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**UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE  
UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA  
IN THE 1990s:  
ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA**

Report by the Secretary-General of UNCTAD

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## INTRODUCTION

1. It is recalled that at the Mid-term Review, delegations expressed their satisfaction with the new approach adopted since the forty-third session of the Trade and Development Board of considering a report on UNCTAD's activities in favour of Africa at an executive session of the Board and a substantive analytical report at its regular session.<sup>1</sup> The Trade and Development Board, at its eighteenth executive session, considered the document "UNCTAD's contribution to the implementation of the United Nations New Agenda for Africa in the 1990s: Activities undertaken by UNCTAD in favour of Africa - Report by the Secretary-General of UNCTAD". Further, at its forty-fifth regular session, the Board, having considered Part II of the *Trade and Development Report, 1998* devoted to Africa, adopted agreed conclusions 454 (XLV), which provide fresh orientations to the work of UNCTAD with regard to Africa.

2. Based on past experience and the discussions which took place at the eighteenth executive session of the Board, the present report provides a perspective on the general thrust of research and analysis being undertaken by UNCTAD in its consideration of the development problematique in Africa, as well as a summary description of specific activities, including advisory services and technical cooperation activities, in each sector. This report complements and updates the information on the activities referred to in document TD/B/EX(18)/2 submitted to the eighteenth executive session of the Board last year.

## POLICY RESEARCH AND ANALYSIS<sup>2</sup>

### A. Mauritius Conference

3. A research project, "Economic Development and Regional Dynamics in Africa: Lessons from the East Asian Experience", was initiated by UNCTAD in early 1997 with funding by the Government of Japan. Its aim was to identify development strategies for Africa which could promote investment and exports, as well as stimulate regional growth dynamics. It examined selected African development problems, including reasons for the poor supply-side response to policy reforms, the lack of export diversification, and difficulties in building up domestic capacity in the private and public sectors. Drawing on earlier research into the role of policies in successful economic development in East Asia, the project considered the applicability of East Asia-type policies to solving these problems.

4. Two workshops were held with government representatives and international experts, one in Harare (Zimbabwe) in January 1997 and the second in Mauritius in December 1997, for which some 13 research papers were commissioned. In September 1998 a Conference was held in Mauritius at which the research findings were discussed. The project financed the participation of one delegate from each of the 33 African countries that attended. The findings of the Mauritius Conference were presented to the Trade and Development Board at its forty-fifth session by the Chairman of the Conference, Mr. Harry Ganoo, Permanent Secretary of the Ministry of Foreign Affairs and International Trade of Mauritius.

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<sup>1</sup> High-level Mid-term Review, TD/B/45/8, p.24, para. 4(i).

<sup>2</sup> Research and analysis in specific sectors are reflected in the relevant sectors.

**B. Trade and Development Report, 1998**

5. Part II of the *Trade and Development Report, 1998* was devoted entirely to Africa. This report drew *inter alia* on the research papers which were commissioned for the Mauritius Conference. The report covered issues related to national savings and investment, debt, agricultural policies, structural adjustment, trade, industry and institutional reform. Discussions at the Board were enriched and stimulated by the participation of three invited experts on African development problems, and the Board adopted far-reaching policy conclusions on the issues under consideration.

**C. Current research in response to intergovernmental mandates**

6. In accordance with agreed conclusions 454 (XLV) of the forty-fifth session of the Trade and Development Board, which agreed, *inter alia*, that UNCTAD should continue to explore the links between trade, international transport and African economic growth, the forty-sixth session of the Board will have before it a document which discusses the implications of high transport costs for African competitiveness and trade, as well as policy options to reduce this key supply-side constraint. A central issue will be the case for regional and subregional approaches to infrastructure development. The document will draw on experiences in Africa and elsewhere.

7. Furthermore, in preparation for the Fourth Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (23-26 August), UNCTAD has commissioned two studies on Western and Central Africa which will also consider the magnitude and structure of international transport costs, with emphasis on the land-locked countries, and the implications of these costs for international competitiveness.

8. These two exercises, taken together, will hopefully provide the basis for the formulation of appropriate policies at the national, regional and international levels to deal with Africa's transport infrastructure problems.

**D. Least Developed Countries Report 1999**

9. The *Least Developed Countries Report 1999* will focus on enhancing the productive capacity and competitiveness of the least developed countries. These issues are of particular importance to the African least developed countries in view of the serious supply-side constraints which hamper their development and their integration in the international trading system. Case studies, covering African LDCs, are being prepared to provide concrete country experiences as inputs to the Report.

**POST-CONFLICT REHABILITATION AND DEVELOPMENT**

**A. Somalia**

10. UNCTAD activities in Somalia are now being enlarged to cover trade in addition to ports and transport activities. A new UNDP-financed project "Ports and Trade Efficiency for the Economic Recovery of Somalia" has an added component on trade and private sector development in Somalia. A workshop held in Dubai from 10 to 11 May 1998 was attended by more than 160 Somali traders and

entrepreneurs from all regions of the country. This workshop offered the participants a forum for the exchange of practical experiences in trade and familiarized them with the latest developments in international trade in terms of both trade policies and trade practices. It also considered recommendations to improve the logistics of import and export chains.

11. Two EEC-financed projects to rehabilitate government buildings in the North East and upgrade management of the port of Berbera in the North West were completed during 1998. Also, UNCTAD took an active role, under IMO leadership and with the participation of FAO, UNEP and NGOs (IUCN), in carrying out a comprehensive survey of the Somali coastline to assess the impact of undeclared and potentially harmful activities for the environment.

12. UNCTAD's activities are conducted with the ultimate aim of contributing to the national reconciliation and governance of the country. Follow-up activities will be implemented by UNCTAD in cooperation with ITC and other relevant agencies.

#### **B. Evaluation of the transport sector in Rwanda**

13. Following the political crisis in Rwanda which was accompanied by large-scale loss of life and destruction of property in 1994, UNCTAD was requested to evaluate the country's transport sector as an input to its public investment programme for the period 1996-1998, and the evaluation was presented to a Round Table Conference in Geneva in 1996. In 1998 UNCTAD updated its earlier study and formulated specific recommendations for transport policy and planning.

### **SECTORAL ISSUES**

#### **A. International trade**

##### **1. UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP) <sup>3</sup>**

14. As of February 1999, total pledges to the Common Trust Fund (CTF) for JITAP amounted to US\$ 7.1 million, with an overall shortfall of pledges for the three-year period 1998-2001 of US\$ 3.2 million. Donors contributing to the fund include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Sweden, Switzerland, and United Kingdom. The Common Trust Fund is managed by the ITC and supervised by a Steering Group composed of representatives of donors, beneficiaries,<sup>4</sup> and the secretariats of ITC, UNCTAD and WTO.

15. Implementation of JITAP started in May 1998 on the basis of specific country projects organized into 15 clusters of closely related activities so as to achieve synergies and economies of scale. Progress includes the following:

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<sup>3</sup> For the objectives of JITAP, see TD/B/EX(18)/2, para.7. Beneficiary countries are: Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and the United Republic of Tanzania.

<sup>4</sup> Tunisia's project is financed and managed by UNDP through national execution.

- An intensive training-of-trainers course on the multilateral trading system was held in Geneva for 23 participants from Francophone JITAP countries in November-December 1998 (following a similar one held in November 1997 for Anglophone JITAP countries). UNCTAD, in collaboration with four Geneva-based African representatives, prepared a video presentation on the major requirements of multilateral trade negotiations, together with negotiation simulation exercises on the identification of national interests in preparation for trade negotiations.
- Computer equipment and software are being procured and relevant documentation on the Uruguay Round agreements compiled to assist in the establishment of reference centres for the business community (by ITC) and the academia/research community (by UNCTAD) in selected countries. Official reference centres have already been set up by the WTO. These centres will serve as sources of information on the multilateral trading system, as well as allowing the electronic exchange of experiences among programme partners through the Communication and Discussion Facility.
- Country-specific studies on the impact of the multilateral trading system and integration into the system are now under way and are to be discussed at national workshops. This will assist beneficiary countries in their preparations for future multilateral trade negotiations and in the formulation of strategic export options to cope with the changing global market environment.
- Specialized regional workshops for trainers on the Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS) Agreements of the WTO were organized in March 1999 in Arusha, United Republic of Tanzania (for Kenya, Tanzania, Uganda), and in Abidjan, Côte d'Ivoire (for Benin, Burkina Faso, Côte d'Ivoire, Ghana).
- A website for JITAP is being set up, the main feature of which will be a communication and discussion facility that allows electronic connectivity between all JITAP participants for on-line discussion, sharing of information and experiences, and a documentation facility. The website will be accessible to the general public as well (although certain information may be restricted).

**2. *Integrated Framework for Trade-related Technical Assistance to support least-developed countries in their trade and trade-related activities***

16. The six core agencies involved<sup>5</sup> have prepared individual responses in the light of needs assessments submissions by 34 least developed countries. The second phase, which consists of organizing full-scale round tables for each of the LDCs, is under way. Twenty-two countries are presently at various stages in the preparation of a trade-related round table meeting, of which 17 are African LDCs, namely Angola, Central African Republic, Chad, Djibouti, Ethiopia, Gambia, Guinea, Maldives, Mali, Mauritania, Mozambique, Niger, Sudan, Togo, Uganda, United Republic of Tanzania and Zambia. With regard to 11 of these countries, a round table meeting will be taking place in the next 12 months. Preparations for the other countries which have indicated their intention to organize a trade-related round table could be undertaken by organizing a "launch workshop"

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<sup>5</sup> UNCTAD, ITC, IMF, World Bank, WTO and UNDP.

involving all stakeholders to build capacity, enhance ownership and generate awareness of the Integrated Framework.

17. The Interagency Working Group, which held its sixteenth meeting on 16-17 February 1999 at the IMF in Washington, D.C., agreed to the following: the preparation of a draft outline of elements that a round table meeting document should ideally contain, which would be provided to LDCs upon request for assistance in the preparation of round table meetings and to other development partners for comments; the preparation of a realistic timetable for such meetings by the Administrative Unit in the ITC; the organization of "launch workshops" which would brief participants on the means and objectives of the Integrated Framework and would give guidelines on the process for producing a successful multi-year programme; and the creation of an Integrated Framework website for dissemination to a wider audience. Information received from other development partners as possible inputs for multi-year country programmes would be presented on the website under the heading "Communications/information".

**3. *Coordinating Workshop of Senior Advisors to Ministers of Trade in LDCs to prepare for the Third WTO Ministerial Conference***

18. UNCTAD is planning to organize a five-day Coordinating Workshop of Senior Advisors to Ministers of Trade in the least developed countries from 21 to 25 June 1999. Two participants from each of the 29 LDCs which are members of WTO and the eight LDCs at various stages of accession to the WTO will be invited to participate in the workshop.

19. The workshop will provide an important opportunity for LDC trade negotiators, including those from African LDCs, to jointly review a range of issues arising from the implementation of the Uruguay Round Agreements with a view to the formulation by LDC representatives of appropriate strategies for the WTO Ministerial Meeting in Seattle and the new round of negotiations.

**4. *Third United Nations Conference on the Least Developed Countries***

20. In the context of the preparations for the Third United Nations Conference on the Least Developed Countries, three expert-level preparatory meetings on accelerating the integration of LDCs into the international trading system will be convened in late 1999, two of which are intended for Francophone and Anglophone African LDCs.

**5. *UNDP/UNCTAD technical assistance for Africa*<sup>6</sup>**

21. As regards technical assistance to be provided under the UNDP Regional Programme on "Capacity building for trade and development in Africa", the objective is to strengthen the capacity of African Governments in their capitals and among their Geneva-based negotiators for effective and purposeful participation in regional and global trade negotiations, including an increased capacity to link the trade negotiations process in the WTO with achievement of their trade and development objectives. Other activities include training in multilateral commercial diplomacy, assistance to African countries in their accession to the WTO, and trade and environment issues. UNDP is conscious of the urgency for technical support for African Governments for preparations for the

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<sup>6</sup> See TD/B/EX(18)/2 for a description of the programme.



Third WTO Ministerial Conference and for subsequent trade negotiations and has already indicated its intention to "fast-track" activities earmarked for this purpose.

**6. *New issues and the multilateral trading system***

22. With respect to preparations for the Third WTO Ministerial Conference and the future round(s) of multilateral trade negotiations, UNCTAD is planning an intensive schedule of meetings for developing countries up to the end of July 1999, which is set as the indicative cut-off date for the submission of proposals for inclusion in the WTO Ministerial Declaration, the drafting of which would begin in September 1999. Three regional workshops are planned in Asia, Africa, and Latin America and the Caribbean. The African workshop will bring together senior policy-makers and trade negotiators to discuss and identify African countries' interests in future WTO negotiations, taking account of the parallel negotiations at the regional and subregional levels. The workshop would thus address Africa-specific concerns, as well as issues related to the ACP-EU negotiations on a successor to the Lomé Convention, such as the interface between the successor agreement and WTO negotiations.

**7. *Accession to the WTO***

23. UNCTAD provided assistance to Algeria and Sudan on issues related to their accession to the WTO.

**8. *Regional integration***

24. UNCTAD assists regional integration groupings of African countries in realizing and maximizing their potential benefits in terms of expanding trade and investment flows. Support is being provided to the Arab Maghreb Union (UMA) in elaborating a common and coherent regional trade and development strategy, taking into account major changes in the external environment, including the Uruguay Round agreements and the Euro-Mediterranean agreements. The formulation of a free trade agreement for the Southern African Development Community (SADC), scheduled to be completed by end 1999, is receiving technical and advisory support from UNCTAD. As part of this process, training in UNCTAD (Geneva) would be provided to an official of SADC on the development of a SADC trade database utilizing the TRAINS database. UNCTAD also provided support to South Africa in matters relating to trade effects and rules of origin of the proposed South Africa-EU free trade agreement. Several North African countries involved in the formation of association agreements with the EU in the context of the Euro-Mediterranean agreements have received technical and advisory support from UNCTAD. The UNCTAD/UNDP technical assistance programme mentioned above envisages major support for strengthening capacity in the African regional groupings. UNCTAD's assistance includes policy advice on tariff reduction, market access, and rules of origin; effects of free trade areas utilizing SMART; customization of information packages from UNCTAD's TRAINS database; and training of human resources.

**9. *Commodities***

25. UNCTAD co-sponsored, along with a number of other agencies, the "Forum on the Future Competitiveness of African Economies", held in March 1999 in Dakar, and prepared a report entitled "International Trade Liberalization and Implications for Diversification in Africa". The Forum brought together key

actors from the public and private sectors, as well as academia and civil society, to discuss trade, investment, governance, social capital, enterprise development, and technology issues. The Forum adopted the "Dakar Declaration on Competitiveness of African Economies", which articulated a broad long-term vision for the continent, developed strategic and policy responses at the regional subregional and national levels, and initiated a process for sustaining continent-wide efforts to strengthen national and regional capacities to compete effectively in the new global market.

26. In May 1999, UNCTAD is organizing an African regional symposium on further liberalization of agricultural trade and diversification of the commodity sector, hosted by the Government of Côte d'Ivoire. It will bring together farmers, traders and governmental officials. The symposium is expected to contribute to the formulation of a positive negotiating agenda by identifying issues of special interest to commodity-dependent African countries, leading to stronger African presence at the WTO negotiations on further liberalization of agricultural trade.

27. In the area of commodity risk management and finance, work focuses on structured finance, as well as African oil trade and finance. UNCTAD cooperates with the African Export-Import Bank and the Southern and Eastern African Trade and Development Bank in promoting the knowledge of structured finance techniques among policy makers and local banks, and it also investigates the potential for using these techniques for non-traditional commodities, as well as their possible use by groups such as farmers' associations. The annual conferences on oil trade and finance (the 1998 conference attracted some 270 participants) have been the most visible part of the work on improving oil trade and financing practices in Africa.

#### **10. Trade and environment**

28. UNCTAD is developing several technical assistance projects for capacity building in trade and environment in Africa, at both the national and the regional level. Projects under preparation include a national trade and sustainable development capacity building project for Mozambique; a project for training and capacity building on trade and sustainable development for Benin, Burkina Faso and Mali; and the expansion of coverage to other LDCs in Southern Africa of a national project for Malawi, being implemented with support from UNDP, to assess potential agricultural alternatives to production and export marketing of tobacco.

29. As a follow up to a regional seminar on trade and environment held in Harare, Zimbabwe, in February 1999, UNCTAD, UNEP and the International Centre for Trade and Sustainable Development (ICTSD) intend to develop a capacity building programme on trade, environment and development.

#### **11. Competition policy**

30. UNCTAD's policy advice and capacity building support for African countries has focused on fashioning appropriate competition policies and translating them into practical and operational measures that could increase the capacity of Governments to implement successful anti-trust or competition policy, achieving the optimum structure for a competition regime, and defining the role and status of competition authorities within Governments.

31. Activities carried out by UNCTAD in 1998 included the following:

- Assistance was provided to Malawi for the finalization of its Competition Bill. UNCTAD also provided assistance for the participation of Malawian officials in a three-week training course organized by the Monopolies and Prices Commission of Kenya, in cooperation with UNCTAD.
- UNCTAD continued its collaboration with the Government of Mauritius on the finalization of a national competition law.
- As part of a training programme for Zambia, three Zambian commissioners were attached to the Norwegian competition authority in September 1998.
- Assistance was provided to Morocco for the finalization of its competition legislation, which was adopted by parliament in March 1999.
- Together with the competition authorities of Italy and the European Commission (DG-IV), UNCTAD provided advice on revised draft competition legislation for Egypt and Kenya. A study tour for officials from the Monopolies and Price Commission of Kenya was arranged by UNCTAD to visit the competition authorities of the United States of America.

32. In respect of regional and subregional activities, the following should be highlighted:

- UNCTAD, in cooperation with the secretariat of the Central African Customs and Economic Union (UDEAC), organized a two-week workshop on competition law and policy for UDEAC countries which took place in July 1998 in Libreville, Gabon. Participants from Cameroon, Chad, Central African Republic, Congo, Gabon and Equatorial Guinea attended the workshop.
- Preparatory work on elaborating a common approach to competition policy for the member States of the Common Market for Eastern and Southern Africa (COMESA) was completed, and a subregional conference to formulate such an approach is scheduled to be held in Lusaka in June 1999.
- In cooperation with the authorities of Côte d'Ivoire, UNCTAD held a regional seminar on competition law and policy and consumer protection for West African countries in Abidjan in December 1998. It was attended by participants from various ministries, business associations and consumer affair groups representing eight countries of the region, namely Benin, Burkina Faso, Chad, Côte d'Ivoire, Mali, Mauritania, Senegal and Togo.
- A subregional seminar is planned to be held in the first half of 1999 in Morocco, on the role of competition and consumer protection legislation for developing countries.

## **12. Commercial diplomacy**

33. In September 1998, UNCTAD and the Ministry of Commerce, Tourism and Industry of Mozambique organized a workshop in Maputo on "Building up Human Resources Capacity in International Trade". It contributed to raising awareness among the participants about the obligations and opportunities for Mozambique in the post-Uruguay Round multilateral trading system; topics included trade and environment, the SADC reciprocal trade agreement, and the GSP as a non-reciprocal trade instrument.

**13. TRAINFORTRADE and TRAINMAR<sup>7</sup>**

34. Activities being conducted in African countries with guidance and assistance from the TRAINMAR programme for training development in the maritime sector have been consolidated with those of the TRAINFORTRADE programme. This transition, from the middle of 1998, was decided with a view to making best use of specialized resources both of the countries concerned and within the UNCTAD secretariat. The first application of the new approach is a strategy for training of port managers now being tried out in Benin, Gabon and Senegal. Training materials based on UNCTAD research and technical cooperation in the field of ports have been prepared as a tool for local use by interested ports.

35. Funding is being sought for other projects, including one to strengthen through-transport arrangements in Benin, Mali and Burkina Faso. Other projects are aimed at expediting agricultural exports from West Africa and enhancing coordination for trade among countries of the Indian Ocean. Projects for Lusophone countries of Africa are also being planned.

**B. Services development**

**1. Coordinated African Programme of Assistance on Services (CAPAS)**

36. CAPAS has continued to attract considerable interest among African countries. CAPAS has served as a capacity building tool for: narrowing the knowledge gap about the role and contribution of services in the national economy; policy formulation; and assisting African countries in linking the liberalization process in the WTO in the framework of GATS with clearly identified national development objectives. CAPAS has so far covered 20 African countries.<sup>8</sup> A CAPAS regional meeting was organized in Mauritius in November last year to review national profiles of selected service sectors of participating countries and chart out a common approach to the preparations for the GATS negotiations next year.

37. As a follow-up to the discussions at the Mauritius Meeting, UNCTAD is collaborating with ITU, UNDESA, the World Bank/EDI, the World Tourism Organization, the Commonwealth Secretariat and ICAO in organizing three subregional seminars in Africa during 1999 with a view to supporting African Governments' preparations for future negotiations on trade in services under GATS, including strengthening their subregional coordination.

**2. Trade Point Programme**

38. As reported last year, high priority is being given to the Trade Point Programme in Africa, in particular in least developed countries. Efforts have been stepped up to organize training courses to strengthen existing Trade Points and ensure that they attain operational status as soon as possible.

39. Trade Point activities earmarked under the ITC/UNCTAD/WTO Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African

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<sup>7</sup> See TD/B/EX(18)2 for objectives of the TRAINFORTRADE programme.

<sup>8</sup> For country coverage, see TD/B/EX(18)/2, para. 28.

Countries (JITAP)<sup>9</sup> started recently. Consultants have been identified to carry out missions in the eight countries included in the project (Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and United Republic of Tanzania). During the first phase of the project, fact-finding missions will be carried out in Kenya, United Republic of Tanzania and Uganda.

(a) *French-speaking and Portuguese-speaking countries*

40. Fifteen such countries have joined the Trade Point Programme.<sup>10</sup> Requests submitted by Angola, Chad, Djibouti and Togo for assistance are pending the availability of resources. A mission will be fielded to Madagascar shortly.

41. Trade Point Dakar, Senegal, was officially inaugurated in October 1998. It is the first Trade Point in the electronic Global Trade Point Network (GTPNet) to introduce trade facilitation components.

42. Participants from Algeria, Morocco and Tunisia attended the first regional workshop on electronic commerce, organized in Egypt (26-28 September 1998) in the framework of the UNCTAD/UNDP Arab Regional project (RAB/96/001). The purpose of the workshop was to increase awareness of the potentials and challenges of electronic commerce. Participants stressed that Trade Points should become the national focal points for electronic commerce activities.

(b) *English-speaking Africa*

43. Sudan has now officially joined the Trade Point Programme, bringing to 17 the number of English-speaking countries.<sup>11</sup>

44. Two two-week training courses were organized on Web designing and publishing, one in Lusaka, Zambia (19-30 October 1998), and one in Addis Ababa, Ethiopia (23 November-4 December 1998). The courses, attended by 15 and 12 participants respectively, were aimed at providing Trade Point staff and members with the necessary tools to design and update their own homepages, as well as explain the benefits of using the Internet as a trade promotion tool.

45. The third regional meeting of Eastern and Southern African Trade Points was held in Harare, Zimbabwe, on 1-2 June 1998. The meeting was attended by representatives of Eritrea, Ethiopia, Lesotho, Malawi, Mozambique, Namibia, South Africa, Uganda, United Republic of Tanzania, Zambia and Zimbabwe. It confirmed the interest of participants in creating a forum of Eastern and Southern African Trade Points which would be open to all Trade Points in the region. The meeting was followed by a three-day training course on information management and technologies for international trade, delivered by ITC.

46. Trade Point Cairo, Egypt, which has been operating since 1994 and has created a network of local branches throughout the country, is seeking to design and introduce electronic commerce services. In December 1998, an UNCTAD mission carried out a feasibility study at the Trade Point with a view to setting these services up.

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<sup>9</sup> See para. 14 above.

<sup>10</sup> See TD/B/EX(18)/2, para. 30 for the list of countries.

<sup>11</sup> *Ibid.*, para. 34.

47. A Trade Point was created within the Ministry of Trade and Industry of Ethiopia in October 1997. It currently consists of 66 voluntary members, which include exporters, importers, banks, insurance companies, and freight forwarders. In November 1998, UNCTAD organized a training course on Web page designing and publishing at which 12 Trade Point staff were trained. This was preceded by two missions by UNCTAD staff. Ethiopia is included in the MED2000 project.<sup>12</sup> A total of US\$ 40,000 has been allotted to the Addis Trade Point for 1999 to strengthen it.

### **3. ASYCUDA**

48. The Automated System for Customs Data is now installed or being implemented in 25 African countries.<sup>13</sup>

49. In 1998 new national ASYCUDA projects were formulated and agreed to for financing by donors in Chad and Malawi. A further project in Eritrea was agreed to by a donor but has yet to commence. In Rwanda, the donor already providing institutional support to the Customs Department has now requested UNCTAD to prepare a document to further the use and ongoing sustainability of ASYCUDA.

50. In the COMESA region, 12 countries have installed or are currently implementing the system, and a new regional project is scheduled to commence for COMESA countries in mid-1999. A bridging project for the ASYCUDA-EUROTRACE Regional Centre, funded by the European Union, was agreed and finalized and came into effect pending the approval of the follow-up regional project.

51. In ECOWAS, nine countries have installed the system. A new regional project is being prepared to provide joint activities between the ECOWAS Computer Centre in Lomé and UNCTAD to assist with implementation of version 2.7 year 2000 issues and prepare a technical and functional base for future migration to version 3.

52. In accordance with the Manila Declaration adopted at the first World ASYCUDA User Meeting held in 1998, existing version 2 users wishing to migrate to version 3 would require a post implementation review before project finalization in order to maximize, for trade facilitation purposes, the full benefits of version 3, including Direct Trade Input and Selectivity. Zimbabwe is the first country to undertake such a review.

## **C. Debt, debt management and financial flows**

### **1. Paris Club**

53. The UNCTAD secretariat continues to participate as an observer in meetings of the Paris Club for the renegotiation of official bilateral debts of developing countries. In 1998, a total of 11 countries rescheduled or restructured their official bilateral debts with Paris Club creditors. Six of them were from sub-Saharan Africa, namely the Central African Republic, Cote d'Ivoire, Mozambique, Rwanda, Senegal and Uganda. Several of these countries obtained enhanced benefits under the HIPC initiative, notably the first restructurings on "Lyon terms" involving 80 per cent debt or debt service reduction (as compared with 67 per cent under "Naples terms", the most concessional terms offered before HIPC).

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<sup>12</sup> See para. 83 below.

<sup>13</sup> See TD/B/EX(18)/2, p.9 for details of country coverage.

There was one new exit agreement, making a total of five sub-Saharan countries which are considered to have graduated from Paris Club debt reschedulings since exit agreements on Naples terms were introduced in 1995.

54. Côte d'Ivoire concluded a new restructuring agreement on Lyon terms in April 1998, while Uganda and Mozambique obtained incremental relief on previously restructured Paris Club debts. Senegal for its part concluded an exit agreement involving debt-stock reduction on Naples terms in June 1998. Later in the year, Rwanda and the Central African Republic - and in April 1999, Zambia - obtained Naples terms relief on their debt service obligations in support of new ESAF arrangements with the IMF. Through its analytical work on the development problems of African countries, as well as specific advisory services aimed at helping these countries improve their debt management and elaborate appropriate debt and negotiation strategies, UNCTAD can play a valuable role in helping debtor countries obtain optimum debt relief.

## **2. HIPC initiative**

55. In accordance with agreed conclusions 454 (XLV) adopted by the Trade and Development Board, the UNCTAD secretariat has continued to monitor closely the debt problems of African countries, including developments under the HIPC initiative. Two key issues which could accelerate the delivery of an adequate amount of debt relief to all poor debtor countries have been identified. These are, first, the need to remove financing constraints and uncertainties and to endow the initiative with enough resources for deeper and faster debt relief; and secondly, a relaxation of eligibility criteria, through a lowering of the threshold and target ranges for debt sustainability. The UNCTAD secretariat, within the mandate provided by the UN General Assembly, has undertaken a major review of the debt problems of developing countries, making several constructive proposals for improvement in approaches to deal with these debt problems, including the HIPC initiative. It is also recalled that the comprehensive review of the HIPC initiative being undertaken by the IMF and the World Bank, and the Cologne Summit in June 1999, provide a framework for discussing these proposals.

56. Overall progress has been disappointingly slow under the initiative. New procedures enabling the delivery of debt relief more rapidly and to a larger group of beneficiaries will indeed be essential for solving the debt overhang problems of the poor, heavily indebted countries in sub-Saharan Africa; and special arrangements are required for those emerging from civil war and strife and presenting exceptional economic rehabilitation assistance needs.

57. The secretariat will, in 1999, review the implementation of the HIPC scheme in the first countries to have completed the process. The aim is to review the effectiveness of debt relief schemes in specific cases and to develop a methodology for assessment, which could subsequently be used by other HIPC countries in evaluating their own debt relief needs.

## **3. Other financial issues**

### *(a) Official development finance*

58. According to recent information from the World Bank, net disbursements of concessional funds to developing countries totalled \$32.7 billion in 1998, below the levels of \$33.4 billion in 1997 and \$44.8 billion in 1990. The declining trend in ODA affects countries in sub-Saharan Africa, as these countries rely mostly on ODA as their source of external finance. It is recalled that the Trade and Development Board, at its forty-fourth session, requested UNCTAD to continue

to explore ways and means of increasing resources for development in Africa, in particular by analysing how ODA could be used as a catalyst to attract other types of flows. In response to this request, the secretariat prepared a study on this subject, which appeared as chapter 2, part one, of the *Least Developed Countries 1998 Report*.

*(b) Portfolio investment*

59. For the purpose of examining how investment funds could be used to attract foreign investment flows to LDCs, with particular reference to tourism, agro-industries and infrastructure, feasibility studies were prepared for a number of African countries. The studies analysed the most appropriate investment vehicles that could be used to channel private non-FDI investment to these countries and examined the commercial, legal and financial framework required to make the creation of such funds viable. A publication ("Investing in pre-emerging markets" (UNCTAD/GDS/GFSB/3)) was released in the first half of 1998 and was disseminated among the investor community. The publication, as well as the outcome of the Pilot Seminar on Mobilization of Foreign Investment in LDCs, were presented at a seminar jointly sponsored by UNCTAD and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in November 1998. The Seminar discussed, among other things, the potential benefits and drawbacks of risk capital investment and the prospects for risk capital flows to African countries.

*(c) The debt strategy of the Mauritius Government*

60. Advisory services relating to debt strategy were provided at the request of the Ministry of Finance of Mauritius. In 1998 a Financial Risk Management Workshop was organized, with technical support from the International Finance and Commodities Institute.

**4. Debt Management and Financial Analysis System (DMFAS)**

61. Since the last report, UNCTAD's DMFAS programme has undertaken missions to Angola, Burkina Faso, Côte d'Ivoire, Ethiopia, Mauritania, Namibia, Rwanda, Sao Tomé and Príncipe, Senegal and Togo for training, needs assessment and finalization of DMFAS project documents.

62. UNCTAD has been cooperating closely on debt policy with the Bureau for Development Policy of UNDP and is preparing a paper for the Executive Committee for Economic and Social Affairs. UNDP is preparing a paper on debt and sustainable human development, to which UNCTAD has made a major contribution with regard to debt management.

**D. International investment and enterprise development**

**1. Investment**

*(a) International analysis*

63. The *World Investment Report 1998* contained a special section on foreign direct investment in Africa, including a detailed analysis of countries in Africa which were particularly successful in attracting FDI.

64. A paper was prepared in 1998 on "FDI in Africa: Performance and Potential" (UNCTAD/ITE/Misc.5) for the Commission on Investment, Technology and Related



Financial Flows (14-18 September 1998). The paper is currently being revised to be published as a booklet in July 1999.

65. In the context of an interregional research project on TNCs and industrial restructuring in developing countries, one of the commissioned studies has examined TNC and SME activities in the minerals and metals manufacturing sector in Zimbabwe, leading to a comparative analysis with similar resource-based restructuring in Chile.

*(b) National policy reviews*

66. The UNCTAD investment policy reviews are intended to familiarize Governments and the international private sector with an individual country's investment environment and policies. The reviews are considered in UNCTAD's Commission on Investment, Technology and Related Financial Issues. The first review was carried out in Egypt, and workshops were held in March 1999 in Cairo and Alexandria. The workshops were sponsored by local business associations. Investment policy reviews are also under way in Uganda, Mauritius and Zimbabwe.

67. UNCTAD also undertakes science, technology and innovation policy reviews. These reviews assess a country's national system of innovation and make recommendations to strengthen the competitiveness of the national economic and scientific potential. In Africa, Ethiopia and the United Republic of Tanzania have requested a science, technology and innovation policy review, to be carried out in conjunction with an investment policy review. UNCTAD is therefore undertaking an integrated innovation and investment policy review in those two countries.

*(c) Regulatory frameworks*

68. As part of the work programme on a possible multilateral framework for foreign investment (MFI), a regional symposium organized in Cairo, on 17-18 May 1999, included participants from Arabic-speaking African countries. Other planned MFI activities in 1999 for Africa include a regional symposium for African LDCs on "International investment agreements and their development dimension", and an intensive training course for junior diplomats in Africa on matters related to international investment agreements.

69. Together with the International Chamber of Commerce (ICC), UNCTAD has undertaken a project on "Investment guides and capacity-building for least developed countries". The project began in Ethiopia. Workshops were organized in Addis Ababa in January and April 1999 to prepare the guide and provide training on investment promotion. Work has also started in Mali, with a workshop in Bamako in April 1999. Work in other African countries (Madagascar, Mozambique and Uganda) is planned for later in 1999, depending on the availability of funds.

70. UNCTAD assisted the Government of the Gambia in designing an investment policy and investment code. It also contributed to the preparation of a round table on trade, investment and private sector development, which will be held in May/June 1999.

71. UNCTAD, in cooperation with UNIDO, provided advice to the Investment Authority of Uganda on the regulatory framework for industrial estates. A pre-feasibility study for an industrial estate/export processing zone was completed jointly with UNIDO.

72. Within the context of a regional project for the Arab States on the harmonization of investment legislation, UNCTAD prepared studies on the present investment legislation in Morocco and Egypt. Arabic-speaking countries from Africa participated in a regional workshop in Beirut in September 1998, and the initiative will be continued with a workshop in Morocco to be held in June 1999.

*(d) Investment promotion*

73. With the assistance of UNCTAD and other multilateral organizations, such as UNIDO and MIGA, investment promotion agencies from Africa participate actively in the work of the World Association of Investment Promotion Agencies (WAIPA), which is aimed at the exchange of best practices and successful approaches in investment promotion. Investment promotion agencies from Africa have established a regional chapter of WAIPA. Together with WAIPA, UNCTAD organized, in South Africa in June 1998, a panel for African investment promotion agencies on how they could co-operate effectively with outward investment promotion agencies from developed countries.

74. A project on "Networking through trade and direct investment in commodities and other products" brings together Asian and African entrepreneurs in a series of workshops in Asia and Africa to explore possible business links. A five-day Asia-Africa Business Networking Forum on Investment and Trade Diversification was held in Kuala Lumpur in March 1999, with the participation of some 100 entrepreneurs from 10 African and 13 Asian countries. Some 120 one-to-one business meetings took place, leading to the immediate signing of more than 15 cooperation and/or marketing agreements between enterprises.

75. UNCTAD has started a new UNDP-funded project on needs assessment to attract Asian foreign direct investment to Africa. Special attention is given to FDI by and in small and medium-sized enterprises. This project will involve South-South cooperation.

76. In cooperation with MEFMI (Macroeconomic and Financial Management Institute of Eastern and Southern Africa), a policy seminar on "Foreign Direct Investment and Economic Growth" was organized in Kampala, Uganda, in December 1998. Senior officials from 14 countries of the region attended the seminar.

77. In September 1998, UNCTAD organized a workshop on investment promotion for the Government of Sudan. A programme of technical assistance activities has been proposed to strengthen the capacity of the newly established investment authority.

78. In Kenya, UNCTAD is assisting the Investment Promotion Centre in establishing an investor targeting unit. This project includes strengthening the capacity of this agency in terms of targeting foreign investors more effectively.

**2. Enterprise development**

*(a) Research projects*

79. The project on "Enhancing the participation of women entrepreneurs in LDCs economies"<sup>14</sup> is advancing. Based on original data, a paper on "Women entrepreneurs in Africa: Profile, problems and policies" will be discussed by

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<sup>14</sup> See TD/B/EX(18)/2, para. 84, for objectives and details of country coverage.

policy-makers in a regional seminar in Burkina Faso in June 1999, which is being organized in cooperation with UNIDO.

80. Another project on "Enhancing public-private sector dialogue in LDCs" is assessing the extent to which public-private sector dialogue has resulted in a coherent policy framework in the area of enterprise development in LDCs. The African LDCs selected for the project are Ethiopia, United Republic of Tanzania and Madagascar. A survey of good practice in public-private sector dialogue has also been commissioned to determine the different forms that public-private sector dialogue may take and the various levels at which dialogue should take place, as well as to lay out strategies for replacing conflict with cooperation.

81. In the *ATAS Bulletin* prepared by UNCTAD in 1998, one article examined and described issues of cooperation between research and development institutions and the enterprise sector in Africa, with particular focus on the United Republic of Tanzania. Another article examined the development of clustering and partnerships in some West African countries from the point of view of building an adequate environment for small enterprises and their current role in the economy.

*(b) Technical cooperation projects - business support services*

82. The Entrepreneurship Development Programme (EMPRETEC)<sup>15</sup> in Africa has assisted more than 4,000 entrepreneurs through four market-driven local EMPRETEC National Centres. In 1998 a new programme was initiated in Morocco, and other projects in Africa will be undertaken within the framework of Enterprise Africa, launched by UNDP's Regional Bureau for Africa.

83. The Mediterranean 2000 Programme, designed for capacity building to stimulate growth and competitiveness of SMEs and launched in 1998,<sup>16</sup> is now providing assistance to Ethiopia and Morocco. As reported in 1998, it is being extended to Egypt, Eritrea, Tunisia and Uganda.

84. In November 1998, UNCTAD participated in the ITC Biennial African Leather Convention and Trade Fair, held in South Africa. UNCTAD made a presentation on the role of industry associations in a globalizing world economy and provided concrete assistance for the formation of the African Federation of Leather and Allied Industries (AFLAI) by offering a sample statute for the organization.

85. Progress was made in the context of technical assistance activities within the integrated country programme on "Restructuring of the Indigenous Business Advisory Service (IBAS)/Gambia". UNCTAD assisted in the preparation of a proposal to restructure the IBAS and to transform it into an autonomous institution. The project proposal will be presented to the forthcoming donors' round table meeting.

86. In cooperation with the Arab Society of Certified Accountants and UNEP, UNCTAD conducted a workshop in Alexandria, Egypt, on 5-6 December 1998 on accounting and financial reporting for environmental costs and liabilities. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) is also designing a new system for accounting for small and medium-sized enterprises. Needs surveys will be carried out in Botswana, Burundi, Cameroon, Kenya, Morocco and Senegal.

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<sup>15</sup> *Ibid.*, para. 81.

<sup>16</sup> *Ibid.* For details, see para. 83.

**E. United Nations System-wide Special Initiative on Africa (UNSI)**

87. UNCTAD, as lead agency for the trade access and opportunities and investment cluster of the UNSIA, reported to the seventh session of the Steering Committee of the UNSIA on the activities undertaken in the context of the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries, as well as on the Integrated Framework for Trade-related Technical Assistance to the LDCs. In the light of the discussions of the Steering Committee, UNCTAD was requested, in cooperation with UNIDO, to organize a technical interagency meeting on trade, investment and industrial development. An interagency meeting was organized which met on 30 November 1998 under the chairmanship of the UNCTAD Coordinator for Africa, with the participation of ECA, FAO, ILO, IMF, IMO, ITC, UNIDO, UNDP and WTO. Three areas were identified for strengthening interagency cooperation and coordination: modalities for closer association of UNIDO, FAO and WIPO with the work of the six core agencies in the context of the Integrated Framework; closer cooperation and coordination and the development of synergies for enterprise development activities of the various agencies, in particular in respect of SMEs; and further interagency cooperation on transport and infrastructure development of African countries. UNCTAD reported on the outcome of the technical meeting and its follow-up to the eighth session of the Steering Committee.

88. Furthermore, in the light of the discussions and decisions of the Committee for Programme and Coordination in New York last year, UNCTAD has prepared a paper outlining the issues involved and suggesting interagency cooperation for the diversification of African economies for discussion and appropriate decision by the Steering Committee meeting of the UNSIA.

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