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**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 eighth 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 Africa's 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(32)/2, which was submitted to the thirty-second executive session of the Board in July 2003.

2. The United Nations General Assembly in its resolution A/RES/58/233, while welcoming the support provided by the UN system to the New Partnership for Africa's Development (NEPAD), requested that such support be continued. The Board at its fiftieth session, in its agreed conclusions 477, decided that "UNCTAD should, within its mandate, continue to support African countries in their endeavour to meet the aims and objectives of NEPAD and to provide analysis and policy advice on African development". UNCTAD 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. UNCTAD has also participated actively in the Annual Regional Consultations of Organizations Working in Africa and has contributed to the work of the interagency cluster on "Agriculture, market access and diversification". The reports of the various interagency clusters, as well as individual contributions by organizations of the UN system to the implementation of NEPAD, are presented to the Committee for Programme and Coordination (CPC) in New York.

3. UNCTAD's activities in favour of Africa are generally consonant with the requirements arising from NEPAD as described below:

- (a) Development and poverty reduction are the main objectives of NEPAD, and the work being undertaken by UNCTAD, in its analyses of Africa's development and that of the least developed countries (LDCs), of which 34 are in Africa, is in line with those objectives. Both the report *Economic Development in Africa: Trade Performance and Commodity Dependence* and the *Least Developed Countries Report 2004* draw attention to the trade-poverty linkages in African development.
- (b) As to the sectoral priorities of NEPAD, in the context of Section B1 of NEPAD ("Bridging the Infrastructure Gap"), UNCTAD's activities reported under "Services for Development" – transit and transport, the Advanced Cargo Information System (ACIS) and the Automated System for Customs Data (ASYCUDA) – are directly relevant to the requirements of NEPAD, including for reducing delays in cross-border movement of people, goods and services; reducing waiting time in ports; and promoting economic activity and cross-border trade through improved land transport linkages (objectives under B1(iv) of the NEPAD priorities).
- (c) Under section B1(ii) ("Bridging the Digital Divide"), UNCTAD's analytical work on e-commerce has drawn attention to the extremely low use of information and communication technologies (ICT) in Africa and the need for increased attention to this matter. UNCTAD also made a contribution to the African Regional Conference on the Information Society in preparation for the World Summit on the Information Society.

- (d) On the question of the Market Access Initiative (section C2 of NEPAD), UNCTAD has continued to provide the NEPAD Steering Committee with inputs. The NEPAD Secretariat has expressed its satisfaction with these inputs.
- (e) With respect to NEPAD section C1 (“Capital Flows Initiative”), UNCTAD has continued to draw attention to the capital requirements of Africa. With respect to section C1(ii), which deals with debt relief, UNCTAD has been calling for wider and faster debt relief in the context of the heavily indebted poor countries (HIPC) and is devoting the 2004 edition of the report on *Economic Development in Africa* to the question of debt sustainability.
- (f) On the question of “Private Capital Flows” (section C1(iv)), the investment-related activities are geared to dealing with the “high-risk perception” of investment in Africa as required by NEPAD. This has been done through, *inter alia*, the preparation of various investment policy reviews for African countries. UNCTAD’s activities in connection with enterprise development are related to “Promoting the Private Sector” (section C2(vii) of NEPAD).

## I. POLICY RESEARCH AND ANALYSIS

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

4. As was indicated above, the UNCTAD secretariat prepared a report titled “Economic Development in Africa: Trade Performance and Commodity Dependence”,<sup>1</sup> a summary version of which was presented to the Board. This report attempted to place in perspective the reasons for Africa’s poor economic performance and its declining share in world trade. It reviewed the structure and composition of Africa’s trade, along with the associated problems of commodity dependence, and it discussed the factors influencing both Africa’s competitiveness and its ability to diversify into more market-dynamic sectors. It briefly examined national and international policy measures adopted in the past to address the “commodity problem”, which is at the heart of the continent’s trade performance. Finally, it discussed national and international policy measures that might be needed to reduce the vulnerability of African economies to commodity price fluctuations. The report argued for the provision of better market access and for reductions in subsidies for products competing with African exports. It also made a case for compensation for income losses suffered as a result of developed-country subsidies and other support for domestic agriculture, and for enhanced external resources to fill the continent’s resource gap in order to ensure adequate investment in the development of human and physical infrastructure, institution building and diversification.

5. The Board’s deliberations on this item led to the adoption of agreed conclusions in which, *inter alia*, it was considered that the report contributed to the process of policy appraisal, and UNCTAD was requested to continue to provide relevant analysis and policy advice on African development.

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<sup>1</sup> UNCTAD/GDS/AFRICA/2003/1.

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

6. *The Least Developed Countries Report 2004* addresses the complex relationship between trade and poverty. It attempts to answer, *inter alia*, two questions: (a) why international trade matters for poverty reduction in LDCs; and (b) how international trade can help to start, sustain and accelerate economic growth. For these purposes, the report analyses the relationship between the nature of poverty in LDCs and international trade and the degree of LDCs' economic dependence on international trade, and it provides a mix of supplementary policies that could make trade more important for poverty reduction in LDCs.

7. In response to the request by the forty-ninth session of the Board, the UNCTAD secretariat prepared for the fiftieth session of the Board a note titled "Main Recent Initiatives in Favour of Least Developed Countries in the Area of Preferential Market Access: Preliminary Impact Assessment". The note analyses the recent initiatives in favour of LDCs by the main trading partners of these countries: the European Union's "Everything but Arms" initiative, the United States' African Growth and Opportunity Act (AGOA) and Canadian and Japanese initiatives.

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

8. The UNCTAD secretariat participated in the ECOSOC Panel Discussion on Working Together for Rural Development and provided inputs for an integrated approach to rural development and poverty reduction in the specific context of LDCs.

## **D. Landlocked developing countries**

9. Transit transport problems are particularly acute for landlocked countries and neighbouring countries in Africa. UNCTAD's Special Programme for Least Developed, Landlocked and Island Developing Countries provided substantive support to the preparations for the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation (Almaty, Kazakhstan, 2003). This support included six studies on the improvement of transit systems in different parts of the developing world. Four of the studies are fully relevant to the African context.

# **II. SECTORAL ISSUES**

## **A. International trade**

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

10. JITAP is a joint response by the International Trade Centre (ITC), UNCTAD and the World Trade Organization (WTO), in collaboration with interested donor countries, towards effective and beneficial integration of African countries into the multilateral trading system. The first phase of JITAP was successfully completed in December 2002 and received a positive evaluation. A new phase involving 16 African countries was approved and launched in February 2003 (see TD/B/EX(32)/2).

11. In 2003, a number of preparatory activities were implemented. JITAP countries were sensitized on setting up national structures to support their participation in the programme. For example, between May and July 2003, field missions were undertaken to most JITAP countries to help jump-start preparations at the national level. The preparation of 16 country programme documents (as a basis for country activities) was launched. The JITAP countries themselves began preparing the country documents, with guidance on methodology and substance provided by the three agencies. This in itself is an exercise in capacity development for project formulation involving national stakeholders. Five toolkits for the five JITAP capacity-building areas<sup>2</sup> to guide, as much as possible, national self-execution are being prepared by the agencies. UNCTAD is leading the preparation of the toolkit for institutional capacity building. The development of self-implementation toolkits for trade-related capacity building by the agencies will lead to further innovation in instruments for the delivery of trade-related technical assistance.

12. In addition, priority activities on multilateral trade negotiations were implemented. Assistance was provided to JITAP countries in their preparations for the fifth WTO Ministerial Conference in Cancún and participation in the Doha work programme. All JITAP countries prepared negotiating positions for the Cancún conference and elaborated a compendium of key negotiating issues of interest to their countries for their delegations. Two videoconferences were held (on 27 and 28 August 2003) for English-speaking and French-speaking countries to provide Inter-Institutional Committee (IIC) members with additional briefings on the latest developments in the Doha agenda negotiations immediately before the Cancún conference. Upon request from JITAP countries, technical advisory services were provided to assist the IICs in Kenya, Malawi, Tunisia, Uganda, the United Republic of Tanzania, and Zambia on issues on the Doha work programme, particularly in agriculture, non-agricultural market access and services. As a result, JITAP countries were highly active in preparatory meetings for and at the Cancún conference.

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

13. In collaboration with other five core agencies – ITC, the International Monetary Fund (IMF), the UN Development Programme (UNDP), the World Bank and WTO – UNCTAD has continued to implement the Integrated Framework (IF).

14. During 2003 and the first quarter of 2004, Diagnostic Trade Integration Studies (DTIS) were completed for seven LDCs, including five African LDCs (Burundi, Djibouti, Ethiopia, Guinea and Madagascar). In addition, implementation meetings with the donor community were held in Madagascar and Senegal. The DTIS in Mali is nearing completion. Implementation of follow-up activities to the IF Round Table Meetings held under the old IF scheme is ongoing in five LDCs, including three African ones (Gambia, Uganda and the United Republic of Tanzania). These countries are being incorporated into the revamped IF process. Following the completion of the second IF evaluation in August 2003, the IF has been extended to six more LDCs, five of which are African (Benin, Chad, Mozambique, Sao Tome and Principe and Zambia).

15. UNCTAD's contribution to the IF implementation process includes: (a) strengthening country ownership of the IF process through the implementation of pre-Diagnostic Trade Integration Studies (pre-DTIS) at the country and sub-regional levels; (b) implementing activities identified as priority areas in three of the "old" IF countries of which two are African LDCs (Uganda and the United Republic of Tanzania); (c) assisting country IF focal points, e.g. Madagascar and Djibouti, to formulate project proposals based on the DTIS Action Matrix for financing from Window II of the IF Trust Fund and other sources; and (d) providing input to the DTIS e.g. Djibouti, Ethiopia and Mali.

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<sup>2</sup> The five areas of multilateral trading system (MTS) capacity development are institutional capacity, reference centres, information dissemination and training, export sector strategies and programme networking.

### **3. LDC Trade Ministers' Meeting**

16. The Second LDC Trade Ministers' Meeting took place in Dhaka, Bangladesh, from 31 May to 2 June 2003. At the request of the Government of Bangladesh, UNCTAD provided substantive and technical support to the meeting. The background note prepared by the UNCTAD secretariat, "Developments on Key Issues in the Doha Work Programme", was considered a major contribution by UNCTAD to facilitate the deliberations of ministers and senior officials.

17. Ministers adopted the Dhaka Declaration in two parts: Part I contains the political statement highlighting LDCs' concerns, and Part II contains a total of 76 negotiating proposals covering all the issues on the "Doha agenda".

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

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

18. With financial support from the UNDP Regional Bureau for Africa and the UN Office for Project Services (UNOPS), and in collaboration with the UN Economic Commission for Africa (ECA), the African Union (AU), 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 assessing negotiation objectives and policy responses to the Doha agenda. Advisory missions were undertaken upon request in several African countries. UNCTAD cooperated with and assisted the AU and ECA in supporting the preparations for the Cancún conference by participating in the High-Level Brainstorming Meeting of African Trade Negotiators Preparatory to the Fifth WTO Ministerial Conference and the AU Trade Ministers' Meeting in Mauritius (June 2003), which adopted a common position on Cancún. UNCTAD also contributed to subsequent preparations by the African Group to the WTO and the AU on Africa's key issues for Cancún, building on the common position adopted by Ministers in Mauritius. In December, a meeting of stakeholders was convened in Geneva to discuss the launch of a follow-up programme for "Trade and Investment Capacity Building for Sub-Saharan Africa".

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

19. Technical advice was provided to the Common Market for Eastern and Southern Africa (COMESA) High-Level Brainstorming and Ministerial Meeting (Nairobi, May 2003) on preparations for Cancún and trade negotiations between the African, Caribbean and Pacific Group of States (ACP) and the European Union. Advisory services were also provided to a COMESA workshop (Uganda, July 2003) on the elaboration of a services agreement based on GATS. Assistance was provided to a workshop organized by ECA for African countries to review agricultural negotiations (Addis Ababa, April 2004). Inputs were provided to the NEPAD experts' meeting on market access (Cairo, March–April 2004). Technical advice was provided to a national pre-Cancún preparatory workshop in Zimbabwe.

#### ***(c) Assistance to countries in the process of accession to the WTO***

20. Pursuant to the intergovernmental mandate at UNCTAD IX and UNCTAD X, the UNCTAD secretariat continued in 2003 to assist member States that are in the process of accession to WTO. The provision of such assistance was tailored to meet the commitment of the member States to further integrate into the international trading system. Funding has been provided by the UK Department for International Development (DFID) and the Government of Norway.

21. In 2003, assistance was provided to Algeria, Cape Verde, Ethiopia and Sudan. Activities centred on (a) supporting the preparations of national negotiating teams for the meetings of the WTO

Working Parties on Accession, including identifying negotiating strategy and tactics and preparing the Memorandum on the Foreign Trade Regime and replies to written questions from WTO members; (b) organizing workshops to sensitize government officials, civil society and the private sector to the benefits and challenges of WTO membership, including to the developmental provisions in WTO Agreements and the process of accession; (c) assisting Governments in the preparation of offers on market access in goods and services and commitments on agricultural support measures sectors; (d) providing expertise and advice on strengthening capacity building in the area of trade policy; and (e) training trade officials in specific trade policy issues.

22. The technical assistance provided by the UNCTAD secretariat has increased the awareness of the acceding countries' negotiating teams of the multifarious issues – both substance and process – that arise in the accession process. As a result, there is a better understanding of the WTO rules and disciplines, including the special and differential treatment and other developmental provisions, and their implications for national policy options.

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

23. In 2003, two technical cooperation activities for African countries were carried out in the framework of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF).

24. In May 2003, a CBTF Regional Workshop for Anglophone African countries was organized in Cape Town, South Africa, back to back with a WTO Regional Seminar on Trade and Environment. Participants from the ministries of trade and environment from 18 countries discussed a number of trade and environment issues and identified priority capacity-building needs for their region. These needs revolved around four clusters of issues: integrated assessments and mutually supportive trade and environment policies; TRIPS, traditional knowledge, and access and benefit sharing; the economic impact of multilateral environmental agreements (MEAs) and their relationship to WTO rules; and agriculture, environment, genetically modified organisms (GMOs), food security and organic agriculture. This assessment will guide CBTF work in the region during the 2004–2006 period.

25. Also in May 2003, a national CBTF seminar on trade, environment and sustainable development was held in Luanda, Angola, to assist policy makers and other stakeholders in enhancing understanding of trade, environment and development linkages and to discuss matters related to the Doha work programme.

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

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

26. In May 2004 UNCTAD published a book containing empirical evidence on the adverse effects of anti-competitive practices on developing countries, with case studies from Kenya, South Africa, Uganda and Zambia.<sup>3</sup> Two other publications were issued in 2003: an empirical study on the impact of international hard-core cartels in developing countries' trade and development;<sup>4</sup> and a consolidated report on multilateral cooperation on the Doha WTO mandate on competition policy.<sup>5</sup>

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<sup>3</sup> See "Competition, Competitiveness and Development: Lessons from Developing Countries" – Geneva, UNCTAD 2004, UNCTAD/DITC/CLP/2004/1.

<sup>4</sup> See "Can Developing Economies Benefit from WTO Negotiations on Binding Disciplines for Hard Core Cartels?" – Geneva, UNCTAD 2003, UNCTAD/DITC/CLP/2003/3.

<sup>5</sup> See "Final Consolidated Report of Regional Capacity-Building Meetings Organized by UNCTAD on Competition Issues within the Framework of the Doha Mandate" – Geneva, UNCTAD 2004,



**(b) Advisory activities and capacity building**

27. During 2003, 16 missions were fielded to African countries<sup>6</sup> and three to regional African integration groupings<sup>7</sup> with the objective of providing training in the formulation and enforcement of competition policy. In the case 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 multilateral and integration competition issues were organized as part of the preparatory work leading to UNCTAD XI. UNCTAD has also been engaged in capacity-building activities in support of regional competition groupings of the Common Market for Eastern and Southern Africa (COMESA), the West African Economic and Monetary Union (UEMOA) and the Southern African Customs Union (SACU).

28. Two distance courses on competition policy were run on a quarterly basis during 2003 for Benin, Burkina Faso and Mali. A recent initiative, which is being studied by the secretariat, is to prepare National Competition Policy Studies for Benin, Senegal, Zambia and Zimbabwe in order to assess successes and failures and make recommendations for policy changes.

**7. Commodities**

29. In the commodities area, UNCTAD's work aims at improving the contribution of the commodities sector to development. As most African countries, in particular LDCs, comprise the group of developing countries most dependent on commodities, this work is of particular importance to Africa.

30. In addition to the analytical report on "Trade Performance and Commodity Dependence", a study titled "Battle of the Supermarket Supply Chains in Sub-Saharan Africa: Challenges and Opportunities for Agrifood Suppliers" (UNCTAD/DITC/COM/Misc./2003/5) was prepared for the expert meeting on "Market Entry Conditions Affecting Competitiveness and Exports of Goods and Services of Developing Countries" (26–28 November 2003). This study documents the implications of the advent of supermarkets for food producers, in particular small-scale ones, in Africa. The *World Commodity Survey 2003–2004* provides information and market analysis on over 80 commodities and key commodity industry sectors, many of which are of special interest to African countries.

31. Under a project on "Capacity Building and Policy Networking for Sustainable Resource-Based Development", a regional workshop was organized in Addis Ababa in February 2003 to consider the establishment of an Africa Mining Network with a focus on mineral resources and related sustainable development issues. The workshop, held with the cooperation of ECA, proposed that the network be designed to support the Africa Mining Partnership under NEPAD, and discussions to this end are continuing with partners inside and outside Africa with a view to making the network operational in 2004.

32. A new project is aimed at improving the sustainability of cotton production and small-scale farmers' income in cotton-producing and cotton-exporting countries of West and Central Africa, in collaboration with the International Cotton Advisory Committee and the Common Fund for Commodities, with the latter contributing to project financing. The overall objective is to contribute to improved production and supply of cotton and thus to poverty reduction in the countries involved: Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Mali and Togo.

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UNCTAD/DITC/CLP/2003/1.

<sup>6</sup> Angola, Botswana, Kenya, Lesotho, Mali, Senegal, South Africa, Sudan, Swaziland, the United Republic of Tanzania and Zimbabwe.

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

33. In cooperation with the International Institute for Sustainable Development (IISD), and with financial support from the International Development Research Centre (IDRC) of Canada, work has continued on the Sustainable Commodity Initiative (SCI).<sup>8</sup> The first implementation of the initiative involves coffee, a product of key importance for many African countries. Work has included a multi-stakeholder brainstorming workshop (in Geneva in February 2003) that provided an opportunity for the public and private sectors and civil society to identify concrete sustainability strategies and define a research agenda for coffee. A conference on “The Sustainability of the Coffee Sector: Exploring Opportunities for International Cooperation” on 8–9 December 2003 was attended by several representatives from Africa.

34. The aim of a project initiated in close cooperation with the Swiss retailer Migros and the Swiss Import Promotion Programme (SIPPO) is to strengthen the capacities of small producers of fruits and vegetables from African LDCs as regards market access and market entry. The project intends to establish a “win-win” partnership between Migros and producer associations of African LDCs to meet market exigencies (e.g. quality requirements), improve producers’ bargaining power and enable them to enter markets in developed countries. It involves contract farming arrangements between Migros and producer associations from Ghana and Mozambique as well as the development of a label for product differentiation. Imports are expected to start this fall. The project will be extended progressively to other African LDCs and expanded with the involvement of other large supermarket networks in developed countries.

35. In 2003 and 2004, in the area of commodity risk management, finance and energy, the Seventh and Eighth African Oil and Gas Trade and Finance Conferences were held in Luanda, Angola, from 20 to 23 May 2003 and in Marrakech, Morocco, from 27 to 30 April 2004 respectively. These conferences have become the principal forum in Africa for discussing interrelated issues of oil/energy and finance. They attract more than 600 participants from dozens of countries, mostly high-level decision makers from the African oil and finance sectors. The conferences are fully funded by private-sector sponsoring, including from African companies. As one of the spin-offs of this work, technical support was provided to the African Energy Commission, a new entity set up by the African Union to boost energy cooperation on the continent.

36. In the area of structured commodity finance, an area of significant importance for improving the functioning of the commodity sector, UNCTAD continued to participate in training activities for African bankers at workshops organized in 2003 and 2004 by the African Export-Import Bank in Cairo, Egypt, and at several conferences organized in South Africa. UNCTAD has also developed a proposal for the creation of a pan-African collateral management company that would facilitate the financing of African commodity trade.

37. Weak physical and institutional infrastructure for regional trade continues to be a problem in Africa. Developing sub-regional commodity exchanges would greatly facilitate trade, access to finance, and risk management. UNCTAD has been advising the African Union and several other interested parties on the creation of such exchanges. Cooperation with the Government of Nigeria has been aimed at the establishment of a national commodity exchange.

38. In 2003, UNCTAD and the UN Department of Economic and Social Affairs (DESA) initiated a project, financed by UNDP and carried out in cooperation with ECA, on a policy dialogue on mining in the United Republic of Tanzania. The aim of the project is to integrate consideration of the mining sector into poverty reduction programmes and to make policies vis-à-vis the mining sector more responsive to poverty reduction concerns. Two workshops were held under the project, in October 2003 and January 2004, and a follow-up project is currently being designed.

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<sup>8</sup> <http://www.iisd.org/trade/commodities/sci.asp>

39. With a view to improving transparency in commodity markets as well as to offering greater market intelligence and understanding to actors within the sector, and with financial support from the Government of France, UNCTAD's INFOCOMM portal<sup>9</sup> provides strategic online information on major commodities under 10 headings. Taking into account the special needs of African countries, in particular LDCs, and the "digital divide", offline products will be distributed directly to these countries. Several African countries have acknowledged UNCTAD's support in enhancing commodity market transparency as well as providing efficient knowledge management instruments on commodity-related issues and have asked to be integrated into INFOCOMM as national partners.

## **8. Training activities**

40. In recent years, distance learning has become an important element in the global capacity-building environment, and it has been used as a complementary tool in the delivery of seminars. UNCTAD has recently developed a pilot strategy integrating these new techniques into its regular training courses and technical assistance activities and has incorporated the distance-learning dimension into the training of trade negotiators and support to the institutional capacity of developing countries in trade negotiations. A regional course for trade officials involved in the WTO negotiations on trade in services was developed and launched in 2003 in four countries of West Africa: Benin, Guinea, Mali and Togo.

41. In January–February 2004, the UNCTAD secretariat organized its fourth regional training course on "Key Issues on the International Economic Agenda" for trade officials from Africa. This is part of the series of training courses organized by UNCTAD in respect of the mandate given to it at UNCTAD X (para. 166 of the Bangkok Plan of Action)

42. A total of 25 trade officials and academicians from various countries in Africa were selected from over 50 applicants to attend this course, which was held with the University of Mauritius from 26 January to 11 February. Assessments by participants indicated that the courses provided useful tools for better analysing the current international economic agenda. Many felt that after attending the course they were better able to contribute to policy formulation within their departments. The collaboration with the University of Mauritius resulted in an additional benefit: the Faculty of Humanities and Social Sciences will become a partner of UNCTAD's Virtual Institute. This Institute was launched at UNCTAD XI in June 2004.

43. In the framework of a sub-regional project for strengthening training capacities, five face-to-face workshops and two regional distance-learning seminars were organized in Benin, Burkina Faso and Mali in the past year. Topics covered international trade issues, such as competition law and policy (see para. 28), trade and environment, and the practice of e-commerce. Of the more than 100 participants who attended the seminars, 16 were selected and trained in training techniques in Benin and Mali.

44. Additional pedagogical material was designed for distance learning activities. In close cooperation with UNCTAD's International Investment Programme, four supplementary modules on international investment agreements have been developed in French and English. A distance-learning seminar for African English-speaking countries was organized during January and February 2004. It prepared the trainees for a face-to-face regional workshop held in Lusaka in March 2004. This approach, combining distance learning with face-to-face seminars, is designed to ensure that participants acquire the requisite level of background knowledge, the duration of the workshops is shortened, and there is additional time for interaction and discussion among participants. Further workshops are planned in the coming months for African French-speaking countries.

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<sup>9</sup> <http://www.unctad.org/infocomm>

45. In West and Central Africa, the activities of the Port Training Programme have focused on implementation of the three action plans<sup>10</sup> developed during the international conference of Leixões. In 2003, a training cycle on “Modern Port Management for Middle Managers” was completed in Cameroon, Cape Verde, Togo and Tunisia. Activities have commenced in Angola and Guinea. Participants reported that the course gave middle managers an overall view of the functioning of ports and could help them assume new responsibilities within port activities. Trainers from Cambodia, Ghana, Kenya, Mauritius, Nigeria, South Africa and the United Republic of Tanzania attended the first phase of the train-the-trainers course on Modern Port Management. The second phase will be carried out in the next 12 months.

## **B. Services development**

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

46. UNCTAD continued to provide support to the World Trade Point Federation (WTPF) and its member Trade Points after the transfer of the Trade Point Programme to the WTPF in November 2002.

47. Throughout the year, Trade Points located in LDCs were assisted in their strengthening and building up of private and public partnerships and in their capacity to offer trade support services to their clients, small and medium-sized enterprises (SMEs). In this context, missions were undertaken to Trade Point Maputo in Mozambique, through World Bank funding. The objectives of the missions were to identify services to be offered to the local business communities, introduce the Trade Point concept to service providers such as Customs and Chambers of Commerce, and create awareness among trade associations.

48. A four-day meeting of Trade Points in Africa was held in Pretoria, South Africa, in August 2003, with 13 Trade Points participating. This event was made possible by financial support from Ntsika Enterprise Promotion Agency in South Africa. The participating Trade Points were trained to use the free-of-charge WTPF tools related to management of content data on the Internet as well as the WTPF services to offer to the business communities. The WTPF African Trade Point Forum was established and an action plan was adopted.

### **2. Automated System for Customs Data (ASYCUDA)**

49. ASYCUDA is installed in more than 30 countries in Africa. Most of the countries using it were users of the former release of the system (ASYCUDA version 2) and are completing their migration to ASYCUDA++. This system is implemented and operational in countries such as Benin, Botswana, Burkina Faso, Cape Verde, Gabon, Uganda, Zambia and Zimbabwe, while technical assistance projects for the migration to ASYCUDA++ continue in Burundi, Ethiopia, Madagascar, Malawi, Mali, Mauritania, Namibia, Niger, Rwanda and Togo. Some countries that were not ASYCUDA users before have started to implement the system (Cameroon and Democratic Republic of the Congo). Most of these projects are directly financed by Governments from their own budget, which demonstrates their commitment and the real benefits to be gained from the system.

50. In October 2003, UNCTAD ASYCUDA participated in the World Customs Organization conference in Johannesburg, South Africa, on “Information Technology and Customs” and presented the latest ASYCUDA system, ASYCUDAWorld.

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<sup>10</sup> Based on linguistic criteria and context similarities, three separate action plans were prepared for African English-speaking countries, French-speaking countries and Portuguese-speaking countries.

51. A centre for supporting ASYCUDA activities in Africa has been established in Ouagadougou with financing from a grant by the Government of France. The main objective is to provide assistance to African countries in their customs modernization process and to create the technical expertise that is needed to support system implementation and maintenance in the region.

52. Two agreements exist with regional organizations (COMESA and ECOWAS) for the establishment of cooperative activities in training, data and documents standardization and ongoing support.

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

53. A regional conference on “ICT and E-Commerce Strategies for Development” was organized for Africa (Tunis, June 2003) to share experiences from other developing and developed countries and benefit from the expertise of international, regional and national experts. African Governments formulated specific and concrete policy recommendations that served as inputs to the World Summit of the Information Society held in Geneva (10–12 December 2003).

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

54. The 2003 issue of the *Review of Maritime Transport* estimated that freight costs for imports to Africa were US\$13.8 billion in 2001 and were almost 50 per cent higher for African countries than the developing-country average. This and other figures in the report highlight the need for transport logistics infrastructure development, including appropriate financing. Another UNCTAD report, published in March 2003, entitled “African Ports: Reform and the Role of the Private Sector” (UNCTAD/SDTE/TLB/5) shows that African ports that have opened their operations to private partners have recorded enhanced productivity, increased traffic, and more efficient service and have attracted more investment.

55. In September 2003, UNCTAD held an Expert Meeting on Multimodal Transport and Logistics in Geneva to which national experts were invited from Gabon, Madagascar, Mali and Sao Tome and Principe. The meeting concluded that landlocked developing countries and LDCs – many of which are located in Africa – were particularly in need of improved multimodal services and related investment in infrastructure.

56. UNCTAD and the Leixões Port Authority jointly organized an ad hoc seminar on port pricing in November 2003 for Portuguese-speaking countries. The three-day seminar took place at the training centre of the Port Authority. The 16 participants included six from Angola, three from Cape Verde, two from Guinea-Bissau, three from Mozambique and two from Sao Tome and Principe.

### **5. Advance Cargo Information System (ACIS)**

57. During 2003, the National Congolese Railways (SNCC) benefited from an upgrade to version 4.5 of RailTracker. Staff members were trained and the system linked to the neighbouring network of Zambia Railways. Similarly, National Railways of Zimbabwe (NRZ) was upgraded and linked to Beit Bridge Railways, thus completing the network with Eastern and Southern Africa. These two projects were contracted by COMESA with EU funding.

58. At the request of ECA and its regional office in Kigali, two feasibility studies were undertaken in May 2003. The first was to study the possibility for the trading community of Rwanda to benefit from existing available information provided by the RailTracker module installed on Kenyan, Tanzanian and Ugandan railway networks on cargoes moving in the subregion and discharged at Mombasa and/or Dar es Salaam. The second study considered the possible installation

of the RoadTracker module on the East African Northern and Central Corridors from these ports to Kigali. Final studies were submitted at the end of July 2003.

59. In West Africa, the UEMOA Secretariat requested UNCTAD to envisage a feasibility study with regard to installing the RoadTracker module on the main itineraries. The proposal was endorsed by ECOWAS in November 2003 at a validation seminar held in Accra, Ghana. The initial scope of application of the study should now be extended to all member countries of ECOWAS. The African Development Bank has pledged funding for this study, the results of which should lead to progressive implementation of the system in these countries.

### **C. Debt, finance and development**

60. In a context of structural current-account deficits in many countries of the region, Africa's total debt stock registered an increase from US\$285 billion in 2001 to US\$295 billion in 2002. For sub-Saharan Africa, the debt stock rose from close to US\$203 billion in 2001 to over US\$210 billion in 2002 and almost US\$220 billion in 2003. In light of the persisting debt problems in many African and other developing countries, UNCTAD has continued its analytical work in the area of external financing and debt, including the Heavily Indebted Poor Countries (HIPC) Initiative, which is of special relevance for African debtor countries. The results of this work have been an important element in the "Report of the Secretary-General to the General Assembly on External Debt and Development" (A/58/290), prepared by the UNCTAD secretariat, and have fed into various technical support activities.

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

61. UNCTAD has continued to provide support to African and other debtor countries in preparing their negotiations on the rescheduling or restructuring of bilateral official debt in the framework of the Paris Club. The support provided in this context is of particular importance for low-income African countries, which often do not have the institutional capacity to make effective technical preparations for these negotiations or the resources to acquire the services of private external financial consultants. Between April 2003 and mid-May 2004, four African countries concluded new agreements with the Paris Club. Benin reached its completion point under the HIPC Initiative in the first half of 2003, and in subsequent negotiations with the Paris Club obtained a reduction in its stock of debt that is compatible with debt sustainability targets under the Initiative. Kenya reached a rescheduling agreement for US\$353 million of its debt owed to Paris Club creditors on Houston terms, under which repayment periods were lengthened to 15 years with a grace period of five years (for non-ODA<sup>11</sup> credits) and 20 years with 10 years of grace (for ODA credits). Burundi obtained a debt rescheduling under Naples Terms, which reduced its net present value debt service by 67 per cent during the consolidation period. It is expected that, following this agreement and improved economic performance, Burundi will become part of the HIPC Initiative in the near future. Niger, having reached the completion point under the enhanced HIPC Initiative, benefited from a cancellation of debt of US\$104 million in net present value terms, which represents the Paris Club agreed share of the effort in the framework of the Initiative. Niger's debt to Paris Club creditors will be further reduced by US\$48 million in net present value terms as a result of additional debt relief granted by creditors on a bilateral basis. As a result, the entire debt of Niger to Paris Club Creditors will be cancelled.

#### **2. Debt Management and Financial Analysis System (DMFAS)**

62. DMFAS has been installed in 21 African countries. A new project was signed with the Republic of Congo, and installation of the DMFAS software is scheduled for 2004. In accordance

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<sup>11</sup> Official development assistance.

with official requests, new projects in Africa are currently being prepared for Algeria, the Central African Republic, the Democratic Republic of the Congo, Ethiopia, Sao Tome and Principe and Sudan.

63. During 2003, the DMFAS Programme fielded 13 missions (central staff) to nine different African countries (Angola (two), Burkina Faso, Democratic Republic of the Congo (two), Djibouti, Gabon, Republic of the Congo (two), Sao Tome and Principe and Zimbabwe), mainly to assess their needs and negotiate new technical assistance projects. Furthermore, DMFAS consultants spent a total of 42.5 weeks in five different African countries, mainly to provide training in debt management. Also, a delegation of six staff members from the Mauritanian debt office was trained in the system in Geneva over a two-week period.

64. UNCTAD continues to seek an arrangement for decentralizing its DMFAS-related activities in Africa. Along these lines, the DMFAS Programme continued its close cooperation with MEFMI<sup>12</sup> and Pôle Dette through joint and collaborative activities. Pôle Dette<sup>13</sup> and UNCTAD have continued the process of extending and formalizing their cooperation. A technical cooperation agreement between the two institutions has been agreed on and is expected for signature in 2004. The project will permit the creation of a Regional DMFAS Unit in Yaoundé, the launching of a training program for debt managers, the organization of further UNCTAD–Pôle Dette workshops and seminars, and the strengthening of Pôle Dette's capacities to intervene in issues related to debt recording and management systems.

65. DMFAS makes debt-servicing procedures more efficient and is helpful in 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 resulting from 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.

### **3. Technical Support to the Intergovernmental Group of 24 on International Monetary Affairs and Development (G-24)**

66. The G-24 is the only developing-country grouping in the institutional framework of the IMF and the World Bank. Nine members of the Group are from Africa (Algeria, Côte d'Ivoire, Democratic Republic of the Congo, Egypt, Ethiopia, Gabon, Ghana, Nigeria and South Africa). Through the preparation of studies and discussions among leading international experts and senior staff members from Central Banks and Ministries of Finance at technical meetings, the project has supported the efforts of these countries to contribute effectively to deliberations in the international financial organizations, to reinforce their capacity to create a stable financial and economic environment conducive to growth and poverty reduction, and to reduce their vulnerability to external shocks. The technical meetings held in 2003 and early 2004 addressed a number of problems of particular interest to African countries. In September 2003, the Seventeenth Technical Group of the G-24 discussed, *inter alia*, studies dealing with the following issues: possible guidelines for debt sustainability in low-income countries; implications of workers' remittances for development; the role of government policy in building industrial competitiveness; and new aspects of the commodity problem after liberal

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<sup>12</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>13</sup> Joint initiative of BCEAO and BEAC. Member countries: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea Bissau, Mali, Niger, Togo, Republic of Congo and Senegal. Associated member countries: Guinea Conakry and Mauritania. Eight of its members are DMFAS users.

reforms, with special attention to cocoa. The studies submitted to the Eighteenth Technical Group meeting in March 2004 addressed issues such as the ability of developing countries to reduce their exposure to the volatility of international financial markets; stronger developing-country representation in the governance structures of the international financial institutions; key issues in multilateral trade negotiations after Cancún, including trade liberalization in agriculture and special and differential treatment; and conditionality linked to IMF lending.

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

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

67. The regional section on Africa in the *World Investment Report 2003* outlined recent trends in foreign direct investment (FDI) in Africa. It reported that Africa's FDI inflow declined in 2002 to US\$11 billion, after a surge in 2001 to US\$19 billion, but that the downturn could be short-lived owing to stronger national efforts to promote FDI and ongoing trade and investment initiatives by the United States, the European Union and Japan. *Report* launching events, including press conferences and press briefings, were held in 21 African countries.

68. Work on the joint UNCTAD–International Chamber of Commerce (ICC) project on investment guides and capacity building for LDCs continued in 2003. Guides for Ethiopia, Mali and Mauritania were completed. The publications will be launched in the respective countries during 2004. Currently, investment guides for Kenya and Tanzania and a regional investment guide for East Africa have been initiated, and these will be completed in 2005.

69. During 2003, the publication *FDI in Least Developed Countries at a Glance* covering all African LDCs was updated. This publication contains information on recent FDI trends and developments in the legal framework in each of the 50 LDCs (34 of which are in Africa) and will be published in 2004.

70. In the area of insurance, UNCTAD provided advice, guidance and training for insurance supervisory authorities, in particular for the establishment of legal and supervisory frameworks geared towards sustaining the development of competitive insurance markets. A total of 32 African countries benefited from training and other events organized on selected insurance issues in 2003. In addition, some 30 African insurance companies received a credit rating under a scheme set up by UNCTAD and the African Insurance Organization (AIO).

71. The project “Needs Assessment to Attract Asian FDI into Africa” provides assistance to African countries in formulating policies favourable to attracting FDI from Asia, including by SMEs. The potential of Botswana, Ghana, Madagascar, Mozambique and the United Republic of Tanzania to attract Asian FDI was reviewed in 2003. Studies on these countries are being prepared for publication in 2004.

##### **(a) Investment promotion: The Advisory Service on Investment and Training (ASIT)**

72. One of the major objectives of ASIT is to strengthen the capacity of developing countries to create and manage their FDI policy frameworks. In 2003, advice was provided to the Government of Angola on its newly enacted law on private investment.

73. In addition, ASIT provided assistance to a number of African countries (Botswana, Ethiopia, Lesotho and the United Republic of Tanzania) in follow-up to recommendations contained in the Investment Policy Reviews (IPRs) prepared by UNCTAD. For example, in Botswana, ASIT



elaborated a draft FDI law and investment strategy. A study was also started to benchmark the residence permits system of Botswana against that of comparator countries.

74. ASIT has continued to develop and strengthen the Investment Gateway, an Internet-based interactive platform for investment promotion. It provides information on investment opportunities, contact and financial information regarding local companies, practical information on the legal and regulatory framework, and direct links to national regulatory authorities. The Gateway also contains contact data on potential investors and information on conditions attached to past or current investment offers. In 2003, a pilot project was started in Djibouti.

75. In 2003, the ASIT Programme on Good Governance in Investment Promotion and Facilitation provided assistance to Ethiopia, Lesotho, Mali and the United Republic of Tanzania. In 2003, a review of the status of governance in investment promotion and facilitation was carried out in Lesotho and the United Republic of Tanzania. Advisory reports with recommendations were presented to the Governments of these countries. Follow-up assistance to Ethiopia, Lesotho and the United Republic of Tanzania included training in customer services for employees of institutions dealing with foreign investors and the development of client charters for national investment promotion agencies (IPAs).

76. In 2003, the ASIT programme continued to provide support to the World Association of Investment Promotion Agencies (WAIPA), which includes 45 African investment promotion agencies as members.

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

77. A national workshop on the IPR for Lesotho was organized in Maseru in February 2003, and the final report was presented to UNCTAD's Commission on Investment, Technology and Related Financial Issues in April 2003. Work on the IPR for Algeria was completed. A national workshop was held in Algiers in December 2003, and the report was presented at the eighth session of the Commission (Geneva, 26–30 January 2004). Work on the IPRs for Benin and Zambia will be completed during the current year. The IPRs for Kenya and Senegal will be launched in July 2004. Follow-up technical assistance programmes aimed at implementing the recommendations of the IPRs are underway in Algeria, Botswana, Ghana, Lesotho, Uganda and the United Republic of Tanzania.

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

78. During 2003, UNCTAD, within its post-Doha technical assistance and capacity-building work in the area of investment, and in close cooperation with the WTO, implemented the following seminars in Africa: two regional seminars (Djibouti, January 2003; Botswana, February 2003); two intensive training courses for African IIA negotiators, including distance-learning modules (for Anglophone countries, Pretoria, March/April 2003; for Francophone countries, Alexandria, May 2003); two Geneva-based workshops (one regular workshop in English, April 2003; one special workshop for French-speaking African countries, June 2003); and two national seminars (Mauritania, May 2003; Morocco, March 2003).

79. Also under the purview of this work programme, a round of negotiations of bilateral investment treaties (BITs) was held in Geneva in July 2003 at the request of nine English-speaking African LDCs, resulting in the conclusion of 19 BITs and 13 agreed minutes. In addition, advisory services to several regional initiatives, including COMESA, were provided.

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

### **(a) Technology**

80. Preparations are under way for the second report of the Information and Communication Technology Development Indices, which the General Assembly has invited UNCTAD, in collaboration with the United Nations ICT Task Force and the International Telecommunication Union, to prepare as part of its contribution to the second phase of the World Summit on the Information Society in 2005 in Tunis. The report will address the digital divide and focus on ICT development in Africa.

81. The UNCTAD publication *Transfer of Technology for Successful Integration into the Global Economy* (UNCTAD/ITE/IPC/2003/6), issued in 2003, reports on a case study on the automobile industry in South Africa that was carried out under the UNCTAD/UNDP Programme on Globalization, Liberalization and Sustainable Human Development.

### **(b) Enterprise development**

82. Empretec programmes have been initiated in 19 African countries. The African Empretec Directors' Meeting was held in Accra, Ghana (November 2003) to motivate the directors of Empretec National Centres and to formulate new strategies for entrepreneurial development.

83. In response to a request from the Government of Angola to implement an Empretec programme, preparatory work on resource mobilization and the institutional and operational infrastructure was undertaken in 2003. As a result, US\$1.2 million have been received from UNDP, and implementation began in April 2004.

84. In the context of the Empretec programme, South-South cooperation is encouraged. During 2003, in cooperation with UNCTAD, Empretec Zimbabwe and Enterprise Ethiopia assisted in the establishment of Enterprise Uganda. Empretec Ethiopia also assisted in the full operationalization of Enterprise Mozambique.

85. In addition, the special UNDP/TICAD unit for Africa requested UNCTAD to prepare a strategy paper on private-sector development in Africa. The paper was presented at the UNDP/DESA Expert and High-Level Meeting on TICAD Support to Regional Policies for Private-Sector Development in Africa held in Morocco in April 2003. It was presented to a follow-up meeting organized by UNCTAD in Geneva in July 2003. UNCTAD continues to cooperate with UNDP in the establishment and incubation of the Africa-Asia Chamber of Commerce and acts as a member of its Consultative Committee.

86. In the area of corporate governance and transparency, a case study on corporate governance disclosure in Kenya (TD/B/COM.2/ISAR/19/Add.3) was prepared by UNCTAD in 2003. The study was presented to the twentieth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), held in Geneva from 29 September to 1 October 2003.