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## Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020: Third progress report

Report by the UNCTAD secretariat

### *Executive summary*

The Programme of Action for the Least Developed Countries for the Decade 2011–2020<sup>1</sup> (Istanbul Programme of Action) and the Doha Mandate<sup>2</sup> request that UNCTAD continue addressing the challenges faced by the least developed countries (LDCs) and contribute to its implementation. The primary focus of this report is on UNCTAD activities carried out in 2013; this, however, does not preclude references to activities that started in 2012 or were completed in 2014. This report will be submitted for consideration by member States at the sixty-first session of the Trade and Development Board.

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

<sup>2</sup> TD/500/Add.1.

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## Introduction

1. “The overarching goal of the Programme of Action for the decade 2011–2020 is to overcome the structural challenges faced by the least developed countries in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the least developed country category”.<sup>3</sup> The average growth rate of the LDCs in 2012 and 2013 was 5.5 per cent, two percentage points lower than the 7 per cent growth rate experienced during the boom period of 2002–2008. This decline, which is well below the target of 7 per cent per annum set out in the Programme of Action, is due largely to a less propitious external environment, in particular weak demand for LDC imports from developed countries and emerging economies. The international prices for many commodities have slid from their peaks of 2011, adversely affecting commodity-dependent LDCs.

2. The performance of the LDC group masks the heterogeneous performance of individual countries. For example, the growth rates of 15 countries exceeded 6 per cent, but 10 countries experienced a growth rate below 3 per cent. Given high population growth, the latter countries had stagnant or negative per capita growth. This has severe consequences for the achievement of their socioeconomic goals.

3. In addition to slower growth, the investment and savings rates of LDCs have continued to be insufficient to generate and sustain economic growth with substantial poverty reduction. Furthermore, external financing has also been volatile. Nevertheless, remittance flows to LDCs continued to grow – from \$6 billion in 2000 to \$30 billion in 2012. They are expected to expand further in 2013 and 2014 due to the increasing number of people from LDCs seeking employment opportunities abroad. According to the *Least Developed Countries Report 2012*, the number of emigrants from LDCs increased from 19 million in 2000 to 28 million in 2012. Three quarters have gone to other developing countries. As a result, at least 60 per cent of remittances to LDCs currently originate from other developing countries. Therefore, South–South relations play a critical role in remittance flows into LDCs. With regard to foreign direct investments (FDI) flows, while the share of LDCs in global flows still remains less than 2 per cent, total FDI flows to LDCs reached \$26 billion in 2013.

4. Notwithstanding the growth boom experienced in 2002–2008, the LDCs have not managed to make progress in structural transformation. For the LDCs as a group, the share of agriculture and services in gross domestic product (GDP) declined, while the share of industry expanded. Within industry, however, the share of manufacturing in GDP has stagnated, while non-manufacturing activities, mostly due to mining, have increased steadily. The share of agriculture in GDP has decreased during the past decade in 33 LDCs and increased in 14, while that of manufacturing grew in only 19 LDCs and shrank in 25.

5. The sluggish performance of the LDCs in the past two years is likely to remain unchanged in the short to medium term, given that prospects for the global economy continue to be fraught with uncertainties and risks and that slow growth is likely to persist at least through 2015. Even if the downside risks do not materialize, the GDP growth rates in these countries are expected to be lower than the 7 per cent target, making the challenges of structural transformation, employment generation and poverty reduction more daunting and complex.

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<sup>3</sup> Istanbul Programme of Action, para. 27.

6. One of the main goals of the Istanbul Programme of Action is to enable “half the number of least developed countries to meet the criteria for graduation by 2020”.<sup>4</sup> To date, only four countries have graduated from LDC status: Botswana (1994), Cape Verde (2007), Maldives (2011) and Samoa (2014). Two other LDCs, Equatorial Guinea and Vanuatu, are earmarked for graduation in June and December 2017, respectively. Tuvalu’s graduation was recommended in 2012 by the Committee for Development Policy, but the Economic and Social Council never endorsed this recommendation, thereby leaving the question of that country’s graduation unanswered. The potential graduation cases of Angola and Kiribati will be reviewed by the Committee in 2015. The 2012 review of the list of LDCs also revealed that 10 countries with LDC status meet one graduation threshold, thereby demonstrating progress toward qualification for graduation in the foreseeable future. The single graduation threshold relates to per capita income in Bhutan, Djibouti, Sao Tome and Principe, Sudan and Timor-Leste. It relates to human assets in Myanmar and Nepal and to economic vulnerability in Bangladesh, Guinea and the United Republic of Tanzania. Full qualification for graduation from LDC status implies that graduation thresholds related to at least two of the three LDC criteria have been met after two consecutive triennial reviews of the list of LDCs.

## I. Contribution of UNCTAD

7. The mandate to assist LDCs and contribute to the implementation of the Istanbul Programme of Action stems from paragraph 156<sup>5</sup> of the Istanbul Programme of Action and paragraph 18 (g)<sup>6</sup> of the Doha Mandate. The support that UNCTAD provides to member States is organized under three broad pillars of work:

- (a) Research and policy analysis;
- (b) Consensus-building and intergovernmental support;
- (c) Technical cooperation and capacity-building.

8. For ease of reference, the rest of this report will present UNCTAD activities in support of the LDCs under these pillars.

### A. Research and policy analysis

9. UNCTAD continues to conduct research and policy analysis on LDCs through several reports and studies, predominantly its annual flagship publication, *The Least Developed Countries Report*.

10. *The Least Developed Countries Report 2013: Growth with Employment for Inclusive and Sustainable Development* examined how LDCs can promote growth that generates an adequate number of quality jobs and enables them to achieve their most urgent goals: poverty reduction, inclusive growth and sustainable development. The findings of the Report suggest that LDCs face a stark demographic challenge, as their collective population

<sup>4</sup> Istanbul Programme of Action, para. 28.

<sup>5</sup> “The United Nations Conference on Trade and Development (UNCTAD) should continue to address the challenges faced by least developed countries through conducting intergovernmental consensus-building, especially in the Trade and Development Board, and to contribute to the implementation of the Programme of Action also through its technical assistance to least developed countries. UNCTAD’s institutional capacity in the research and analysis of least developed country issues should be maintained to this end.”

<sup>6</sup> UNCTAD should “Strengthen its special focus on the needs of the LDCs across all areas of its mandate in accordance with the Istanbul Programme of Action”.

– about 60 per cent of which is currently under 25 years of age – is projected to double to 1.7 billion by 2050. The Report also notes that the population in LDCs is not only growing rapidly, but is quickly urbanizing. This combination of factors makes the current decade critical for rectifying the employment situation in LDCs. Creating employment opportunities is critical because it is the best and most dignified pathway out of poverty. The Report develops a policy framework with employment creation as a central objective of economic policy, linking investment, growth and employment creation with the development of productive capacities. Furthermore, it recommends specific policy proposals for generating employment-rich growth as a stepping stone towards sustainable development in LDCs.

11. Other UNCTAD publications that have helped articulate further some of the policies highlighted in the Istanbul Programme of Action are as follows:

(a) The *Economic Development in Africa Report 2013: Intra-African Trade – Unlocking Private Sector Dynamism* provided new insights into how to strengthen the private sector to boost intra-African trade;

(b) The *World Investment Report 2013* was devoted to the role of global value chains in forming the nexus between trade and investment. The Report revealed that, for the first time ever, developing countries had absorbed more FDI inflows than developed countries. Those to LDCs increased by 20 per cent from 2011 to 2012 and hit a record high of \$26 billion in 2012;

(c) The *Trade and Development Report, 2013: Adjusting to the Changing Dynamics of the World Economy* examined the limits of export-led growth and how adjustments in global demand will affect developing countries, including the LDCs.

(d) The *Technology and Innovation Report 2012: Technology, Innovation and South–South Collaboration*, focused on how some developing countries of the South, particularly the LDCs, can benefit from the rise in technological capability of other developing countries.

12. In 2013, UNCTAD developed indicators for measuring and benchmarking productive capacities in LDCs in line with the request of the Doha Mandate (para. 65 (e)). This undertaking led to the first productive capacity index on LDCs. The Trade and Development Board at its sixtieth session considered the ongoing work of the secretariat, which identified domestic gaps and limitations, and indicated where LDCs stood in building their productive capacities with respect to agreed targets, benchmarks and specific indicators. The priority areas covered in the index reflect those of the Programme of Action: infrastructure; energy; science, technology and innovation; information and communications technology, and private sector development.

13. In 2013, UNCTAD and the Secretariat of the Association of Southeast Asian Nations (ASEAN) published a study on the review of e-commerce legislation harmonization in ASEAN. It provides an up-to-date assessment of the current state of legislation in the region, maps prevailing gaps, identifies emerging challenges and makes specific recommendations towards furthering harmonization in different areas. The report covers three LDCs: Cambodia, the Lao People's Democratic Republic and Myanmar.

14. UNCTAD research and policy analysis work on persistent trade-related challenges faced by landlocked developing countries is another area where LDCs have benefited greatly – 17 of the 32 landlocked developing countries are LDCs. The 2013 UNCTAD publication *The Way to the Ocean* addresses issues relating to transit corridors servicing trade of landlocked developing countries. The study calls for greater cooperation between landlocked developing countries and transit neighbours to create a win-win scenario. The report focuses heavily on LDCs and three separate transport corridors in East Africa linking Djibouti with Ethiopia, and Burundi, Rwanda and Uganda with Kenya and the United Republic of Tanzania, respectively.

## **B. Consensus-building and intergovernmental support for the least developed countries**

15. UNCTAD provided advisory and capacity-building support to Geneva- and capital-based trade negotiators and policymakers from individual LDCs and the LDC group. This support strengthened their capacity to prepare and engage in multilateral, regional and subregional trade negotiations, including World Trade Organization (WTO) Doha Round negotiations and negotiations between the African, Caribbean and Pacific States and the European Union on economic partnership agreements. UNCTAD provided analysis and assessments of the development implications of various WTO-related technical issues and contributed to various events on the multilateral trade agenda that dealt with LDCs and their development concerns.

16. In November 2013, UNCTAD organized an ad hoc expert group meeting for LDCs in preparation for the ninth WTO Ministerial Conference held in Bali, Indonesia. The goal was to offer a platform where LDCs, experts and participants could meet to share views and concerns, and reinforce the LDC joint proposal in the run-up to the Ministerial Conference. This contributed to greater preparedness and informed participation in the negotiations. UNCTAD participated in the event and provided substantive support to ministerial and high-level events of regional groupings that involved LDCs.

17. UNCTAD continued to assist the LDCs following the WTO ministerial negotiations. In April 2014, UNCTAD, in collaboration with the Netherlands, which provided financial assistance, organized an expert group meeting to discuss the way forward with regard to the WTO ministerial decision on preferential rules of origin for LDCs. UNCTAD also attended a meeting on the WTO and post-Bali agenda for LDCs and countries with special needs in Dhaka in May 2014. The meeting identified priority issues for those countries in the post-Bali work programme.

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

18. During 2013, UNCTAD has continued to deploy its technical cooperation and capacity-building programmes in support of developing countries, including LDCs. Following a description of activities designed to support graduation from LDC status, a summary of activities is presented below according to the priority areas of the Programme of Action.<sup>7</sup>

### *Graduation*

19. Pursuant to paragraph 28 and other relevant provisions in the Programme of Action, UNCTAD has launched an awareness campaign about graduation from LDC status. At the request of governments, UNCTAD in 2013 provided advisory services and awareness and capacity-building workshops on graduation to five LDCs: Angola, Cambodia, the Lao People's Democratic Republic, Tuvalu and Vanuatu. Angola and Cambodia benefited from national workshops attended by ministers and other senior government officials. The workshop in Angola (July and August 2013) examined the country's prospects, opportunities and challenges in meeting the current graduation criteria. The workshop in Cambodia (October 2013) focused on policies and strategies for the sustainable graduation of Cambodia from the LDC category. UNCTAD organized several dissemination activities

<sup>7</sup> The eight priority areas are productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilization of financial resources and good governance at all levels.

on the role of productive capacities for the domestic development of LDCs, including a country-specific workshop in Angola in May 2013.

## 1. Productive capacity

### *Infrastructure – information and communications technologies*

20. ICTs are an important part of infrastructure. LDCs continue to benefit from the extensive and diverse work of UNCTAD on those technologies. Assistance provided to LDCs in this field during 2013 cover areas such as statistics, legal reforms and entrepreneurship.

21. Access to reliable statistics is essential for policymakers to design, implement and evaluate their policies. With that in mind, UNCTAD and the Economic Commission for Africa held a regional training programme on information economy statistics for lusophone countries in Mozambique in November 2013. Staff from national statistical offices from five LDCs participated: Angola, Guinea-Bissau, Mozambique, Sao Tome and Principe, and Timor-Leste.

22. In August 2013, the East African Community Framework for Cyberlaws (Phase II) was approved for implementation. Partner States, including Burundi, Rwanda, Uganda and the United Republic of Tanzania, are advancing in its implementation. The enactment of cyberlaws is becoming even more relevant as the Community moves towards greater use of e-government applications and services.

23. A new TrainForTrade<sup>8</sup> project on the regional harmonization of e-commerce was launched, targeting countries in the Economic Community of West African States.<sup>9</sup> The first activity was the delivery of a distance learning training course on the legal aspects of e-commerce.

24. A seminar on cloud computing and e-government was organized jointly by UNCTAD and the Economic Commission for Africa. Some 20 participants from 9 countries<sup>10</sup> shared their experience and concerns relating to the development of cloud services, in particular information security.

25. A project developed by UNCTAD and the International Labour Organization (ILO) to promote women's entrepreneurship and ICTs involved revising the ILO framework for assessing women's entrepreneurship development policies to integrate the ICT dimension. The project included research and analysis, focus group discussions with women entrepreneurs and an assessor training session on women's entrepreneurship and ICTs to assess women's entrepreneurship development in East Africa. The revised ILO framework was also tested in three African countries, including two LDCs: the United Republic of Tanzania and Uganda.

### *Energy*

26. UNCTAD provided assistance to examine opportunities for biofuels and renewable energy in enhancing energy security with low-carbon emissions in LDCs. A group of African researchers attended a workshop held by UNCTAD and the Swedish Secretariat for Environmental Earth System Sciences in Sweden in May 2013. Researchers from Zambia, Mozambique, Malawi and the United Republic of Tanzania participated in a number of site

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<sup>8</sup> Programme contributing to the dissemination of international trade-related knowledge and development of skills and capacities.

<sup>9</sup> Including the following LDCs: Benin, Burkina Faso, the Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo.

<sup>10</sup> Burundi, the Central African Republic, Ethiopia, Gambia, Madagascar, Mali, Mozambique, Rwanda and Uganda.

visits, exchanged lessons and engaged in discussions with policymaking institutions such as the Swedish Energy Agency and private sector companies working in solid, liquid and gaseous bio-energy development.

*Science, technology and innovation*

27. UNCTAD continues to support LDCs in technology and innovation-related work, in particular through its policy-focused review of science, technology and innovation policies. During 2013, UNCTAD focused on supporting the implementation of the recommendations of reviews that were carried out in earlier years, for example, in Lesotho, where a number of recommended structures and services have been implemented.

28. UNCTAD also provided inputs on the principles that should guide the operation of the Technology Bank<sup>11</sup> for the LDCs, one of the outcomes of the Istanbul Programme of Action. The principles covered factors such as the potential functions of the proposed Bank as an innovation-supporting mechanism for the LDCs; LDC ownership in the operationalization of the Bank; the need for resource additionality; the importance of ensuring both technology search and acquisition, including funding for innovation activities by firms; and the provision of networking mechanisms for innovation.

*Private sector development*

29. UNCTAD has several programmes on fostering entrepreneurship. The Entrepreneurship Policy Framework provides LDC policymakers with a toolkit to formulate, monitor and evaluate national entrepreneurship policies. Following requests from the Gambia and the Solomon Islands, support for and implementation guidance on the Framework was provided.

30. During the 2012–2013 biennium, UNCTAD provided assistance to eight LDC Empretec centres by offering advisory services, organizing Business Linkages policy workshops and seminars, delivering training to entrepreneurs and SMEs, and lending support to regional networks and initiatives. In 2013, Mozambique, the United Republic of Tanzania, Uganda and Zambia, for instance, benefited from the programme. In Uganda, small businesses experienced strong improvements as a result of the Business Linkages programme. Employment rose 125 per cent and revenues climbed 144 per cent for firms benefiting from the programme. The Tanzania Investment Centre, which is the implementing partner of the Programme in the country, conducted new targeted capacity-building projects for selected suppliers in the tourism sector, while continuing its work in the agribusiness and mining sectors.

31. To unlock the job-creation potential of the emerging green economy in Zambia, UNCTAD has been working with several agencies to create a value chain for green building goods and services, from the local production of environmentally friendly building materials to more energy-efficient building design. The Zambia Green Jobs Programme, which receives technical assistance from a consortium of United Nations agencies, is an example. UNCTAD organized two workshops and issued a report entitled “Promoting TNC-SME business linkages in the Zambian building construction industry”, which identifies linkage opportunities for local small and medium-sized enterprises in the value chains within the construction sector.

32. Empretec Ghana facilitated the exchange of best practices in entrepreneurship in Liberia and South Sudan. Support was also provided to Empretec centres to enable their participation in global events and thus facilitate the exchange of best practices among LDCs in the area of entrepreneurship.

<sup>11</sup> Istanbul Programme of Action, para. 52.

33. A number of LDCs benefited from UNCTAD support aimed at helping promote a stable and transparent business environment. In particular, support was given in the areas of accounting and reporting as well as in dealing with environmental, social and governance issues. Participants from 10 LDCs took part in the twenty-ninth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and 13 LDCs, in the thirtieth session.

34. UNCTAD carried out two projects on promoting regional value chains in the agro-processing industries. The objective of both projects was to promote developmental regionalism in South Asia and sub-Saharan Africa by identifying and encouraging potential regional value chains. The first project involved research on the leather industries, agro-processing industries, and textiles and clothing in South Asia. The second project dealt with promoting regional value chains in sub-Saharan Africa and identified potential regional value chains in African leather industries. The leather and leather products industries provide an opportunity for increased trade through regional value chains and add greater value to the region's exports. The study identified three subregional trade blocs in sub-Saharan Africa with the potential to form regional value chains in the leather and leather product industries: the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States and the Southern African Customs Union. Together they contribute around 98 per cent of exports and 99 per cent of imports of leather and leather products in sub-Saharan Africa.

## **2. Agriculture, food security and rural development**

35. UNCTAD, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development and the World Bank have jointly developed a set of principles for responsible agricultural investment that respects rights, livelihoods and resources. Field testing of the principles was conducted during 2013 in Cambodia, Ethiopia, the Lao People's Democratic Republic, Liberia, Mozambique, the United Republic of Tanzania and Zambia. The set of principles has begun to feed into national and regional investment policies.

36. UNCTAD continued to support the implementation of organic agriculture development activities in two LDCs, namely the Lao People's Democratic Republic and Uganda. The activities undertaken in the former have helped organic agricultural farmers improve their techniques and link up with hotel chains to sell their produce. The project is carried out within the framework of the United Nations Inter-Agency Cluster on Trade and Productive Capacity. Through local partners, UNCTAD delivered specific outputs such as capacity-building for Luang Prabang producer groups on the participatory guarantee system and an incubation programme for organic enterprises. In Uganda, UNCTAD continued to support the implementation of organic agriculture development activities, including the development of an implementation plan that can operationalize the organic agriculture policy. The draft organic agriculture policy and related implementing strategy is before the Government for adoption and implementation.

## **3. Trade**

37. Through the Enhanced Integrated Framework and in line with paragraph 65 of the Istanbul Programme of Action, UNCTAD intensified its involvement in the Programme during the reporting period. At the request of the Gambia and Senegal, UNCTAD took the lead in updating their diagnostic trade integration studies (DTIS). These studies are the cornerstone of the Enhanced Integrated Framework in terms of integrating and mainstreaming trade into a country's national development plan. The main objective of the updating procedure is to identify the constraints hampering the integration of LDCs into the multilateral trading system and the mainstreaming of trade issues into national development strategies. A country's policies and DTIS are the basis for all subsequent technical cooperation projects using the Enhanced Integrated Framework.



38. UNCTAD completed the DTIS update of the Gambia in January 2013 and Senegal in July 2013, the latter in a record period of nine months. UNCTAD is now supporting both countries in the implementation phase of the policies and strategies identified in the DTIS action matrix. In Senegal, UNCTAD further assisted the Government in the development of a Tier 2 project on transforming and commercializing fruits in Casamance and held a workshop in January 2014.

39. Ethiopia, Djibouti, Mali, Mozambique and Niger also requested UNCTAD to lead the DTIS update of their countries. Analytical work and several advisory missions were carried out during 2013. UNCTAD also supported the Governments of Benin, the Central African Republic, Chad and the Democratic Republic of Congo in the formulation of Tier 2 projects.

40. With regard to trade policy, UNCTAD supported LDCs' efforts to formulate and implement a comprehensive trade policy framework and strategies to better cope with the economic challenges of the post-crisis period. Through the United Nations Development Account-funded project "Strengthening of capacities of trade and planning ministries of selected least developed countries to develop and implement trade strategies that are conducive to poverty reduction", UNCTAD assists six LDCs in formulating their trade policies.<sup>12</sup> The aim of the project is to enhance the capacity of policymakers to assess trade options and fully understand the implications of trade strategies.

41. In Senegal, UNCTAD carried out a national study on trade, planning and poverty reduction, and a national workshop was held in January 2014. In partnership with the Government of Ethiopia, UNCTAD organized a national workshop on mainstreaming trade into national development strategies in October 2013. During the workshop, more than 60 participants discussed the national trade policy framework and trade strategies, providing an in-depth assessment of the economic and institutional constraints facing the country in its efforts to make trade an engine of growth and poverty reduction. Similarly, UNCTAD in December 2013 organized a workshop on mainstreaming trade into national development strategies in Lesotho, which provided a forum for a national consultative process to translate trade-related objectives into tangible technical assistance.

42. In other measures, UNCTAD assisted Angola to draw up a development-oriented policy framework that will raise awareness of the Government and trading community about the contribution of trade to economic growth and development and formulate a comprehensive trade policy within the broader development strategy to better harness the potential of trade.

43. In response to a request received from the Government of Comoros, UNCTAD prepared, in partnership with Government officials, a national trade and development strategy launched at a national stakeholder seminar held in Moroni in March 2013. The aim of the seminar was to validate the strategy and enhance local capacity in statistics on key macroeconomic and trade concepts and models. A road map, containing a selection of recommendations drawn from the strategy, was endorsed and subsequently approved by the Council of Ministers.

44. With regard to WTO accession, UNCTAD has been providing technical assistance on both pre- and post-WTO accession processes since the establishment of the Organization in 1995. The UNCTAD programme helps countries adopt development-oriented trade policy and carry out regulatory and institutional reform and implementation. In 2013, Comoros, Ethiopia, Liberia, and Yemen benefited from such support, which enabled them to become better prepared to participate fully in the negotiations and implement strategies and institutional and regulatory changes required for WTO membership.

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<sup>12</sup> Ethiopia, Kiribati, Lao People's Democratic Republic, Lesotho, Myanmar and Senegal.

45. On market access and rules of origin, UNCTAD has been assisting LDCs since 2006 during the negotiations for the implementation of the duty-free quota-free commitments by WTO members and related rules of origin. Throughout 2013, UNCTAD provided advice and technical inputs to LDC proposals on preferential rules of origin under the duty-free quota-free initiative. A series of briefings were held with the WTO Coordinator for LDCs and the WTO group of LDCs. This work contributed to the WTO ministerial decision on preferential rules of origin for LDCs included in the negotiated LDC package.

46. UNCTAD has provided policy advice and technical assistance on rules of origin for a better utilization of trade preferences granted by preference-giving countries, particularly those granted by the European Union under the Everything but Arms initiative. For example, UNCTAD provided policy advice on rules of origin to Cambodia. The draft text it provided on the non-preferential rules of origin was discussed in a working session in Phnom Penh.

47. An UNCTAD project on market access and trade laws for LDCs helps increase the utilization of market access initiatives in favour of LDCs. The project supports rural communities to enhance the use of geographical indications and boost their exports and supply capacity of traditional products. It enlarges the scope of activities beyond mere market access. In 2013, Senegal, Mozambique and Bhutan benefited from this assistance. UNCTAD also supports rural communities in LDCs to enhance opportunities provided by duty-free quota-free market access and enhance the value added of their traditional products.

48. With regard to the Tripartite Free Trade Area, UNCTAD has developed, in collaboration with TradeMark Southern Africa, a comprehensive series of negotiating modules to train negotiators working on the negotiating text of the Tripartite Free Trade Area Agreement. The modules cover free trade agreements, tariffs, rules of origin, anti-dumping, subsidies, safeguards and dispute settlement. UNCTAD and TradeMark Southern Africa set up training-the-trainers workshops as well as national workshops. In 2013, this collaboration resulted in the organization of six sessions in the Southern and Eastern African region, in which 150 trade negotiators from 22 Tripartite countries received training in tariff liberalization, rules of origin and drafting free trade agreements.

49. Regarding trade in services, UNCTAD provides services policy reviews to help LDCs draw maximum benefits from the services sector. These policy reviews enable LDCs to become aware of the contribution of services and services trade to their development potential and help develop best-fit policy mix to foster the development of competitive services sectors. Services policy reviews include specific country- and sector-focused services assessments that examine policy and regulatory frameworks and potential impacts of trade liberalization. UNCTAD has completed such reviews in four LDCs, namely Uganda, Rwanda, Lesotho, and Bangladesh.

50. UNCTAD implemented activities aimed at enhancing national and regional capacities of LDCs in trade policy and trade negotiations related to services. It also organized and contributed to the regional meeting in Africa on multilateral trade negotiations, including services negotiations (Ethiopia, October 2013).

51. Tourism is an important contributor to GDP and employment in many LDCs. In December 2013, UNCTAD held an ad hoc expert meeting on the link between tourism and the creative economy and invited two LDCs, Ethiopia and Madagascar, to share their experiences and exchange policy lessons. The meeting provided countries with an opportunity to identify specific technical assistance tailored to their needs. Both meetings were organized in collaboration with the Steering Committee on Tourism for Development.

52. Following the signature of a memorandum of understanding between UNCTAD and the United Nations Development Programme (UNDP) in Angola in November 2012, the TrainForTrade programme organized six capacity-development activities within the framework of UNDP Angola's Growing Sustainable Business project. Three workshops on

sustainable tourism for local development were delivered, involving more than 75 local stakeholders. Two technical workshops on managing sustainable tourism projects were held to train representatives from the public sector, business and civil society.

#### *Trade facilitation and customs modernization*

53. In 2013, 40 LDCs benefited from the Automated System for Customs Data (ASYCUDA) programme, the largest technical assistance programme of UNCTAD. It enables countries to increase revenue collected by customs, as well as to reduce clearing times and costs. The programme facilitates international trade by contributing to the modernization of customs operations using information technology and helps develop a new administrative culture and closer relationship with trading communities. Speeding up and simplifying the customs clearance process of traded goods strengthens the competitiveness of importers and exporters. Furthermore, the ASYCUDA programme develops sustainable partnerships and cooperation with beneficiary countries and international and regional organizations.

54. Enabling LDCs to harness the potential of trade for their development depends on the adoption of effective trade facilitation policies. In 2013, UNCTAD continued its work on the development of national trade facilitation implementation plans, including the finalization of national studies in Angola and Chad. UNCTAD also conducted regional workshops on project development and regional trade facilitation programmes in Benin, Rwanda and the United Republic of Tanzania.

55. UNCTAD is implementing the project led by the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Africa and itself on capacity-building of control authorities and transport operators to improve efficiency of cross-border transport in landlocked and transit developing countries in the Central Corridor of East Africa. In this respect, national cluster development agents in the United Republic of Tanzania, Rwanda, and Burundi collaborated with the Central Corridor Transit Transport Facilitation Agency to apply the transport facilitation toolkit at the country level.

56. In Afghanistan, the trade facilitation component of the Emergency Customs Modernization and Trade Facilitation Project is currently under implementation. In the area of transit, UNCTAD assistance focused on support to the negotiations between Afghanistan and Pakistan on the Afghanistan-Pakistan Transit Trade Agreement and its protocols. A new web-based and centralized ASYCUDAWorld system was brought into operation in Afghanistan. Data exchanges between the ASYCUDAWorld systems of the two countries were enabled in early 2014, and improvements to the regulatory environment made it possible for international transit procedures to be implemented at several Afghan border stations. Furthermore, UNCTAD in 2013 initiated a project with the Ethiopian Shipping and Logistics Services Enterprise to improve its operations.

57. The UNCTAD Port Training Programme works with port communities in developing countries to strengthen the knowledge and skills of port managers and thus improve port efficiency, productivity and trade. In 2013 the Programme was operational in the following LDCs: Benin, Djibouti, Guinea, Senegal, Togo and the United Republic of Tanzania.

#### **4. Commodities**

58. UNCTAD released a study in 2012 entitled “*Enabling the Graduation of LDCs: Enhancing the Role of Commodities and Improving Agricultural Productivity*”. The publication contains sectoral reviews and assessments of successful and less successful experiences on commodities and non-traditional exports, notably horticulture. The case studies included Benin, Burundi, Cambodia, Ethiopia, the Gambia, the Lao People’s Democratic Republic, Mali, Nepal, Rwanda, Senegal, the United Republic of Tanzania and Zambia.

59. Moreover, UNCTAD is currently implementing a project on building the capacities of the fish sector in selected LDCs to upgrade and diversify their fish exports. Given that fish and fishery products are among the most important dynamic commodity products for LDCs, the project aims to build the institutional capacity of private and public stakeholders in selected LDCs to upgrade and diversify their fish exports and increase their export earnings, including by improving sanitary and phytosanitary standards.

## 5. Human and social development

### *Human capital – capacity-building through training*

60. The UNCTAD Virtual Institute continued to strengthen trade and development-related teaching and research at 16 universities and research centres in 11 LDCs. In terms of teaching support to LDC universities, the Institute provided curricular advice for a Master's programme in trade, development and international relations at the Open University, Zambia, which admitted its first intake of students in January 2014. It also published a teaching module on capital flows to developing countries and supported an academic from Addis Ababa University in the development of a teaching module on foreign investment policy.

61. The Virtual Institute organized four national professional development workshops (three on trade policy analysis and one on the management of the extractive sector) for a total of 123 LDC academics from Bangladesh, Senegal and the United Republic of Tanzania. Two LDC academics were admitted to the Virtual Institute fellowship programme in Geneva to advance with the development of their research papers. Academics from Benin and the Democratic Republic of Congo benefited from online and face-to-face mentoring to develop papers on trade and poverty.

62. The UNCTAD course on key issues on the international economic agenda targets LDC policymakers and academics in government think tanks to enhance their awareness, knowledge and skills so they can meet challenges in international trade, finance, investment and technology. The course has reached out to over 147 policymakers from 39 LDCs since its inception in 2001.

63. In cooperation with the West African Economic and Monetary Union, UNCTAD is implementing a project on installing a framework of statistics on international trade in services. Seven<sup>13</sup> of the eight members of the Union are LDCs. The project will set up a harmonized mechanism of data collection, processing and dissemination; foster statistical capacity-building; establish an electronic database and organize the exchange of information among the member States.

### *Gender and women's empowerment*

64. During the reporting period, UNCTAD implemented a series of activities focusing on gender and economic issues. It conducted research and analysis on the gender ramifications of macroeconomic and trade policies in Lesotho, Angola, the Gambia and Rwanda. The studies mapped women's role in the economy and gauged the impact that trade and trade policy may have on them as producers and consumers and in other dimensions of their lives. The analytical work on trade and gender is followed up by national workshops that discuss the findings and make recommendations on policy changes.

65. The country case study *Who is Benefiting from Trade Liberalization in Angola? A Gender Perspective* was published in November 2013. A national workshop was held in Angola to present the findings and recommendations of the country study with the aim of

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<sup>13</sup> Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Senegal and Togo.

informing local policymaking and familiarizing relevant national stakeholders with the methodologies used.

66. A fact-finding mission was conducted in Rwanda in November 2013 to gather “real-life” information for the finalization of the country case study of Rwanda and discuss the preliminary findings of the research work with national stakeholders.

67. UNCTAD is also developing a teaching package on trade and gender featuring the following components:

- (a) A set of multimedia presentations;
- (b) A manual consisting of two volumes, the first draft of which has been completed;
- (c) An online course on trade and gender;
- (d) A regional workshop for sub-Saharan researchers;
- (e) Mentored research projects to facilitate the application of knowledge on trade and gender to countries’ specific realities.

## **6. Multiple crises and other emerging challenges: Trade in the context of the clean development mechanism**

68. As one of the implementing partners of the Nairobi Framework,<sup>14</sup> UNCTAD supported the organization of the fifth Africa Carbon Forum held in Abidjan in July 2013. UNCTAD contributed to the session addressing the current and future linkages of bioenergy to global biofuels trade and human development in Africa. UNCTAD helped raise awareness of the opportunities to develop and market biofuels as part of energy-mix diversification strategies.

## **7. Mobilization of financial resources for development and capacity-building**

69. This priority area addresses the financial resources constraints faced by LDCs in their efforts to achieve sustainable development.

### *Foreign direct investment*

70. LDCs are beneficiaries of the Investment Policy Review programme. Of the 36 investment policy reviews completed to date, 15 concerned LDCs. During the 2012–2013 biennium, UNCTAD published the reviews of Bangladesh, Djibouti and Mozambique. UNCTAD also provided technical assistance in support of the implementation of investment policy review recommendations to 10 LDCs.<sup>15</sup> This assistance led to the establishment of an investment promotion agency in Burundi, the Presidential Council for Investment in Burkina Faso, the adoption of a skills attraction and dissemination programme in Rwanda and assistance on the implementation of the online one-stop shop for investment of the United Republic of Tanzania.

71. In 2013, LDCs participated in several workshops and meetings organized by UNCTAD to build capacities in the area of investment promotion. Examples include a seminar held in Geneva, Switzerland on the promotion of green FDI, an ad hoc training course in Addis Ababa on investment promotion for 40 junior Ethiopian diplomats and

<sup>14</sup> Established to raise the level of participation of developing countries, especially in sub-Saharan Africa, in the clean development mechanism under the Kyoto Protocol.

<sup>15</sup> Bangladesh, Burundi, Burkina Faso, Djibouti, Lesotho, Mozambique, Rwanda, Sierra Leone, United Republic of Tanzania and Zambia.

a regional workshop on seizing low-carbon investment opportunities on the African continent, in South Africa.

72. With regard to FDI statistics, UNCTAD in 2013 continued to assist LDCs with data collection and reporting. It delivered training courses on statistics relating to FDI and transnational corporations and survey methodologies to Myanmar and provided ad hoc technical assistance in FDI statistics, activities of transnational corporations and investment promotion. UNCTAD also gave direct assistance to COMESA and ASEAN in the preparation of their respective investment reports in 2013. The assistance to COMESA culminated in the introduction of regulations on reporting to improve harmonization and accuracy in statistical reporting. In the case of Myanmar, the Government adopted the UNCTAD recommendations and in April 2013 incorporated the recommended cost-benefit methodology in the investor application process and in its internal procedures.

73. UNCTAD provided advisory services and prepared a study on the perceptions of foreign investors of Rwanda. Recommendations of this study were presented to various stakeholders, including the Rwandan Cabinet of Ministers.

74. UNCTAD investment guides aim to raise awareness among the international investment community of investment opportunities and conditions in beneficiary countries. During the 2012–2013 biennium, UNCTAD initiated the update of the guide for Uganda, Bhutan and Nepal, and concluded the guide for Burkina Faso. Investment guides are now being developed online (iGuides); Burundi, Djibouti and Rwanda were among the initial beneficiaries of this initiative.

#### *Debt management and debt sustainability*

75. UNCTAD has provided technical assistance in the area of debt management through the Debt Management and Financial Analysis System (DMFAS) since the early 1980s. This includes the development, installation and maintenance of specialized software designed to meet the operational, statistical and analytical needs of debt managers in developing countries. It also offers training and advisory services relating to technical and institutional debt management issues, and capacity-building with regard to debt data validation, statistics and basic debt analysis.

76. DMFAS software is used by 28 institutions (mainly central banks and/or ministries of finance) in 21 LDCs for the management of public debt.<sup>16</sup>

77. In the report of the Secretary-General of the United Nations to the General Assembly on external debt sustainability and development (A/68/203), UNCTAD addresses analytical and policy challenges facing LDC policymakers. The report provides detailed analysis on current trends and policy issues, as well as policy recommendations to further enhance debt sustainability in LDCs.

78. In 2013, UNCTAD coordinated a regional workshop that presented the theoretical underpinnings of sovereign asset and liability management to senior debt experts and examined the practical implementation of this approach for South Africa. The aim of the workshop was to show that such an approach can effectively complement public debt management in monitoring risk and reducing debt vulnerabilities. The workshop was attended by participants from the project's three target countries – Zambia, Uganda and Ethiopia – along with 13 other African countries.

79. During the reporting period, the DMFAS programme provided direct support to 10 LDCs, either through technical assistance projects or partner coordination in the

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<sup>16</sup> Angola, Bangladesh, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Democratic Republic of the Congo, Djibouti, Ethiopia, Guinea-Bissau, Haiti, Lao People's Democratic Republic, Madagascar, Mauritania, Rwanda, Sudan, Togo, Uganda, Yemen and Zambia.

framework of the Debt Management Facility. This resulted in improved debt recording and debt data validation and strengthened capacity for the production of national debt statistics bulletins. Currently, 95 per cent of LDCs benefiting from DMFAS report to the World Bank Debtor Reporting System in compliance with the relevant guidelines.

## 8. Good governance at all levels

80. Activities carried out to promote good governance, transparency and the rule of law help build the competitiveness of LDCs and enhance their attractiveness as destinations for foreign investment and the establishment of businesses.

81. The UNCTAD e-government system helps countries simplify rules and procedures for setting up a business. The programme is operational in 11 LDCs.<sup>17</sup> The system contributes to increased transparency and greater institutional capacity, thereby facilitating business and making LDCs more attractive to foreign investment. For example, in Togo, the time it takes to register a business has decreased from 18 days to only 1, and the number of start-ups created has increased by 52 per cent.

82. The UNCTAD programme on international investment agreements was active on various fronts. It provided commentaries on the draft model bilateral investment treaties of Angola and the PACER countries,<sup>18</sup> ad hoc assistance to Comoros on issues related to specific bilateral investment treaty provisions and their sustainable development implications, and assistance in the development of a foreign investment law for Bhutan and the review of Rwanda's investment code. UNCTAD also contributed to the chapter relating to international investment agreements of the *COMESA Investment Report 2013*. With a view to improving the technical capacity of LDCs to participate effectively in international negotiations on investment treaties and to implement them accordingly, the secretariat continued to provide ad hoc assistance to a number of requesting countries. Representatives from 42 LDCs participated in the training courses during 2012 and 2013.

83. UNCTAD capacity-building activities in LDCs also extend to intellectual property for development. UNCTAD is currently finalizing an advisory report on the development dimensions of intellectual property (DDIP) for Nepal, which focuses on the interface between intellectual property and biodiversity, transfer of technology and medicines. A DDIP report on copyright, growth, education and culture was carried out for Cambodia.

84. UNCTAD is one of the leading partners of the European Union-funded project on local production and access to medicines. The project aims to ensure policy coherence between industrial, trade and health policies with particular attention devoted to LDCs. The role of UNCTAD is to assist countries by:

(a) Analysing relevant trade, industrial and health policies that affect domestic capacity to produce medical products towards achieving policy coherence to promote local production of pharmaceuticals;

(b) Conducting capacity-building at the national level to promote better policy coordination for local production and access to medicines through a range of capacity-building activities in four countries, including two LDCs (Ethiopia and Bangladesh). UNCTAD completed a policy manual on local production of access to medicines.

85. Lesotho and Mozambique benefited from training in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), public health and the local production of pharmaceuticals in a regional workshop for Southern Africa. Stakeholders from the South Asia region participated in courses on the interface between access and

<sup>17</sup> Benin, Burkina Faso, Comoros, Ethiopia, Guinea-Bissau, Mali, Niger, Rwanda, Senegal, Togo and the United Republic of Tanzania.

<sup>18</sup> Parties to the Pacific Agreement on Closer Economic Relations.

benefit sharing and intellectual property rules for ASEAN countries between late 2013 and early 2014, comprising, inter alia, Bangladesh, Bhutan and Nepal. In March 2014, a national training course on the interface between the TRIPS Agreement and the Convention on Biological Diversity for Cambodia was organized.

86. UNCTAD has provided technical assistance, capacity-building and advisory services to LDCs at national and regional levels to increase awareness of the role competition policy and consumer protection can play in promoting development in LDCs and to enhance regulations and institutions governing, monitoring and enforcing national competition law and policy and consumer protection concerns. For example, within the framework of its African Competition Programme, UNCTAD in 2013 provided support to the West Africa Economic and Monetary Commission for the implementation of capacity-building.

87. In line with the importance of effective institutional coordination for good governance, UNCTAD undertook a study on the challenges of institutional coordination in Mozambique in the areas of trade and development. The analytical and policy-oriented assessment related to the scale and degree of duplication as well as its impact on the capacity to design and implement policies and strategies.

## **II. Conclusions and the way forward**

88. This report presents a broad range of activities undertaken by UNCTAD to support the implementation of the Istanbul Programme of Action. As the recent performance of LDCs remains weak, national and global actions in its implementation require concerted efforts by LDCs and increased support by UNCTAD and other development partners. Such efforts should aim primarily at addressing the root causes of underdevelopment in LDCs, and in particular, productive capacity-building, diversification of LDC economies and the development of domestic policies, regulations and support structures necessary for the emergence of dynamic enterprises capable of competing in global markets. These are priority areas requiring special attention in the context of the post-2015 agenda and ongoing progress in the implementation of the Istanbul Programme of Action.

89. According to *The Least Developed Countries Report 2013*, one of the biggest challenges facing LDCs is creating a sufficient number of decent jobs for their growing working population. The Report shows that the working-age population of LDCs as a group is expected to increase by 16 million people each year. By the end of the current decade, the labour force of LDCs will increase by 109 million people, which points to the number of decent jobs that LDCs need to create during this decade. Given the demographic challenges, the LDCs need to make significant efforts to generate a sufficient quantity of jobs and offer decent employment opportunities to their young population. As noted in the Report, economic growth that does not create decent jobs in sufficient quantity is unsustainable, and job creation without the development of productive capacities is just as unsustainable.

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