LDCs in Africa”, sponsored by the German Government, was initiated in Ethiopia and Uganda. A kick-off workshop took place in Kampala in August 2002 with the participation of experts from Enterprise Ethiopia, Enterprise Uganda and UNCTAD. After identifying the main barriers faced by women entrepreneurs in the SME sector in LDCs, both Enterprise Ethiopia and Enterprise Uganda sensitized their staff, trainers and business counsellors on gender-related issues. At the end of the project, gender-sensitive and business linkage training materials, together with the lessons learned, will be disseminated to other interested Empretec National Centres.