

Trade and Development Board
Working Party on the Strategic Framework
and the Programme Budget
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**Review of the Draft UNCTAD Programme Plan and Performance Information for the
Year 2021 (Part II of the Proposed Programme Budget)**

- Subprogramme 5's objective is to ensure the structural transformation of Africa, the LDCs and other groups of countries with special trade and development needs, and to support their integration into the global economy. By focusing on building, maintaining and utilizing productive capacities, we aim to deliver on the international community's core goals for sustainable and inclusive development.
- Our comprehensive approach to technical assistance and capacity building is drawn from the findings and policy lessons of our analytical research. We aim to translate the policy guidance and recommendations from our research into practical, and targeted programmes, placing a special emphasis on the need for LDCs, landlocked developing countries (LLDCs), small island developing states (SIDS) and other structurally vulnerable economies to diversify their exports, and enhance the productive structure of their economies.
- Building productive capacities is an essential element of our work. We aim to equip policy makers with the right mix of research and policy guidance, as well as practical tools and technical support to enhance national productive capacities. This is achieved through the delivery of training and capacity-

building workshops, including on rules of origin, enhanced market access, and value addition in strategic products and sectors, among other areas.

- In this regard, I would like to highlight the work of our UNCTAD Centers of Excellence. In 2019, we signed MoUs to establish three new Centers of Excellence: the Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping of the Republic of Mauritius, the European University Institute in Florence, Italy, and the Center for the Studies of the Economies of Africa (CSEA) based in Nigeria. They join the Nha Trang University of Viet Nam and the Royal Tropical Institute in the Netherlands, which became Centers of Excellence in 2018. Our Centers play a key part in the delivery of targeted training and capacity building for member States.
 - Last May we delivered a training course in Mauritius on harnessing the potential of the fisheries and aquaculture sector for export diversification and sustainable development. Participants from several African and Asian LDCs benefitted from the set of course modules addressing the various economic and social development dimensions of the fisheries sector, as well as the potential of the sector to generate value added exports and create employment opportunities. The capacity building workshop also covered the role of standards and relevant certifications in upgrading the fisheries and aquaculture sector. Participants in the course benefitted from hands on training and site visits to the Ministry's scientific laboratories, as well as fish processing sites.
 - We also organized executive training sessions on rules of origin and geographical indications, together with the European University Institute. We prepped LDC Group delegates for negotiations before

the WTO Committee on Rules of Origin, and provided training on the importance of rules of origin, as well as the potential of geographical indications to add value to niche products, and potentially generate greater market access, as well as jobs and income.

- In December 2019, we organized a joint UNCTAD-CSEA workshop, which enabled policy makers from 15 West African countries to explore policy options and strategies for export diversification and structural transformation. The exchange and policy dialogue were dynamic, and the participants identified a variety of policy interventions needed to build productive capacities, and foster export diversification and structural transformation. The measures suggested range from specific sector, or company-specific incentives to general policies to support education and skills development. They also included policies to foster an enabling environment for the private sector, and build trade and transport infrastructure.
- We also held a Coordinators' Meeting last October, where we brought together the heads of our Centers of Excellence to share information, explore areas for joint work, and plan out opportunities for future collaboration. The discussions were fruitful, and we look forward to working closely with the Centers of Excellence to deliver an active programme of training and capacity building in the coming years, focusing on how to boost productive capacities, and help country and sector experts transform policy guidance into concrete and workable plans of action.
- In 2019, one of our major areas of work was to strengthen the institutional capacities of our member States to participate in multilateral trade. The *2019*

Economic Development in Africa Report, launched in June 2019, focused on “Made in Africa – Rules of Origin for Enhanced Intra-African Trade”. The Report argues that “Rules of Origin” will make or break the success of the AfCFTA.

- Rules of origin determine whether a good qualifies as “Made in Africa”, and thus provides the basis for assessing whether a product is eligible for preferential treatment and market access. In this regard, the Report recommends that rules of origin are appropriately designed, transparent and lend themselves to easy implementation. This requires that Rules of Origin are simple, transparent, business friendly, predictable, and trade-facilitating for both businesses and trade operators.
- The right set of Rules of origin at the AfCFTA level could help address the fragmentation of the market in Africa across regional economic communities, and could open opportunities for industrialization in Africa, and provide opportunities to enhance value addition on the continent through the creation or strengthening of regional value chains.
- The Report and its extensive set of policy recommendations were disseminated widely. It was presented at the Extraordinary Summit of Heads of State and Government of the AU last July, as well as at the WTO Public Forum, the WTO Committee on Rules of Origin and the CMS international corporate law firm in Paris. We continue to receive positive feedback both from the public and from the private sector on the Report, as well as requests from member States on how to operationalize the policy guidance on Rules of Origin.

- At the request of the African Union, ALDC participated in 5 sessions of the African Union technical working group on rules of origin for the African Continental Free Trade Area, and contributed to the prospective agreement on the Annex on product-specific Rules of Origin for the AfCFTA, which was originally scheduled to be approved in 2019. We produced 7 technical notes on product-specific rules of origin and related concepts. In addition, we provided bilateral advisory services to AfCFTA negotiators, including negotiators from several African LDCs. Moreover, two Manuals on Rules of Origin and preferential market access for the LDCs were produced. They are available online on UNCTAD's website and I encourage member States to continue to leverage these resources.
- I'm pleased to report that these efforts helped to build the institutional capacity of our member States to use rules of origin and duty-free, quota-free market access schemes to enhance trade and structural transformation. More than 15 LDCs reported increased capacity in the area of rules of origin as a result of UNCTAD's trade-related assistance.
- These are just a few highlights of the extensive programme of work delivered by ALDC. Despite our small size and limited financial and human resources, I believe the Division was able to deliver efficiently and effectively on our ambitious programme of work.
- Looking ahead, I'd like to turn now to the plan for 2021. Our work is focused on supporting economic resilience building in the LDCs. Subprogramme 5 has been working across several fronts to help LDCs build more economically diverse production systems that would support graduation efforts, and enable them to graduate with momentum and the strong foundation needed to participate more effectively in multilateral trade.

- We will work to develop a new generation of Vulnerability Profiles for potentially graduating LDCs, as well as the draft Smooth Transition Strategies for graduating LDCs to support this objective. The Vulnerability Profiles and Smooth Transition Strategies will contain proposals to design action plans which aim to address strategic gaps in national development plans, and help these countries to build economic resilience.
- As you are aware, access to reliable and timely data for the LDCs is a challenge for our work to develop evidence-driven policies and programmes. To address this gap, ALDC is working to establish a methodology for the production of a productive capacities index (PCI) and to calculate the index for beneficiary countries. We are very optimistic about the PCI's potential. It is being designed with an aim to aid countries in fostering productive capacities, and enhancing structural transformation. As a multi-dimensional, composite index, it holds strong potential as a diagnostic tool to assess the variety of factors influencing a country's level of productive capacities. We expect that it will also help countries to design targeted programmes and policy interventions to address specific barriers to productive capacity development. Moreover, we anticipate that countries can use the PCI to track progress on implementation of development strategies and monitor the effectiveness of policies towards achieving national development goals and the SDGs. We also think that the PCI will contribute towards enhanced economic resilience in the LDCs through the further diversification of their productive structure (i.e. structural transformation) and the enhanced variety of their export baskets.
- SP5's programme of work aims to support quality, and inclusive economic growth and diversification, job creation and sustainable industrialization. As such, the activities carried out by ALDC are strategically aligned to the

SDGs, especially Goals 8, 9, and 17, as well as the goals and targets of the Istanbul Programme of Action for LDCs, the Vienna Programme of Action for the LLDCs and the SAMOA Pathway for SIDS. I should also mention that our work is aligned with the mandates entrusted to us in the Nariobi Maafikiano, and other UN resolutions.

- Before I finish, I would like to thank Portugal and Indonesia for their recent contributions to the LDC Trust Fund. I would continue to encourage all countries in a position to do so, to make a contribution to the LDC Trust Fund, which will enable us to continue to deliver targeted technical assistance to the most vulnerable countries.
- I would like to conclude with this final reflection. There is an increasing recognition that domestic efforts alone may not be sufficient to foster productive capacities and structural economic transformation in the most vulnerable countries. Therefore, a big and coordinated push for international support is urgently needed. UNCTAD has advocated for “new international support measures” that go beyond project-based financing, and fragmented technical assistance. The international community and development partners must also shift towards more holistic, multi-sectoral “programmes” that simultaneously address a variety of trade and development constraints. Our ongoing EU-UNCTAD Joint Programme for Angola is a strong example. I’m pleased to report that the programme’s implementation is well on track. This year we will engage in a midterm review of progress, and I look forward to providing you with further details on the programme’s success at a future date.

- Thank you for your attention.