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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 eleventh 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(39)/2, which was submitted to the thirty-ninth executive session of the Board in June 2006.

2. In accordance with the United Nations General Assembly resolution 61/229, the United Nations system was requested to provide assistance to the secretariats of the African Union and the New Partnership for Africa's Development (NEPAD), and to African countries in the context of the implementation of NEPAD programmes. The Board, in its agreed conclusion 488 (LIII), requested that UNCTAD should, within its mandate, continue to undertake in-depth analysis and provide policy advice on African development, including attaining sustainable growth and development with the objective of achieving the Millennium Development Goals (MDGs).

3. Various UNCTAD divisions and programmes have continued their close cooperation and collaboration with the NEPAD secretariat and have made specific contributions to the work of its steering committee. UNCTAD's activities are reported in the Secretary-General's Report on United Nations System Support to NEPAD. Contributions of various inter-agency clusters and organizations of the United Nations system to the implementation of NEPAD are also presented to the Committee for Programme and Coordination (CPC) in New York.

4. UNCTAD's activities in favour of Africa are generally consonant with the requirements arising from NEPAD as described in paragraph 3 (a)–(f) of document TD/B/EX(35)/2, presented to the thirty-fifth executive session of the Trade and Development Board.

I. POLICY RESEARCH AND ANALYSIS

5. The UNCTAD secretariat prepared a report entitled "Economic Development in Africa — Doubling Aid: Making the 'Big Push' Work",¹ a summary version of which was presented to the Trade and Development Board in all official United Nations languages at its fifty-third session. The report argues that while a "big push" designed to instigate a virtuous circle of higher investment, income and savings is necessary for poverty reduction, policies by aid donors and recipients alike are also crucial. The impact of aid cannot be separated from national policy autonomy or from the quality of aid. Based on past successful aid experiences, the report argues for a new aid architecture with a much larger multilateral component in order to deal with the present "chaotic" state of the aid system, which suffers from high transaction costs, politicization, lack of transparency, incoherence, unpredictability and too much demand on weak recipient institutions.

¹ UNCTAD/GDS/AFRICA/2006/1.

6. The Board's deliberations on this item led to the adoption of agreed conclusions in which it welcomed the Paris Declaration on Aid Effectiveness and the efforts made in the report in raising fundamental questions with regard to emphasizing the context of increased ownership for African countries. It is these countries which have the main responsibility for their development, including designing and implementing policies consonant with their specific development challenges and priorities.

7. The *2006 Least Developed Countries Report* analyses key constraints facing least developed countries (LDCs) in the area of developing productive capacities. The report argues that the basic cause of underdevelopment and persistent mass poverty in the LDCs is widespread unemployment, underemployment and low labour productivity, and that the sustainability of economic and social progress in these countries ultimately depends on building sound productive capacities. There are significant possibilities for increased domestic financial resource mobilization based on the increased monetization of the economy, the mobilization of surplus labour and a shift away from household to corporate financing of investment. Moreover, technological underdevelopment implies that there is a major opportunity for fast technological catch-up through acquisition and effective use of foreign technologies. The report also provides policy priorities and options to address the challenges of developing productive capacities in LDCs.

8. A major policy conclusion of the report is that there is a need for a paradigm shift in which the development and utilization of productive capacities is placed at the heart of the approach to poverty reduction in the LDCs. This shift is required both in the design of national poverty reduction strategies and international support measures for LDCs. At the national level, it is important to place the development of productive capacities, and related expansion of productive employment, at the heart of poverty reduction strategies, including the Poverty Reduction Strategy Papers (PRSPs). There should be proactive policies to induce and coordinate investment to increase added value and to ensure that the development of productive capacities occurs in a way which generates productive employment opportunities. With regard to international policies, there is a need not only for more aid, but also to rebalance the sectoral composition of aid. In nominal terms, aid to the LDCs doubled between 1999 and 2004. However, in 2004, 46.5 per cent of net official development assistance (ODA) went to debt forgiveness grants, emergency aid, technical assistance and food aid. It is necessary to increase the share of ODA to economic infrastructure and productive sectors. This share declined from 48 per cent of total aid commitments in 1992–1994 to 24 per cent in 2002–2004.

II. THE LEAST DEVELOPED COUNTRIES (LDCs)

Mid-term Review of the Programme of Action (POA) for LDCs for the decade 2001–2010

9. As part of its contribution to the global Mid-term Review (MTR) of progress in the implementation of the Brussels Programme of Action for LDCs by the General Assembly, UNCTAD designed and implemented a project (INT/0T5BP) which enjoyed financial support from the Governments of Austria and Norway, and enabled UNCTAD to undertake case studies² in selected LDCs. It also assisted in organizing a preparatory meeting for the

² Case studies on Bangladesh (UNCTAD/LDC MISC/2006/4), Burkina Faso (UNCTAD/LDC MISC/2006/7), Cape-Verde (UNCTAD/LDC MISC/2006/6), Ethiopia (UNCTAD/LDC MISC/2006/5), Nepal (UNCTAD/LDC MISC/2006/3) are available at <http://www.unctad.org>.

MTR at which case studies and national reports were deliberated. The meeting provided opportunities to (a) exchange best practices and draw policy lessons from implementation experiences of selected LDCs; (b) enhance dialogue between LDCs and their development partners on ways and means of improving the implementation of actions and commitments of the POA; (c) identify key development challenges facing these countries; and (d) put forward policy conclusions and recommendations aimed at assisting the further implementation of actions and commitments of the POA at the national and international levels.

10. The work undertaken by UNCTAD, including under this project, reveals considerable variation in economic performance of LDCs and progress towards attaining the goals and targets of the POA. As with economic performance, progress made towards achieving human development targets of the POA and the MDGs is mixed. The overall socio-economic performance of LDCs during the last five years has been far below the agreed targets and goals of the POA, pointing to the fact that the challenge of poverty reduction in these countries is immense.

11. A further policy lesson from the case studies and national reports is the important role played by development partners in recent years in contributing to progress towards the POA goals; they make up about 80 per cent of public expenditures.

Small island developing States (SIDS)

12. UNCTAD continued to provide advisory services and technical assistance to SIDS, including those near graduation thresholds in accordance with General Assembly resolution 59/209, which called upon relevant international organizations to facilitate a “smooth transition” for countries exiting LDC status. In 2006, Cape Verde, which is expected to graduate from the LDC category in the near future, benefited from UNCTAD’s advisory services.

13. UNCTAD’s work on SIDS reveals the need to place greater emphasis on productive capacities and “aid for trade” when designing international support measures for SIDS. In this regard, UNCTAD launched a pilot initiative in Mauritius at the request of the country’s civil society. A dialogue between UNCTAD and several non-governmental organizations (NGOs) took place in Port Louis in December 2006 with a view to identifying the target population groups UNCTAD could address in an effort to explain the implications of globalization for that country. A number of possible activities based on the vision of “communication for development” were identified for action in 2007 and 2008.

14. As in previous years, UNCTAD also contributed to the work of the Committee for Development Policy (CDP) in its triennial review of the list of LDCs. This involved several conceptual, methodological and statistical inputs to the work of the Committee and of the United Nations Department of Economic and Social Affairs in its capacity as secretariat to the CDP.

Land-locked developing countries (LLDCs)

15. LLDCs seek support from the international community in overcoming the disadvantages due to their geographical situation. In addition to measures that develop adequate national transport networks and efficient transit systems, UNCTAD also advocates policies that promote regional trade expansion and facilitate economic re-specialization and restructuring of LLDCs. UNCTAD has produced a publication entitled “Landlocked

Developing Countries: Facts and Figures” (UNCTAD/LDC/2006/2) to help better understand the development challenges faced by the 31 LLDCs.

III. SECTORAL ISSUES

A. International trade

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

16. JITAP is executed jointly by the International Trade Centre (ITC), UNCTAD and the World Trade Organization (WTO), and continues to build sustainable capacities for effective and enhanced participation of partnering African countries and their enterprises in the multilateral trading system. In 2006, JITAP assisted the eight beneficiary countries (Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia) in preparations for the Doha trade negotiations, related trade policy formulation and implementation, primarily through strengthening the contribution of Inter-Institutional Committees (IICs) in the beneficiary countries to multi-stakeholder consultations, analysis, determination of priorities and follow-up. UNCTAD provided technical and advisory support for national retreats of the IICs in the eight beneficiary countries. The national retreats discussed the results of the Sixth WTO Ministerial Conference and preparation for upcoming negotiations. A high-level workshop of members of the IICs was held from 24 to 28 July 2006 for capital-based senior trade officials, trade negotiators and other stakeholders from the JITAP countries. They discussed the state of WTO Doha negotiations in the post-Hong Kong phase, and identified key issues facing JITAP countries which the IICs could help address. A regional training workshop on Doha negotiations targeted at media, women and civil society sectors in JITAP countries was organized in November 2006, with some 60 participants.

17. JITAP provided support to a national seminar on trade and environmental issues, held in Dakar (Senegal) from 2 to 4 May 2006. The seminar dealt with WTO trade and environmental issues, including trade obligations in multilateral environmental agreements (MEAs) and their relationship with WTO rules, market access and environmental requirements, and the negotiations on environmental goods and services (EGS). The meeting was attended by government officials, academia and NGOs, and several national representatives of different MEAs. Botswana received help in reviewing and strengthening its government trade policy and implementation machinery. UNCTAD also assisted the WTO (with ITC) in setting up a reference centre and national enquiry points in Botswana, Cameroon, Mali, Malawi, Mauritania, Mozambique, Senegal and Zambia.

18. In view of the pending conclusion of the second phase of JITAP in July 2007 and the exit of the first group of eight African beneficiary countries at the end of 2005, an evaluation of the programme was undertaken by an international consultant and 16 national consultants between February and July 2006. The evaluation report commended the programme, identified areas for improvement and recommended the continuation of JITAP into a third phase.

2. Integrated Framework for trade-related technical assistance to LDCs

19. The Integrated Framework (IF) is a multi-agency and multi-donor undertaking for the coordinated delivery of trade-related technical assistance and institutional capacity-building activities in LDCs. Currently, 31 countries (27 from Africa) participate in the IF.³ Diagnostic Trade Integration Studies (DTIS) and validation workshops have been completed for 20 countries (17 from Africa),⁴ while 10 (eight from Africa) are at different stages of the DTIS process.⁵ In the context of the IF, two Pre-Diagnostic Trade Integration Studies (Pre-DTIS) national workshops were organized in Niger and Sudan in 2006. Another IF regional workshop was organized in Dakar (Senegal) from 6 to 8 December 2006 for all IF national focal points. The regional workshop was aimed at preparing IF countries for a smooth transition from the current to the enhanced IF through sharing of information and awareness of the preparatory process for the implementation of the enhanced IF. The national and regional workshops contributed to strengthening country ownership of the IF process, starting from the preparation of the diagnostics. In recognition and appreciation of the importance of pre-DTIS activities and the role these play in strengthening capacity for country ownership, the Task Force for the Enhancement of the IF recommended that Pre-DTIS activities be included in the core activities of the enhanced IF and draw funding from Tier One of the IF Trust Fund when it becomes operational in 2008.

3. Trade negotiations

20. African countries are engaged in multiple trade agreements and multiple trade negotiations. Assuring coherence and synergy of participation and development focus in all of them is testing the human, institutional, financial and entrepreneurial capacities of African countries. UNCTAD is active in supporting African countries in identifying and promoting their needs and interests in the negotiations, including capacity-building at the sub-regional, regional and multilateral levels; building institutional and regulatory capacities; and strengthening their trade policy formulation and implementation capacities at national and regional levels.

21. Support for developing Africa's trade negotiating capacity: In the implementation of the project on Trade Capacity Development for Sub-Saharan Africa, financed by the United Nations Development Programme (UNDP), UNCTAD organized and participated in a regional workshop for African countries on the development interface between the WTO, economic partnership agreements (EPAs) and African regional negotiations (Senegal, 20–22 November 2006). The workshop was instrumental in identifying the developmental issues for African countries in the different levels of negotiations they are involved in and how to ensure better synergy and complementarity. *Trade Negotiations and Africa Series [No. 3] Trade Capacity Development for Africa: Policy issues for African countries in multilateral and regional trade negotiations* was published and discussed at the workshop.

³ Angola, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Djibouti, Ethiopia, Gambia, Guinea, Lao People's Democratic Republic, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia.

⁴ Benin, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, United Republic of Tanzania, Yemen and Zambia.

⁵ Angola, Burkina Faso, Central African Republic, Gambia, Lao People's Democratic Republic, Maldives, Niger, Sierra Leone, Sudan and Uganda.

22. UNCTAD also contributed substantively to a number of high-level workshops on African, Caribbean and Pacific Group of States (ACP)-European Union (EU) negotiations of EPAs, and the WTO Doha negotiations organized by the African Union (AU), the United Nations Economic Commission for Africa (UNECA), South Centre and the Commonwealth Secretariats.

23. Regional trade agreements. A number of activities were undertaken under a European Commission (EC)-financed project in favour of Southern African Development Community (SADC) countries. The second regional workshop under the auspices of the SADC Trade Negotiating Forum (TNF) on Services was held in Mauritius on 20 and 21 July 2006. The meeting reviewed the state of play under WTO and EPA negotiations, and considered the different services-related SADC protocols already in existence, and the elements to be taken into account in the Annex on trade in services to the trade protocol. A study on the implementation of SADC protocols affecting trade in services was also finalized.

24. National services assessment: Several studies implemented examined the policy and regulatory frameworks as well as the impact of trade liberalization in services in developing countries generally and on a sector-specific basis, with emphasis on poverty reduction. National sectoral studies have been concluded for four countries. Other studies are under preparation for countries in Central Africa and the member States of SADC.

4. Trade facilitation

25. More than 40 participants attended the joint WTO/UNCTAD workshop on WTO negotiations on trade facilitation for English-speaking African countries held in Lusaka (Zambia) from 13 to 16 June 2006. UNCTAD organized a roundtable on the WTO negotiations on trade facilitation for African member States to the WTO in July 2006 in order to discuss technical assistance and special and differential treatment issues, which 20 Geneva-based delegates attended.

26. UNCTAD participated in the Organisation for Economic Co-operation and Development (OECD) regional forum on trade facilitation, jointly organized by the OECD Trade and Development Co-operation Directorates, in collaboration with the Government of Cameroon in Douala (Cameroon). The meeting examined how developing countries and their development partners could ensure the effectiveness of the design and delivery of technical assistance and capacity-building for trade facilitation, taking into account the principles of the Paris Declaration on Aid Effectiveness.

5. UNCTAD's trade analysis tools

27. UNCTAD has developed a number of specific tools to help African countries deal with market access and market entry conditions affecting their exports and the competitiveness of their products.

28. Analytical tools: Tools developed by UNCTAD include Trade Analysis and Information System (TRAINS), World Integrated Trade Solution (WITS), Agricultural Trade Policy Simulation Model (ATPSM) and Software for Market Analysis and Restrictions on Trade (SMART). Such tools have helped in identifying and addressing market access barriers and trade opportunities, and promoting more informed participation in trade negotiations at multilateral and regional levels.

29. Participation in new and dynamic sectors of world trade: Developing countries that have entered into a sustained trade growth path have focused on new and dynamic sectors of world trade. UNCTAD launched an initiative in this regard with a view to integrating African countries and other developing countries into the new and dynamic sectors trade context. Such initiatives include the following:

- The 2006 annual review by experts of the participation of developing countries in new and dynamic sectors of world trade focused on the energy sector, which is of major importance to African countries;
- UNCTAD and Royal Philips Electronics Corporation collaborated to explore possibilities and prerequisites for establishing an energy-saving light-bulb industry in the SADC region;
- A regional workshop was organized in Gambia to address effective fisheries management systems, which addressed compliance with internationally-recognized standards, and facilitated the adoption of a Fishery Code for Western African Fisheries.

30. *Creative industries*: UNCTAD has been liaising and providing policy advice and technical assistance in supporting government initiatives to put in place multi-disciplinary public policies and institutional mechanisms for enhancing the creative economy, particularly in Rwanda and the United Republic of Tanzania.

6. Commodity development

31. Africa is most dependent on commodities trade for its development. In spite of the recent positive movements in commodity prices, from a long-term point of view, it is unlikely that the declining trend in real prices has been reversed. The continent's commodity sector has its own special problems that require specific measures. UNCTAD's ongoing commodities activities in Africa promote the development of the commodity sector and help reduce poverty.

32. UNCTAD executes technical assistance projects on supply capacity and competitiveness, aiming to assist developing country exporters comply with sanitary and phytosanitary requirements and private sector standards. It also helps African small producers form partnerships with supermarket chains (with funding from Switzerland, in cooperation with Migros). In Guinea, a model for the development of a private/public safety control system for the horticultural sector is being implemented.

33. Sustainable Commodity Initiative: A partnership established with the International Institute for Sustainable Development (IISD) to assess the usefulness to producers of sustainability labels and standards for coffee has begun preparatory work on a similar project for cocoa.

34. Mining and mineral commodities: Networking and promoting information exchange, as well as a cooperative website, are currently being prepared for Africa. The report "The challenges of mineral wealth: using resource endowments to foster sustainable development — Synthesis of four country studies: findings and recommendations", produced in cooperation with the World Bank and the International Council on Mining and Metals, was based on four case studies in two African countries: Ghana and the United Republic of Tanzania.

35. Innovative financing in the commodity sector and dynamic industries: Two reports are to be published on African horticulture finance, and one on fisheries finance, with case studies from Africa.

36. Commodity Exchanges: The development of the Pan African Commodity and Derivatives Exchange (PACDEX) continues with UNCTAD's ongoing involvement in defining the concept and implementation plan, as well as facilitating information and technology transfer. Country-level support to Nigeria and Ethiopia for their emerging exchanges has been implemented.

37. Biofuels Financing: A regional workshop on the financing of biofuels and *Jatropha* plantations development in Africa, with special emphasis on clean development mechanism (CDM) was organized in Ghana. Follow-up on the Biofuels Fund for Africa initiative was launched at the workshop, with the Economic Community of West African States (ECOWAS) Bank for Investment and Development (EBID) pledging to foster private-public partnerships with support from UNCTAD.

38. Graduate course in commodity economics: The course was organized in cooperation with UNCTAD's Virtual Institute and field tested in 2006 in the United Republic of Tanzania and Senegal.

39. United Nations Development Account Project: UNCTAD has contributed to strengthening capacity in developing countries for meeting the MDGs through commodity-related policies and actions. A regional workshop on MDGs and commodities organized in Senegal in June 2006 addressed strategic issues for African countries necessary for capturing unexploited agro-food market opportunities.

40. The implementation of the pilot version of the Infoshare database, which is intended to provide market information to small producers, has been initiated in Cameroon in collaboration with the National Cocoa and Coffee Board (NCCB).

7. Competition law and policy

41. UNCTAD continued to develop and implement capacity-building and technical cooperation activities on competition law and policy. These are tailored to the needs of African countries and undertaken to create a competition culture, in particular by assisting beneficiary countries in the preparation, revision and implementation of competition legislation. Activities are demand-driven and implemented for African countries and their regional integration groups (which are also seeking to establish a regional competition policy). For instance, in the case of Kenya, a series of workshops and study tours in four different countries was organized within the framework of the review of the Restrictive Trade Practices, Monopolies and Price Control Act. Other African countries which have benefited from UNCTAD's assistance contributed to the workshops with training, advisory missions, seminars and other means. These countries included Angola, Benin, Botswana, Burkina Faso, Cape Verde, Côte d'Ivoire, Egypt, Guinea-Bissau, Lesotho, Malawi, Mali, Mozambique, Namibia, Niger, Senegal, Sao Tome and Principe, Swaziland, Sudan, Tunisia and Uganda.

42. UNCTAD has also undertaken a number of regional and subregional seminars and workshops to assist African countries formulate and implement regional competition rules. Some of these workshops were organized jointly with other institutions, such as the West African Economic and Monetary Union (UEMOA), the Southern Africa Customs Union

(SACU), the International Development Research Centre (IDRC) of Canada and the Trade Law Centre for Southern Africa (TRALAC).

8. Trade and environment

43. UNCTAD's assistance to African countries has helped increase awareness on trade and environment interface, and the need for policy coordination and coherence; facilitated more active participation in WTO discussions and negotiations on trade and environment issues; provided better understanding of requirements of and adjustment to mandatory and voluntary environmental, health and food safety requirements for horticultural exports from Africa; strengthened institutional capacity to better seize production and export opportunities of organic agricultural products; and developed biotrade potentials.

44. Considerable work has been carried out in promoting exports and facilitating market access of organic agricultural products from developing countries. Organic agriculture offers a wide range of economic, environmental, social, health and cultural benefits for developing countries. These include the continued work of the UNCTAD/Food and Agriculture Organization of the United Nations (FAO)/International Federation of Organic Agriculture Movements (IFOAM) International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF), and technical cooperation projects including work in several East African countries in the context of the United Nations Environment Programme (UNEP)/UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF).

45. Activities of the Consultative Task Force (CTF) on Environmental Requirements have focused on the increasing importance of private-sector-set standards on environmental, health and food safety requirements, in particular the EurepGAP standard, for exports of fresh fruit and vegetables from East and Central African countries.

46. In connection with the BioTrade Initiative, UNCTAD supports a national biotrade programme in Uganda. Biotrade activities are also carried out in cooperation with PhytoTrade Africa, the Southern African association of 60 enterprises.

9. Promotion of South–South trade cooperation

47. UNCTAD supported several initiatives to provide opportunities for African countries to become integrated into the wider South–South trade network. The third round of Global System of Trade Preferences (GSTP) negotiations, in which several African countries are participating, held a meeting of the GSTP Negotiating Committee (Geneva, 11–12 December 2006), and decided to conclude the negotiations by the end of 2007 by, among other things, finalizing work on (a) techniques for exchanging tariff concessions that would lead to substantial trade liberalization, and (b) improvement and modernization of rules of origin of GSTP products.

48. UNCTAD explored opportunities for South–South cooperation between African, Latin American and Asian countries, especially through the India–Brazil–South Africa (IBSA) initiative. Technical support was provided to the development of the New Asian African Strategic Partnership (NAASP). Furthermore, with UNCTAD's support, the Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID) was created in March 2006. UNCTAD has developed a South–South trade database which can be used by African countries to assess their participation in and potential for involvement in South–South trade.

10. Collaboration with other international organizations

49. UNCTAD has taken the lead in several trade-related joint activities, and has been a valuable partner for many international organizations active in Africa. Such collaborative initiatives help reach out to a wider group of African countries, share resources and expertise, avoid duplication and establish networks for future cooperation. For example, UNCTAD assisted UNECA in the organization of a regional Training Workshop on Trade and Environment for English Speaking Member States (Addis Ababa, Ethiopia, 5–7 June 2006). In collaboration with WTO, UNCTAD assisted in two regional training seminars (Rabat (Morocco), 22–24 November 2006 for French-speaking African countries; and Gabarone (Botswana), 12–14 December 2006 for English-speaking African countries). These regional workshops provided an overview of the different links that exist between trade and environment within the context of the WTO, with the objective of assisting the participation of developing countries in the WTO Committee on Trade and Environment, notably within the framework of the Doha mandate on trade and environment. UNCTAD emphasized the links between the MDGs and market access and environmental requirements (including organic agriculture as a possible response to these requirements), and between the MDGs and environmental goods and services liberalization. Such activities drew from recent UNCTAD work in those areas, including the *Trade and Environment Review 2006*.

50. Advisory services were also provided to African countries on the WTO Aid for Trade Initiative, for which UNCTAD organized a joint meeting with the Commonwealth secretariat in order to explore possible ways of making this initiative, which is of particular interest for African countries, operational.

11. Training activities

51. The Fourth Meeting of the Advisory Group on the Strengthening of Training Capacities and Human Resources Development (Geneva, March 2006) focused on LDCs and regional organizations in Africa.

TrainForTrade Port Training Programme (PTP)

52. In 2006, seven ports of French-speaking African countries organized cycles of the UNCTAD/TrainForTrade Port Training Programme (PTP), with local instructors trained by UNCTAD. The organization also organized needs assessment missions to the port communities of Bejaia (Algeria), Pointe-Noire (Democratic Republic of the Congo) and Toamasina (Madagascar) in order to evaluate their training needs and define a PTP implementation scheme. Portuguese-speaking African instructors were trained in modern port management in Porto (Portugal). In addition, 26 African technical tutors participated in two separate four-day workshops in Algeria and Togo to learn how to facilitate the management of distance learning sessions and access the TrainForTrade learning platform. An English-speaking network is currently being developed.

12. Building capacity through e-applications

The E-tourism Initiative

53. UNCTAD, in collaboration with ITC, hosted a series of events at TourismAfrica in Geneva in September 2006, which included a debate on “E-tourism Initiative: strategy in action”; a panel discussion on “Global outlook on tourism investment in Africa”; a training workshop for African Investment Promotion Agencies (IPAs) on “How to attract foreign

direct investment in the tourism sector”; and a Least Developed Countries’ Forum on “Developing a sustainable tourism economy in LDCs”. A seminar on the various aspects of sustainable tourism for development took place in Madagascar on October 2006.

B. Services development

1. Automated System for Customs Data (ASYCUDA)

54. The ASYCUDA programme for customs automation launched new projects in Comoros, Eritrea, the Seychelles and Swaziland. The system went live in the Central African Republic, Guinea and Nigeria (four offices operate ASYCUDA++ in the Lagos area). Customs officials were trained in the system, along with customs management and transit transport issues, in Gabon and Togo. A Southern and Eastern African Technical ASYCUDA Centre, funded by Norway, was established to support the implementation and maintenance of the system in countries in the region.

2. Transport and transit

55. UNCTAD’s *Review of Maritime Transport 2006* analysed the progress of sub-Saharan African countries since 2003 and their position in terms of maritime, inland and air transport, as well as connectivity and freight costs, with respect to other countries on the continent and among developing economies. Also, the analytical work in UNCTAD’s *Information Economy Report 2006* pays particular attention to information and communication technology (ICT) development in Africa.

56. UNCTAD works on the Trans Caprivi Corridor (TCC) linking Lusaka to the Port of Walvis Bay in Namibia in the framework of a project to provide landlocked and transit developing countries with sustainable capacity to implement regional trade and transport facilitation initiatives. In September 2006, the public-private Zambian and Namibian clusters met in Walvis Bay and agreed to adopt a joint action plan defining the way forward, and collaborative actions to enhance transit operations along the TCC. Priority actions include the completion of a study on intermodal solutions in the TCC, including best alternatives for location, logistics arrangements and appropriate additional requirements; and beginning the implementation of a Transit Information System.

3. ICT and e-business

57. In August 2006, a joint seminar of UNCTAD and the United Nations Institute for Training and Research (UNITAR) on Free Open Source Software (FOSS) as an alternative technology for development focused on the use of FOSS in Africa, in particular in public institutions and enterprises, and whether software choice was a policy issue as well as a pragmatic value proposition. Under the UNCTAD Memoranda of Understanding with the Government of Brazil and with Novell, work has begun to help build capacity in FOSS, with UNCTAD acting as intermediary and catalyst to help identify possible partnerships.

58. UNCTAD helps African countries create a favourable environment for e-commerce and e-business. Thirty-two participants from the East African Community (EAC) benefited from a regional workshop on the legal aspects of electronic commerce (Nairobi, December 2006), which was prepared within the framework of the World Summit on the Information Society (WSIS) follow-up. The workshop helped the EAC region work towards a harmonized legal framework for cyber law at the regional level, and prepared lawmakers and government officials.

59. At the request of the Government of Mauritius, UNCTAD organized a distance learning workshop on the legal aspects of e-commerce in Mauritius from 21 March to 4 April 2006. The training course addressed issues related to the legal framework for Mauritius and the implementation of the Mauritius legislation on e-commerce adopted in 2000, targeting that part of the business community wishing to venture into e-commerce operations.

C. Debt, finance and development

1. Paris Club

60. 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. Since the last report, for example, UNCTAD has helped four African countries reschedule their debt with Paris Club creditors, and helped two to prepay their existing debt. After Congo reached the decision point in March 2006, Paris Club creditors rescheduled the maturities on Congo's debt falling due in 2006 and 2007 under Cologne Terms. Cameroon reached the completion point in April 2006, and the Paris Club meeting to provide debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative took place in June 2006. The debt stock was treated under Cologne Terms, equivalent to the reduction of \$921 million in nominal terms. Furthermore, on a bilateral basis, official bilateral creditors decided to go beyond the Cologne Terms, and pledged to cancel another \$2.6 billion of Cameroon's debt. In August 2006, Malawi reached the decision point, and a Paris Club meeting ensued in October 2006. Under the Cologne Terms, Paris Club creditors cancelled \$137 million of Malawi's debt, and creditors made a commitment to cancel another \$363 million. The combined effect erases almost the totality of Malawi's Paris Club debt. After reaching the completion point in December 2006, Paris Club creditors met to consider debt relief for Sierra Leone in January 2007. Creditors treated Sierra Leone's debt stock under the Cologne Terms, equivalent to a reduction of \$218 million, and a number of creditors committed themselves to a further reduction of the debt stock on a bilateral basis. After these operations, Sierra Leone's debt to the Paris Club will be entirely cancelled.

61. Following the prepayment agreement reached between the Paris Club and Nigeria in October 2005, the Nigerian authorities reimbursed the second part of their debt in October 2006. After the amount of \$4.5 billion was disbursed to Paris Club creditors, Nigeria has no more debt with the Paris Club. In May 2006, Algeria proposed to the Paris Club creditors to prepay its debt, which was previously rescheduled in 1994 and 1995. Creditors accepted the prepayment at par, which took place between May and November 2006.

2. Debt Management and Financial Analysis System (DMFAS)

62. The Debt Management and Financial Analysis Programme (DMFAS) currently cooperates with 23 African countries.⁶ In 2006, the Programme signed new projects with current DMFAS user institutions in Burundi (Ministry of Finance) and Rwanda (Ministry of Finance and Central Bank). The Programme also undertook discussions and negotiations for new projects in user countries (Chad, Congo, Gabon, Central African Republic and Togo) as

⁶ Algeria, Angola, Burkina Faso, Burundi, Central African Republic, Chad, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Ethiopia, Gabon, Guinea-Bissau, Madagascar, Mauritania, Rwanda, Senegal, Sudan, Togo, Uganda, Zambia and Zimbabwe.

well as in Cape Verde (Central Bank), Comoros (Ministry of Finance) and Morocco (Ministry of Finance).⁷

63. In 2006, the Programme's central staff fielded 22 missions to African countries, 16 of which were related to the implementation of DMFAS activities within existing projects (Algeria, Burkina Faso, Congo, Democratic Republic of the Congo, Ethiopia, Gabon, Sudan and Uganda). The programme also undertook needs assessment missions to Egypt and Rwanda. UNCTAD participated in the following four workshops or meetings on debt issues: a Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)⁸/Commonwealth Secretariat (COMSEC)/UNCTAD regional workshop on public domestic debt management (Namibia); a Pôle Dette⁹/UNCTAD regional workshop on data validation (Gabon); a Conseil Régional de Formation des Institutions Supérieures de Contrôle de Finances Publiques de l'Afrique Francophone Subsaharienne (CREFIAP)/Pôle Dette/UNCTAD regional workshop on debt issues (Togo); and a MEFMI/UNCTAD workshop on debt statistics (Uganda).

64. DMFAS consultants provided training in debt management over a 27-week period to seven African countries (Algeria, Burkina Faso, Burundi, Democratic Republic of the Congo, Ethiopia, Gabon and Sudan). Algeria and Ethiopia sent delegations to Geneva for DMFAS training by the Programme's central staff.

65. Following the signature of the technical cooperation agreement between UNCTAD and Pôle Dette in April 2005, the DMFAS Programme prepared a project proposal in 2006 to implement common technical assistance activities in debt management for the member countries of the Bank of Central African States (BCAEAO) and the Central Bank of the West African States (BEAC), as well as regional francophone countries which are not members. The project includes the establishment of a regional DMFAS training and support centre within the premises of Pôle Dette in Yaoundé (Cameroon). The project's objective, in the medium term, will be to reinforce Pôle Dette's capacities to provide technical assistance in debt recording and strengthen UNCTAD's own capacities to provide technical assistance at the regional level. The project document was finalized with Pôle Dette in 2006 and submitted for funding to the African Development Bank (AfDB). Following the initial positive assessment of the project by the AfDB, the DMFAS Programme, in cooperation with Pôle Dette, will officially request the necessary funding (\$2.3 million) in 2007. The project is expected to start in 2008.

⁷ Technical cooperation project activities cover the installation of the programme's specialized debt management software, DMFAS, as well as training and assistance in its effective use. In particular, the system enables debt officers to establish a complete and up-to date debt database and to provide timely and accurate debt statistics.

⁸ MEFMI is a regionally-owned institute whose 13 member countries are: Angola, Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Swaziland, United Republic of Tanzania, Uganda, Zambia and Zimbabwe. Its mission is to build human and institutional capacities in the areas of macroeconomic and financial management. Five of the countries belonging to MEFMI actively collaborate with the DMFAS Programme (Angola, Rwanda, Uganda, Zambia and Zimbabwe).

⁹ Pôle Dette is the technical training unit of the Central Bank of the West African States (BEAC) and the Bank of Central African States (BCAEAO). It organizes training and capacity-building activities on debt and financial management for the Central Banks in the following member countries: Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, Congo, Côte d'Ivoire, Guinea, Gabon, Guinea-Bissau, Mali, Niger, Senegal and Togo. Eight of these countries actively collaborate with the DMFAS programme: Burkina Faso, the Central African Republic, Chad, Congo, Côte d'Ivoire, Gabon, Guinea-Bissau and Togo.

3. Financial resource mobilization project

66. UNCTAD organized a one-day expert group meeting on financial resource mobilization in Africa in Geneva on 16 February 2007. This was the first activity of the project funded by the United Nations Development Account (fifth tranche). The objective of the project is to strengthen the capacity of African countries to identify and utilize non-debt-creating domestic and foreign resources for growth and poverty reduction within the framework of the MDGs. It is also expected to increase understanding of the problems faced by Africa in the area of financial flows by contributing to innovative national and international policy choices to promote African development. The meeting provided the opportunity to discuss an UNCTAD concept paper on mobilizing non-debt-generating foreign and domestic resources for achieving the MDGs in Africa with international experts in the area of development finance, development partners, participants from seven African case study countries,¹⁰ as well as other local consultants recruited to draft country papers. The meeting was generally successful, as noted by several participants, and was well attended by the African Group in Geneva.

D. International investment and enterprise development

1. Investment issues analysis

67. The *World Investment Report (WIR) 2006*, in its analysis of investment trends in Africa, reported another rapid increase in inward foreign direct investment (FDI) of 18 per cent, leading to a new record level of \$38 billion in 2006. The increase in inflows to the region was driven by rising corporate profits and high commodity prices. Despite the surge, the region's share of global FDI remained around 3 per cent, with a large proportion of that in mining and oil exploitation. The manufacturing sector witnessed a decline in FDI or disinvestments in 2006, especially in textile production, mainly as a result of the end of the Multi-Fibre Arrangement (MFA); however, investments in services, especially infrastructural services, are welcome signs for the future. In addition, as indicated by the *WIR 2006*, developing country transnational corporations (TNCs), whose share of global FDI is rising, have a high propensity to invest in the South, and especially in LDCs, many of which are in Africa.

68. The project on Needs Assessment to Attract Asian FDI into Africa, financed by UNDP, allowed the publication of *Asian FDI in Africa* by UNCTAD and UNDP. The report examines the various aspects of Asian FDI in African economies with a view to improving understanding of its opportunities and constraints, and the steps needed to enhance such investment.

69. Activities were also undertaken relating to the project on Investment Guides and Capacity-building for LDCs, including completion, launching and dissemination of investment guides to Rwanda and Mali (in English).

¹⁰ The selected countries are: Malawi, Mauritius, Namibia and Sierra Leone (English-speaking); and Benin, Burundi and Mauritania (French-speaking).

2. Policies and capacity-building

Investment policy reviews (IPRs)

70. In cooperation with the Japan Bank for International Cooperation (JBIC), UNCTAD continued production of Investment Blue Books to assist countries in improving their investment climates. Blue Books for Ghana and Zambia were produced in the reporting period. As a follow-up, two workshops for stakeholders on the Blue Books were conducted in Accra (Ghana) and Lusaka (Zambia) to provide clear policy recommendations to policymakers in developing countries.

71. The production of an IPR particularly geared to the specific needs of war-torn African countries (Rwanda) was finalized. IPR follow-up supports were provided to two African countries, Algeria and Rwanda. Other activities included technical assistance to the India–Kenya IT Investment Forum, the China–Kenya Investment Forum for Kenya, the Strategy for the Promotion of the Industrial Mining sector for Rwanda, and Training on Investment Policy Issues for the Central African Republic in support of national policymaking and capacity-building in African countries.

72. Feedback received from beneficiary countries attested to the positive impact of the work of UNCTAD in enhancing the capacity of policymakers to attract and benefit from foreign investments. For example, the Kenyan Investment Authority asserted the significance of the IPRs, the Blue Book, the Investment Guide and the workshops on Development of Investor Targeting Strategy including the Development of IT Strategy, in increasing the capacity of its staff, providing information and increasing positive collaboration with its stakeholders. The Authority underlined the importance of UNCTAD's support in helping to shape current policy debate and thinking on development, with a particular focus on ensuring domestic policies and international actions which are mutually supportive in bringing about sustainable development.

73. Similarly, the Lesotho National Development Cooperation (LNDC) commended UNCTAD's work in improving the investment environment in Lesotho in line with the recommendation of Lesotho's IPR, and requested further assistance to build a strong local private sector through training in investment promotion and investment targeting.

Investment promotion: Advisory Service on Investment and Training (ASIT)

74. The Advisory Service on Investment and Training (ASIT) provided support to a number of Governments and institutions in Africa in the area of investment promotion and good governance, for example, the preparation of a review on governance in investment promotion in Mali, including a national workshop in Bamako in October 2006. In Ethiopia, a project is ongoing to strengthen the capacity of the Ethiopian Investment Agency and sub-national institutions in facilitating FDI. In Djibouti, implementation of an e-regulation system on investment is being completed. In Botswana, an investor targeting strategy for the garment sector was finalized. Together with the Agence de Développement de l'Oriental, ASIT is preparing a strategy to attract FDI to countries in the Far East.

75. Capacity-building activities also included training of investment promotion officials from African IPAs in three regional workshops held in Geneva and Durban (South Africa) on investor targeting in the tourism and mining sectors. Thirty-seven officials from 15 African countries participated in the training. In addition, a workshop was organized in Rabat (Morocco) for 27 members of the Moroccan diplomatic service.

International Investment Agreements (IIAs)

76. During 2006, a research and policy analysis was conducted on international arrangements with associated technical assistance programmes to African countries. The increasing complexity and sophistication of international investment rule-making necessitated concerted effort in research and policy analysis and advocacy work in the area. Four publications were produced on the second-generation IIA studies series and four quarterly monitors focusing on recent trends in international agreements were launched to enhance better understanding of the IIAs among developing countries. Two technical assistance programmes on promoting investment through an enabling legal framework on investment issues were conducted for the Middle East and North African (MENA) countries and the MENA–OECD expert group on the Egyptian IIAs.

77. In the context of the programme of work on the transfer of technology and intellectual property, a project was launched to provide “technical assistance and capacity-building in African LDCs on the establishment of pharmaceutical production capacities”.

3. Science and technology

78. UNCTAD continued to implement “Connect Africa”, aimed at providing customized training to ICT engineers and technicians from developing countries, particularly from LDCs. The project was implemented in Lesotho and is ongoing in Mali.

79. As part of a collaborative effort, UNCTAD and the United Nations Commission on Science and Technology for Development (CSTD) established the “Network of Centres of Excellence” (NCE) in 2005 to enhance scientific networking in Africa. The first set of initiatives under this project involved advanced and basic training courses for African scientists and engineers. Involved in the Network are the following “Centres of Excellence”:

- Institute of Infectious Disease and Molecular Medicine (IIDMM) — University of Cape Town;
- Sokoine University of Agriculture — Morogoro (United Republic of Tanzania);
- International Centre for Genetic Engineering and Biotechnology — New Delhi;
- Agricultural Genetic Engineering Research Institute — Giza (Egypt);
- H.E.J. Research Institute of Chemistry — University of Karachi (Pakistan);
- University of Nairobi — Kenya;
- Korea Research Institute of Bioscience and Biotechnology — Daejeon (Republic of Korea);
- Centre of Biotechnology of Sfax (CBS) — Sfax (Tunisia);
- National Engineering Research Center for Information Technology in Agriculture (NERCITA) — Beijing (China).

80. The Science, Technology and Innovative Policy (STIP) reviews are demand-driven projects aimed at assisting interested developing countries with information-based policy recommendations formulated to their specific needs and circumstances. The STIP review of

Angola is the latest of a series that UNCTAD is presently undertaking. Three other STIP reviews will be initiated in Africa.

4. Enterprise development

81. UNCTAD, through the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), continued to promote best practices in accounting and reporting in Africa. A regional workshop was organized in Nairobi (Kenya) on the role of the accounting profession in economic development. More than 200 participants from 37 African countries deliberated on the role of the accountancy profession in the economic development of Africa.

82. The Entrepreneurship Development Programme (EMPRETEC) consolidated its presence in anglophone and francophone Africa in 2006. EMPRETEC is a major integrated capacity-building programme, designed to create sustainable structures that promote a dynamic private sector, entrepreneurial skills and an open entrepreneurial culture. Currently, there are 13 operational EMPRETEC/Enterprise centres in Africa, including those in Angola, Benin, Botswana, Ethiopia, Ghana, Mauritius, Morocco, Mozambique, Nigeria, Senegal, South Africa, Uganda and Zimbabwe. During the year, African EMPRETEC representatives launched a regional networking initiative, “EMPRETEC Africa Forum”, to reinvigorate EMPRETEC in Africa, in particular by strategizing with other colleagues from the continent on the best ways to mobilize resources, establish an effective communication and marketing strategy, and ensure the consolidation of existing programmes as well as creation of new country programmes.

83. The sixth meeting of the UNCTAD/International Chamber of Commerce (ICC) Investment Advisory Council, held in the presence of the President of the United Republic of Tanzania, allowed for the launch of several initiatives, including a proposal from BASF to extend its TNC–SME business linkages methodologies to lusophone countries.

84. UNCTAD continued to develop its programme on insurance, with a focus on Africa. Thirty-three African countries benefited from UNCTAD’s activities in this area. These included collaboration with the African Insurance Organization, which represents the continent’s 55 Governments and their insurance sectors, and the African Centre for Catastrophe Risks. UNCTAD also developed five new insurance projects which would benefit the whole of Africa and for which funding is currently being sought.

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