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### Trade and Development Board

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#### **Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries**

### **Activities carried out in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020: Sixth progress report**

#### *Executive summary*

This report is prepared pursuant to paragraphs 153 and 156 of the Programme of Action for the Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action) in order to assist the Trade and Development Board in its consideration of item 5 of the provisional agenda.

The report provides a description of UNCTAD-wide activities with regard to the implementation of the Istanbul Programme of Action in 2016 and the first quarter of 2017. It includes lessons learned and a way forward for further implementation of actions and commitments within the mandate and competence of UNCTAD. The report details how research and policy analysis work by the secretariat contributed to policy dialogue and the building of consensus at the national, regional and global levels on issues of trade and development of interest to the least developed countries. Similarly, technical cooperation and capacity-building activities of the secretariat greatly assisted in efforts to build the human resources and institutional capacities of the least developed countries. In the area of consensus-building, the UNCTAD intergovernmental machinery pays particular attention to trade and development issues of direct interest to the least developed countries.



## Introduction

1. The Istanbul Programme of Action was adopted by the Fourth United Nations Conference on the Least Developed Countries in May 2011.<sup>1</sup> The comprehensive high-level midterm review of the Programme, which took place in Antalya, Turkey, from 27 to 29 May 2016, adopted a political declaration that is expected to contribute to an improved implementation of priority areas in the Programme in the remaining years.

2. UNCTAD provides support to the least developed countries in a range of areas as part of its contribution to the implementation of the Programme. UNCTAD conducts research and policy analysis that specifically targets the needs of the least developed countries, and this work is key in enhancing their capacities in policy formulation and implementation. It is also crucial to building consensus at national, regional and global levels on alternative policies and strategies with regard to trade and development issues of interest to the least developed countries. In 2016, UNCTAD provided recommendations for policy action that could strengthen international support for the least developed countries, improve debt sustainability in the least developed countries, increase the contribution of trade in commodities to sustainable development and support the mainstreaming of trade into multifaceted development strategies. Similarly, the continuation of UNCTAD technical assistance and capacity-building activities assisted in enhancing the human resources and institutional capacities of the least developed countries. The least developed countries continue to request specific assistance from UNCTAD in areas such as the Enhanced Integrated Framework, which provides advice tailored to a country's specific development needs, and on matters of graduation from the least developed country category.

3. As discussed in previous reports submitted to the Trade and Development Board, the Istanbul Programme of Action growth target of 7 per cent and the target of enabling half of the least developed countries to meet the graduation criteria by 2020, are unlikely to be met. However, UNCTAD continues to make concerted efforts with regard to the implementation of priority areas contained in the Programme, with a focus on areas within its mandates and competence. The contribution of UNCTAD to the further implementation of the Programme is in line with its three pillars, namely policy research and analysis; technical cooperation and capacity-building; and intergovernmental consensus-building.

### I. Research and policy analysis

4. A key goal of the Istanbul Programme of Action is to enable half of the least developed countries to meet the graduation criteria by 2020. The Programme and the political declaration adopted at the midterm review, emphasize that international support measures should be strengthened to assist the least developed countries in reaching the goals of the Programme, including that of graduation. UNCTAD research and analysis in 2016 illustrated some of the challenges facing the least developed countries in taking advantage of current international support measures, and identified institutional and capacity limitations, together with the implications of these, to enable the least developed countries to meet the goals and targets of the Programme, as well as the Sustainable Development Goals. The research and analysis that UNCTAD produces helps the least developed countries in understanding their developmental needs and priorities and the strategies available to them to fulfil their broader development objectives.

5. *The Least Developed Countries Report* is one of the key flagship reports in the United Nations system that focuses entirely on the prospects and concerns of the least developed countries. *The Least Developed Countries Report 2016: The Path to Graduation and Beyond – Making the Most of the Process*, published in December 2016, focused on graduation as a part of the development process. However, as noted in the report, it is highly unlikely that the target of enabling half of the least developed countries to meet the graduation criteria by 2020 will be met. In the light of the challenges with regard to meeting

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<sup>1</sup> A/CONF.219/7.

this target, *The Least Developed Countries Report* highlighted the need for improvements in national policymaking efforts and the international support measures from which the least developed countries benefit. At the national level, the least developed countries need to put in place policies and strategies aimed at fostering productive capacities and economic structural transformation. With regard to international support measures, the report advocated the following actions:

(a) Fulfilment by donors of their long-standing commitments to provide 0.15–0.20 per cent of their national income for assistance to the least developed countries, to make aid more stable and predictable, and to align it more closely with national development strategies;

(b) Faster progress towards 100 per cent duty-free and quota-free access for least developed country exports to developed country markets;

(c) Renewed efforts to break the stalemate on special and differential treatment for the least developed countries in World Trade Organization negotiations;

(d) Full and timely operationalization of a technology bank for the least developed countries in 2017, with adequate financing and due regard for each country's level of development;

(e) Improved monitoring of technology transfer to the least developed countries;

(f) A more systematic, smooth transition process for graduating countries, to limit the impact of losing access to international support measures when they graduate.

6. The *Economic Development in Africa Report 2016: Debt Dynamics and Development Finance in Africa*, published in July 2016, examined some of the key policy issues underlying domestic and external debt in Africa, and provided policy guidance on the balance required between financing development alternatives and overall debt sustainability. It analysed the international debt exposure of Africa and how domestic debt was increasingly playing a role in some African countries as a development finance option. It also examined complementary financing options and how they related to debt. Given the highly globalized nature of capital markets, debt dynamics are one of the many ways in which the international development community can play a role in supporting the least developed countries. The *Economic Development in Africa Report* is highly relevant to most of the least developed countries, as 34 of these countries are located in Africa.

7. Several of the least developed countries benefited directly from research and policy analysis support by the secretariat, in the context of its work on trade and poverty. The recent UNCTAD handbook *Making Trade Work for Least Developed Countries: A Handbook on Mainstreaming Trade* shed light on the links between trade and poverty as specifically experienced in the least developed countries. As part of the work that led to the publication of this handbook, national and regional capacity-building workshops were organized to discuss the integration of trade into national policies and strategies. Bhutan, Ethiopia, Kiribati, the Lao People's Democratic Republic, Lesotho and Senegal were among the countries that benefited from related support. The input of national policymaking institutions was instrumental in the process of creating a handbook that is relevant and useful for addressing the challenges of international trade faced by the least developed countries.

8. UNCTAD continued its research and policy analysis work on commodities, a subject critical to many of the least developed countries, which are heavily reliant on primary commodity exports. In 2016, UNCTAD commissioned a report entitled *Trade Misinvoicing in Primary Commodities in Developing Countries: The Cases of Chile, Côte d'Ivoire, Nigeria, South Africa and Zambia*, published in December. Trade misinvoicing leads to developing countries being deprived of the legitimate gains to be had from the extraction of their natural resources, for example in Zambia with regard to its copper exports. The results of UNCTAD research generally show a close correlation between export concentration by destination and the extent of trade misinvoicing. Through this report, the effects of commodity misinvoicing are given empirical backing.

9. UNCTAD also produces research that specifically assists the least developed countries in identifying their capacity-building needs. In September 2016, UNCTAD published *Development Dimensions of Intellectual Property in Nepal: Transfer of Technology, Access to Medicines, Genetic Resources and Traditional Knowledge*. The report recommended a number of practical steps, to be acted on through legislation or policy development, which will enable the technological and innovation functions of intellectual property protection. Technology transfer, access to medicines and investment in traditional knowledge are areas that can be affected by a country's institutions and intellectual property rights. The recommendations in the report require follow-up, such as assistance to build the necessary institutional capacities for action and technical assistance in developing appropriate laws and investigating implementation pathways.

## **II. Technical cooperation and capacity-building**

### **A. Graduation from the least developed country category**

10. UNCTAD has a long-standing role in providing important policy direction to countries about to graduate from the least developed country category. The General Assembly, in its resolution 59/209, decided that after a country has met the criteria for graduation for the first time, the Secretary-General of the United Nations will invite the Secretary-General of UNCTAD to prepare a vulnerability profile on the identified country, to be taken into account by the Committee for Development Policy at its subsequent triennial review. In addition, UNCTAD advice is provided following direct requests from the Governments of the least developed countries. In 2016, UNCTAD participated in graduation workshops for the benefit of Angola and Equatorial Guinea, in collaboration with other United Nations system entities such as the United Nations Department of Economic and Social Affairs, United Nations Development Programme and United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. At the workshops, UNCTAD brought its expertise in the interlinked issues of trade and development, to advise Governments on strategies that could mitigate the loss of access to special treatment received by the least developed countries and on how to capitalize on the momentum that successful graduation requires. The provision of advice to Angola on graduation builds on previous workshops conducted in 2013 and 2015 and, at the workshop in 2016, the Government was presented with a road map for the development of a smooth transition strategy. UNCTAD continues to follow up on the implementation of this road map with the United Nations Development Programme and other United Nations system entities.

### **B. Fisheries**

11. UNCTAD also works to implement the Istanbul Programme of Action through direct technical assistance to the least developed countries, including projects such as the United Nations Development Account project "Building the capacities of selected least developed countries to upgrade and diversify their fish exports." As a growing export commodity, domestic fishery industries are important to many countries not only as a source of export earnings but also to ensure the well-being of rural communities and as a key contributor to food security. Building on previous work, namely workshops held in 2015 in the Comoros, Mozambique and Uganda, in 2016, UNCTAD held workshops in Cambodia and Myanmar. Stakeholders from the Government and the private sector, as well as civil society and academia, discussed key issues and identified pressing priorities, which helped to formulate strategies to address barriers to fishery exports. UNCTAD, with the input of key stakeholders, recommended sector-specific policies and strategies stemming from the workshops, for implementation by national Governments and international development partners. The project also enabled experts from the beneficiary countries to travel to China to undertake a training programme at the Freshwater Fisheries Research Centre of the Chinese Academy of Fishery Sciences. With support from China, participants were trained

in complying with the constantly shifting food quality and safety standards for fish exports from the least developed countries, including aquaculture and wild-caught fish.

12. UNCTAD work on fisheries culminated in an interregional training and capacity-building workshop organized in Mauritius in April 2017, with participants from Cambodia, the Comoros, Mauritius, Mozambique, Myanmar and Uganda. The workshop had two main components, namely deliberation on key issues and hands-on training. During the first two days, the workshop addressed technical and substantive issues related to the fishery sector, in particular the role of the sector in the socioeconomic development of the least developed countries and small island developing States, the key challenges facing these countries and the opportunities and prospects for them to become successful exporters in fisheries. The final two days were devoted to hands-on training and exposure to the most critical issues facing the fishery sector from an operational perspective. This component offered participants the opportunity to visit fish landing sites, a processing and packaging firm, aquaculture farms, artisanal fisheries, a fish feed processing firm and a marine park for the conservation and preservation of marine biodiversity. Participants also visited the competent authority in Mauritius to further learn how to reinforce compliance with international food quality and safety standards. Discussions were held between UNCTAD and Mauritius on the way forward and the role of Mauritius in supporting the development efforts of the least developed countries in Africa and Asia.

13. The sharing of successful experiences among countries covered by the UNCTAD project, as well as Mauritius, contributed to helping understand the development potential of the fishery sector, which has great potential to boost growth, employment and food security for a number of the least developed countries with inland and coastal fish resources. Mauritius expressed interest in becoming a regional centre of excellence for fishery research and development and in serving as a hub for training and capacity-building for the least developed countries in Africa and Asia. In particular, advanced training institutions are available in Mauritius, including the University of Mauritius, Mauritius Oceanography Institute and Albion Fisheries Research Centre. This offer not only strengthens South-South cooperation but also provides a unique opportunity for the least developed countries to build capacities to enable them to tap the trade and development potential of their fishery sectors.

14. Overall policy recommendations arising from UNCTAD work on fisheries include, among others, the following:

(a) The provision of primary infrastructure, particularly water for fish processing and energy to maintain cold chains, is vital. Governments should evaluate the constraints facing the sector and invest in common-use infrastructure where it will provide the greatest benefit to the developing industry;

(b) Regulatory and institutional capacity to govern the industry effectively is important. A clear division of responsibilities should be made between the appropriate government ministries, agencies and/or departments. The effectiveness of monitoring mechanisms should be ensured in order to prevent a decline in the health and safety standards of products and problems related to illegal, unreported and unregulated fishing;

(c) The aquaculture industry should be promoted, as it enables countries to bypass natural limitations on fish stocks and allows for the more effective tailoring of specific products to valuable, targeted export markets;

(d) The technical expertise available in the fishery sector should be raised, to increase the likelihood that the sector will develop domestic solutions to its most pressing problems, rather than importing solutions that may not suit the local conditions;

(e) International standards should be harmonized and simplified, to lower the barriers faced by the least developed countries in trying to meet the requirements of multiple markets;

(f) Partnerships should be developed with the least developed countries in order to raise the level of human capital and infrastructure available, thereby allowing for greater quality in and quantities of products to be exported;

(g) Many of the problems related to illegal, unreported and unregulated fishing are cross-border issues. Countries should work together and form regional partnerships to jointly discourage damaging fishing practices that harm lawful fishers in all countries.

### **C. Enhanced Integrated Framework**

15. The Enhanced Integrated Framework is a programme specifically designed for the least developed countries, and UNCTAD is a key partner in its activities. Upon request by a least developed country, UNCTAD assists in updating its diagnostic trade integration study, which serves as a tool to identify national policy limitations and gaps, and in developing action matrices to address domestic bottlenecks to trade. These studies identify constraints to the integration of the least developed countries into the multilateral trading system and the mainstreaming of trade issues into national development strategies. In 2016, UNCTAD contributed to the preparation of the national medium-term plan of Burkina Faso on trade diversification and facilitation, aimed at strengthening domestic ownership capacity in trade policy formulation and implementation, and also assisted the Government in integrating trade into the national development plan. UNCTAD also updated the diagnostic trade integration study of Ethiopia. This update focused on improving the Addis Ababa–Djibouti trade corridor, to facilitate the flow of goods and services through the port of Djibouti, aiming to maximize the trade opportunities of the two countries by taking advantage of the newly completed Addis Ababa–Djibouti railway. The new rail corridor, which benefited from substantial financial support from China, is expected to substantially improve transit times for the large volume of goods that use this route. It is expected to enhance the trade and development prospects of the two countries through South–South cooperation, and Ethiopia, which is landlocked and has long used the port in Djibouti to gain access to sea ports, is expected to see a dramatic reduction in its international trade costs. The two States should build their respective productive and supply capacities and revamp trade institutions and customs operations to facilitate the flow of goods and services.

### **D. Trade logistics, export diversification and services and investment policy reviews**

#### **Trade logistics and facilitation**

16. The United Nations Development Account project of UNCTAD entitled “Building the capacities of developing countries to shift towards sustainable freight transport” is aimed at building capacity to integrate sustainability criteria when designing, planning, developing and implementing sustainable freight transport strategies and policies. The first phase of the project focuses on the two main transit and transport corridors of East Africa, namely the northern and central corridors, which bring together the least developed countries of Burundi, the Democratic Republic of the Congo, Rwanda, South Sudan, Uganda and the United Republic of Tanzania, as well as the non-least developed country Kenya. In March 2016, UNCTAD held a training and capacity-building workshop in Nairobi in cooperation with the Northern Corridor Transit and Transport Coordination Authority and the Central Corridor Transit Transport Facilitation Agency.

17. Negotiations for the Agreement on Trade Facilitation were concluded in 2013, and the Agreement entered into force on 22 February 2017, following its ratification by two thirds of the membership of the World Trade Organization. Successful implementation of the Agreement presents challenges to the least developed countries, and UNCTAD was particularly active in 2016 in providing support in this regard to these countries, including assistance with the categorization and notification of obligations, ratification, the development of project proposals and the establishment and operation of national trade facilitation committees. Many countries face difficulties in implementing article 11 of the Agreement on freedom of transit, which has led to requests for technical and financial assistance.

### **Agriculture and national green exports**

18. The Lao Organic Agriculture Forum, organized by UNCTAD, is another event through which UNCTAD supports the development of productive capacities in the least developed countries. The fifth Lao Organic Agriculture Forum, held in Vientiane on 15 and 16 June 2016, aimed to take stock of the national organic agriculture strategies developed by the Department of Agriculture, which had benefited from recommendations made at previous forums and support by aid organizations. At the fifth forum, participants explored partnerships to ensure the sustainability of the organic agriculture sector in the Lao People's Democratic Republic, while increasing coherence between the key public and private stakeholders, organizations and donors involved.

19. In July 2016, UNCTAD published the *National Green Export Review of Vanuatu: Copra-Coconut, Cocoa-Chocolate and Sandalwood*. Vanuatu is both a least developed country and a small island developing State; its exports of coconut, cocoa and sandalwood products have brought international interest throughout its history. The report drew attention to three highly competitive value chains in Vanuatu, and identified opportunities, based on international market research and analysis, for boosting the contribution that these agricultural products can make to the national economy and well-being. As a result of UNCTAD work, national plans of action were formulated for these three value chains, with the cooperation of national stakeholders, to be implemented over the next five years.

### **Services policy reviews**

20. In July 2016, UNCTAD published *Services Policy Review: Bangladesh*. Bangladesh, a strong exporter of textiles, requires strategies to improve its industry and exports in other sectors in order to avoid the risks of being overdependent on a single product. Due to its population size, Bangladesh already has a sizeable internal market for telecommunications and information technology services, and has the potential to use this existing base to expand into international markets. The services policy review revealed a number of areas suitable for policy attention by Bangladesh that could boost its services exports not only in information technology but also in health, tourism, accounting and engineering.

### **Investment policy reviews**

21. With regard to investment, UNCTAD undertakes capacity-building activities aimed at assisting the least developed countries in attracting and benefiting from investment, including foreign direct investment. In 2016–2017, the Gambia benefited from an investment policy review by UNCTAD. The report, prepared at the request of Government, presented action-oriented recommendations to improve the Gambia's legal framework for investment, as well as its approach to promoting foreign investment in the country. The review emphasized that the potential of the Gambia to attract and benefit from foreign direct investment remained largely untapped, despite a generally open investment regime. Improving the overall investment environment required clearer legal provisions and more effective implementation of the laws governing business in the Gambia. In turn, this required strengthened capacities for government institutions, especially with regard to establishing a prioritized and focused investment promotion strategy. Foreign direct investment could play an important role in helping the Gambia achieve its development objectives, if appropriate policies and institutions were put in place to foster a vibrant private sector.

### **Building human resources and institutional capacities**

22. With the support of the European Union, in 2017, UNCTAD embarked upon a substantial project entitled Train for Trade II, which will train stakeholders in Angola in international trade matters. Following a preparatory mission to Angola in November 2016, the Government of Angola, the European Union and UNCTAD agreed on the following five priority areas for training practitioners in Angola: trade policy and negotiations; trade finance and logistics; small and medium-sized enterprise development; trade facilitation; and scoping of non-oil trade opportunities. Over the next five years, the project aims to enhance the capacity of Angola to shift its international trade away from a near-complete

dependence on oil, building the country's economic resilience and aiding it on its path to graduation from the least developed country category.

### **III. Consensus-building and intergovernmental support**

23. In 2016–2017, UNCTAD continued to drive forward the Istanbul Programme of Action by presenting the case for more comprehensive development action in favour of the least developed countries at a series of intergovernmental events. Since its establishment, UNCTAD has supported the least developed countries in participating more fully in intergovernmental proceedings in the international community. UNCTAD achieves this by directly funding the participation of the least developed countries at some events, but also by bringing forward their viewpoints, supported by sound research and analysis.

#### **A. Fourteenth session of the United Nations Conference on Trade and Development**

24. In 2016, trade and development issues of interest to the least developed countries, including implementation of the Istanbul Programme of Action, were well addressed at the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD XIV), held in July. Several ministerial round tables and high-level events of direct relevance to the least developed countries were held during UNCTAD XIV, including the following:

- (a) Ministerial round tables:
  - (i) South–South mechanisms to tackle vulnerabilities and build resilience – the innovative use of regional financial and monetary integration;
  - (ii) Making trade work better for Africa and the least developed countries – how to ensure that trade is inclusive and pro-poor;
  - (iii) A world without least developed countries – towards a better framework to assist structural transformation for least developed country graduation;
- (b) High-level events:
  - (i) Fostering Africa's structural transformation;
  - (ii) Building economic resilience for the most vulnerable;
- (c) Ministerial Meeting of the Least Developed Countries.

25. These round tables and high-level events contributed to building consensus on the continuing and emerging particular socioeconomic conditions of the least developed countries, as well as a better articulation of their development needs, priorities and challenges, and recommended policy actions to address the challenges with regard to enhanced implementation of the Istanbul Programme of Action by the least developed countries and development partners.

26. The Ministerial Meeting of the Least Developed Countries adopted a declaration on addressing complex development challenges and promoting the sustainable development of their economies. In particular, they resolve to “fulfil our commitments to implement the Istanbul Programme of Action and the 2030 Agenda for Sustainable Development, as well as other relevant international development agreements within our respective capacities; make renewed and intensified efforts to build productive capacities and promote structural transformation; take responsibility to ensure that our respective countries' trade and related strategies pertaining to development are consistent and integrated into our overall national development strategies and policies”. The declaration also urged trading and development partners to “support UNCTAD efforts to promote a fair, inclusive, equitable, transparent and predictable international trading system; support the call to strengthen the role of UNCTAD in reforming the international tax and financial architecture, as well as international investment rules; sustain and strengthen their support for the least developed

countries to attain the targets of the Istanbul Programme of Action and the Sustainable Development Goals, as well as other relevant development goals”.

27. Key priority trade and development issues for, and concerns of, the least developed countries were included in the UNCTAD XIV outcome document, the Nairobi Maafikiano, which requests UNCTAD to “continue and strengthen technical cooperation activities in the least developed countries through training and capacity-building in accordance with the Istanbul Programme of Action”.

## **B. Inter-agency meeting on the Istanbul Programme of Action**

28. In February 2017, UNCTAD participated in the fourteenth meeting of the Inter-Agency Consultative Group on the Least Developed Countries. Various representatives from throughout the United Nations system discussed progress made on the Istanbul Programme of Action and plans to continue to reach the Programme targets. The meeting is an annual opportunity for UNCTAD to identify synergies with other agencies that undertake significant work in this area, such as the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. At the fourteenth meeting, comprehensive discussions were held on investment promotion and a technology bank for the least developed countries, both of which are areas of key interest for UNCTAD. The discussions will assist UNCTAD coordination with other international development partners in these matters in the coming years.

## **C. Contribution to the report of the Secretary-General of the United Nations to the seventy-second session of the General Assembly**

29. The secretariat provides annual inputs to the report of the Secretary-General on least developed country-related activities, coordinated by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. The inputs form part of the comprehensive reports of the Secretary-General to the General Assembly on the implementation of the Istanbul Programme of Action. The contribution of UNCTAD to these reports, unique among United Nations agencies, provides a narrative centred on trade and development and the particular challenges faced by the least developed countries.

## **IV. Lessons learned and way forward**

30. The areas of intervention by UNCTAD described in the present report are a reflection of an increasing interest in and demand for support by the secretariat by the least developed countries in areas defined in the Istanbul Programme of Action. Effectively responding to the growing list of requests of member States requires concerted efforts by donors, beneficiary countries and the secretariat. In future, the focus should be on strengthening the policy formulation and implementation capacities of the least developed countries. This will, in turn, contribute to efforts to enhance the substantive or developmental impact of technical cooperation and capacity-building projects and programmes on the domestic institutions and economies of these countries. To this end, ongoing efforts aimed at enhancing the ownership capacities of the least developed countries should be continued, while ensuring the predictability and sustainability of such activities at the national level.

31. The sixty-third session of the Trade and Development Board, based on a comprehensive midterm review of activities, discussed progress towards the goals of the Istanbul Programme of Action, and discussions showed that many of the targets of the Programme are unlikely to be met. In the remaining years of the implementation of the Programme, UNCTAD will continue its analytical and operational activities, with an increased focus on the pressing needs and priorities of the least developed countries.

32. The complexity of the trade and development challenges faced by the least developed countries requires diverse interventions and a high level of engagement by the least developed countries and by international development and trading partners. Where the national institutions of the least developed countries are actively involved in the formulation and implementation of technical assistance projects, results will be more robust, with visible impacts. Due to the range of activities and projects that UNCTAD undertakes in the least developed countries, the involvement of the countries in project conception, development and implementation is highly valuable.

33. UNCTAD will sustain its efforts in aiding the least developed countries to meet their development goals through its work on building productive capacities and by focusing on ways to achieve structural transformation. Structural transformation will, in turn, help to create productive employment opportunities, improve the capacity of the least developed countries to produce goods and services and help make them internationally competitive.

34. As evidenced by continuing requests for assistance in trade-related matters from countries that are nearing graduation from the least developed country category, the transition to a developing country or middle-income country category is not straightforward. Demand for assistance in this area will continue to be strong from countries such as Bhutan, Nepal, Sao Tome and Principe, Solomon Islands and Timor-Leste, which have all met the criteria for graduation and are drawing closer to eligibility for graduation. The mandate of UNCTAD and its particular competencies in trade and related matters are particularly relevant to the least developed countries as they approach graduation, given the loss of trade preferences that the process entails. By providing support to the least developed countries as they move out of the category, UNCTAD strives to assist them in generating and maintaining policy momentum throughout the graduation process, in order that they may continue to grow rather than stagnating in a middle-income trap.

35. Based on the contributions of UNCTAD to the implementation of the Istanbul Programme of Action during the reporting period described in the present report, the Trade and Development Board is expected to provide further guidance to the secretariat on continuing and broadening its work in relation to the least developed countries. In this context, and as during previous sessions, the Trade and Development Board may adopt action-oriented agreed conclusions, which are expected to address ways and means for ensuring the sustainability and predictability of ongoing capacity-building activities. Such conclusions should also seek the best possible ways and means to respond to the increasing demand from the least developed countries for operational and analytical work by UNCTAD in support of their efforts to build human resources and institutional capacities.

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