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REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

Addendum

Annex 1 - Review of activities undertaken in 1997

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Explanatory notes

- Amounts in brackets indicate negative value.
- IALA means "Inter-Agency Letter of Agreement".
- OPC means "Operationally but not financially completed".
- The asterisk * following the project number indicates that UNCTAD acted as associate agency.
- Details and percentages do not necessarily add up to totals, owing to rounding.
- The financial data in the tables on projects, which reflect the situation as at 31 December 1997, may occasionally show total expenditures exceeding total budgets. In no instance did expenditures exceed available income. Early in 1998, revenue/budget figures were corrected to reflect real income.

I. INTRODUCTION

1. This annex provides a description of the main technical cooperation projects and programmes undertaken by UNCTAD in 1997.

2. It is presented, as far as possible, in accordance with the structure of the divisions/branches of the secretariat responsible for backstopping the projects/programmes concerned.

3. A list of individual projects implemented by each organizational unit follows the corresponding narrative.

II. REVIEW OF ACTIVITIES BY PROGRAMME AREA

A. Division on Globalization and Development Strategies

1. Macroeconomic and Development Policies

a. Technical Support to the Intergovernmental Group of Twenty-four

4. Development context. The international monetary and financial system has a decisive impact on the interdependence between international trade, finance and development, as it contributes to shaping the international environment for development and national macroeconomic policies in individual countries. The role of the Intergovernmental Group of Twenty-four (G-24) is to strengthen the contribution of the developing countries in discussions and negotiations on issues related to the design and functioning of the international monetary and financial system.

5. Objectives. The project aims at strengthening the G-24 in its efforts to build the necessary capacity in developing countries for them to make meaningful contributions to the design of the international monetary and financial system, and to strengthen their ability to cope with the consequences of interdependence.

6. Features/output/results. The G-24 was provided with technical studies and research papers on selected topics, prepared by internationally renowned experts, for the preparation of the discussions and negotiations on international monetary and financial issues in the framework of the IMF's Interim Committee, the Joint IMF/World Bank Development Committee, and other bodies. The papers were first presented to the Technical Group of the G-24 and then to the Meetings of G-24 Deputies and Ministers, before being published in a special series. In 1997, drafts of eight research papers were submitted to the G-24. The topics covered included governance in international organizations; the role of Special Drawing Rights; the experience of developing countries with financial liberalization and capital-account regimes; the ODA crisis; the role of non-governmental organizations in the international monetary and financial system, and the significance of the Euro for developing countries. The G-24 was also provided with an assessment of the World Bank's *World Development Report 1997*, and an update of earlier research on the problem of multilateral debt. Eight research papers that had been submitted to G-24 meetings in previous years were published in Vol. VIII of "International

Monetary and Financial Issues for the 1990s", including four studies on the experiences of various developing countries in different regions with the management of foreign capital flows and macroeconomic policies, and papers on cross-border payments taxes and alternative capital-account regimes; the new conditionalities of the international financial institutions; and a multilateral debt facility. An assessment of the *World Development Report 1996* is also included in the volume.

7. While further rationalizing its mode of operation, the project has contributed to enhancing the developing countries' understanding of current and upcoming issues subject to discussion and negotiation in the international financial institutions, and their capacity to contribute constructively to these discussions.

b. East Asian Development: Lessons for a New Global Environment

8. **Development context.** The process of rapid outward-oriented development in the newly industrialized economies (NIEs) in East and South-East Asia has been at the centre of the debate on development policy in recent years. At the same time, the question as to what extent lessons can be drawn from the East Asian experience has received increasing attention among policy makers. Appropriate answers to this question can contribute to the design of new development strategies in other developing countries.

9. **Objectives.** The project has aimed at enhancing the perception among policy makers in developing countries and economies in transition of the factors that have contributed to rapid outward-oriented development and the remaining problems in the NIEs of East and South-East Asia. It has also aimed at contributing to the formulation of new development strategies by advancing, in particular, the understanding of the role played by government policies; the role of agricultural development; and the relevance of the new international environment for outward-oriented development following the conclusion of the Uruguay Round.

10. **Features/output/results.** As a follow-up to a conference that had been held in relation to the project in Kuala Lumpur (Malaysia), in February-March 1996, a volume was published under the title "Proceedings of the International Conference on East Asian Development - Lessons for a New Global Environment" (UNCTAD/GDS/MDPB/2). Through this additional output a broader audience was informed of possible lessons for other developing countries from the experience of the East Asian newly industrialized economies.

c. Economic Development and Regional Dynamics in Africa: Lessons from the East Asian Experience

11. **Development context.** While in recent years a number of developing countries have undergone rapid economic development, many countries in sub-Saharan Africa have suffered from economic stagnation. The East Asian experience has been at the centre of the debate on development policy, and the question as to the possible lessons for sub-Saharan Africa from these countries' experience has received increasing attention among policy-makers and academics.

12. **Objectives.** The purpose of the project is to identify action-oriented development strategies for Africa which will promote investment and exports and

stimulate regional dynamics. The project aims at helping to build the capacities of African policy makers to design and implement new development strategies, on the one hand, and to strengthen the framework for South-South cooperation, on the other.

13. **Features/output/results.** Two workshops were held in 1997. At the first workshop organized in collaboration with the Government of Zimbabwe in January 1997, key issues for African development were identified which subsequently guided the research carried out under the project. The second workshop, organized in collaboration with the Government of Mauritius in December 1997, was provided with the first results of these research papers, especially in the areas of capital accumulation, institution building and regional integration. Final versions of these studies will be submitted as background documents to a Conference on African Development, scheduled for September 1998. The studies will help to strengthen the capacity of African policy makers to review their development strategies.

2. Globalization, Development and Debt Management

a. Globalization, Finance and Sustainable Development

(i) Development of a global greenhouse gas emissions trading system

14. **Development context.** Research and development activities carried out under this project in 1997 aimed at assisting governments Parties to the United Nations Framework Convention on Climate Change in their efforts to negotiate a protocol to the Framework Convention. Subsequently, the Kyoto Protocol was adopted by the Third Conference of the Parties (COP3) in December 1997.

15. **Objectives.** The project aims to foster a better understanding of the role and benefits of market-based mechanisms in achieving cost-effective greenhouse gas emissions reductions, and to support the design and implementation of a viable and stable international emissions market.

16. **Features/output/results.** During the reporting period, the project designed and published three issues of the "Global Greenhouse Emissions Trade" quarterly newsletter. The newsletter is dedicated to promoting understanding of emissions trading and related issues, such as the Clean Development Mechanism. This publication has greatly enhanced the dissemination of key ideas and the main results of our research and development work in support of the Kyoto Protocol negotiations.

17. In addition, in June 1997, UNCTAD and the Earth Council launched the Greenhouse Gas Emissions Trading Policy Forum. The aim of the Policy Forum is to assist interested governments and the private sector to design and implement an initial-phase international greenhouse gas emissions trading system, in accordance with the Kyoto Protocol. Two sessions of the Policy Forum were convened in 1997. Over the years, the impact of UNCTAD's work on greenhouse gas emissions trading has grown as the issue has risen to the top of the international agenda. In the period leading up to the adoption of the Kyoto Protocol, the project organized or contributed to many seminars and workshops on emissions trading.

(ii) Support for the conversion of official bilateral debt

18. **Development context.** Research and development activities carried out under this project aim at furthering the capacity of developing countries to reduce their outstanding external official bilateral debt through the debt conversion mechanism.

19. **Objectives.** Following the request from the Government of Sierra Leone for assistance on official debt conversion, this project prepared a manual on the conversion of Paris Club debt in favour of NGO projects in Sierra Leone, in order to assist the Government in its efforts to reduce the external debt.

20. **Features/output/results.** During the reporting period, an in-depth analysis of Sierra Leone's Paris Club debt was undertaken in order to assess which part of the debt was most appropriate for inclusion in a debt conversion mechanism. Following extensive discussions with creditor countries, a practical manual on debt conversion was prepared, and will be submitted to the Government of Sierra Leone upon final clearance by creditor countries.

(iii) The debt strategy of the Mauritius Government

21. **Development context.** The globalization of international financial markets has opened up a number of opportunities, but also increased the challenges posed to developing countries in the management of their exposure to fluctuations in interest rates and foreign exchange rates. In an integrated global financial market, developing countries are seeking ways to improve the management of their assets and liabilities.

22. **Objectives and results.** The project assessed the Government's financial requirements and the potential mis-matching between future income and expenditure, in particular in relation to possible exchange rate and interest rate risks, by preparing a study on asset-liability management, which was presented to the Government of Mauritius. The Government has requested follow-up training on risk management, which should take place in 1998.

(iv) Private risk capital funds for LDCs

23. **Development context.** Following the decision taken at UNCTAD IX, a pilot seminar for the promotion of private investment flows to the least developed countries (LDCs) was held in Geneva in June 1997. It was co-sponsored by UNIDO. The seminar examined how the mechanisms of investment funds (country funds, venture capital funds, or specific sectoral investment funds) could be used to attract foreign investment flows in LDCs with particular reference to (i) tourism; (ii) agro-industries; and (iii) infrastructure.

24. **Features/output/results.** Feasibility studies on foreign investment were prepared in the three sectors mentioned above. The studies analysed the most appropriate investment vehicle(s) that could be used to channel private non-FDI investment in LDCs, and examined the commercial, legal and financial framework required to make the creation of such a fund viable.

25. The final output took the form of a publication in English ("Investing in pre-emerging markets" (UNCTAD/GDS/GFSB/3)), which compiles the findings of the

three feasibility studies, and the contributions from LDCs on specific investment opportunities in their countries.

b. The DMFAS Programme

26. Development context. The scant attention paid by many developing countries to the basic functions of debt management was one of the contributing factors to the debt crisis of the 1980s. Such basic functions include: (a) the compilation of accurate and up-to-date records of all external loans; (b) full awareness of the timing and amounts of debt servicing obligations; and (c) the possibility of projecting the impact of foreign borrowing decisions of various entities on the overall debt profile and balance of payments.

27. The objectives of the Programme are to assist developing countries and countries in transition to develop appropriate administrative, institutional and legal structures for effective debt management; to establish an adequate information system, with detailed and aggregated data on loan contracts, past and future disbursements, and past and future debt service payments; to improve national capacity to define and select appropriate debt strategies; and to increase national capacity to record grants and projects financed through external resources, thereby contributing to aid management.

28. Features. UNCTAD developed a technical cooperation package known as the Debt Management and Financial Analysis System (DMFAS). The core of this package is a computer-based debt management system. This system is usually installed in Central Banks and/or Ministries of Finance within the framework of a technical cooperation country project, funded by UNDP, other multilateral and/or bilateral donors, or sometimes Governments themselves.

29. The assistance extended under the Programme consists of three main features:

- 9 Software designed to fulfil the operational, statistical and analytical needs of debt managers and bodies involved in elaborating external debt strategies;
- 9 Training in the use of the software;
- 9 Advisory services, including needs assessments and advice on technical, administrative, legal and institutional debt management issues, and assistance in software installation and maintenance.

30. With more than 30 active projects and expenditures of more than \$2 million per year, the DMFAS Programme is one of the main technical cooperation programmes of UNCTAD.

31. In response to a high demand from countries presently cooperating with the DMFAS Programme, UNCTAD organized its first international Debt Management Conference, composed of a three-day Seminar on new trends in debt management and information technology, followed by a five-day Workshop on the reporting and analytical capabilities of DMFAS 5.0. The presentations made during the Seminar will be published and distributed during 1998. Due to the success of this event, the Conference will become a regular feature of the DMFAS Programme. This will greatly enhance the understanding of debt management problems in developing countries and economies in transition, in accordance with the Midrand Declaration adopted by UNCTAD IX in May 1996.

32. **Output/results/impact.** In 1997, activities were focused on the implementation of the new version of the system - DMFAS 5.0 - which is replacing the current version 4.1 Plus in existing and new client countries. The new version, which is available in English, French and Spanish, has been developed by using Oracle's relational database management system and its fourth-generation programming tools. DMFAS 5.0, which represents more than 10 years of cumulative experience in the area of debt management, is a state-of-the-art standard debt management system, and is expected to become the most widely used standard system in the world. Over the last four years, the Programme has doubled its client base to more than 40 countries. The long- and medium-term debts that are now being or are to be managed by DMFAS together amount to nearly \$400 billion and represent around 25 per cent of the debts of this group of countries. It is expected that this expansion will continue, and that by the year 2000 the Programme will have a client base of around 60 countries.

33. During 1997, the new version of the system, which had been released in 1995 and already introduced in 15 countries, was installed in 10 other countries. In addition to the maintenance of the system, its implementation and support, major activities included needs assessments and demonstration missions, as well as the design of national and regional projects.

34. The gains obtained from the DMFAS Programme by user countries are difficult to quantify, as the benefits of better information, analysis, negotiations and policy-making cannot be measured. However, it is generally accepted that these gains far exceed the cost of DMFAS country projects. The cost of the projects ranges from \$100,000 to \$1 million, depending on the activities to be undertaken, the size of the debt data base to be computerized, and the equipment and staff included in the project.

35. As a minimum, DMFAS pays for itself by making debt servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies. Substantial savings can also be made by avoiding unnecessary costs such as overpayments to creditors or penalty interests due to poor book-keeping. In Argentina, for example, where the DMFAS project cost around \$1 million, the direct savings made during the actual implementation of the project amounted to around \$25 million.

36. While the DMFAS Programme provides its products and services within the framework of country projects, for which funding is generally available, it operates with a central team of experts (now 16 professionals) based in Geneva. Since 1995, in addition to regular budget and country projects, this team is mostly funded by a group of bilateral donors, including Belgium, Denmark, Finland, Italy, Netherlands, Norway, Sweden and Switzerland. Donor meetings are regularly organized in order to obtain the required resources. Discussions are presently under way in order to ensure more stable and adequate funding of the Programme so that it can continue to respond to the challenges ahead. An external evaluation of the Programme funded by the Swiss Government has been presented at the latest donors' meeting held in Geneva in May 1998 (see the Overview, part IV, for further information).

3. Special Programmes

a. Assistance to the Palestinian People

37. Activities with the Palestinian Authority (PA) have been included in the work of the relevant substantive divisions. Such activities are being backstopped by the divisions concerned with the support of the Special Economic Unit (Palestinian People).

38. **Development context/objectives.** The work of the secretariat on assistance to the Palestinian people has acquired an increasing emphasis on operational activities. The expertise in different Divisions, coordinated and guided by the Special Economic Unit, has been deployed to provide direct advisory services and to prepare training and technical cooperation projects. The aim of this orientation has been to assist the nascent Palestinian Authority (PA), through a range of technical cooperation activities, to strengthen the Palestinian private sector and institutional development.

39. **Features.** Based on the findings of 12 advisory missions fielded since 1995, the secretariat prepared summary project proposals which have been endorsed by the concerned Ministries of the PA, and submitted for inclusion in the "Palestinian Development Plan, 1998-2000 (PDP)". In 1997, the UNCTAD secretariat provided advisory services and or/training in the following areas:

Feasibility study of an industrial estate in Nablus This project is aimed at developing expertise and consensus on policy and regulatory options, as well as creating the infrastructural, institutional and managerial capacities needed for the establishment and operation of the Nablus industrial estate.

Strengthening the capacities of the domestic insurance sector UNCTAD advisory services on this issue assisted the PA Controller of Insurance on a wide range of related technical, institutional, legal and operational issues. Consultations are under way on implementation of the measures outlined and the funding of follow-up activities.

The emerging international trading system and its implications for the Palestinian economy. UNCTAD's assistance was solicited by the PA in organizing workshops for PA officials and the private sector on the subject, along the lines of the workshops organized by UNCTAD in Arab countries.

Strengthening technical and operational capacities in customs administration An UNCTAD trade facilitation expert undertook an advisory mission to assist the PA in preparing for the Automated System for Customs Data (ASYCUDA).

UNCTAD also carried out **preparatory assistance activities** related to: (i) promoting the cooperation of the Palestinian Authority with Egypt and Jordan in improving subregional trade-related services; (ii) strengthening trade efficiency (Palestinian trade point); (iii) TRAINFORTRADE; and (iv) a Seminar on International Procurement and Trading of Strategic Food Commodities.

40. **Results/impact.** UNCTAD's technical cooperation efforts in providing assistance to the Palestinian people began to receive extra-budgetary funding only in 1997. As such, the impact of the proposals and activities indicated above cannot

at this stage be viewed in isolation from their broader substantive underpinnings, namely the research and analytical work undertaken by the secretariat within the context of its work programme on assistance to the Palestinian people. To the extent that the PA has endorsed UNCTAD's proposals, their capacity for effecting changes in policy and/or procedures is clearly recognized by the prime beneficiary of UNCTAD's work. Actual extra-budgetary funding approved for UNCTAD projects in this area during 1997-1998 (\$550,000) provides a further benchmark for the sustained growth of this programme.

b. Trust Fund on Iron Ore

41. **Development context.** Following the suspension of the activities of the Association of Iron Ore Exporting Countries (APEF) as of 1 June 1989, the Governments of certain countries decided to establish a trust fund project on iron ore information to be administered by UNCTAD.

42. **Output/results. Iron Ore Statistics and its Supplement.** Continuing a series that started in 1989, this statistical report and its supplement are published biannually in July and November. They contain tables with worldwide and country-specific data for iron ore production, exports, imports and prices, as well as pellet production, exports and production capacity. The first issue updates the series to the end of the previous year, while the supplement contains data and estimates for the first half of the current year.

43. **Market Report on Iron Ore.** The 1997 Report is the latest in a series of annual publications (usually issued in April/May) containing updated data for iron ore production, trade and prices, and the short-term outlook, as well as a market analysis.

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B. Division on International Trade in Goods and Services, and Commodities

1. Trade Analysis and Systemic Issues

a. Development of Trade Capacities

- (i) Impact of the Uruguay Round and its follow-up on selected African countries: Country studies

44. **Development context.** While African countries are highly dependent on foreign trade, export-led growth remains seriously constrained by weak production structures and heavy reliance on a narrow range of primary exports. At UNCTAD IX, member States agreed that UNCTAD should focus on assisting in the effective integration of developing countries into the international trading system to promote their development and competitiveness.

45. In October 1997, following a request by African Ministers of Trade, UNCTAD launched a new cycle of country-specific studies in selected African countries on the impact and dynamic effects of the Uruguay Round and its follow-up on national development objectives. The countries covered are Benin, Burkina Faso, Mali, Niger and Togo, and work for the preparation of these studies started in 1997.

46. **Objectives.** The main objectives of the studies are (i) to assist governments to acquire a better understanding of the overall impact of the Uruguay Round on their respective economies; (ii) to facilitate appropriate policy responses for adjusting to the Uruguay Round Agreements, as well as (iii) to take maximum advantage of the opportunities created by the Round. Each study will be followed by a national workshop to discuss findings and recommendations.

47. **Features.** The approach followed in conducting the studies is based on the assumption that the attainment of effective integration into the world trading system depends on both exogenous trade factors and the adoption of suitable domestic policies. The methodology adopted was to analyse existing trade flows for each country, and identify where and to what extent tariff changes were likely to benefit the exports concerned. In addition, attention was paid to the likely growth of new export products, where these could be identified.

48. **Results/impacts.** Upon completion the studies will: (i) provide governments and the private sector with the necessary analysis on new market access conditions to enable them to identify immediate and potential trading opportunities; (ii) provide governments with adequate information pertaining to the sectoral impact of the relevant agreements, to enable them to review current and future policies with a view to adapting to the new trading environment; (iii) enable governments to identify trade policy options for deriving advantages and coping with the challenges of the international trading framework. In the context, governments will be assisted in taking advantage of the special and differential treatment available to them.

49. Overall, the studies will raise the awareness of the Uruguay Round Agreements and assess their implications for the countries concerned. In addition, the studies will help to focus policy makers' attention on the main policy issues facing them in adjusting to the new post-Uruguay Round environment, and provide a

catalyst for informed policy actions regarding institutional requirements and the new global market challenges and opportunities.

50. The conclusions and resulting recommendations of the first set of studies on the impact and dynamic effects of the Uruguay Round and its follow-up on national development objectives in selected African countries, covering Ghana, Malawi and Namibia and conducted in 1996, were presented at the expert meeting on "The impact and dynamic effects of the Uruguay Round and its follow-up on developing countries" convened by the Secretary-General of UNCTAD, on 3 and 4 March 1997, in Geneva¹.

(ii) Tripartite project: The UNCTAD component of the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Africa (JITAP)

51. **Development context.** At UNCTAD IX, it was agreed that UNCTAD should focus on assisting in the effective integration of developing countries into the international trading system so as to promote their development, and that this work should be undertaken in cooperation with WTO and other relevant international organizations. The Integrated Programme is the response of ITC, UNCTAD and WTO to this decision.

52. The Programme's overall **objective** is to enhance the development prospects and competitiveness of African countries through increased participation in international trade. It emphasizes human resource development and institutional capacity-building as well as the strengthening of export supply capabilities. It is designed to maximize cooperation among the three co-sponsoring organizations and to improve the utilization and effectiveness of available resources.

53. **Features.** The Programme was designed to be implemented in two main stages, as outlined below.

54. In **stage one**, priority attention is given to human resource development and institutional strengthening by focusing on the implementation of the Uruguay Round agreements. Activities include:

- (1) Public awareness campaigns on the WTO Agreements;
- (2) National and subregional seminars for the public and private sectors on the multilateral framework for international trade;
- (3) National and subregional seminars for the public and private sectors on new post-Uruguay Round trading opportunities; and
- (4) The training of trainers in international trade.

55. UNCTAD's contribution is especially focused on activities (1), (2) and (4).

56. **Stage two** concentrates on policy and other supportive measures to strengthen export supply capacities so as to exploit the new trading opportunities identified. The focus of activities is on:

¹ See the UNCTAD report "The Uruguay Round and its follow-up: Building a positive Agenda for development" (UNCTAD/ITCD/TED/2), November 1997.

- (1) Strengthening institutional capacities for trade policy;
- (2) Supporting product and export market diversification;
- (3) Removing trade-related bottlenecks;
- (4) Improving the efficiency of trading;
- (5) Strengthening trade negotiating capacities; and
- (6) Promoting the flow of information to the business community and the public sector.

57. UNCTAD's contribution is especially focused on activities (1), (3), (4) and (5).

58. A Common Trust Fund for the Joint Integrated Technical Assistance Programme of WTO, UNCTAD and ITC in Selected Developed and Other African Countries has been established to provide a central point for the deposit of contributions to the Joint Programme, to improve transparency in the complementary use of contributions received, and to increase efficiency in the identification, formulation, implementation, monitoring and evaluation of individual programme activities, including country projects.

59. The common Trust Fund is operated under the general guidance of a Steering Group of the Joint Programme, composed of representatives of donors to the Fund and all Joint Programme recipient partners, the Secretariats of the cooperating institutions and, as observers, upon request, potential donors and recipient partners.

60. The Common Trust Fund has two windows, as follows:

- 9 Window I is intended to receive unearmarked contributions to finance activities such as needs assessments, project formulation missions, preparatory assistance activities and other advisory missions, and for the complementary or full financing as required of individual projects for those countries included in the Programme.
- 9 Window II is intended to receive contributions from one or more donors for country projects or components thereof.

61. **Output/results/impact.** The countries currently covered by the Programme are Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and the United Republic of Tanzania. Based on the results of needs assessment missions, carried out in 1996, project proposals have been prepared for each of the eight countries.

National implementation

62. Programme activities will be led and coordinated in each country by a Steering Committee of concerned institutions. Day-to-day implementation, including coordination of counterpart inputs, will be facilitated by task forces and working groups, constituted among the counterpart organizations bearing responsibility for Programme execution.

63. Monitoring and Management by WTO, UNCTAD and ITC. For the seven sub-Saharan countries covered by the Integrated Programme, WTO, UNCTAD and ITC will put in place two resident, regional coordinators to manage projects in two groups of countries. These two coordinators will be posted in: (i) West Africa (for Benin, Burkina Faso, Côte d'Ivoire and Ghana), and (ii) East Africa (for Kenya, the United

Republic of Tanzania and Uganda). They will report to focal points representing the three organizations in Geneva.

64. Project implementation will be coordinated with the activities of ongoing technical assistance projects carried out by WTO, UNCTAD and ITC, as well as by other donors and international organizations. In this way, JITAP activities will contribute to the implementation of the Integrated Framework for Technical Cooperation adopted at the October 1997 High-Level Meeting for LDCs.

(iii) Technical assistance to countries acceding to WTO

65. **Development context.** In 1997, the UNCTAD secretariat pursued the implementation of its intergovernmental mandate agreed at UNCTAD IX, which was aimed at assisting countries in the process of accession to the WTO as part of their integration into the world economy and international trading system.

66. **Objectives.** UNCTAD's technical cooperation with the Governments of acceding countries has the following general objectives:

- 9 to assist national officials in elaborating optimal approaches in the initial phase of the accession process to WTO, particularly in making an inventory of relevant problems to be solved of both an internal and an external nature;
- 9 to strengthen the knowledge of national officials concerning the techniques and tactics of multilateral trade negotiations in order to improve their negotiating capacity;
- 9 to provide advice in trade policy formulation, particularly relating to the negotiations on accession to WTO;
- 9 to strengthen the capacities of trade-supporting national institutional structures (including the academic community) through training and joint analysis of the relevant problem areas.

67. **Features.** Technical assistance is delivered by UNCTAD through:

- 9 undertaking advisory missions and working directly with the national negotiating team;
- 9 assistance in preparing documentation required by the negotiations on accession to WTO;
- 9 preparation of analytical papers and briefings for national policy makers;
- 9 organization of brainstorming meetings and seminars;
- 9 diffusion of trade policy information.

68. **Output/results/impact.** In 1997, the following outputs and results were achieved in the implementation of the main projects:

Algeria. Project assisted in the preparation of the first WTO Working Party on Algeria by: (a) finalizing answers to the first questions from WTO members submitted in June 1997; (b) organizing a study tour to Geneva for Algerian officials, conducted in June 1997; (c) preparing analytical reports on several issues under accession negotiations. The project has contributed substantively to the initial phase of Algeria's accession to the WTO.

Belarus. Project contributed to: (a) preparations for the first Working Party on Accession by assisting in preparing the answers for the first round of questions on the basis of the Memorandum; (b) financing of the translation of the necessary WTO-related laws and regulations into English; (c) facilitating consultations in Geneva between Belarus and members of WTO and of the Working Party; (d) continuing the "Impact Study" relating to accession. On several occasions, the Belarus Government expressed its satisfaction with the assistance rendered and requested the expansion of the project to cover more extensively such areas as the training of trade officials and the informing of the business community on WTO-related issues and international trade.

China. The main activities carried out in 1997 were: (a) organization of seminars and workshops on textiles, services trade statistics, and the impact of the WTO Agreements; (b) advisory missions; (c) preparation of studies and reports on agriculture, China's market economy system, automobile industry, etc.; and (d) preparation of publications on the findings of the Project for the diffusion of the information to the general public.

Jordan. The project was assisted in (a) preparing an inventory of relevant problems to be solved in the context of Jordan's negotiating strategy; (b) undertaking an advisory mission to finalize the project document on "Support for Jordan's integration into the Global Economy and its Accession to the World Trade Organization" (June 1997) and to prepare Jordanian negotiators for the second WTO Working Party on Jordan (July 1997); (c) commenting on answers to the first set of questions from WTO members and advising the negotiators on different approaches to several issues that are usually raised at the Working Parties on Accession, and the provision of information to the Government.

Lithuania. A major contribution was in preparation for negotiating market access in goods and services, particularly in the case of agricultural products: (a) on-going support in preparing positions for the advanced stage of multilateral negotiations; (b) a seminar and a brainstorming meeting were arranged for the negotiating team before the fourth WTO Working Party on Accession.

Nepal. The project provided assistance in: (a) preparing the draft Memorandum on the Foreign Trade Regime of Nepal; (b) engaging national consultants for the analysis of several specific issues connected with accession to WTO (consistency of the national legislation with the WTO rules; trade in textiles; agriculture; services); (c) engaging an international expert to analyse the adequacy of Nepal's regulatory system for services and trade-related aspects of intellectual property rights; and (d) logistical and information support for the Government.

Russian Federation. The Project contributed to: (a) preparation of an initial offer in goods; (b) further work by national consultants on agriculture; (c) preparatory activities on an initial offer on services. At a tripartite review of the Project, conducted in July 1997, a new Project was agreed (Phase II), which will concentrate more on specific issues (services sectors; technical barriers to trade; sanitary and phytosanitary measures) and human and institutional capacity-building. The Government expressed its satisfaction with the assistance rendered.

Viet Nam. The activities implemented by UNCTAD in 1997 were mainly related to: (a) training; (b) background studies of Viet Nam's trade relations with the major trading countries; and (c) assistance to Viet Nam concerning the preparation

of replies to the questions raised by WTO members in relation to Viet Nam's trade regime.

69. *Arab States, regional.* Various activities were undertaken in relation to the implementation of one of the four regional components of the Project "Support to Arab States in their economic and social reform". Within this Project UNCTAD has initiated and implemented national projects on WTO issues (accession, implementation of WTO agreements) in Algeria, Bahrain, Jordan, Sudan, Tunisia and the United Arab Emirates. Advisory services missions were undertaken to Algeria, the Palestinian territory, and the United Arab Emirates. Consultations and advisory services provided to the United Arab Emirates concerned the organization of a national workshop. The advisory mission to Bahrain related to the national project "Strengthening Bahrain's capacity in the globalization of trade". As well as a seminar for the Algerian project, in June 1997 a study tour to Geneva was organized for Algerian officials concerning accession to WTO and implementation of the WTO Agreement. The Algerian project has contributed substantially to the initial phase of Algeria's accession to the WTO. In addition, several national projects involving Albania, Cambodia and Kazakhstan were in the pipeline. Governments of some other countries acceding to WTO (e.g. Armenia, Azerbaijan) have requested technical assistance from UNCTAD in this area.

(iv) Trade in services (The CAPAS Programme)

70. **Development context.** Among Africa's decision-makers, the adoption of the General Agreement on Trade in Services (GATS) following the conclusion of the Uruguay Round, the inclusion of services in the Lomé Convention, as well as the implementation of structural adjustment and recovery programmes in a large number of countries have all served to draw attention to the stakes associated with the services sector. Likewise, there is a growing understanding among African decision-makers about the need to reform their domestic service policies in line with regional integration and multilateral market access liberalization objectives.

71. **Objectives.** CAPAS, or the Coordinated African Programme of Assistance in Services, is a capacity-building programme of technical assistance. In phases I and II CAPAS involved 14 African countries (Benin, Burkina Faso, Burundi, Ghana, Guinea, Kenya, Madagascar, Namibia, Nigeria, Senegal, Uganda, United Republic of Tanzania, Zambia and Zimbabwe). Its main goal is to develop endogenous policy-making capacity at the country level in areas of domestic service sector policy, regional integration services, and multilateral negotiations on trade in services, the ultimate objective being to enable African Governments to respond to the new environment for the services sector created as a result of the Uruguay Round Agreements, and more particularly the General Agreement on Trade in Services (GATS).

72. **Features.** The main targets of the CAPAS project are African trade ministries, line ministries dealing with services, private sector organizations, and the national consulting and research community. CAPAS is structured so as to promote a public policy-making process that relies in part on consultations with and inputs from non-government actors (principally the private sector and the consulting and research community).

73. CAPAS is currently in its third phase, in which it will seek to implement the project of national capacity-building in new countries and provide analytical

assistance in preparation for the new round of negotiations in services. This new phase has two main parts:

(1) Implementation of CAPAS in a new group of seven to ten countries. As with the original group of CAPAS countries, implementation of CAPAS at the country level will entail the organization of national inter-institutional working groups (IWGs) headed by the Ministry of Trade, and preparation of national sectoral studies on services by national research teams (NRTs) working with the IWGs and with guidance from UNCTAD, from the International Telecommunication Union (ITU) for studies on telecommunications, and from a selected group of experts. This component of the project will run throughout 1997 and 1998.

(2) Analytical assistance to all sub-Saharan African WTO members for the next round of GATS negotiations. A set of analytical studies on sectoral service liberalization issues that will figure prominently in the service negotiations beginning in the year 2000 will be prepared and serve as working documents for a series of four sub-regional seminars for African Governments and private sector officials. The purpose of those seminars will be to help countries to identify national and regional-wide negotiating interests and positions in the area of services. The analytical studies will build in part on the national studies developed in the countries where the CAPAS project has been implemented.

74. The new CAPAS project seeks to transfer the experience of the original CAPAS project to the group of new countries. Methodologies for the national studies will be inspired, in part, from those used for the original group of countries. In addition, to the greatest extent possible, the new CAPAS will utilize some of the African expertise developed in the context of the original project to assist with the implementation of this new project.

75. **Output/results/impact.** Under CAPAS, participating countries have been able to build bridges between trade ministries and private sector organizations where often few such linkages existed. Likewise, through the national research teams, the Programme has helped to strengthen the linkage between academia and government policy makers. Moreover, the inter-institutional working groups and the sectoral studies have been a means of strengthening coordination among line ministries - a paramount issue in the formulation of solid trade policy.

76. In practice, this means that CAPAS assisted policy makers and negotiators in taking informed positions within the national and the WTO context, and in constructing an appropriate legal and regulatory framework conducive to the development of competitive service sectors. African Governments of participating countries have been able to use what they have learned through CAPAS to prepare "Schedules of Specific Commitments" that each party to GATS must prepare for its service sector.

b. Trade Analysis and Information System (TRAINS)

TRAINS CD-Rom

77. **Development context.** Following a decision by the Trade and Development Board, which called on the UNCTAD secretariat to provide, on request, information from its Database on Trade Control Measures under its own responsibility, UNCTAD

developed TRAINS (Trade Analysis and Information System) and its corresponding dissemination tool, the TRAINS CD-Rom.

78. **Objectives.** TRAINS is an information system, the global aim of which is to increase transparency in international trading conditions. It is intended more specifically for use by policy makers and economic operators engaged in exporting, for whom it provides a comprehensive information system. It is also a powerful tool, both for trade negotiations (e.g. for monitoring an integration process) and for general research on international trade. A component of the system relates to the Generalized System of Preferences (GSP) to the extent that it includes information on available tariffs, preferential margins, rules of origin and other regulations affecting the export interests of developing countries vis-à-vis preference-giving countries.

79. **Features.** The TRAINS CD-Rom can be compared to a specialized library with books on trade-related topics, currently containing:

- 9 more than 100 volumes of tariff schedules, 45 of which are for 1997;
- 9 some 30 volumes with para-tariff measures;
- 9 some 50 publications on non-tariff measures, produced by UNCTAD;
- 9 some 100 volumes on detailed import statistics by origin for 69 reporting countries, some of them for the five successive years of the period 1992-1996.

80. The software that accompanies the information on the CD-Rom is designed to render compatible the presentation and analysis of several databases. It enables the user to search for and sort data, as well as to do comparative data analysis in an effective manner not possible in a conventional library. For each of the more than 5,000 basic items of the current international trade classification, as well as for any aggregate thereof, it allows for a cross-country comparison of basic indicators on the import regime, such as tariff averages and the incidence of non-tariff measures; likewise, it allows the same comparison to be made of import values. The further development of the TRAINS software, *inter alia*, the integration into it of the SMART module (System for Market Analysis and Restrictions on Trade), is being carried out in collaboration with the World Bank. A subsystem (TRAINS for the Americas) is also being developed in collaboration with the Inter-American Development Bank for extension of the database with information on bilateral preferential trade agreements, as well as on rules of origin for the Western Hemisphere.

81. For dissemination purposes, UNCTAD has invited member States and subregional institutions to designate TRAINS focal points which, in addition to being supplied with updated information on trade control measures, also serve as a channel through which UNCTAD obtains recent information on countries or regions, particularly computerized information on tariffs and trade, as well as documentation on para-tariff and non-tariff measures. Among the regional secretariats actively collaborating with UNCTAD are those of ALADI, SAARC, SIECA and UDEAC. The TRAINS CD-Rom is available to other parties that make a minimum contribution to the UNCTAD trust fund created for this purpose.

82. **Output/results/impact.** The widespread use of the UNCTAD Database, particularly in the publications of such organizations as OECD, the World Bank and the IMF, as well as UNCTAD itself, attests to the recognition of its usefulness.

In addition, the TRAINS information system is widely used in Ministries of Trade and National Export Promotion Offices. That a number of universities and private organizations have made voluntary contributions to the TRAINS trust fund is a good indication of the value of the system. Citations from reports of the OECD and the WTO as to the usefulness of the TRAINS Database confirm the eminent place of the TRAINS software and the Database on Trade Control Measures as tools for analysis and international discussion on market access conditions and trade barriers.

TRAINS for the Generalized System of Preferences (GSP)

83. **Development context/objectives.** The aim of TRAINS for GSP is to increase transparency on GSP and other preferential tariffs available to developing countries, and, more specifically, to facilitate the spread of up-to-date information on tariffs and para-tariffs amongst Mediterranean and other GSP preference-receiving countries by disseminating TRAINS to GSP focal points.

84. **Features/output/results.** During the period under review, in cooperation with preference-giving countries, updated information was incorporated into the 1997 version of TRAINS on new and revised GSP schemes and preferential EU tariffs for the Mediterranean countries and for countries in transition. The new version was distributed to GSP focal points in Spring 1998. This resulted in an enhancement of the usefulness of TRAINS for the increased utilization of preferential schemes. The development of an Arabic version of the software continued during 1997 and is expected to be ready for distribution in 1998, thereby increasing the accessibility and utilization of TRAINS in the Mediterranean countries.

85. Advisory missions were sent to the Industry and Trade Coordination Division (SITCD) of the SADC Secretariat, in Dar-es-Salaam, to improve the utilization of TRAINS at the regional level. National advisory services were also made available for Mozambique, Namibia and South Africa on software utilization and presentation during these field activities.

c. **Preferential Arrangements**

(i) **Market access, trade laws and preferences**

86. **Development context.** The overall aim of the present project is to enable developing countries to take advantage of newly created trade possibilities and opportunities through the optimum utilization of multilateral and bilateral trade preferences of a non-reciprocal or reciprocal nature. The project is also intended to give them a better understanding of, and familiarization with, the trade laws and regulations governing market access conditions to third country markets.

87. **Objectives.** The project has the following main objectives: (i) to increase utilization of the trading opportunities and trade preferences in force under the preferential arrangements, such as GSP, the Lomé Convention and other bilateral agreements; (ii) to increase regionalization efforts and foster intraregional trade by supporting and enabling government officials to conduct negotiations at multilateral and regional levels.

88. **Features.** Technical cooperation activities under the project are directed at addressing market access needs and trade policy difficulties at regional and multilateral levels, including assistance to countries involved in negotiating free

trade agreements (FTAs). In particular, workshops and seminars on GSP and other preferential arrangements are conducted in various developing countries as well as advisory missions and workshops on regional integration such as those in the SADC area. These activities are complemented by specific advisory missions on trade laws, rules of origin and techniques of tariff liberalization.

89. **Output/results.** During the period under review, the project undertook the revision and updating of the handbooks of all GSP schemes (13) as well as the handbook on trade arrangements under the Lomé Convention, in order to provide adequate information and support for a better utilization of these trade preferences. So far the project has finalized the GSP handbooks for Canada, the European Union, Norway and Switzerland. It has compiled a handbook on trade laws of the EC and a handbook on trade arrangements under Lomé IV following the Mauritius revision of the Convention. Various leaflets on specific subjects were also prepared and distributed.

90. At the same time, the project started to organize a computerized tutorial based on the abovementioned handbooks to be made available on CD Rom, diskettes and Internet to developing country administrations and GSP focal points. It also reestablished relations with preference-giving countries to update the GSP trade data system, which contains data on country/product utilization rates under the different GSP schemes.

91. In Southern Africa, advisory missions were undertaken to the Industry and Trade Coordination Division (SITCD) of the SADC Secretariat on the implementation of the SADC Trade Protocol with a view to establishing an FTA in the region.

92. Country-specific advisory missions were also undertaken, in Mozambique, Namibia and South Africa, concerning the forthcoming negotiations on the SADC Trade Protocol. Specific advice was given during these missions on the different options available for tariff dismantling, utilizing the SMART methodology.

93. In South Africa, a joint pilot project, financed in conjunction with the Department of Trade and Industry (DTI), has carried out a study on the possible implications and trade effects of an FTA with the EU. Round tables were held with DTI and advisory memoranda were prepared on the implications of rules of origin. A workshop on quantitative requirements relating origin to South Africa-EU negotiations was also held in Johannesburg.

94. In Namibia, a workshop was conducted on trading opportunities and market access under the SADC Trade Protocol, Lomé Convention and GSP schemes in the post-Uruguay Round context.

(ii) The Global System of Trade Preferences among Developing Countries (GSTP)

95. **Development context/objectives.** The GSTP was established as a framework for the exchange of trade preferences among developing countries with a view to promoting their mutual trade. Since its entry into force, 43 countries have become participants. The Second Round of GSTP Negotiations was conducted with the aim of facilitating the process of accession to the GSTP and advancing the exchange of trade concessions. The objective of the UNCTAD GSTP project is to support these processes.

96. **Output/results.** In the course of 1997, technical support was provided for the implementation of the GSTP preferential concessions. Support activities were related to servicing meetings of the GSTP bodies. Background notes were provided to developing countries interested in participating in the GSTP, and information was made available to delegations and experts from capitals attending trade meetings in Geneva. Technical assistance was extended to developing countries participating in the Second Round of GSTP Negotiations. Supportive activities covered the areas of product-by-product negotiations, across-the-board tariff reductions, and direct trade measures.

97. In the course of the product-by-product negotiations, a large number of participating countries have submitted their consolidated lists of concessions which, collectively, would establish the schedule of concessions for the Second Round.

(iii) Technical cooperation on trade relations and economic cooperation in the Mediterranean region

98. **Development context.** The implementation of the Uruguay Round Agreements and the reorientation of European Union (EU) trade policy towards third countries has resulted in drastic changes in market access and trade relations for the developing countries of the Mediterranean region. The Barcelona Declaration of October 1995 envisages the establishment of a Euro-Mediterranean Free Trade Zone by the year 2010, involving bilateral association agreements between the EU and individual Mediterranean countries, to be followed by closer ties among the latter. These developments confront the region with a significant shift in the trade policy of their main trading partner, from non-reciprocal to reciprocal market access. The establishment of the Association Agreements will also extend to areas beyond trade in goods, involving the adaptation of trade-related policies especially as regards intellectual property rights, competition law, customs cooperation and standards.

99. **Objectives.** The objective of the project is to support the Mediterranean countries' efforts to meet this challenge by assisting in the negotiation and implementation of the agreements, and to lay the groundwork for the second phase of the Barcelona programme, i.e. the establishment of free trade agreements (FTAs) among Mediterranean countries.

100. **Features.** In order to achieve the project's objectives its activities comprise two main features:

- (i) providing support to policy makers on selected topics such as preferential market access extended by the EU to each Mediterranean country and territory for agricultural goods, also in comparison to EU concessions in WTO, alternatives for liberalization of the industrial sector, provisions regarding intellectual property rights, competition law, liberalization in services, customs cooperation, environmental and technical standards, etc.
- (ii) familiarizing the business community with the coverage and depth of the tariff cuts and other preferential market access provisions.

101. **Output/results.** At the request of interested Mediterranean Governments, the project carried out, during the period under review, advisory missions and workshops to build negotiating capacity and assist in evaluating the implications of implementing specific provisions of the Association Agreements. Advisory missions were conducted to Algeria, Egypt and Jordan.

102. The project has started to implement a sub-regional project financed by UNDP on the Maghreb strategy for integration. The objective of this subproject is to carry out a study on the trade policy choices and strategy which could be adopted by the members of the Union du Maghreb Arabe (UMA) to achieve a regional FTA or customs union in line with the overall objective of the establishment of a Euro-Mediterranean free trade area by the year 2010. At the same time, other sub-national projects are in course of operation in Egypt, while an advisory mission in Jordan has finalized a project document including a component aimed at providing information to the business community.

103. In the period under revision, the publication of a series of studies, handbooks and leaflets was finalized and distribution of the comments on these has already started. The series covers:

- 9 Access to EU markets for agricultural products after the Uruguay Round and export interest of Mediterranean countries (UNCTAD/ITCD/TSB/Misc.5)
- 9 Market access for exports from Mediterranean countries and territories into the European Union markets: A handbook for exports. Part A: Algeria, Egypt, Jordan and the Syrian Arab Republic (UNCTAD/ITCD/TSB/Misc.3)
- 9 Market access for exports from Mediterranean countries and territories into the European Union markets: A handbook for exports. Part A: Algeria, Egypt, Jordan and the Syrian Arab Republic. Addendum (UNCTAD/ITCD/TSB/Misc.3/Add.1)
- 9 Market access for exports from Mediterranean countries and territories into the European Union markets: A handbook for exports. Part B: Morocco and Tunisia (UNCTAD/ITCD/TSB/Misc.7)
- 9 Market access for exports from Mediterranean countries and territories into the European Union markets: A handbook for exports. Part B: Morocco and Tunisia. Addendum (UNCTAD/ITCD/TSB/Misc.7/Add.1)
- 9 Anti-dumping and safeguards in the EU-Mediterranean association agreements (UNCTAD/ITCD/TSB/Misc.10). Published in May 1998
- 9 A preliminary analysis of the implications of the competition law provisions in the EUROMED Agreements (UNCTAD/TSB/Misc.8). Published in May 1998
- 9 Issues of intellectual property rights protection in the Euro-Mediterranean Agreements. Forthcoming

104. Overall, the activities have contributed to addressing the issues that are likely to have a fundamental bearing on the future of the EU-Mediterranean countries. They include: (i) trade liberalization for EU industrial products; (ii) rules of origin; (iii) agricultural exports; (iv) competition law, IPRs and trade liberalization on services.

(iv) Assistance to countries of the Asian region on MFN and preferential tariffs negotiations and GSP utilization

105. **Development context/objective.** The programme aims at strengthening the capacity of developing countries in Asia in tariff negotiations, to increase the utilization of GSP benefits, and to provide a better understanding of the import remedy measures of major trading partners. The programme will also identify trading opportunities following the tariff reductions effected by the Uruguay Round.

106. **Output/results.** The project started in the second half of 1997, initially by strengthening and updating information materials such as the Handbook on trade laws of Japan and the Directory of import regimes. National seminars on GSP and other trade laws in Cambodia and Viet Nam and an advisory mission to the Lao People's Democratic Republic are being prepared.

2. Commodities

a. Commodity-based Development and Diversification

107. **Objectives.** The objectives are as follows: (i) to assist governments of commodity-dependent countries in the design and implementation of policies and measures to facilitate horizontal and vertical diversification, and/or improve the performance of traditional commodity sectors, and (ii) to help the enterprise sector to benefit from the opportunities available, and deal with the new challenges, in the post-Uruguay Round trading framework.

108. **Features.** The programme consists of country- and sector-based analytical studies, policy advice and capacity building.

109. **Output/results/impact.** In 1997 several requests were received from commodity-dependent countries. Resource constraints, however, allowed only one positive response. Financed by UNDP, Angola, expert analyses and preparation of a policy framework were undertaken for the rehabilitation of the coffee and palm oil sectors of Angola.

b. Commodity Marketing and Risk Management

110. **Objectives.** The main objective is to ensure cost savings, as well as more efficient planning and management for Governments, parastatals and the private sector through better use of modern marketing and financing possibilities in commodity trade.

111. **Features.** The programme features the publication of analytical studies and manuals, policy advice, awareness-raising activities and training.

112. **Output/impact/results.** The largest activity in 1997 was the Second African Oil Trade Conference, held at Harare, Zimbabwe, from 15 to 17 April. This Conference (organized with the Eastern and Southern African Trade and Development Bank, and the National Oil Company of Zimbabwe and with considerable private sector sponsorship including from African companies), attracted some 170 participants from over 25 African countries. UNCTAD has received requests from 18 countries, including many LDCs, to assist them in the identification of oil price risks and the development of improved marketing, risk management and financing

strategies for oil. Lack of donor support has so far made it impossible to respond positively to any of these requests.

113. UNCTAD's work on emerging commodity exchanges has helped to advance their development in several countries. Finance has been provided by the World Bank for UNCTAD's work on commodity exchange development in Turkey, and by the Indonesian Government for a mission to Jakarta. UNCTAD has also published a paper on "Emerging commodity exchanges, from potential to success" (UNCTAD/ITCD/COM/4), giving operational guidelines for the creation and operation of commodity exchanges.

114. Training on modern commodity marketing and risk management methods was held in Cuba (sponsored by the private sector), Kuala Lumpur (sponsored by the Kuala Lumpur Commodity Exchange) and Senegal (as part of the TRAINFORTRADE programme for Francophone West African countries). Other technical cooperation activities during 1997 included the provision of information and analyses on recent changes in sugar policies and marketing practices, at the Second World Sugar and Sweeteners Conference (sponsored by the private sector), held in Cuba from 21 to 23 October 1997.

c. Natural Resources

115. **Objectives.** In the context of participatory development and the social impacts of mining, the principal objective has been to assist developing country Governments in implementing policies which ensure that the interests of local communities are taken into account at an early stage of project development and that solutions acceptable to all the stakeholders are reached.

116. **Features/output/results.** UNCTAD has developed a model framework to assist in the identification, analysis and management of long-term mineral resource issues. This framework includes training on tools, techniques and methodologies to support a cooperative approach to sustainable development that will involve all the stakeholders, including local communities. The model framework consists of a geomangement system and an economic/ecological model. A first pilot project has been initiated in South Africa, where UNCTAD is cooperating with the Government of the Northern Cape Province in exploring development alternatives for the Namaqualand region, which is heavily dependent on the mining of diamonds and base metals. During 1997, an economic model of the region was prepared. It is used by the Provincial Government to assess the consequences of anticipated reductions in mining employment and to evaluate different scenarios for the future development of the region.

3. **Trade, Environment and Development**

117. **Development context.** Agenda 21 stressed the need to make trade and environmental policies mutually supportive through appropriate actions at the national and multilateral levels. This requires the attention, among others, of policy makers, the business community, academic institutions and non-governmental organizations. UNCTAD IX has requested UNCTAD to continue to play a special role in this field, including through technical cooperation.

118. The main **objectives** of UNCTAD's technical cooperation programme on trade, environment and development are the following:

- 9 To assist in increasing awareness and understanding of the complex linkages between trade, environment and development;
- 9 To enhance the capacity of the public and private sectors of developing countries to address, in a participatory framework, trade and sustainable development issues;
- 9 To support the effective participation of developing countries in deliberations in the relevant international forums; and
- 9 To contribute to the design and implementation of economic policies and measures to ensure that developing countries obtain economic benefits from the full use of the Convention on Biological Diversity.

119. **Features/activities.** Technical cooperation activities in this area are closely linked with the intergovernmental work programme, and are implemented through a number of projects. Activities are carried out in close cooperation with UNDP, UNEP, WTO, ITC, and other organizations as well as with representatives of the civil society, including research institutions and non-governmental organizations.

120. **Output/results.** Analyses of country-specific experiences regarding the interlinkages between trade and environment policies were completed for Costa Rica, Malaysia and Thailand. Arrangements were made for including these studies, together with studies completed earlier, in a forthcoming publication entitled "Reconciling trade and the environment: Lessons from case studies in developing countries", published by Edward Elgar, Aldershot, United Kingdom.

121. A series of research studies on the experience of selected developing countries with regard to the effectiveness of trade measures and other positive measures in achieving the objectives of certain multilateral environmental agreements (MEAs) and a synthesis review on this issue were completed. Summaries of these studies, dealing with experiences in India, Indonesia, the Republic of Korea, the Philippines and Thailand, and of the synthesis review are being undertaken with a view to their publication in book form.

122. The UNCTAD secretariat prepared a background document on trade and environment issues of key interest to the least developed countries, which was submitted at an expert meeting held in New York on 3 and 4 April 1997 to evaluate the implementation of special measures in favour of LDCs provided for in Agenda 21. This meeting was organized by the Office of the Special Coordinator for Africa and the Least Developed Countries of the Department for Policy Coordination and Sustainable Development, in cooperation with UNCTAD, in preparation for the special session of the General Assembly which took place in June 1997.

123. National case studies on the effects of environmental policies, standards (in particular ISO 14000) and regulations, including their impact on strategic export sectors, with emphasis on small and medium-sized enterprises (SMEs), in Viet Nam, Lao People's Democratic Republic, Nepal and Mongolia were initiated in 1997, to be completed in the first quarter of 1998. The findings of the studies will be discussed at a workshop to be held at Hanoi in the second quarter of 1998.

124. Preparatory work was undertaken in connection with the organization, in cooperation with the Ministry of Commerce and Consumption of Madagascar, of a national seminar on trade, environment and sustainable development, held at Tananarivo in March 1998. A preliminary study was carried out by a national

consultant to identify trade and environment issues of particular relevance to Madagascar.

125. An advisory mission was undertaken in the context of a technical assistance project in India and the Philippines on an integrated multi-stakeholder approach to the sound and cost-effective management of environmental and occupational health risks of recycling hazardous waste. An interagency working group of the Philippines Government endorsed the project proposal in August 1997 and designated a focal point for its implementation.

126. **Impact.** The results of the activities described above, which are disseminated through workshops and seminars, as well as publications which may reach a wider audience, contribute to increase awareness of the challenge of integrating trade, environment and development concerns, and to enhance understanding of the complex linkages between policies in these three dimensions. The studies undertaken have stimulated policy analysis, debate and conceptual work, and facilitated consensus-building among developing countries on the interaction of environmental and trade policies, as well as increased and more effective participation by these countries in the international deliberations on these issues.

4. Competition Law and Policy and Consumer Protection

127. **Development context.** Strengthened competition enhances overall economic efficiency and significantly improves the prospects for sustained economic growth and development. The worldwide implementation of fundamental market-oriented economic reforms has unleashed considerable competitive forces, which play a key role in ensuring the success of the reforms and need to be supported by the appropriate rules of the game. However, many developing countries and economies in transition, still do not have up-to-date competition legislation and policies, or do not apply them with full effectiveness and request technical assistance in this area. At UNCTAD IX, UNCTAD was given a mandate to enhance technical cooperation in this area by "promoting national competition and consumer protection law and policy formulation".

128. **Objectives.** The programme aims at assisting countries in formulating or reviewing competition policies and legislation, at contributing to the building of national institutional capacity in this area and at providing government officials and private entrepreneurs with a better understanding of competition laws and policies.

129. **Features.** Assistance is provided in accordance with requests received, the needs of the countries concerned and the resources available. The main types of technical cooperation activities can be described as follows:

- 9 Provision of information about restrictive business practices (RBPs), their existence and possible adverse effects on the economy. This may involve a study on restrictive business practices in a specific country;
- 9 Introductory seminars directed at a wide audience, including government officials and academics, as well as business and consumer-oriented circles;
- 9 Assistance to countries which are in the process of drafting competition legislation in the form of provision of information on such legislation

- 9 in other countries or advice as to drafting their competition legislation
- 9 Advisory services for the setting-up of a competition authority; this usually includes training of officials responsible for the actual control of RBPs and may involve training workshops and/or on-the-job training with competition authorities in countries with experience in the field of competition;
- 9 Organization of seminars for countries that have already adopted competition legislation, have experience in the control of RBPs and wish to consult each other on specific cases and exchange information;
- 9 Assistance to countries which wish to revise their competition legislation and seek expert advice from competition authorities in other countries, so as to amend their laws in the most effective manner possible;
- 9 Assistance in the area of creating a "competitive culture" and preparing developing countries, including the LDCs as well as economies in transition, for future multilateral negotiations in this area.

130. Output/results. In 1997 UNCTAD assisted the Dominican Republic, Egypt, Madagascar, Malawi and Mauritius in preparing, elaborating or reviewing their competition legislations. UNCTAD also assisted Zambia in drawing up the structure and operational procedures of its National Competition Commission. Competition experts engaged by UNCTAD prepared reports assessing the Tunisian experience in implementing competition policy.

131. A "Seminar on the Enforcement of National Laws on Competition and Restrictive Business Practices" was held in Colombo, Sri Lanka (28 April-2 May 1997), organized by the German Government (DSE and the Federal Cartel Office) and in cooperation with UNCTAD. During the Seminar an interesting exchange of experiences took place among experts from national competition authorities of Germany and Sri Lanka.

Regional activities

132. In Asia, a "Regional Seminar on Competition Policy and Consumer Protection in the Context of Liberalization" was jointly organized by UNCTAD and PRO-PUBLIC, a prominent Consumers NGO of Nepal, on 29-30 September 1997, in Kathmandu, Nepal. Its aim was to highlight the importance of competition policy for Nepal and to have an exchange of views on the benefits of competition policy for all countries, including LDCs, and, in particular, the benefits for consumers.

133. Concerning activities in Latin America, following the meeting between ambassadors of Central American countries and UNCTAD in November 1997, a full-fledged draft document on assisting these countries in the area of competition policy was prepared by UNCTAD and submitted for funding to potential donors. Moreover, a technical cooperation project on competition law and policy in countries of the Free Trade Area of the Americas (FTAA) was prepared by UNCTAD, and revised and adopted by the Working Group on Competition Policy of the FTAA in September 1997.

Participation in seminars and conferences

134. In 1997, staff members of UNCTAD took part in a number of seminars, workshops and conferences related to issues of competition law and policy and consumer protection. In particular, resource persons from UNCTAD made substantive

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presentations and/or participated in discussions in the meetings which took place in Cameroon, Chile, Germany, India, Korea (Rep. of), Morocco, Peru, the Russian Federation and Thailand.

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C. Division on Investment, Technology and Enterprise Development

1. International Investment, Transnationals and Technology Flows

135. Among the various activities implemented by UNCTAD in this area in 1997 were projects related to transnational corporations and industrial restructuring in developing countries, tradeability of services, the determinants of foreign direct investment flows to Brazil, and Asian direct investment in the European Union. The latter activities resulted in the publication of *Sharing Asia's Dynamism: Asian Direct Investment in the European Union*, and the forthcoming publication on the determinants of FDI in Brazil. Other main activities are described below:

a. Work Programme on a Possible Multilateral Framework on Investment (PMFI)

136. **Development context.** The establishment of the World Trade Organization's Working Group on the Interrelationship between Trade and Investment and the ongoing negotiation of a Multilateral Agreement on Investment (MAI) in the Organisation for Economic Co-operation and Development (OECD), as well as several other regional initiatives concerning the international legal framework for foreign direct investment (FDI), have given new momentum to the involvement of developing countries and economies in transition in discussions on a Possible Multilateral Framework on Investment (PMFI). These discussions require delegates and others participating in them to be thoroughly familiar with key issues concerning FDI and especially their development dimension, as well as with key concepts likely to be considered in the context of a PMFI.

137. **Objectives.** The objectives of this programme of projects follows the UNCTAD IX Midrand Declaration "A Partnership for Growth and Development" (TD/377 - paragraph 89b), stipulating UNCTAD's role in identifying and analysing implications for development of issues relevant to a possible multilateral framework on investment. The prime objective of UNCTAD's work in this area is to help developing countries and economies in transition to participate as effectively as possible in international discussions on investment rule-making, be it at the bilateral, regional, plurilateral or multilateral level. This reflects the need for greater information, transparency and proper economic and legal analysis of this subject. More specifically, UNCTAD's work aims at consensus-building and seeks to help developing countries to deepen their understanding of the issues involved, explore the range of problems that need to be considered, identify interests, and, in particular, ensure that the development dimension is understood and adequately addressed.

138. **Features.** Important features of this programme of projects are: (i) the preparation of a series of MFI Technical Papers, which will have as their primary objective to provide an analytical stocktaking of approaches to the issue under consideration in the context of international arrangements on investment, with particular emphasis on the development dimension, including a comprehensive analysis and documentation of how a particular concept has been used and what legal, economic and development trade-offs have been associated with different approaches; (ii) the organization of a series of regional symposia and seminars for Geneva-based delegates; and (iii) the organization of a number of training courses for diplomats and government officials on matters related to a Possible Multilateral Framework on Investment (PMFI).

139. Parts of the work programme (in particular the seminars for Geneva-based delegates) are jointly implemented with the WTO. UNCTAD is following closely the work and the discussions within the OECD and WTO and, in the latter case, is providing inputs to the Working Group on the Relationship between Trade and Investment. Experts from these organizations have already been involved in work undertaken so far in this area. UNCTAD is also interacting closely with the IMF and ICC.

140. **Output/results/impact.** Implementation of the work programme commenced with the regional symposium for Africa held at Fez, Morocco, on 19-20 June 1997. The symposium concluded with the "Message from Fez" that expressed the participants' hope that a similar symposium would be organized for Africa, to examine in depth key issues relevant to international investment rule-making, and especially their development dimension. Also in 1997, UNCTAD organized the first training course on the issue of a Multilateral Framework for Investment (MFI), held at Turin, on 1-3 December. As a complementary activity, UNCTAD cooperated in the organization of the European Industrialist Roundtable on a Possible Multilateral Framework on Investment (PMFI), held in Geneva, on 8 December 1997. The second session of the Commission on Investment Technology and Related Financial Issues (1997), urged UNCTAD to "continue its valuable work on analytical research and policy analysis for determining and assessing the developmental implications of issues related to a possible MFI", so as to "enable UNCTAD not only to help deepen the understanding of issues involved, but also to provide practical recommendations to governments and technical assistance in this area". The results of evaluations by participants in the regional symposium in Fez also point in this direction.

b. EFDITS: Expansion of Foreign Direct Investment and Trade in Services

141. **Development context.** The project on Expansion of Foreign Direct Investment and Trade in Services (EFDITS) responds to a growing demand from developing countries to receive technical assistance in the area of service investment and trade liberalization and seeks to answer the following questions: What price do developing countries pay for inefficient service sectors in terms of forfeited economic development opportunities? And, to the extent that inefficiencies may arise from excessive protection of domestic service industries, how might increased liberalization of investment and trade in services assist in removing the burden such restrictions place on the economy?

142. **Objectives.** The project aims at assisting developing countries to assess the gains that they might derive from opening their services markets to foreign services providers, either through investment or trade.

143. **Features.** An important feature of EFDITS is the linkage between issues of foreign direct investment, temporary movement of personnel and movement of consumers with issues of "pure" cross-border trade. Such a link is necessary and contrasts with the case of goods, where investment and trade issues have traditionally been treated in a separate manner from a conceptual, practical and political viewpoint (i.e., in negotiating forums). Three agencies: UNCTAD, the World Bank and UNDP jointly implement the project.

144. **Output/results/impact.** Country reports for Uganda and Uruguay have been finalized and published as United Nations documents. The country reports for Thailand and Tunisia have been finalized and will be published shortly.

c. Technical Cooperation among Developing Countries to Expand and Strengthen the Role of Foreign Direct Investment by Small and Medium-Sized Enterprises in the Developing Countries of Asia

145. **Development context.** The project responds to a growing demand from developing countries in Asia to receive technical assistance as regards attracting foreign direct investment by small and medium-sized enterprises and to maximize their contribution to development.

146. **Objectives.** This project seeks to enhance the skills of national policy makers in the developing countries of Asia in formulating measures and programmes to attract foreign direct investment by small and medium-sized enterprises and to maximize their contribution to development.

147. **Features.** The project seeks to train decision-makers in policy formulation to promote foreign direct investment by small and medium-sized enterprises.

148. **Output/results/impact.** An international conference "SMEs-FDI-Development: Attracting SMEs and Promoting Development in Developing Asia" took place at Kunming, China, on 29 - 31 October 1997. Furthermore, a *Handbook on Foreign Direct Investment by Small and Medium-sized Enterprises: Lessons from Asia* (United Nations publication, Sales No. E.98.II.D.4) has been prepared and published in May 1998.

2. National Innovation and Investment Policies

a. FORINVEST: Policy Framework for Attracting Foreign Investment

149. **Development context.** With the globalization of economic activities, driven by increased liberalization, more and more developing countries are seeking investment by transnational corporations. This materializes in a pro-active policy designed to maximize foreign investment flows with a view to increasing external capital/foreign exchange, exports, employment and training, technology capacity and management and marketing skills.

150. **Objectives.** To assist developing countries in strengthening their capacity to create and manage the policy and operating climate in which foreign investment and international business can thrive.

151. **Features.** FORINVEST provides advisory services and training packages related to investment policy, investment legislation, investment codes, sectoral policies governing the participation of transnational corporations in specific sectors, technology transfer and mechanisms for attracting investment (such as export processing zones, industrial estates and Build-Operate-Transfer arrangements).

152. **Output/results.** During the reporting period, components of the FORINVEST programme were implemented in the following countries: Albania, Bangladesh, Eritrea, Gambia, Sao Tome and Principe, Uganda, and in the West Bank and Gaza Strip. Furthermore, UNCTAD was involved in a number of regional initiatives such as in the Group of Arab States and the Union Economique et Monétaire Ouest Africaine (UEMOA). The following cases exemplify how the programme was implemented:

- 9 *Sao Tome and Principe*. UNCTAD continued to implement a series of activities related to providing assistance to the Government in the development of an improved legal and fiscal framework for investment. Activities in 1997 included the development of implementing legislation for investment laws drafted by UNCTAD and subsequently adopted into decrees by the Government.
- 9 *West Bank and Gaza Strip*. Following the fielding of a number of missions to Palestine during 1995 and 1996 at the request of the Palestinian Authority and UNDP, UNCTAD has been asked to begin with the implementation of a project entitled "The Development of an Industrial Estate in Nablus: Project Feasibility, Implementation Strategy and Environmental Impact". In July-August 1997 a pre-feasibility study was conducted and, based on its results, a tender for the feasibility study was issued. The feasibility study for the Nablus Industrial Estate will be completed in 1998.
- 9 *Uganda*. At the request of the Government of Uganda a project has been implemented to strengthen the capacity of the Uganda Investment Authority in developing an industrial estate and export processing zone. In this regard, legislation has been proposed concerning foreign investment and export processing zones in particular. Furthermore, a pre-feasibility study has been undertaken jointly with UNIDO to evaluate a proposed site near the capital.
- 9 *Group of Arab Countries*. A project has been initiated to harmonize relevant business legislation in Arab countries. For this purpose, studies of the business legislation were undertaken by local consultants in Egypt, Lebanon, Morocco and Saudi Arabia. The studies will be completed following an expert meeting in March 1998. Two seminars will be held in 1998 in order to discuss the studies and propose recommendations for the harmonization of business legislation in the Arab region.

b. Investment Policy Reviews (IPR)

153. **Development context.** In today's more competitive environment for foreign direct investment, a number of countries have requested independent assessments of their investment policies and business environment, which they hope will identify their strengths and weaknesses in terms of attracting FDI. Investment Policy Reviews (IPRs) are more complex than separate activities of FORINVEST, in that they focus on investment as part of a holistic process of enterprise development. They provide an analytical base and diagnostic tools to evaluate the strengths and weaknesses of the national system of innovation and production as this affects the attractiveness of countries to foreign investors. They involve ministries in dialogues over policy coherence with respect to this issue and public-private sector dialogues to strengthen policies and institutions relevant to FDI.

154. **Objectives.** To provide developing countries with an external tool for assessing how they stand today in attracting FDI of the right kind in consonance with stated national objectives, and incorporating a medium- to long-term perspective on how to respond to emerging regional and global opportunities.

155. **Features.** The IPRs encompass the following: (i) an examination of the country's objectives and competitive position in attracting FDI; (ii) an audit of

the country's FDI policy framework and administrative structures and procedures; (iii) a survey of firms to obtain investor's perceptions and experiences; (iv) a round table meeting of stakeholders to discuss preliminary findings, policy options and recommendations; and (v) a presentation at appropriate intergovernmental and international forums where other governments and private sector representatives can familiarize themselves with the country's investment environment and policies, and the country officials can also benefit from the peer review.

156. **Output/results.** Following endorsement of the IPR programme by UNCTAD IX, IPRs are being implemented with the financial support of the Government of Switzerland and UNDP in Egypt, Peru, Uganda and Uzbekistan. A further request was received from Ecuador. Its implementation is subject to the availability of funds.

c. TRANSACT: Negotiating International Business Arrangements

157. **Development context.** Successful agreements in today's complex international business environment require a command of innovative financial techniques and sophisticated legal and fiscal structures, as well as expertise in a variety of other disciplines.

158. **Objectives.** To assist Governments (and the private sector) in tackling the whole range of issues that arise in their negotiations with foreign investors, especially transnational corporations.

159. **Features.** TRANSACT provides advisory services and training packages related to investment projects, sectoral regimes, construction contracts and joint ventures, as well as to related technology transfer, finance and taxation issues.

160. **Output/results.** During the reporting period, components of the TRANSACT programme were implemented in these countries: Eritrea, Oman and Sao Tome and Principe. The following cases exemplify how the programme was implemented:

- 9 *Eritrea.* The Ministry of Energy, Mining and Water Resources of Eritrea was given assistance through a training programme in petroleum economics and petroleum fiscal systems and received the latest software in this area. Advisory services were provided in the implementation of a licence registration system.
- 9 *Oman.* At the request of the Government of the Sultanate of Oman, modern mining legislation and the related regulations and fiscal regime were drafted. Model contracts and licences for the mining sector were made available to the Government of Oman.

d. STAMP: Strengthening/Streamlining Agencies concerned with Maximizing and Promoting FDI

161. **Development context.** In an environment of increased liberalization, countries have been adopting a very pro-active policy of maximizing foreign investment flows, subject to the terms and conditions that prevail in a given environment.

162. **Objectives.** To assist developing countries and economies in transition in strengthening their investment institutions - especially investment promotion agencies (IPAs) - in streamlining their modes of operation and approval processes,

in monitoring the quantity, quality and impact of inflows and in promoting their host country as an attractive location. As a follow-up to the *Africa Connect Initiative*, special attention will be given to the institutional strengthening of IPAs in Africa and investment promotion efforts for the African region.

163. **Features.** STAMP provides advisory services and training packages related to: (i) setting up an investment promotion agency from scratch or to clarifying the identity, role and powers of existing institutions; (ii) establishing effective 'One-Stop' Agencies; (iii) procedures and practices that could be employed in encouraging and evaluating foreign investment inflows; (iv) the development of an information system capability to both effectively register/record inflows and to assess the impact on employment, taxation, balance of payments, training and technological development, and backward and forward linkages; and (v) setting up information systems, organizing promotional visits and promotional material (including brochures) and arranging investment round tables.

164. **Output/results.** During the reporting period, components of the STAMP programme were implemented in the following countries: Albania, Bangladesh, the Gambia and Uganda, as well as in the West Bank and Gaza Strip. Furthermore, UNCTAD was involved in a number of regional and interregional initiatives such as the World Association of Investment Promotion Agencies (WAIPA). The following cases exemplify how the programme was implemented:

- 9 *Albania.* Assistance was provided to the Government of Albania by continuing the institutional support to the Albanian Centre for Foreign Investment Promotion (ACFIP) including training and study tours. A new project proposal has been prepared to extend assistance to the Albanian Government in promoting foreign trade and investment.
- 9 *World Association of Investment Promotion Agencies (WAIPA)* In continuing its support to WAIPA, UNCTAD hosted the Second Annual WAIPA Conference in Geneva in September 1997. The Conference took place parallel to, and interacted with, the Expert Meeting on Investment Promotion. The participants who numbered over 200 included representatives of investment promotion agencies (IPAs) from more than 80 countries throughout the world, transnational corporations, multilateral organizations and international experts. The primary activities of the Conference were to (a) plan future WAIPA activities; (b) discuss worldwide trends in foreign direct investment; (c) exchange experiences on best practices in investment promotion, such as investment incentives and targeting; and (d) interact with representatives of transnational corporations, in particular on how locational decisions are being made by investors. In the context of the WAIPA initiative, the following publications were prepared by UNCTAD: (i) annual *WAIPA Report*; (ii) *1997 World Directory of Investment Promotion Agencies*; (iii) *Pro-Invest* news bulletin: A newsletter for investment promotion agencies.
- 9 Throughout the year 1997, UNCTAD continued to act as the temporary secretariat for WAIPA. Initiatives have been undertaken, including approaching donor governments and introducing a membership fee, in order to make the secretariat independent by the end of 1998.

e. COMSAT: Commercialization of Science and Technology

165. **Development context.** Research and development in science and technology play a key role in determining a firm's competitiveness and the commercial life of its products and services. Many transitional economies possess considerable scientific and technological capacity which could be, and in some cases is already being, developed and commercialized. However, the process of securing financing for R & D purposes, protecting the intellectual property that results from such research, and effectively linking the R & D activities with industry have proven difficult in the new market-oriented environment. Equally difficult has been the process of licensing this technology abroad or forming joint venture arrangements with foreign partners.

166. **Objectives.** To assist transitional economies (and developing countries) in strengthening their existing scientific and technological structures and institutions, and to assist in marketing related products and services internationally.

167. **Features.** COMSAT focuses on the following activities: prioritization of those areas in which science and technology-related products and services are likely to have a comparative international advantage, training private sector managers and government officials, establishment of international linkages, commercialization of domestically-developed technology, development of marketing skills and strategies, and encouragement of R & D linkages.

168. **Output/results.** During the reporting period, components of the COMSAT programme were implemented in a UNDP-financed project in Belarus, which was completed in 1997.

f. STIPs: Science, Technology and Innovation Policies

169. **Development context.** The purpose of science, technology and innovation policy reviews is to enable developing countries to evaluate the efficiency with which their scientific and technological, as well as their industrial, economic, educational and social institutions and mechanisms contribute to the development - particularly technological development - of their enterprises. By enriching the knowledge of how these policies are designed and applied, the reviews will help countries to improve their policies, while at the same time opening up opportunities for greater international cooperation.

170. **Objectives.** The STIP reviews are intended to facilitate effective integration of science and technology policies with development planning through, *inter alia*, establishing a constructive dialogue between the different agencies responsible for technology, investment, agriculture, trade, education and related issues with a view to building up and strengthening local technological capabilities and resources. In examining such issues, the STIP reviews aim at enhancing the policy making capability of Governments with respect to innovation and strengthening the technological infrastructure.

171. **Features.** The STIP reviews encompass the following: Upon an invitation from the responsible authorities, the UNCTAD secretariat carries out a brief programming mission in the participating country and jointly, with the local authorities, designs the content and guidelines of the country's background report. Following the completion of the background report by the national authorities, a small team of international experts, chosen together with the participating country, carries out an independent evaluation of the country's STI conditions and policies. Subsequently, the international review teams prepare a brief evaluation report, with the secretariat acting as a rapporteur, containing their own assessment of the STI system in the country and suggesting appropriate policy options. Finally, a round-table meeting is held in the country itself between the international experts, the secretariat and the key local players in the science, technology and innovation system, to discuss the preliminary findings, policy options and recommendations

172. **Output/results.** During the reporting period, the STIP reviews in Colombia and Jamaica were finalized. In relation with the Jamaican review, cooperation with WIPO was initiated to protect property rights in the music sector. In November 1997, the STIP review in Ethiopia was launched. Further requests have been received from Costa Rica, Romania and the United Republic of Tanzania. Their implementation is subject to the availability of financial resources.

3. Enterprise Development

a. EMPRETEC: Entrepreneurship and SME Development

173. **Development context.** Increasing the number of entrepreneurs in developing countries can provide the impetus for a vigorous developmental process, which generates a dynamic business environment with a multitude of new employment opportunities. In many cases, however, market imperfections work against small and medium-sized enterprises (SMEs), inhibiting the emergence of entrepreneurs and the growth of SMEs.

174. **Objectives.** EDB programmes promote entrepreneurship and SME development through public-private sector dialogue, rationalization of support services, networking, clustering and training. The programme aims at stimulating employment-creation investment, technology transfer and exports through the development of indigenous entrepreneurs and innovative SMEs.

175. **Features and outputs.**

(a) **Entrepreneurship development: EMPRETEC** The EMPRETEC programme focuses on the selection of promising entrepreneurs, entrepreneurship training workshops, assistance in enterprise creation, provision of business support, and the establishment of an entrepreneurs' network. A coalition of public officials, entrepreneurs, corporate managers, bankers and executives of transnational corporations facilitates the access of SMEs to the skills, technology, opportunities, training and information necessary to help them realize their objectives, expand their activities and establish productive, stable linkages with foreign companies. The programme aims to be self-sustainable at the end of UNCTAD's

typical four-year involvement. Since **EMPRETEC**'s inception in 1988, the programme has become operational in Argentina, Brazil, Chile, Colombia, Ghana, Nigeria, Peru, Uruguay, Venezuela and Zimbabwe, assisting more than 10,000 entrepreneurs through 24 market-driven local Empretec National Centres.

The following outputs were achieved in 1997:

- 9 *Egypt*. An EMPRETEC project for Egypt was formulated in consultation with the Government of Egypt. An agreement between UNDP and Egypt's Social Fund for Development to provide the funding for the first 18 months of a three-year programme has been signed.
- 9 *Morocco*. Initial activities on EMPRETEC Morocco were undertaken in cooperation with DESA, including a mission to ensure closer linkages between EMPRETEC Morocco and other EMPRETEC programmes. A private-public sector Foundation is being set up to oversee the project. Funding provided through Belgian cooperation has been secured for the first 12 months.
- 9 *Namibia*. A project based on the EMPRETEC model was formulated for Enterprise Namibia under the framework of Enterprise Africa, a UNDP initiative being implemented in cooperation with UNCTAD and other international organizations. UNDP will provide seed funding, and will seek additional funds from bilateral donors.
- 9 *Zimbabwe*. In Zimbabwe an additional 150 entrepreneurs were trained. Also, an Endowment Fund was created with support from the Reserve Bank, the private banking sector, UNDP, USAID, and DANIDA's Private Sector Programme. The Fund will guarantee the financial self-sustainability of the project and set a precedent for other EMPRETEC projects. The EMPRETEC Zimbabwe Foundation was established in 1997 at which time UNCTAD transferred the executing responsibility for the project to the Foundation, thus ensuring the organizational sustainability of the project.
- 9 *Mediterranean*. A capacity-building, integrated programme to foster the growth and competitiveness of SMEs in 10 countries of the region was formulated. Funding for the three-year programme is under consideration by the Italian Government.
- 9 *Latin America and the Caribbean*.
 - C *Central America*. An EMPRETEC programme for Central America was formulated in consultation with SICA (Sistema de Integracion Centroamericana) and leading SME organizations of the region. The Spanish Agency of International Cooperation (AECI) is considering funding the initial two workshops in Guatemala, and the national EMPRETEC projects for El Salvador and Nicaragua from bilateral funds.
 - C *Workshops on 'Management of Change'*. In addition, a series of training workshops on the 'Management of Change' to assist SMEs to succeed in increasingly competitive markets was held at Barcelona for 100 EMPRETECOS and other entrepreneurs from Latin America. AECI has agreed

to assist in the follow-up to these workshops through training activities to be conducted in the facilities of the Agency in Bolivia, Colombia and Guatemala.

- C *Caribbean*. An EMPRETEC Guyana project was formulated and UNDP funding negotiated. The project will be an initial activity of the EMPRETEC Caribbean regional project (including Trinidad & Tobago, and OECS countries) being negotiated with CARICOM and UNDP/RBLAC.
- 9 *Centres for Innovation and Enterprise Development (CIEDs)* Building on the experience of each of the EMPRETEC national projects and in response to changing demands, UNCTAD has developed EMPRETEC further by introducing an innovation focus and by integrating into the programme new sector-specific activities needed by SMEs to succeed in increasingly liberalized and eco-conscious markets. The new innovation thrust and corresponding activities have been structured through a *Centre for Innovation and Enterprise Development - CIED*, which will hereafter become a feature of new EMPRETEC projects, or will be established as separate entities in partnership with EMPRETEC projects. With financial support from IDRC (Canada), the CIED project was launched by a CIED Expert meeting on diagnostic tools and initial training, held in Geneva from 10 to 20 November 1997, to develop diagnostic tools that would have common characteristics for application in the CIED countries. The workshop was attended by a total of eight CIED team members drawn from Côte d'Ivoire, Ghana, the United Republic of Tanzania and Zimbabwe. During the workshop a CIED Toolkit was developed.
- 9 *EMPRETEC Panel*. An EMPRETEC Panel of successful EMPRETECOS was organized for the first session of the Commission on Enterprise, Business Facilitation and Development (20-24 January 1997). EMPRETECOS testified to the important impact of the EMPRETEC programme on their businesses.
- 9 *EMPRETEC Directors' Meeting*. A Meeting of EMPRETEC Directors, Heads of EMPRETEC Associations, and leading EMPRETECOS took place on 6-12 November 1997 in Geneva/Lyons for the purpose of exchanging information on best practices among EMPRETEC national projects and other SME support programmes. The Meeting also assessed the first 10 years of EMPRETEC, and identified a series of new activities to multiply the impact of the programme on the enterprise sector during the second decade.

b. Other SME Development Programmes

176. 9 *Enhancing the participation of women entrepreneurs in LDC economies* This project assesses and reports on the impact that successfully implemented policies have had in promoting women's entrepreneurship, and identifies those measures adopted at international conferences which have not been implemented but need to be in place for women to become and remain entrepreneurs in the formal sector. Ten LDCs have been selected for the project: Burkina Faso, Cambodia, Ethiopia, the Gambia, Haiti, Madagascar, Nepal, the United Republic of Tanzania, Vanuatu and Zambia.
- 9 *Growing small and micro enterprises in LDCs* This project is intended to contribute to the development of national production capacity by means of

stimulating the "missing middle" in the enterprise sector by proposing practical policies and measures which promote the growth of small and micro-enterprises and increase their linkages with the formal sector. The project includes Burkina Faso, Nepal, Samoa and Zambia.

- 9 *Restructuring of the Indigenous Business Advisory Service* The project is to assist Gambia's effort in restructuring IBAS and to transform it into an autonomous institution.
- 9 *Promotion of competitive and innovative SMEs in Somalia* The project is organizing a workshop in 1998 to be held in Dubai to discuss selected issues crucial for the successful participation of Somali business persons and traders in international trade, and to examine possible technical assistance activities to strengthen and promote private sector development, including participation in trade, in Somalia.
- 9 *Networking through trade and direct investment in commodities and other products.* This project brings together Asian and African entrepreneurs in a series of workshops in Asia and Africa to explore possible business links. A five-day Asian-African trade and investment networking workshop was held at Harare in November 1997 with the participation of some 60 African entrepreneurs from 12 sub-Saharan countries and 6 business persons from Indonesia, Malaysia and Thailand.
- 9 *Transfer and diffusion of publicly funded R & D on environmentally sound technologies (ESTs).* In collaboration with DESA and UNDP this project identifies ESTs in the public domain, sets up networks and data banks and provides assistance to developing countries in obtaining such ESTs. Particular attention is paid to mechanisms to support the transfer of ESTs to SMEs.

c. Accounting Reform and Retraining

177. **Development context.** Accurate and understandable financial information is necessary to enable Governments and investors and other users of financial information to make financial decisions. Reliable financial information is *asine qua non* for increasing foreign direct investment, for stable stock exchanges and for sound banking systems. In order to attract foreign investors and partners, enterprises must be able to instil confidence via reliable financial statements.

178. **Objectives.** The programme's aim is to assist Governments and enterprises to formulate and implement accounting and auditing laws and standards, together with other relevant regulations according to internationally accepted accounting principles.

179. **Features.** Technical assistance projects have been developed over many years in conjunction with UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). The UNCTAD programme adapts international standards for use by developing countries and countries in transition which have many difficulties with interpretation and implementation.

180. **Output/results.**

- 9 *Azerbaijan.* Model accounting legislation was worked out with the Ministry of Finance in 1996 with funding from UNDP. To create an enabling environment for the passage of this legislation, UNCTAD has been training 400 auditors during 1997-1998 who will be able to understand and use the international accounting principles and standards which are in the draft legislation. The training is funded by EU Tacis.

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**D. Division for Services Infrastructure for
Development and Trade Efficiency**

1. Trade Infrastructure

a. Transport

(i) The Advance Cargo Information System (ACIS)

181. **Development context.** One of the major factors hindering the economic development of developing countries is the high cost of transportation resulting from extended door-to-door transit times. A combination of both physical and non-physical constraints account for this situation. To assist these countries to overcome this problem, UNCTAD has developed and is installing a transport management tool called ACIS.

182. The **objectives** of ACIS are as follows:

- 9 To provide information on the progress of consignments so that market pressures can be applied to identify and cure delays and other problems;
- 9 To reduce costs to shippers, thus enhancing trade competitiveness;
- 9 To foster subregional integration and partnership with transport clients;
- 9 To change the transportation culture by promoting business partnerships between those involved with cargo transit and transferring appropriate technology.

183. **Features.** Out of the four components of ACIS respectively designed to track cargo on rail, at ports, on rivers and on roads, RailTracker and LakeTracker have attained a level of performance enabling them to be installed on any relevant network, while PortTracker is still under development. The Backbone Information System is also under development for commissioning in 1998.

184. **Output/results/impact.** The RailTracker system is now fully operational on 15 African networks and on Bangladesh Railways. In Eastern Africa it connects the networks of Kenya, United Republic of Tanzania, Uganda and Zambia. A recent independent assessment report, commissioned by the donor (European Union), reported that RailTracker is running at a high level of satisfaction. More specifically, wagon turnaround in some cases has been brought down from 50 to 15 days, transit time between entry port and landlocked destination is reported to have been reduced from 25 to 5 days, the control of the locomotive and wagon fleets has increased availability considerably, and the higher charges for foreign wagons on one network (TAZARA) fell from \$1,8 million/month to zero. Other savings were reported, such as \$20,000 per month for Kenya Railways through abandoning the leasing of obsolete computer equipment. Finally, a trend is emerging which shows that rail traffic is starting slowly to recuperate some of the traffic formerly lost to roads, because the shippers are now confident that they can access ACIS RailTracker directly by Internet and thus know the whereabouts of their cargo at any given moment. Indeed, Eastern African Railways see ACIS as a tool that confirms the ability of railways to handle their freight business, to speed up transport times, to reduce theft, i.e. to improve their quality of service in general, and enable them also to talk to the port operators to organize fast exchanges of goods between interfaces.

(ii) Ports, shipping and training

Rehabilitation of Somali Ports Management

185. **Objective.** In this area of activity the objective is to facilitate the functioning of the country's economy and trade through the rehabilitation and effective functioning of the ports, and in particular:

- 9 To establish secure, efficient and financially viable port authorities;
- 9 To support the long-term rehabilitation of port facilities and equipment, including through contributions to fund-raising activities;
- 9 To set up a human resources development plan;
- 9 To advise UNDP and other donors under the umbrella of the Somali Aid Coordinating Body on port and transport matters;
- 9 To rehabilitate buildings for the Bari regional administration.

186. **Features/output/results.** The rehabilitation programme for Somali ports funded by UNDP and the European Union continued to be concentrated in Bosasso and Berbera and to focus on advisory and training activities. In addition to on-the-job training, formal training for staff is now provided in the recently established port training centres. Managers from Berbera undertook a study tour of two Indian ports which are handling dhows and the Madras Port Trust training facilities. In Bosasso, the rehabilitation and construction of administrative buildings provided the facilities needed to deal with a spectacular increase in the local population. The programme activities in these two ports have contributed to their normal functioning which is essential for economic development.

Assisting Thai private sector participation in maritime and related services

187. **Development context.** A large number of developing countries are presently undertaking activities to open maritime markets and to transfer ownership in maritime assets from the public to the private sector, on the basis of appropriate governmental policies that provide companies with the necessary tools to compete effectively in liberalized markets.

188. **Objectives and features.** The project, which has been implemented in Thailand on a pilot basis, comprehensively assesses national maritime transport policies and practices with the aim of improving sector competitiveness and ultimately of promoting imports/exports in the regional and international markets in a liberalized trading environment. To this end, the project has made policy proposals aimed at strengthening the framework for private sector participation in the maritime field and has provided management training to local operators.

189. **Output/results.** The project has provided the Thai Government with a number of proposals on action to be taken to improve the framework for private sector participation in maritime transport. These proposals were discussed and approved on the occasion of a national maritime sector meeting attended by 170 participants from both private and public sector institutions. In addition, three training courses for 100 managers were conducted in 1997 on strategic planning and the introduction of quality management.

190. Project activities will now commence in other Asian countries. They will thus provide for major tools in implementing the Action Plan on Infrastructure

Development in Asia and the Pacific (New Delhi Ministerial Conference), which identified activities of this project as a priority in their efforts to develop efficient maritime transport and related services.

Training: Strategic planning for senior shipping managers (STRATSHIP) and on-the-job training in shipping and ports (JOBMAR)

191. **Development context.** A vital aspect of development is the ability to trade competitively in the world economy. Efficient maritime transport services are a prerequisite to reach overseas markets, as the incidence of freight and insurance costs is particularly high for developing countries' exports and a decisive factor in determining the marketability of developing countries' goods.

192. **Objectives.** The global shipping industry is characterized by rapid technology change, consolidation of companies, large capital investments, high risk and a critical demand for well-trained management. The goals of both Stratship and Jobmar are to improve the performance of shipping management through human resource development.

193. **Features.** Stratship workshops generally last three working days and are based on a mixture of presentations, case studies and a computer-based management game. The main purpose of the computer simulation is to reinforce the concepts developed in the workshop, create actual decision-making experiences and upgrade management skills in a competitive environment.

194. JOBMAR emphasizes a "hands-on" approach to acquiring management skills. Experience, which cannot be simulated by traditional training methods, is gained by effectively dealing with business situations under actual commercial pressures and progress is measured by practical results.

195. **Output/results.** To date more than 40 Stratship workshops have been delivered (four of them held in 1997), and over 800 participant national counterparts trained. Evaluations by participants continue to be very positive. Specific comments emphasize the usefulness of the training in strategic planning activities, increasing competitiveness and improving overall company performance.

196. The demand for JOBMAR placements exceeds available posts and existing resources. Nevertheless, since its inception, 50 managers have participated, of whom three were placed in 1997. Evaluations by both trainees and host companies indicate a high level of satisfaction and that the mutual benefits of cooperation extend beyond the training and have expanded commercial network relationships.

b. Trade Facilitation

(i) ASYCUDA - Customs Modernization and Reform

197. **Development context.** An efficient and effective customs administration is essential to the welfare of any country. It benefits the national economy by collecting revenue. It assists the Government to implement national and international policy. It protects the country by combating fraud and the illegal trafficking of prohibited and restricted goods. It provides the statistical information on foreign trade transactions essential for economic planning and it

encourages international trade. However, customs administrations in many countries often fall short of being efficient and effective.

198. **Objectives.** The ASYCUDA programme is directed at reforming the customs clearance process. It aims at speeding up customs clearance through the introduction of computerization and simplification of procedures and thus minimizing administrative costs to the business community and the economies of countries. It also aims at increasing customs revenue, which is often the major contributor to national budgets in most countries, by ensuring that all goods are declared, that duty/tax calculations are correct and that duty/exemptions, preference regimes, etc. are correctly applied and managed. Furthermore, it aims at producing reliable and timely trade and fiscal statistics to assist in the economic planning process as a by-product of the customs clearance process. An important objective of ASYCUDA projects is to implement the systems as efficiently as possible with a full transfer of know-how to national customs administrations at the lowest possible cost for countries and donors. Projects also introduce international standards, including UN/EDIFACT, and the active cooperation among a steadily growing number of ASYCUDA user countries further increases mutual benefits.

199. **Features.** ASYCUDA is a computerized customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, accounting procedures, and warehousing manifest and suspense procedures. It generates detailed information about foreign trade transactions which can be used for economic analysis and planning. Steps are now being taken to prepare the necessary software to include transit procedures.

200. The ASYCUDA software operates on various types of hardware in a client/server environment. Transaction and control data are stored on a relational data base management system. It takes into account all international codes and standards relevant to customs processing as established by ISO, WCO (World Customs Organization) and the United Nations. ASYCUDA can be configured to suit national characteristics such as individual customs regimes, national tariffs, customs regulations and legislation, and after the initial configuration it remains fully flexible so as to adapt to changing customs regimes, regulations and legislation, as required. It also provides for electronic data interchange between traders and customs administrations using UN/EDIFACT rules.

201. The ASYCUDA implementation strategy has been developed to respond to the challenge represented by such a complex reform programme. It aims to ensure the full transfer of know-how in order to make for national long-term sustainability. At the same time it requires strong national commitment at all levels and it provides for continuous progress evaluation. Project activities are carried out in the following three phases:

(1) The preparation phase proceeds with an assessment of the actual situation. The national team, together with the international advisers, identify areas requiring reform, such as the introduction of international codes, the streamlining and simplification of clearance procedures, the alignment of forms to international standards, and the modernization of the national customs law to conform to the Kyoto Convention. While some of these reforms can be achieved and introduced early in the project, others need to be established through legislation and may therefore take much more time to implement. During this phase, technical

and functional ASYCUDA implementation courses are delivered to build up the national implementation team and to prepare the psychological foundation for them to develop a sense of ownership of the system.

(2) The pilot implementation phase includes the preparation of the national ASYCUDA configuration, i.e. the coding of the tariff and the related regulations and legislation, the data entry of the control tables (declarant codes and addresses, customs office codes, etc.), and the preparation of valuation and selectivity systems. Computers for the pilot offices (normally headquarters, an airport, a sea port, a land boundary and an inland clearance office) are installed and tested to confirm that the configuration of the system fully meets the requirements of the national regulations. The reform activities initiated in phase one are continued as necessary. A work plan for the implementation of the system throughout the country (phase 3) is elaborated, together with an estimate of the resources required. A large ASYCUDA familiarization training programme for customs staff and trade users is delivered during this phase.

(3) The roll-out phase can potentially be implemented by the national team with little or no assistance from international experts if the transfer of skills and know-how was successfully completed during the first two phases. This phase is much more of a logistic challenge than an intellectual problem: it requires the physical preparation of all sites to be computerized, a large amount of training based on the model training courses of phase two, and the technical installation and support of computer systems in the identified sites. The configuration of the customs software will simply be copied from the appropriate pilot sites. The first two phases have a minimum duration of 18 months and will only succeed with strong political commitment and support from the highest levels, and with the full time availability of a competent and motivated multiskilled national team of customs and technical staff.

202. **Output/results/impact.** The impact of ASYCUDA projects can easily be assessed through the increase in customs revenues, the availability of reliable trade statistics and the reduction in average clearance time. In some countries the results are less impressive, mainly because of resistance to the in-depth reforms of the customs system that the implementation of the programme requires.

203. In Romania the ASYCUDA project has now been installed in over 95 locations nationwide and covers 90 per cent of all trade. The increase in the availability of statistics has already greatly benefited fiscal analysis. In the former Yugoslav Republic of Macedonia and in Romania, the systems have been integrated into the national computer network and the control of moving cargoes has been introduced through the manifest module.

204. With 32 active projects and expenditures exceeding \$6 million in 1997, ASYCUDA is the single largest technical cooperation programme of UNCTAD. Overall, there are now more than 70 countries worldwide that have adopted the ASYCUDA programme, and 60 are utilizing it on a regular basis. In 1997, five new projects were signed, namely with Jordan, the three Baltic States and Sri Lanka, for an upgrade to the latest version of ASYCUDA. One of the main features in the development activities of the Programme is the search for new partnership agreements and the consolidation of those already in existence with private sector companies.

(ii) Multimodal Transport and Trade Facilitation

205. Development context. International trade requires efficient door-to-door logistics chains, and simple trade formalities, procedures and operations. It is essential to improve the quality of international transport and logistics, adapt commercial practices to international standards and remove unnecessary trade barriers. The efficient operation of transport modes and interface facilities is a necessary precondition for effective improvement of international trade and transport operations.

206. The objectives of UNCTAD's activities in these areas are not only to focus on improving the physical features (the "hardware") of the transport network, but also to improve the performance of transport operators and auxiliary services, to change the commercial behaviour of users, and to introduce innovative relations between public institutions and transport providers and users (the "software") of international trade and transport. An additional objective is to eliminate outdated procedures, and multiple, non-standardized documents, which result in additional transaction costs and unnecessary delays.

207. Output/results/impact. Pursuant to General Assembly resolution 49/102 of 19 December 1994, which requested UNCTAD to elaborate a programme for improving the efficiency of transit transport operations in the newly independent, land-locked States of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and their transit neighbours, UNCTAD continued its work on this UNDP-financed project together with the relevant United Nations bodies and other international organizations. The development of the Central Asian countries' transit transport is recognized to be vital to their economic recovery and growth, so the improvement of their transit transport links with world markets is considered to be a major strategic objective.

208. In September 1997 a series of workshops was organized in all five Central Asian countries, to consider a draft regional Transit Transport Framework Agreement (TTFA), designed to provide a solid regulatory foundation for efficient transit operations in Central Asia, and to take stock of the positions of these countries on different provisions of the draft elaborated by the UNCTAD secretariat. A consolidated draft TTFA was subsequently prepared and presented to the Negotiating Conference on the TTFA convened from 17 to 21 November 1997 in Asghabad (Turkmenistan). The Conference agreed to finalize the draft TTFA and to present it for signature at a Conference with the participation of all interested countries.

209. The TTFA will promote transit transport facilitation in the region by: (a) coordinating region-wide transit transport policy; (b) facilitating transit transport through the coordination of regional transport networks; (c) harmonizing technical standards of regional transport networks; (d) adopting basic rules governing transit transport operations; (e) introducing simplified and harmonized customs procedures in order that transit goods may travel with minimum interference *en route* and yet offer maximum safeguards; and (f) setting up an effective institutional support arrangement for transit. The TTFA is reinforced by Protocols which provide operational underpinning. These Protocols are an integral part of the TTFA.

210. The first action under the Memorandum of Understanding (MOU) signed in November 1996 in Montevideo (Uruguay) between the Latin American Integration Association (Asociación Latino Americana de Integración) (ALADI) and UNCTAD for the promotion of trade and transport facilitation in Latin American countries took place in November 1997, at the request of the Bolivian Government. A seminar on trade and transport facilitation was subsequently organized in Bolivia. This triggered the organization of additional seminars in Cochabamba and Santa Cruz, under the umbrella of the local Chambers of Commerce.

211. In May 1997, the "Comité de Liaison Europe-Afrique-Caraïbes-Pacifique pour la promotion des fruits tropicaux, légumes de contre-saison, fleurs, plantes ornementales et épices" (COLEACP) and UNCTAD signed a Memorandum of Understanding for technical assistance in the areas of logistics and training. UNCTAD participated in two missions: one to review the economics and logistics of bobby beans exports (Ethiopia, June 1997), and the other to suggest improvements in the management of air-freight issues for bobby beans exported from Dakar and Port Saint Louis (Senegal, July 1997).

212. Also, in May 1997, two meetings were held in Cairo, Egypt, for the Arab League, and in Sana'a, Yemen, where UNCTAD, *inter alia* presented its *Growth Package*.

2. Business Facilitation

Banking and Insurance

Development of competitive insurance markets

213. **Development context.** The establishment of a stable and efficient financial services sector is essential for the development and growth of the economies of developing countries. Insurance constitutes one of the major elements of the financial services sector. Its protection function and institutional investor role is fundamental to the sustained development of developing countries. Today, the introduction of market economy principles and liberalization (in particular of financial services) oblige Governments of developing countries to establish effective regulatory and supervisory systems.

214. **Objectives.** The overall objective of UNCTAD in this area is to help to establish more efficient and better functioning insurance markets in developing countries. This is being done through a number of activities aimed at increasing the expertise and professionalism of the personnel of insurance supervisory bodies, promoting cooperation between supervisory authorities, and enhancing skills and competences in the insurance industry.

215. **Description of activities in 1997.** Training seminars for the staff of insurance supervisory authorities were organized on the subject of "Monitoring the financial solvency of insurance enterprises", at Abidjan, in March 1997 (in which 33 representatives of 13 African countries participated), and in Anguilla in October 1997 (in which 24 representatives of 13 Caribbean countries participated). Another training seminar on "Monitoring the financial solvency of insurance enterprises", was organized at Harare, in November 1997 (in which 34 representatives of 16 African countries participated). UNCTAD also contributed substantially to a number of meetings such as the Conference of the Group of Off-

shore Insurance Supervisors, the meetings of the Caribbean Association of Insurance Regulators and the Association of Caribbean Insurers, all held at Barbados in June 1997. It also participated in the Conference of the African Insurance Organization in Cairo in May 1997 (where it dealt in particular with agricultural insurance, export credit insurance and insurance supervision). In addition, it organized, in cooperation with AIO, a meeting on Insurance Companies Management, at Johannesburg in December 1997.

216. **Output/results/impact.** An evaluation of the training programme for the African supervisory authorities was conducted in 1997. It showed that the project contributed significantly to the improvement of expertise among the personnel of supervisory authorities and to the increase of cooperation among African supervisory bodies. The project, beyond the objectives set initially, contributed to bring substantial changes to the insurance market and regulatory frameworks of many countries: out of the 20 countries that responded to the evaluation questionnaire some 13 countries mentioned that, following their participation in the UNCTAD programme, important changes were made in their insurance market and regulatory and supervisory frameworks.

Technical Assistance to the Palestinian Authority to establish a Financial Regulatory Authority for the Insurance Sector

217. Technical assistance was given to the Palestinian Authority to implement the actions recommended in the report of an initial fact-finding mission (organized in April 1996). This mission had assessed the needs of the Palestinian Authority to establish its own insurance regulatory authority (to take over responsibility from Israel for supervision of its insurance sector), and to set up a fund for victims of road accident when motorists are uninsured.

218. The Palestinian Insurance Regulator recommended that UNCTAD should continue to assist with the implementation of the actions required to establish the insurance regulatory authority and the above-mentioned fund for road accident victims. To this end a mission was undertaken in November 1997. This mission worked on the implementation of the recommendation made in 1996 to replace the existing tax on insurance premiums as the source of finance for the Road Accident Victims Compensation Fund by a small increase in road fuel tax. Other issues will have to be dealt with (including those related to reinsurance and catastrophic losses), and the Palestinian Authority requested continued assistance from UNCTAD for this purpose. The mission in cooperation with the Palestinian Authority also developed a project to introduce training courses and tests of competence for insurance intermediaries.

219. In addition, assistance was given to the insurance regulator's office to ascertain the solvency of insurers in the Palestinian market. Further assistance was requested by the Palestinian authority to implement control measures and to assist them in obtaining detailed and accurate information from insurers. A mission scheduled for May 1998 to continue this work is designed to provide practical assistance to improve the solvency and security of the Palestinian insurance sector.

3. Services for Development

a. New Financial Services

220. Development context. Micro-credit has proved to be an efficient and sustainable tool to combat poverty. The Micro-credit Summit, held in Washington, D.C. in February 1997, was very successful in increasing awareness about the success of micro-finance as a tool to alleviate poverty on a large scale. It pledged to mobilize \$20 billion to reach 100 million poor people by the year 2005, \$12 billion from the public sector and \$8 billion from private markets. Associated in this effort, the Consultative Group to Assist the Poorest (CGAP) focuses on channelling public funds to this sector and on the dissemination of "best practices" among MFIs and governments.

221. In liaison with these initiatives, UNCTAD focuses on the channelling of private funds towards the micro-enterprise sector. In 1996, the "Banque Internationale à Luxembourg" (BIL) decided to create a Fund which aims at investing in short-term debt instruments issued by MFIs in developing countries. The Fund will be managed by one of the world's largest asset management companies, Axa Investment Managers. Throughout a five-year period, the Fund should invest \$100 million in micro-banks in the developing world.

222. The objective is to increase the amount and reduce the cost of credit available for people living in poverty by opening up international financial markets to micro-banks operating in the developing world. What is sought is to enable micro-banks in developing countries to meet private international investors with a view to mobilizing resources in greater quantity and at a better price for the former, while offering, to the latter, the possibility of diversifying into a profitable and fast growing new market with a positive impact on development.

223. The BIL Micro-credit Fund is the first instrument designed to channel private funds on a massive scale towards the micro-enterprise sector. It will demonstrate in practice that it is possible to make a profit while contributing to social development.

224. Output/results/impact. Two main difficulties had to be overcome: (1) finding reliable investees, i.e. micro-banks willing and able to mobilize funds under market conditions, and (2) defining for each target country simple and secure ways to invest in unlisted companies and discover what legislation (foreign investment and tax aspects) is applicable.

225. UNCTAD established contact with many micro-banks, mainly in Latin America and in Asia. Meetings were organized with officials of BIL and Axa who explained their criteria for investment. A database was developed, showing detailed financial information for micro-banks willing to mobilize commercial resources. Detailed financial profiles are already available for 100 micro-banks (mainly in Latin America). Contact data are available for more than 400. It is foreseen that it will shortly be possible to consult and update the data through the Internet. The database also includes legal and tax data relating to around 20 countries selected as priority targets by the BIL Fund.

226. Studies were undertaken to define the most efficient investment process. Particular attention was devoted to investigating the possibility for NGOs to issue

debt titles which could be considered as valid investment instruments by the Fund. The possibility of establishing a secondary market for titles issued by micro-banks was explored.

227. Several banks and financial institutions showed interest in participating in the BIL initiative or in launching other investment Funds targeting micro-banks. The increasing recognition by the private financial sector of the investment potential which lies in the market of financial services for the poor is one of the main contributions of this programme. During an UNCTAD Commission meeting in December 1997 in Geneva, a representative of the world's second largest asset management company described the micro-banks as "a valid and profitable new class of assets".

b. Human Resources Development

228. **Development context.** Trade in goods requires that services, and notably transport services, be readily available, offering both efficiency and diversity. The terms of foreign trade and its potential to grow depend on the existence and nature of such services, and these depend above all on people - their skills, knowledge and attitudes and their operating environment.

229. The primary **objective** is to provide or reinforce in-country capacity for training and human resource development with regard to managing international transport, so that the training needs of the sector can be identified and satisfied most comprehensively through local resources or TCDC arrangements. A secondary objective is to provide training materials or to arrange training that responds to immediate problems or policy issues not amenable to local solution. The development objective in both cases is that countries enhance their conditions of trade and opportunities for trade through more efficient and diversified services.

230. **Features.** UNCTAD has a well-tried and thoroughly documented training methodology adapted to the needs of the international transport sector, with the result that instructional techniques, curriculum development, and management of training and HRD can be conducted locally to high professional standards. UNCTAD has also created a system of cooperation, based on regional networking, that enables training centres or institutes to cooperate together in the preparation and conduct of training, as well as exchanging experiences concerning strategic development. Interested training centres can join one of eight regional networks associated with the global TRAINMAR network; UNCTAD maintains a Central Support Team to assist the network and centres in developing and implementing strategies, maintaining standards, and obtaining external support where necessary.

231. **Output/results/impact.** More than 50 training centres or institutes now cooperate in the global TRAINMAR network. They cooperate within eight regional networks, and several run their own national networks themselves. Together they have the capacity to train some 10,000 persons per year. Training developed by the centres themselves or by UNCTAD for their use covers port management, shipping, legal issues, multimodal transport and general management. The courses exchanged among centres have recently been enhanced by the preparation of long-term career training in modular form with the focus on management of (1) ports and (2) transport and logistics.

232. The effects of training are notoriously difficult to measure, especially since training takes place in parallel with improvements in infrastructure, technology, and commercial and social systems. Evaluations that have been conducted show that the training offered by TRAINMAR centres reaches high standards and tackles local issues effectively; since there is no comparable system available the programme ought to be considered of high utility to participating countries. As training is conducted under the authority of local institutes, precise performance statistics are not, in any case, available to UNCTAD, nor do project funds channelled through UNCTAD in any way represent the investment in TRAINMAR, since this is mostly undertaken by countries themselves or funds channelled to them directly. In 1997 there were nine TRAINMAR projects being executed directly by UNCTAD, and funds disbursed amounted to \$328,506 excluding overheads.

4. The Global Trade Point Network (GTPNet)
(Web site address: <http://www.unicc.org/untpdc>)

233. **Development context.** The Trade Point Programme is the operational component of the Trade Efficiency initiative. Trade Points are interconnected in the GTPNet, a global, Internet-based trade-related network, launched at the Symposium on Trade Efficiency (UNISTE) in 1994 as a major tool for the integration of developing countries and SMEs worldwide into the global economy.

234. On the occasion of UNCTAD IX, member countries confirmed that UNCTAD's primary role in this sector is to assist developing countries and countries in transition in generating trade-supporting services which are adapted to their special requirements, with a particular focus on services addressing the needs of small and medium-sized enterprises. The secretariat was requested to consolidate the GTPNet.

235. The main **objectives** are to enhance the participation of developing countries and economies in transition in international trade, with special emphasis on SMEs and LDCs; to reduce transaction costs and promote better trade practices; to allow better access for traders to trade-related information and global networks; and to promote the use of international EDI standards such as UN-EDIFACT.

236. **Features.** With UNCTAD IX, the Trade Point Programme entered the third phase of its existence. It consists of building upon the results achieved in the first two phases to upgrade GTPNet from a pre-transactional trade network into a transactional tool, through which actual payments can be made and contracts signed. This phase continued throughout 1997.

237. Strong inter-institutional cooperation between UN/ECE, ITC and UNCTAD continued during 1997. For example, ITC carried out several missions to Trade Points and participated in two regional Trade Point meetings held in Latin America. At the Mexico meeting (November 1997), ITC gave a three-day seminar on trade information to Trade Points.

238. In 1997, Trade Points continued to exchange experiences and cooperate in order to improve the Network. Some Trade Point directors also assisted other Trade Points (especially in their set-up phase), through, *inter alia*, advisory missions to other Trade Points. Several **regional meetings**, seminars, workshops and conferences were held:

- 9 *Western Africa*. The Regional Forum for Western African Trade Points was established at Dakar (Senegal) in July 1997;
- 9 *Eastern and Southern Africa*. The second regional meeting of Eastern and Southern African Trade Points was held at Harare, (Zimbabwe) in July 1997. At this meeting, an interim committee comprising five countries was set up in order to prepare the creation of a Forum for Eastern and Southern African Trade Points;
- 9 *Latin America*. A meeting of 17 MERCOSUR country Trade Points was held at Cordoba (Argentina) in March 1997; a Brazilian Trade Point meeting was held at Salvador (Brazil) in September 1997; a Colombian Trade Point meeting was held at Bucaramanga (Colombia) in October 1997; and the annual meeting of the Inter-American Trade Point Forum was held at Mexico City in November 1997.

239. All **GTPNet** technical cooperation projects continued in 1997, except one on the "Establishment of the Global Trade Point Network Backbone Connection", which had been completed. A new project on "Increasing the participation of Romanian SMEs in international trade through the establishment of a Trade Point in Bucarest" was launched in 1997.

- 9 Electronic Trading Opportunities (ETOs) continued to be disseminated to an increased number of subscribers. ETOs are offers and demands for products, services, investment, joint ventures, etc. They are collected from Trade Points and third-party information providers and distributed via a central E-mail switch and Internet newsgroups to subscribers worldwide. Currently, 1,000 ETOs are disseminated per week to approximately 10,000 subscribers.
- 9 The Web incubator continued to grow in many countries, particularly the LDCs, access to Internet is still slow or costly. In such cases, the GTPNet provides a free service to 'incubate' the Internet sites of Trade Points: Web pages are created and maintained free of charge by UNCTAD.

240. The **UNCTAD Trade Point Development Centre** has continued to work towards moving the Trade Points from the pre-transactional to the transactional stage. A pilot secure intranet link - the Secure Electronic Authenticated Link (SEAL) - was established between Australia, the United States and China. Through the SEAL, the GTPNet will be able to ensure that only certified traders have access to electronic trading facilities on the network. In the future, Trade Points will act as certifying entities within the SEAL infrastructure.

241. **Output/results/impact**. As of January 1998, 117 countries were involved in GTPNet, of which 21 were LDCs. There were 82 Trade Points at the feasibility stage,² 12 at the development stage³ and 44 at the operational stage.⁴

² *Feasibility stage*: UNCTAD received an official request from the Government, and a Trade Point coordinator was appointed.

³ *Development stage*: The Trade Point was recognized as a legal entity in its country, and its business plan was submitted to UNCTAD.

⁴ *Operational*: The Trade Point started to offer services to its clients, particularly SMEs.

242. An average of 200 Electronic Trading Opportunities (ETOs) were disseminated daily to over 10,000 subscribers. It is estimated that, every day, ETOs reach over 7 million companies around the world. In December 1997, the ETO listserver on the Internet ranked among the top 20 sites by number of messages delivered daily (as rated by L-soft International, Inc.).⁵ A survey was carried out with ETO users in 1997. It showed that 86 per cent of ETO users receive responses to their ETOs and 27 per cent of those conclude business deals on the basis of ETOs. The value of these transactions is in 50 per cent of the cases < \$10,000; however, in 10 per cent of the cases it is > \$1,000,000. Trade Points use the ETO system as their main source of information for the trade-matching services offered to their clients.

243. The content of the UNCTAD TPDC Web site continued to grow substantially during 1997 (<http://www.unicc.org/untpdc>). Mirror sites continued to be operational, thus giving the GTPNet a large Internet presence at very low cost. Moreover, Web traffic continued to increase exponentially. It has been estimated that, by the end of 1997, the combined UNTPDC sites around the world accounted for approximately 5 million hits every day.

244. In Western Africa, a regional forum for Trade Points was created (July 1997). This forum is part of an initiative launched with the creation of the Inter-American Trade Point Forum in November 1996, and represents a further step towards the creation of an institutional body governing the GTPNet.

245. A Trade Point survey was carried out with operational Trade Points. Major findings are that the GTPNet has been successful in introducing advanced information technologies to developing countries, which host 81 per cent of the operational Trade Points; the programme has reached its target group, namely SMEs; and the involvement of the private sector is significant.

246. The "*Trade Point Review*" was published in September 1997. The document presents some of the results from the Trade Point survey, detailed information on Trade Point activities in each region, maps of mirror sites and Trade Point locations, a status report on the GTPNet, and the Trade Point strategy and priorities for the coming years.

5. TRAINFORTRADE

247. **Development context.** The shifts taking place in the world commercial environment and the acute need for more active participation by each country in the multilateral framework of international trade have presented new challenges to the developing and transitional economies in 1997. Under such circumstances, a new approach to human resources development counts among the strategic steps to be taken at national and subregional levels in order to meet the requirements for the right skills, knowledge and attitudes. In 1997, the activities carried out within the framework of the TRAINFORTRADE Programme have mirrored the recommendations of the ninth session of UNCTAD held at Midrand, in 1996, relative to the enhancement of the capacity of interested developing countries and economies in transition to trade efficiently.

⁵ <http://www.lsoft.com/ltop/LTOP-199712.html#TOPBYDELIV>.

248. **Objectives.** In accordance with its mission, the TRAINFORTRADE Programme aims at strengthening the training capacities of the developing countries and transitional economies in the field of international trade and related services. The main objectives accomplished in 1997 were the following: (i) the expansion of the network of institutions collaborating on a partnership basis with the TRAINFORTRADE Programme; (ii) the setting-up of a core of training competencies in each target country or subregion, able to initiate and continue local programmes for the development of human resources involved in international trade; (iii) the development of the pool of training packages available to the network member institutions, with a view to meeting the specific national or subregional needs.

249. **Features/output/results.** The activities of the TRAINFORTRADE Programme have been focused on developing countries from the Arab and African regions, as well as on transitional economies from Eastern Europe, specifically on Romania. A systematic view of these activities enables the following to be pinpointed:

- 9 *Training of course developers.* In order to ensure methodological compatibility between the training institutions assigned to develop, adapt or update training packages, the TRAINFORTRADE Programme organized a workshop on course development in February 1997, at the United Nations College of Torino (Italy). This training event was attended by participants from Benin, Côte d'Ivoire, Morocco, Romania, Senegal and Tunisia. In August 1997, a workshop on course development was organized in Bucharest, for Romanian specialists.
- 9 *Training of course leaders.* The local implementation of the training programmes relies upon the course leaders who are subject-matter specialists in charge of the delivery of specific training packages. In April 1997, in Geneva, a training of trainers workshop on "International Commercial Diplomacy and Policy" was organized for French-speaking countries. The participants in the workshop came from West Africa (Burkina Faso and Senegal), the Maghreb countries (Algeria, Morocco, Tunisia), and Romania.
- 9 *Joint workshops.* Building on the training capacities developed in Tunisia, the TRAINFORTRADE Programme of UNCTAD organized in 1997, jointly with the Ministry of Commerce and Faculty of Law, Economics and Political Sciences from Sousse, a workshop under the title "Les développements récents des Accords de l'OMC et leurs implications sur les stratégies de développement du commerce de la Tunisie". The workshop was held in December of that year, at Sousse.
- 9 *Development and adaptation of TRAINFORTRADE courses* Great importance was attached to the pool of training packages. The needs of both the French- and English-speaking countries which cooperate in the TRAINFORTRADE network were taken into account. In addition, a set of training packages was drawn up by the Romanian course developers. The actions initiated in this respect are indicated below:
 - C in the first quarter of 1997, the French version of the course "The New Multilateral Framework of International Trade" was developed and subsequently validated through the training of trainers workshop held in Geneva in April 1997;

- C during the second half of the year, five new modules on regional integration topics and two modules on negotiation techniques were added to the English version of the same course, with a view to preparing this version for the training of trainers workshop in January 1998;
 - C starting with June 1997, a set of 12 training packages targeting the macro and micro levels active in the field of international trade and related services has been developed within the Project TRAINFORTRADE, Romania, for the implementation of the courses in 1998.
- 9 *Network expansion.* The TRAINFORTRADE network of training institutions continued to expand, owing to the new members from developing countries and economies in transition, who are interested in joining and developing partnership relationships for human resources training. Institutions typifying these new members are the Bahrain Institute of Banking and Finance and the University of Bahrain (Bahrain); the Polytechnic School of the Dubai Chamber of Commerce and the Gulf Institute for International Law (United Arab Emirates); Jordan Export Development & Commercial Centres Corporation (Jordan); and the Institut Supérieur de Comptabilité et d'Administration des Entreprises (Morocco).

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**E. Office of the Special Coordinator for Least Developed,
Landlocked and Island Developing Countries**

250. Although LDC issues including technical cooperation projects are being considered throughout the UNCTAD secretariat, the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries is responsible for coordinating the activities relating to the countries in question. The core function of the Office of the Special Coordinator comprises coordination of sectoral work, monitoring the implementation of the Paris Programme of Action and other relevant Programmes of Action, providing inputs for review by the Trade and Development Board of the progress made in the implementation of the Paris Programme of Action, and promoting the implementation of specific actions related to the particular needs and problems of landlocked and small island developing countries. This Office is also responsible for mobilizing resources for, and administering the allocation of, the Trust Fund for the Least Developed Countries. In addition, it is responsible for the implementation of a number of technical assistance projects.

Trust Fund for Least Developed Countries

251. In accordance with the recommendations of UNCTAD IX that least developed countries should constitute a cross-cutting issue in the work of UNCTAD, and with the focus assigned to them in UNCTAD's technical cooperation activities, the Trust Fund for LDCs was established and became operational in early 1997. The objective of this Trust Fund is to facilitate the start-up of new activities in favour of LDCs and enhance UNCTAD's technical cooperation activities in support of those countries. The Trust Fund attracted earmarked and unearmarked contributions/pledges from donors, including non-traditional and developing countries (see also the overview (TD/B/45/6-TD/B/WP/109), Part IV).

252. **Features.** The focus of the technical assistance activities backstopped in 1997 by the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries related to the implementation of core projects of the Trust Fund for LDCs financed by unearmarked contributions used for the elaboration of UNCTAD-wide Integrated Country Programmes for strengthening supply capacities of tradeable goods and services for LDCs (ICPs). The core project of the Trust Fund for LDCs also includes activities related to the follow-up on the implementation of measures in favour of LDCs adopted by major global conferences.

253. With regard to the specific problems of landlocked developing countries, the technical assistance provided by the Office was focused on the substantive preparations for the consultative group meetings between landlocked and transit developing countries and the third meeting of governmental experts between landlocked and transit developing countries and representatives of donor countries and financial and development institutions.

254. The activities of the projects backstopped by the Office were carried out through a combination of field work and research.

255. **Output/results/impact.** Activities undertaken in 1997 under the core project of the Trust Fund for LDCs include elaboration of framework ICPs for Bangladesh, Cambodia, the Gambia and Madagascar. Draft ICPs are being revised in the light of the needs assessment exercise for trade-related technical assistance for LDCs carried out in the context of the WTO High-level Meeting on Integrated Initiatives

for Least Developed Countries' Trade Development, and the Integrated Framework for Trade-related Technical Assistance, including for Human and Institutional Capacity Building, to support LDCs in their Trade and Trade-related Activities. However, implementation of some of the activities identified in the ICPs referred to above was initiated in 1997, among other countries in the Gambia, where consultancy and advisory services were provided for the formulation of framework trade policy, investment policy and the investment code, as well as restructuring of Indigenous Business Advisory Services, and in Cambodia on customs automation and trade efficiency.

256. The follow-up activities and implementation of measures in favour of LDCs adopted by major global conferences continued to make good progress in the areas of fiscal and financial sector reforms, the Uruguay Round and enhancement of the participation of women entrepreneurs in LDCs. Under the components of Financial and Fiscal Sector Reforms and the Uruguay Round, activities consisting of a combination of desk work and country studies, involving country missions, were carried out. Country studies were prepared for Bhutan, Ethiopia, the Gambia, Madagascar, and Zambia. These country studies were undertaken as part of the overall support given in implementation of the reforms, and were disseminated to national authorities involved in financial, fiscal and trade policy formulation and implementation. With a view to ensuring the essential complementarity between technical cooperation and analytical work, as recommended by UNCTAD IX, these country studies were also used for the preparation of the Least Developed Countries Annual Report. With regard to enhancement of the participation of women entrepreneurs in LDCs, country studies were prepared by national consultants for Burkina Faso, Cambodia, Ethiopia, the Gambia, Madagascar, Nepal, the United Republic of Tanzania, Vanuatu and Zambia. These country studies will be used for the preparation of a synthesis report to be followed by three national seminars.

257. With reference to the landlocked developing countries, the Office of the Special Coordinator backstopped in 1997 a UNDP-financed project on the review of recent developments regarding a transit transport system for landlocked developing countries. The activities undertaken related to the preparation of studies on a review of the progress made in the development of transit systems and formulation of proposals for future action in Latin America, West Africa, Southern Africa and East Africa. A similar study was also prepared for Bhutan, the Lao People's Democratic Republic and Nepal, as well as a study on the recent development of transit transport facilities and services for Rwanda's exports and imports. Those studies constituted the main inputs to the consultative group meetings between landlocked and transit developing countries and contributed to the outcome of the Third Meeting of Governmental Experts between landlocked and transit developing countries and representatives of donor countries and financial and development institutions, held in June 1997 in New York. The outcome of the Meeting related to agreements on priority areas for action, and resulted in the preparation of specific projects and programmes to improve the transit transport systems. A Trust Fund project financed by the European Commission made it possible for landlocked and transit developing countries members of ACP to take part in the above meetings.

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F. Executive Direction and Management and Support Services

258. Certain technical cooperation activities are undertaken centrally in view of their inter-divisional nature.

1. Advisory Services

259. As reported in previous years, UNCTAD's technical cooperation is supported not only by project-specific funds but also by two other sources, namely UNCTAD's sectoral support programme and section 12 of the United Nations programme budget.

260. UNDP's sectoral support helps organizations such as UNCTAD with no field representation to extend policy and technical advice to Governments, and assists them, as well as UNDP resident representatives, in developing programmes and project proposals for submission to UNDP and other donors. Because these funds can be used flexibly and at short notice, they are extremely useful to UNCTAD. Sectoral support funds were drawn on in 1997 to continue work on the series of country policy reviews in the areas of investment, science, technology and innovation, trade efficiency and LDC reforms. The resources were also used to extend advice and technical support for trade policy issues and issues related to the results of the Uruguay Round, as well as for the Global Trade Point Network and entrepreneurship development (EMPRETEC). They were used, in addition, to demonstrate such UNCTAD software as ASYCUDA and ACIS to interested countries and to TRAINFORTRADE. The overall sectoral support programme of UNDP was discontinued as of 1997.

261. Under section 12 of the United Nations programme budget, UNCTAD received for 1996-1997 an allotment equivalent to 72 work-months, together with travel, consultants, fees and individual fellowship funds, for the purpose of participating in interregional advisory services, together with funds for participants in seminars. In 1997, 26 work-months were used. These resources were devoted to four main areas: (i) globalization and development; (ii) international trade in goods and services and commodities issues; (iii) investment, enterprise development and technology; and (iv) services infrastructure for development and trade efficiency. Advisers undertook 10 missions in 1997.

2. Consultancy study

262. Finally, mention should be made of the feasibility study undertaken in 1996 on the establishment of a consultancy firm which would be entrusted with the task of developing and selling computer software and other computerized systems. The outcome of this consultancy is discussed in section IV of document TD/B/45/6-TD/B/WP/109.

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