Review of UNCTAD activities to assist commodity-dependent developing countries, including small commodity producers, in their efforts to address commodity challenges and promote development gains from commodity production and trade

Note by the UNCTAD secretariat

Executive summary

The Accra Accord, in paragraph 92, states that “UNCTAD should enhance its efforts under the three pillars of its work... to deal with trade and development problems related to commodity dependence”.

This Note reviews UNCTAD activities to assist commodity-dependent developing countries during the Accra Mandate period of 2008–2011 across three UNCTAD pillars – consensus-building, research, policy analysis and technical assistance. A separate Addendum to the present Note sets out in matrix form the paragraphs of the Accra Accord relevant to the mandate on commodities and the detailed activities carried out by UNCTAD in implementing them. This Note also provides some thoughts on the way forward towards UNCTAD XIII.
Introduction

1. The Accra Accord, in paragraph 92, states that “UNCTAD should enhance its efforts under the three pillars of its work to deal with trade and development problems related to commodity dependence”. Paragraph 93(a) continues, “In this context, it should: assist commodity-dependent developing countries, particularly small commodity producers, in their efforts to: develop national commodity strategies, including mainstream commodity policies into their national and regional development strategies; build supply-side capacity and attain competitiveness; move up value chains and diversify commodity sectors; comply with public and private international trade standards; assist developing countries, on request, in promoting and improving transparency and accountability in the public, private and corporate sectors in order to enable the countries concerned to maximize the benefits that accrue to them from the extractive industries; and develop commodity financing and risk management schemes (including commodity exchanges)”. The Accra Accord also mandated UNCTAD to continue to play a key role, with appropriate coordination with other international and regional actors, and relevant international commodity bodies, to address the trade and development problems associated with the commodity economy, giving due attention to all commodity sectors, such as agriculture, forestry, fisheries, metals and minerals and oil and gas.

2. Furthermore, it mandated UNCTAD to promote intergovernmental cooperation and consensus-building on (a) ways of integrating commodity policies into national, regional and international development and poverty reduction strategies; (b) trade-related policies and instruments for resolving commodity problems; and (c) investment and financial policies for accessing financial resources for commodity-based development (para. 93b).

3. In pursuance of the Accra Accord mandates in the area of commodities, the secretariat has bolstered its work in this area, in view of the sector’s importance to much of the developing world. Based on its analytical work, the UNCTAD secretariat facilitated consensus-building on national and international policies in the areas of minerals and metals, energy and key agricultural commodities of interest to developing countries.

4. In accordance with paragraph 183 of the Accra Accord, the Commodities Branch of the Division on International Trade in Goods and Services, and Commodities, was transformed into an autonomous Special Unit on Commodities (SUC) which reports directly to the Secretary-General of UNCTAD. Further initiatives include a restructuring of the unit aimed at enhancing its relevance and effectiveness. The unit has a clear emphasis on research and analysis, the results of which feed into its consensus-building activities and technical cooperation programmes.

5. The UNCTAD secretariat – in collaboration with other United Nations agencies and development partners – implemented technical assistance on commodity-related issues to (a) provide producers and policymakers with information tools necessary to best respond to market signals and product standards; (b) address issues of sustainable and equitable management of extractive industries resources; and (c) provide research-based advice and training to policymakers and analysts from developing countries on all topical issues relating to commodity-based development. The UNCTAD secretariat undertook a number of studies, technical cooperation activities and organized intergovernmental meetings.
(consensus–building) to promote international cooperation in utilizing trade and development opportunities and addressing challenges associated with the commodity economy.

6. The objective of this Note is to review and evaluate UNCTAD activities under its three pillars of activities in 2008–2011 relating to commodity-dependent developing countries (CDDCs) as set out in the Accra Accord. A separate Addendum to the present Note sets out in matrix form the paragraphs of the Accra Accord relevant to the mandate on commodities and the detailed activities carried out by UNCTAD secretariat in implementing them. This Note also provides some thoughts on the way forward towards UNCTAD XIII, in particular new and emerging issues pertinent to assistance to CDDCs in commodities.

I. Review and evaluation of UNCTAD activities to assist CDDCs.

A. UNCTAD as a forum for intergovernmental deliberations aimed at consensus–building

7. Many developing countries depend on commodities for their economic well-being. Latest projections (World Economic Situation and Prospects (WESP)) show that demand for commodities in the long term is likely also to increase, thus posing major challenges for their sustainable and efficient production. There is therefore a need to consider how to make commodity markets more stable and to develop policies that focus on the equitable distribution of benefits between commodity producers and consumers.

8. In accordance with paragraph 90 (c) of the Accra Accord, UNCTAD contributed to building effective multi-stakeholder partnerships with a view to identifying innovative approaches to resolving commodity-related problems. In particular, the UNCTAD Secretary-General’s High-Level Multi-stakeholder Dialogue on Commodities in the context of UNCTAD XII, held in Geneva (28–29 January 2008) provided a forum to promote and exchange views whilst building consensus on the main development challenges facing CDDCs and identifying ways ahead. Participants represented a wide range of stakeholders, including civil society, industry, academia and international organizations, as well as member States of UNCTAD. The interactive debate covered a wide range of issues pertaining to energy, mineral and agricultural economies. The main recommendation emanating from this event was underscored by the need for CDDCs not only to increase their gains from commodity production and trade, but also to reduce their vulnerability to price volatility and extended cycles of low commodity prices. CDDCs, especially those caught in a low-income commodity dependency trap, need to diversify their production and exports by adding value, or shifting to higher-value products. However, it was noted that the opportunities for such diversification are hindered by difficulties to comply with private and public trade standards.

9. In 2009, the secretariat initiated the UNCTAD Global Commodities Forum (GCF) as a high-level neutral and integrated platform to address perennial issues of modern commodity economy. The objective of the GCF is to bring together key stakeholders to address informally and in a holistic way such issues as (a) the instability of commodity markets and their interconnectedness; (b) effectiveness of commodity policies; (c) long-term
energy and food security issues, and the role of innovation and early warning systems; (d) performance of commodity supply chains; and (e) the state of business practices and innovation. It is also intended as a high-level forum for the exchange of views between key stakeholders on how to (a) improve the functioning of the commodities sector and supply chains; (b) identify policy and regulatory interventions to deal with commodity problems tailored to the needs of all market participants; and (c) undertake environmentally-friendly and sustainable production of commodities. The target audience of the forum is policymakers in government in charge of agriculture and mineral resources, corporate leaders in the area of agriculture, hydrocarbons and metals, practitioners in the area of commodity trade and finance, and in academia, and non-governmental organizations working on the commodity problematique.

10. The first GCF took place in Geneva in March 2010. Participants discussed key issues of the modern commodity economy, including the instability of commodity markets, problems of commodity policies, sustainability of commodity supply chains, and access to commodity finance and logistics. The second GCF, which took place from 31 January to 1 February 2011, focused on issues of food security, how to reshape global agricultural production in order to protect vulnerable populations, as well as enhancing the scope of early warning systems to include linkages with energy markets, issues of urbanization, and climate change. The GCF 2012 is scheduled to take place 23–24 January 2012, with the overarching theme of “Globalization and Commodity Trade: Harnessing Development Gains from Commodity Production”.

11. Since 2009, the SUC has organized three sessions of the Multi-year Expert Meeting on Commodities and Development. All three sessions have dealt with the latest developments and challenges in commodity markets, including an assessment of market outlook, in addition to specific topical issues. The key issues discussed by the first session (April 2009) included (a) good economic governance and how to deal with rent-seeking in the management of windfall revenues, which also underscores the need to address macroeconomic challenges; (b) the issue of declining prices, in real and absolute terms, which often lead to a deterioration of terms of trade, and thereby a reduction in growth prospects in commodity dependent developing countries; (c) volatile prices for commodities, which bring in their wake income instability and hardships, in particular for small producers; (d) lack of diversification from traditional commodities, which increases the vulnerability of commodity-dependent developing countries to price shocks; (e) poor supply chain linkages; (f) high transportation costs in landlocked or small island developing States; (g) difficulties in accessing financial markets; (h) trade barriers (tariff escalation, non-tariff barriers and non-tariff measures) in industrialized countries that restrict market access, in particular for semi-processed and fully processed products; and (i) market-distorting subsidies in developed countries, which increase supply and depress world market prices, thereby depriving producers in poor countries of employment and higher earnings; and (j)
imbalance in negotiating power where many small producers as sellers frequently face large corporations as buyers.2

12. The second session of the multi-year expert meeting (24–25 March 2010) focused on a review and identification of opportunities for the diversification of the energy matrix, including renewable energies, while drawing attention to the awareness of countries’ energy needs, and the necessity to ensure a proper balance between food security and energy concerns. It also examined trade-related policies and instruments and how to use these for resolving commodity problems; and examined the role of investment and financial policies for accessing financial resources for commodity-based development (including the official development assistance, and aid-for-trade, among others).3

13. The third session (23–25 March 2011) focused on the identification of policy actions that mitigate the impact of highly volatile prices on the incomes of CDDCs, as well as an examination of new approaches to resolving commodity-related problems based on effective multi-stakeholder partnerships. Among the key specific issues debated were (a) the drivers of price trends in various commodity markets; (b) the opportunities as well as challenges resulting from these trends, and their implications for CDDCs; and (c) the support measures that could enhance CDDCs’ food and energy security, and help them cope with the detrimental effects of highly volatile energy and food prices. It also examined the opportunities for innovative multi-stakeholder partnerships that would address commodity and related problems in CDDCs. The session also provided the opportunity to share experiences, and the practical options for addressing at the national, regional and international levels the challenges of long-standing commodity trade and development issues, and realizing development gains from rising commodity prices. The session also reviewed and evaluated UNCTAD’s contribution to assisting developing countries in the area of commodities.4

14. The rapid rises in food prices and threats posed to food security in 2008 propelled the international community to take action to address prevailing food security challenges. In April 2008, the United Nations System High Level Task Force (HLTF) on the Global Food Security Crisis was established.5 The HLTF was designed as a coordination mechanism and catalyst for the United Nations system. The aim of the HLTF was to create a prioritized plan of action for addressing the current food crisis and coordinate its implementation. Building on the Rome High-Level Conference on Food Security, the HLTF produced a “Comprehensive

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5 The HLTF is chaired by the United Nations Secretary-General (with the Director General of the Food and Agriculture Organization of the United Nations as Vice Chair). The HLTF brings together 22 organizations, funds, programmes and departments within the United Nations family, including the Bretton Woods institutions, the World Trade Organization and the Organization for Economic Cooperation and Development.
Framework of Action (CFA)” (July 2008) to address the global food and nutrition security crisis in a coherent and coordinated way.

15. UNCTAD, as one of the members of the HLTF, contributed to the United Nations system-wide efforts to deal with both short- and long-term responses to the global food crisis. In particular, the UNCTAD secretariat made substantive contributions to the CFA. In November 2008, UNCTAD held the first of a series of training courses for developing country officials on how to cope with the food crisis. Steps that might be considered, the group was told, included (a) the use of tariff income to boost agricultural development; (b) assistance to smallholder farmers; and (c) other measures to address long-term undercapitalization of agriculture, financing of rural farms and infrastructure, and provision of real-time information to farmers on such things as crop prices and the prices of farming inputs.

16. Furthermore, UNCTAD played a key role in the Madrid High-Level Conference on Food Security for All (January 2009) held within the context of the “Comprehensive Framework of Action”. UNCTAD is actively engaged with other members of the HLTF in the follow-up activities to the Madrid Conference, including identification of options for coordinated financing and resource mobilization for in-country action. UNCTAD was also involved in updating the CFA. Together with the World Trade Organization (WTO), it had the responsibility for updating, the section on “Trade, tax policies and international food markets”, in addition to providing inputs for other sections. The latest version of the CFA was discussed in Dublin, the Republic of Ireland in May 2010. Within the framework of the HLTF, UNCTAD also participates in the Senior Steering Group (SSG), and has been active in the recent SSG meetings on the Food Security Situation in the Horn of Africa, the first of which was convened in response to a request from the United Nations Under-Secretary General for Humanitarian Affairs on 29 June 2011.

17. High food prices and food security at large were the issues identified in the G–20 Multi-Year Action Plan for Development adopted in Seoul in 2010. The same issues were in the spotlight at the 2011 G–20 meetings in France. UNCTAD, as part of the United Nations team, cooperated with G–20 members, reflecting the interests of poorer countries and supporting proper disbursement of the $22 billion pledged for food security by G–8 and G–20 members at L’Aquila in 2008. The UNCTAD secretariat coordinated the contribution of the United Nations Secretariat to the G–20 Study Group in Commodities (April 2011). The major input was made on roles of financial markets in commodity price developments, in particular on (a) trends and developments in financial markets for commodities; (b) roles of different types of financial market players and their consequences; (c) the relationships between physical and financial markets; (d) the overall impact on commodities price developments and market liquidity; (e) impacts of trader positions on commodity prices; and (f) herding and its effects in many different markets.

18. Improving access to commercial energy is an essential requirement as a precondition for the social and economic development of Africa, where most of the least developed countries (LDCs) are located. However, sustaining access to commercial energy, such as oil and gas, heavily depends on the conditions governing international energy markets, pricing, access to finance, and the procurement practices of petroleum products. At the international level, oil and gas prices are highly volatile, making net-importing African countries extremely vulnerable to shocks in international energy markets as oil and gas often account for a sizeable amount of total imports and can absorb a substantial amount of export earnings. Furthermore, hikes in oil prices impact on the ability of the importing
developing countries in servicing their debts and jeopardize the effect of debt-relief provided to them. For the exporting countries, high prices may present an opportunity to launch programs that contribute to development but volatile prices present huge challenges in revenue management.

19. Furthermore, the extent to which mineral rich developing countries can turn their resources into a wealth-creating instrument depends among other factors on the following: (a) comprehensive information, including data on the minerals value chain; (b) the terms and contractual arrangements prevailing on the exploitation of the resources; and (c) the ability of the host country to devise and enforce regulations and policies which leverage sustainable development. In both energy and mining sectors, critical factors that need to be addressed to spur development include increasing investment, transparency and accountability, and combating corruption.

20. With the aim of contributing to finding solutions to the above challenges, UNCTAD since 1996 has been organizing the annual African Oil, Gas, and Minerals Trade and Finance Conference and Exhibition (OILGASMINE) in different locations on the continent. OILGASMINE is the well-established yearly event organized by UNCTAD. The objective of the conference is to provide a platform for high-level policy dialogue between producers and consumers, investors and host countries, and other stakeholders on topical issues that play an important role in the development of extractive industries. The conference also aims to foster constructive partnerships and cooperation including regional, South–South, North–South and triangular.

21. The conference attracts an average of 500 delegates from over 30 countries on the continent and other regions, including key decision-makers, investors, legal experts, executives of major and small oil and mining companies, academia, research institutions and civil society. Dialogue between stakeholders, experiences shared, and lessons learned from good and bad practices have resulted in redesigning policies and legal frameworks for the energy and mining sectors. Some of the outputs include the successful development of local content policies, effective price risk management strategies, capacity-building and attracting finance for trade and infrastructure development. The conference has also provided instruments to exporting countries for reducing the information asymmetry and for negotiating a more equitable share of revenue and better distribution of wealth created from the industries.

22. The fourteenth OILGASMINE (Sao Tome and Principe, 10–13 November 2010) reviewed progress on implementation of the resolution of the previous (thirteenth) Conference, which urged UNCTAD to facilitate the establishment of a Natural Resources Information Exchange (NRIE), a platform to provide continuous and interactive information on natural resource value chain. The NRIE would enable participating countries to (a) optimize the management and marketing of their resources and encourage the development of exploration; (b) provide decision-makers with tools to assist in negotiations with investors; (c) modernize their information systems in the area of national resources; and (d) improve transparency in the governance of extractive industries. The NRIE is expected to benefit policymakers, investors, entrepreneurs and local communities. UNCTAD has been requested to provide technical assistance to establish an NRIE in Africa. This request stems from the ministerial resolution from the thirteenth OILGASMINE (Bamako, Mali, November 2009) which called upon African countries to capture the untapped value from geosciences information with a view to optimizing natural resource development and management. Progress made on the NRIE establishment include (a)
identification of partners and conclusion of cooperation agreements; (b) eight pilot countries that have begun implementing NRIE by surveying existing databases and upgrading their national data systems; and (c) three other countries that have asked to be included in the pilot phase. Recently, NRIE was adopted as part of the framework of action for the development of the mineral resources in ACP countries. The fifteenth Oil, Gas, Mine and Finance Conference and Exhibition will take place 2–6 April 2012 in Brazzaville, Congo.

23. In December 2008, UNCTAD organized its first Secretary-General’s Multi-stakeholder Meeting on Cotton. The meeting included six trade ministers from African countries which depend primarily on cotton exports and other high–ranking stakeholders in the cotton industry. The meeting deliberated a variety of issues relevant to cotton production and trade. The UNCTAD Secretary-General noted that it was “important at this time to eliminate trade-distorting measures and market-access barriers” affecting international trade in cotton. Participating African trade ministers urged that the global financial crisis should not be allowed to interfere with promised aid for cotton-development projects in Africa and elsewhere. At the meeting, a request was made for a further follow-up meeting to generate concrete proposals for addressing impediments to African cotton production and trade. Subsequently, the Pan-African Cotton Meeting (PACM) was initiated by UNCTAD, the Common Fund for Commodities (CFC), the Secretariat of the African Caribbean Pacific Group of States (ACP) and the Comité d’orientation et de suivi-coton (COS-coton) of the EU-Africa Partnership on Cotton.

24. In the two years prior to the event, UNCTAD held extensive discussions with the CFC, the COS-coton, the European Union (EU) and the International Cotton Advisory Committee (ICAC) in order to determine the themes and structure of the meeting. UNCTAD also held multiple consultations with the West African Economic and Monetary Union (WAEMU/UEMOA) and the Common Market for East and Southern Africa (COMESA), as well as regional associations, including the African Cotton Association (ACA), the African Cotton Producer’s Association (AProCA) and African Cotton & Textiles Industries Federation (ACTIF). Further inputs were sought from multilateral and bilateral development partners, including the International Trade Centre (ITC), the United Nations Development Programme (UNDP), the West Africa Cotton Improvement Programme (WACIP) of the United States Agency for International Development (USAID) and the French Ministry of Foreign Affairs. Finally, collaboration was initiated with the Comprehensive African Agricultural Development Programme (CAADP) in order to align the meeting with other initiatives at the continental level. As a result of these consultations, it was decided to structure the meeting around the elaboration of a Road Map on the following themes: (a) increasing productivity, (b) improving marketing and (c) increasing value addition.

25. The PACM was organized by the UNCTAD secretariat in Cotonou, Benin, on 27–29 June 2011 in cooperation with CAADP of the New Partnership for Africa’s Development (NEPAD) agency and the Government of Benin. The EU, CFC and the Centre for the Development of Enterprise (CDE) provided financial support. The PACM brought together the main stakeholders of the African cotton sector at the pan-African level. It thereby contributed to developing synergies between existing initiatives that are otherwise commonly disconnected by subregional and language barriers. Over 150 stakeholders were present, including representatives from the different organizations such as (a) national and regional associations of cotton producers and industries; (b)
African and international commercial operators, including ginners, traders, exporters and spinners; (c) regional economic communities; (d) research centres; (e) bilateral and multilateral development agencies; (f) banking and financial institutions; and (g) national trade, industry and agricultural ministries. A major outcome of the meeting was the elaboration of a 10-year Road Map for the African cotton sector, by building on the existing national and regional strategies for it, taking into account the EU–Africa Partnership Action Framework. This Road Map is intended to increase consistency between the different initiatives and give a general direction to the development of the African cotton sector at a Pan-African level. It is part of a larger dynamic to strengthen the value chains of the African cotton sector, including the regional cotton strategies developed in the context of the All ACP Agricultural Commodities Programme (AAACP) financed by the EU, and the Action Framework of the EU–Africa Partnership on Cotton. Following the PACM, UNCTAD presented the Draft Pan-African Cotton Road Map at the COMESA Cotton-to-Clothing Strategy Review Meeting on 27–29 July 2011 in Nairobi, Kenya. The presentation included the vision, approach, overall goals, specific objectives, actions and lead institutions.

26. During the period 2008–2011, UNCTAD continued to host yearly meetings of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF), the institutional framework for the Global Dialogue on Mining/Metals and Sustainable Development, which was one of a number of Partnership Initiatives launched at the World Summit on Sustainable Development (Johannesburg, South Africa, 2002). The IGF, launched in 2005, is the only global policy forum for the mining/metal sector. It is a voluntary initiative by national governments with an interest in mining to work collectively to advance priorities identified for mining/metals sector in the Johannesburg Plan of Action. The overarching objective of the IGF programme of work is to enhance capacity for governance in the sector at all stages of the life cycle. As the issues of concern are most relevant to developing countries needs, an overwhelming majority of the Forum members are CDDCs.

27. Intergovernmental cooperation between producers and consumers of commodities takes place in the form of international commodity agreements (ICAs) and international study groups (ISGs). The mandate and the aim of UNCTAD’s work in this area is to cooperate with ICAs and ISGs, as well with the Common Fund for Commodities, by assisting them at their request and also to benefit from their special expertise on individual commodities with respect to both provision of commodity information and analytical work. As most of ICAs and ISGs were set up as a result of the United Nations Conferences on respective commodities organized and serviced by UNCTAD, an important segment of work in this area is to convene and service, as appropriate, meetings related to the negotiations, renegotiations or functioning of new agreements.

28. The United Nations Secretary-General is the depository of texts of most ICAs. In 2008–2010, at the request of the International Cocoa Organization, the UNCTAD secretariat actively assisted as a member of the Working Group for the Renegotiation of a New International Cocoa Agreement. In June 2010, the United Nations Cocoa Conference, facilitated by UNCTAD, successfully concluded negotiations for the Seventh International Cocoa Agreement.

29. UNCTAD participated in the World Coffee Conference (Guatemala City, Guatemala, February 2011). Speaking at the opening ceremony, the UNCTAD Secretary-General noted the impact of commodities on the economic and social development of poorer developing countries and the
transformational effect of the economic crisis on the commodity economy. He underlined that for coffee-producing countries dependent on export markets for growth, the crisis had been an incentive to look at domestic and regional markets, which held great potential for higher coffee consumption.

B. Research and policy analysis.

30. SUC prepared several background analytical papers for two sessions of the GCF and for three sessions of multi-year expert meeting. In addition, it made relevant inputs to United Nations publications such as the World Economic Situation and Prospects (WESP). (For details, see, the Annex, separately issued.)

31. In accordance with the relevant resolutions of General Assembly, UNCTAD prepared in 2008, 2009 and 2011, United Nations General Assembly Reports on World Commodity Trends and Prospects. These Reports analysed the changes in the world commodity economy, in particular in the evolution of prices over the past years in the context of the 2008–2009 economic and financial crises. The reports specifically underlined negative impacts of the growing volatility and commodity price swings on global food security and economic welfare for producers, industry and commodity-dependent developing countries. With respect to recommendations, the Reports suggested that it is imperative that global initiatives and national policies be effectively aligned, resourced and implemented so as to address the critical issues affecting international commodity trade and the development prospects in those countries. Policy measures should aim to improve market functioning and increase countries’ resilience to shocks.

32. In its Policy Brief Tackling the global food crisis (No. 2, June 2008), the UNCTAD secretariat indicated that higher food costs drove an estimated 40 million more people into situations of poverty and hunger in 2008, bringing the number of the world’s undernourished to 936 million. UNCTAD research stressed that structural problems such as lack of access to land, suitable technology and financial credit have to be addressed; otherwise, food shortages are almost certain to recur. This is further discussed in UNCTAD’s report Addressing the global food crisis: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty (UNCTAD/OSG/2008/1) prepared for the High-Level Conference on Food Security held in Rome in June 2008, under the auspices of United Nations Secretary-General.

33. In 2011, SUC initiated a new publication series – Commodities at a Glance. This quarterly statistical publication aims to collate, and disseminate accurate and relevant statistical information linked to international primary commodity markets in a clear, concise and user-friendly format. The first issue, published in February 2011, gave an overview of the following issues: (a) historical and recent trends in primary commodity prices and price indices both in nominal and real terms; (b) the distribution of primary commodity production among the main producing countries for a set of selected primary commodities; and (c) an overview of primary commodity import and export dependence in developing countries. The second special issue, published in July 2011, was devoted to world cotton trade, price, production, and consumption trends, with a particular focus on Africa. The third publication, in November 2011, focused on energy markets.
34. Similarly, in 2011, SUC initiated a series of Working Papers on Commodities and Development. The papers in this series are the preliminary results of research undertaken by SUC staff and are put on the SUC website to stimulate discussion and comments on the issues under discussion. The plan is to publish the revised versions of these papers under the UNCTAD Discussion Papers series or in refereed academic journals.

C. Technical assistance

35. Commodity-dependent developing countries continue to face difficulties in accessing broad-based, well-organized and verified information on commodities. The imperfect nature of information on commodities and the imbalance in its distribution lead to what is termed “asymmetric information” on price, quality, quantity, credit and many other relevant variables. Long-established commodity-related sources of information are scattered, often not free and not always well-structured. Similarly, the massive flow of electronic news and information is often contradictory and not accurate; therefore, it is costly, time-consuming and rather difficult to identify unbiased, specialized information in a specific commodity sector. As a result, policymakers do not always have the proper analytical tools to assess the rapid changes in commodity market structures, to adjust their policies accordingly and to be able to improve their competitiveness. Similarly, emerging commodity operators and smallholders are looking for intelligence sources and friendly and operational systems to be able to increase efficiency, expand markets, respond to business opportunities, obtain negotiating powers and capture more of their commodities’ value. Reducing the digital divide and increasing access to and use of structured information on commodities are a prerequisite for establishing effective production and trading strategies.

36. To address the above challenges, UNCTAD initiated a programme in the area of market information systems (MIS), the UNCTAD INFOCOMM portal, which is designed to review, adapt and disseminate information on commodities in an innovative way, on a series of products. Its major goals are to (a) promote market information and transparency, reduce the asymmetry in accessing strategic commodity-related information, improve the understanding of commodity structures and provide access to the analysis vital to the formulation of pertinent policies for commodity production, marketing, processing and financing; (b) design information and communication technology (ICT) tools in this field that improve developing countries’ access to key information and data at both domestic and international levels; and (c) manage, organize and develop, in a practical and innovative manner, knowledge management and sharing instruments for assisting the decision-making process in both the public and private sectors.

37. INFOCOMM is the online knowledge management instrument through which key strategic information on selected commodity and energy products became available. Its main contents are commodity profiles, which have information on all aspects of commodity markets, and regularly updated links to other sites with up-to-date price and market information covering 24 commodities – including rice, fruits, nuts, etc. – in three languages (English, French and Spanish). The INFOCOMM website helps developing country governments, businesses and others to track trends in commodities prices and trade, and to adjust their policies accordingly. For cotton, for example – as for other basic farm products – the site lists recent information on prices, crop status, market chains for
The site also provides links to major product organizations, international research groups and universities. In 2010, besides site maintenance and regular updating, a new technology and layout upgrading of the website was implemented. New commodity profiles relevant for ACP countries were prepared, with a focus on certain agricultural products including coffee, cocoa and cotton. Equally, the site has information on extractive commodities, including minerals and metals as well as energy. The new INFOCOMM site was officially launched in August 2011.

38. INFOSHARE is a web-based market information system that gives commodity producers access to information, to negotiate better prices and get their produce into higher-paying markets. The system is supporting the collection of information in local markets, at port for export and in international markets. At the national level, INFOSHARE enables governments to rapidly detect any anomaly along the supply chain, to follow price and cost trends and to produce statistics. More specific and more relevant information is conveyed to isolated producers through reliable bodies, and more specialized and customized information is provided, depending on which stakeholders are targeted.

39. The INFOSHARE project was installed in Cameroon in 2009 under the All ACP Agricultural Commodities Programme (AAACP – see discussions below for details). Cameroon was selected as the location to launch the pilot phase of the Project in 2005 in cooperation with the Cameroonian National Cocoa and Coffee Board (NCCB). During the training and installation phase in 2009, more than 50 people were trained in international markets and trade of cocoa and coffee, and to use the system. The data collection and transmission points include telecommunication centers and farmers’ organizations. The central database for the project is at the NCCB, allowing government officials to track developments in the sector and make informed decisions that benefit farmers. During further implementation stages, the use the modern mobile telephony solutions (SMS messaging) was successfully tested.

40. In 2010–2011, INFOSHARE was upgraded to a fully customizable software application to be easily tailored to different settings and requirements. Feasibility studies for expanding the Project to the Caribbean (Guyana and Trinidad and Tobago) and the Pacific region (Fiji, Samoa and Vanuatu) were undertaken. A subregional application was developed for the Caribbean and Pacific regions and presented respectively during the workshops on Agricultural Market Information Systems in Port of Spain, Trinidad and Tobago (February 2011) and Nadi, Fiji (August 2011).

41. However, the main technical cooperation project during the Accra Mandate period was the AAACP (www.euacpcommodities.eu). The Programme was launched in September 2007 as an initiative of the European Commission (EC) and the ACP. Its roots can be traced to the EU Action Plan on Agricultural Commodities, Dependence and Poverty (COM (2004) 89), the EU–Africa Partnership on Cotton (COM (2004) 87) and a number of ACP initiatives linked to agricultural commodities identified during the Cotonou and Doha negotiations. As a result, AAACP fully acknowledged the link between production, value addition and trade in agricultural commodities and poverty reduction.

42. The overall objective of the AAACP, which terminates in December 2011, was to improve incomes and livelihoods for producers of traditional and other agricultural commodities in Africa, the Caribbean and the Pacific, and to reduce income vulnerability at both producer and macro levels. Specifically, it aimed at strengthening the capacity of all
stakeholders along the commodity value chain to develop and implement sustainable commodity strategies. The programme’s main objectives were to (a) support the participatory formulation and implementation of commodity strategies; (b) promote efforts to develop regional markets, policies and services in support of commodity sector; (c) support consolidation and diversification initiatives; and (d) extend access to market-based commodity risk management instruments. It had a budget of EUR 45 million, funded by the EU, of which a third is earmarked for the cotton sector.

43. UNCTAD was one of five international organizations pooling their expertise to the benefit of ACP agricultural value chains under the AAACP. As per the Contribution Agreement with the EC, UNCTAD implemented AAACP priorities through four operative components: (a) market information services including information on prices, technology, marketing chains and economic policies; (b) Sustainability Claims Portal (SCP), including information on sustainable agriculture labels and agri-food standards, enhanced accountability, food laws and technical regulations; (c) commodity exchanges, including support to development of physical commodity exchanges, facilitation and enhancement of human capital; and (d) commodity finance, including supply chain finance, warehouse receipt systems and review of regulatory frameworks.

44. The main areas of UNCTAD’s responsibility and, consequently, the main issues being addressed by UNCTAD under its AAACP work programme were (a) capacity–building at the regional level to enhance the functioning of agricultural commodities markets, and access to key market information, through two channels – UNCTAD’s INFOCOMM portal and technical assistance to provide market information services of relevance to commodity chains stakeholders at national/regional levels, in particular through the UNCTAD INFOSHARE software; (b) building consensus regarding the necessary conditions for successful national and regional commodity exchanges; (c) building consensus regarding the necessary conditions for successful warehouse receipt systems and supply chain finance; (d) creation and launching of a portal concerning sustainability claims (organic, sustainable agriculture, fair trade, geographical indications, etc) – that is, the sustainability claims portal (SCP), which is aimed at informing both EU consumers and ACP producers on the requirements of the concerned labels. UNCTAD made substantive inputs in selected beneficiary ACP countries, on all four operative components. By fulfilling the work programme, UNCTAD has contributed towards improving the agricultural performance of commodity–dependent countries in the ACP region.

45. The UNCTAD Trust Fund on Iron Ore Information, which was started in 1989, continued collection and dissemination of information on iron ore. It is financed by income from the sale of its three annual publications (The Iron Ore Market Report, Iron Ore Statistics and the Statistical Update) and by contributions from the governments of several iron ore–producing countries. For over 20 years of operation of the Trust Fund, its publications are much sought after by iron ore producers, shipping agents, steel companies and consultants on the iron ore and steel markets. The publications provide up-to-date, accurate and comprehensive information on developments in the world market for iron ore, including both statistical data and analyses. In 2010, the clients’ base of subscribers increased by 7 per cent with corresponding growth of the Project’s budget. There are about 150 subscribers yearly to Trust Fund publications. The Market Reports, as well as the activities of the Trust Fund, were presented
at major international conferences on iron ore and raw materials for steelmaking.

46. SUC, in cooperation with UNCTAD Virtual Institute, provided commodities-related training. Training sessions included those for government officials (Minsk, Belarus, July 2008) and for professional master’s students of the University of Dar es Salaam (Geneva, February 2010). The latter covered new areas including trade and development issues in energy and oil and gas, finance and risk management and an introduction to organized commodity markets such as commodity exchanges. This has been a successful area of interdivisional cooperation and synergy between research and analysis and technical assistance with sustainable impact on the institutional capacities of CDDCs. In the past four years, over 80 postgraduate students from the United Republic of Tanzania have attended the courses on commodity economics, of which the on-campus, one-week, hands-on version has been evaluated as the best taught of all external seminars facilitated by outside visitors to the programme.

D. Conclusions and considerations of the way forward

47. In evaluating UNCTAD’s implementation of the Accra Accord in commodities through its three pillars, it is important to note that the secretariat has reviewed its strategy and activities in the light of the recommendations contained in the evaluation and the observations of the Trade and Development Board. As a result, it has restructured and streamlined various activities and projects, and set the stage for the resurgence of commodities work in UNCTAD. To strengthen its results focus, changes were introduced to the Strategic Framework for the biennium 2012–2013 to reflect the recent developments in the commodity sector and the structural changes of the SUC, thus promoting its accountability.

48. With regard to the recommendation for effective collaborations, consensus–building and multi-stakeholder partnerships, the secretariat maintained its close cooperation with organizations both within and outside the United Nations system. Such new initiatives as the UNGCF further strengthened UNCTAD’s image as the central agency of the United Nations system in the area of commodities trade and development. In the area of technical assistance, activities under the AAACP emphasized capacity development, policy advice and the exchange of information on best practices on commodity-based development strategies at both the national and regional levels. Commodities-related training was increased, in particular, in partnership with the Virtual Institute. This has been a successful area of interdivisional cooperation and synergy between research and analysis and technical assistance with sustainable impact on the institutional capacities of CDDCs.

49. With a view to improving the dissemination of its research and capacity-building products, UNCTAD continues to make full use of the opportunities offered by new technologies. In this regard, the structure and content of the SUC website was continuously being updated to ease

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navigation and provide users with the latest information on its activities. With the addition of Web pages devoted to technical cooperation activities, users now have access to all background documents, reference papers, meeting documents, and PowerPoint presentations from workshops and conferences organized by the SUC.

50. In its consideration of the way forward, the SUC will continue to work on the priority areas identified, and address other new and emerging issues that have a direct impact on commodities trade and development. It is in this context that, looking ahead towards UNCTAD XIII, the SUC will continue its work towards full implementation of the Accra Accord mandates and, in particular, intensify its efforts in these areas to strengthen assistance to all developing countries, in particular LDCs and CDDCs, in designing and implementing policies to boost diversification and productive capacities and more effectively support them in the mainstreaming of their commodity and commodity-diversification policies. SUC will continue (a) its assistance to developing countries and countries in transition to a market economy, especially LDCs and CDDCs on the basis of the decisions of UNCTAD XIII and the Working Programme stemming thereof; and (b) to implement a broad range of activities, including research and policy analysis, intergovernmental and multi stakeholder meetings, capacity-building and technical cooperation activities, with a view to addressing key trade and development challenges in such areas as (i) price volatility; (ii) financialization of commodity markets, access to commodity finance and improvement and developing of innovative options such as warehouse receipt financing; (iii) market information; (iv) mining, energy, minerals and metals governance. In its work, SUC will continue to build upon ongoing activities and successful experiences, as well as to promote new approaches to assistance in commodities.

51. As a forum for intergovernmental deliberations aimed at consensus–building and multi–stakeholder partnerships, the UNCTAD secretariat aims to continue ongoing and newly initiated activities such as:

(a) **UNCTAD Global Commodities Forum.** The themes of future GCFs will concentrate on the issues and areas crucial for the world commodity economy, in particular those which pose grave challenges to commodity production and trade. These issues include, among others, (i) regulation of speculative activities in commodity markets; (ii) fundamental reforms of agricultural production systems with an emphasis on small farmers; (iii) ensuring the world food security while reducing the severe impacts of the production on the environment; (iv) diversification of the commodity production and trade and of the economy in general; (v) increase of the impact of the extractive sector on the development; and (vi) better early warning systems;

(b) **The African Oil, Gas, and Minerals Trade and Finance Conference and Exhibition (OILGASMINE)** will continue to provide a platform for high-level policy dialogue between producers and consumers, investors and host countries and other stakeholders. The overriding focus will be to debate topical issues relating to production and trade of extractive commodities, share experience, identify good practice and showcase initiatives that have a positive impact on the transparent management and sustainable development of the sector, increase networking opportunities between the stakeholders attending and encourage innovative partnerships;

(c) **The Natural Resource Information Exchange (NRIE) scheme** continues to attract interest in developing countries. The number of
participating countries in the pilot phase has increased from six (6) when
the scheme was first announced in Mali to nine (9). NRIE has also been
adopted by the African Caribbean and Pacific (ACP) group as part of the
ACP framework of action for the development of their mineral sector.
When fully implemented in partnership with other relevant institutions,
NRIE is expected to become a transparency tool in the development of the
natural resource sector;

(d) The Intergovernmental Forum on Mining, Minerals Metals
and Sustainable Development (IGF) and the International Council on
Mining and Metals (ICMM) continue in partnership with UNCTAD to
support international development activities in mining. In particular, SUC
will strengthen its cooperation with the IGF by organizing and facilitating
its programme for inter-sessional activity, exploring options relating to a
possible UNCTAD/IGF Memorandum of Understanding, and committing
IGF members to work on a joint project (or projects) with UNCTAD;

(e) Cooperation with International Commodity Agreements
(ICAs) and International Study Groups (ICGs). UNCTAD will continue its
mandated work on convening and servicing meetings related to the
negotiations, renegotiations or functioning of ICAs and ICGs. In particular,
in March 2012 the Secretary-General of UNCTAD, on behalf of the
Secretary-General of the United Nations, will convene a meeting of
governments on whose behalf instruments of ratification, acceptance or
approval or notifications of provisional application of the International
Cocoa Agreement 2010 have been deposited, to decide whether to put the
Agreement into force definitively or provisionally among themselves.

52. Drawing on its rich body of research and policy analysis, UNCTAD
plans to rejuvenate the debate on commodities by preparing and publishing
during the period, 2012–2013, one flagship report: UNCTAD Commodities
and Development Report (UCDR). The UCDR aims to bring to a wider
audience a balanced economic analysis of pertinent issues in the field of
commodity production and trade as they pertain to energy, mining,
minerals and metals, food and agriculture. Each edition of this bi-annual
report will contain a comprehensive, yet accessible, discussion of a
selected topic of major relevance to policymakers on commodity
production, trade and development in CDDCs. The current issue of the
UCDR (January 2012 ) is analytical, topical and provides many interesting
insights resulting from an in-depth analysis of how different commodities
or commodity groups have been affected over the last decade by the
commodity price boom, the ensuing crisis, and the emerging recovery; and
what the implications are in terms of commodity-based development. The
UCDR should help to identify new policy options and facilitate dialogue
among development partners about how to generate and sustain economic
development in CDDCs. In addition, the SUC plans to launch a
Commodity Policies Review (CPR), as a demand-driven bi-annual
publication which provides a thorough and objective evaluation of a
specific country’s commodity sector. It will provide an analytical review of
a country’s commodity policy as it pertains to agricultural or non-
agricultural commodities, commodity trade and institutions, sub-sectoral
commodity specific economic analyses, commodity exchange, financing,
diversification and sectoral regulations. It will also provide a strategic
analysis which is tailored to country specific commodity sector needs.

53. Furthermore, UNCTAD plans to launch in March 2012 a new
publication on commodities – The CDDC Commodity Profiles. This
publication would aim to review the situation of commodity–producing
developing countries with regard to the commodity sectors, based on
general economic indicators as well as more specific statistical data for
each relevant commodity sector. UNCTAD will also continue its quarterly statistical series, *Commodities at a Glance*, in English and French.

54. With regard to technical assistance, SUC will continue its ongoing projects:

(a) INFOCOMM, as the long-term project with adequate funding for continued activities in the post-Doha period. The SUC will continue the work on updating the existing commodities profiles and on finalizing of their transfer to a new Web platform. New commodities profiles will be also created. To do so, it is planned to arrange cooperation links with relevant international commodity bodies as well as with individual and institutional experts in the commodities area;

(b) The funding of the INFOSHARE project by AAACP was stopped in December 2011. However, during this project, the software was presented in all ACP regions and some countries expressed interest in receiving technical assistance from UNCTAD in the area of Market Information Systems (MIS). Besides, as two subregional MIS were developed for the Pacific and the Caribbean regions, strong cooperation links with the relevant regional bodies (Secretariat of the Caribbean Community (CARICOM) and Secretariat of the Pacific Community (SPC) respectively) were established. However, for further development of this cooperation, additional funding of INFOSHARE is needed;

(c) *Trust Fund on Iron Ore Information*: The major aim in the next four years would be to publicize activities of the Trust Fund with the aim of further increasing its clients’ base and, consequently, the budget. An important goal is to increase the donor’s part of the project, especially among the governments of important iron ore importing countries (China, Japan, EU countries).

55. UNCTAD is one of the implementing agencies of the United Nations Development Account. The SUC intends to tap more effectively into this account to finance projects that address some of the problems that CDDCs and LDCs face in their commodity sector.