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Progress report on the implementation of the agreed recommendations of the Commission at its eleventh session, including an assessment of the work of the Commission since UNCTAD XI

Note prepared by the UNCTAD secretariat*

Executive summary

In accordance with paragraph 10 of the guidelines for the functioning of the UNCTAD intergovernmental machinery, adopted by the Trade and Development Board at its nineteenth special session, held in Bangkok from 29 April to 2 May 2002, (TD/B(S-XIX)/7) the UNCTAD secretariat presents herewith a progress report on the implementation of decisions and agreed conclusions adopted at the eleventh session of the Commission on Enterprise, Business Facilitation and Development and addressed to UNCTAD, as well as an assessment of the work of the Commission since UNCTAD XI. The report covers four areas: improving the competitiveness of small and medium-sized enterprises by enhancing productive capacity; efficient transport and trade facilitation to improve the participation of developing countries in international trade; information and communication technology and e-business for development; and building knowledge and skills in support of policymaking in developing countries and countries with economies in transition.

* This document was submitted on the above-mentioned date as a result of processing delays.

Introduction

1. The report of the Commission on Enterprise, Business Facilitation and Development on its eleventh session (TD/B/COM.3/82) contained a number of recommendations for action by UNCTAD. These recommendations and agreed conclusions are set out below, together with relevant action taken so far.

I. Improving the competitiveness of small and medium-sized enterprises through enhancing productive capacity

Recommendation

“In recognition of the importance of SMEs for economic development, growth, employment, poverty reduction and productive capacity-building, UNCTAD should continue to provide its analytical work and technical assistance to developing countries, in particular least developed countries (LDCs), and to countries with economies in transition, on enterprise development that encompasses global and regional value chains, outward investment, supply-side improvement, research and development, and business linkages. It should assist countries in identifying policies and facilitative measures that would enhance SME competitiveness, including disseminating best practices and examining how regional integration offers opportunities and challenges for SMEs’ internationalization.” (TD/B/COM.3/82, para. 1)

Action

2. An expert meeting on increasing the participation of small and medium-sized enterprises (SMEs) in global value chains was held on 18–19 October 2007. The expert meeting’s main source of reference was a research project jointly conducted by UNCTAD, the Organization for Economic Cooperation and Development (OECD) and the University of Fribourg entitled “Enhancing the role of SMEs in global value chains”, funded by the Government of Switzerland through the Geneva International Academic Network. Case studies carried out in Africa, Asia and Latin America in various industries highlighted the relationship between the selected group of large transnational corporations (TNCs) and their local suppliers. These studies confirmed that the liberalization of world trade and the globalization of the world economy were creating new opportunities for producers whose efficiency and quality standards met world market requirements. However, for developing-country suppliers, especially in mature manufacturing industries, both the barriers to entry in global value chains and the performance pressures they face after entry are extremely high. Efforts should be made to improve the capacity of SMEs to meet international standards, increase linkages and innovate or upgrade, particularly through programmes that assist the integration of lower-tier developing countries’ suppliers into global and regional value chains.

3. As part of UNCTAD’s efforts to support South–South cooperation and regional integration, and at the request of the Association of Southeast Asian Nations (ASEAN), UNCTAD provided an advisory service to study ways to strengthen the ASEAN Investment Area (AIA) and assess the progress made in implementing the AIA Agreement since its inception in 1998. Specific policy suggestions on how to address enterprise development and enterprise regionalization were proposed.

4. The UNCTAD publication *Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment* (UNCTAD/ITE/TEB/2006/9) examines why developing-country firms are investing abroad and what the implications are for enterprise competitiveness. It also examines best practice and

policy options for supporting internationalization from emerging economies. The research indicated that outward direct investment has helped enterprises increase their revenues, assets, profitability, market reach and exports. The study noted that countries have reformed the policy environment, liberalized their regulatory framework and relaxed exchange controls. Other support measures included the streamlining of approval procedures and the conditions governing equity ownership of affiliates abroad, raising the investment permit ceiling, capacity-building, market intelligence and special provisions in international investment agreements. Some developing countries actively provided institutional support to help their firms to internationalize their activities.

Recommendation

“UNCTAD should also continue to expand its technical assistance through business linkages programmes and EMPRETEC, including the launch of the EMPRETEC Africa Forum, and should continue to seek the necessary extrabudgetary resources for such activities.” (TD/B/COM.3/82, para. 2)

Action

5. A high-level round table on “Poverty reduction: how entrepreneurship can make it happen”, jointly organized by the United States Government and UNCTAD, was held on 3 July 2007 in Geneva. More than 50 representatives of members and non-members of the Economic and Social Council, civil society, the private sector, the United Nations system and other international organizations participated in the event. The round table recognized the close link between entrepreneurship development, self-employment and poverty reduction. It was stressed that the eradication of poverty concerned entrepreneurship development as much as social change. The important role of public policy in supporting entrepreneurship development was seen as crucial, as were initiatives to instil an entrepreneurship culture in young people. A number of speakers pointed out that UNCTAD’s work, including the Empretec programme, had had an impact on enterprise and entrepreneurship development in developing countries.

Empretec

6. The secretariat has taken a number of initiatives to strengthen Empretec programmes. As part of the Empretec Africa Forum initiative, the secretariat made an official presentation on entrepreneurship development and the Empretec installation in the United Republic of Tanzania to the Donors’ Committee.

7. Under UNCTAD’s business linkages development programme, the following outcomes have been achieved:

- (a) Viet Nam: Unilever Viet Nam will increase domestic sourcing by 59 per cent, so that it will account for 86 per cent of its entire operation. Unilever Viet Nam supports the training and development of SMEs in “total productive maintenance”, in order to improve their manufacturing sustainability and performance in key areas such as safety and hygiene;
- (b) Brazil: Under Projeto Vínculos, 11 large corporations are helping upgrade over 80 local partners to meet safety, health and environment (SHE) and ISO 14001 standards. For example, BASF has decided to extend the supplier-upgrading programme it developed under the project to all its Brazilian operations, and will bear all related costs;
- (c) Uganda: Six firms have established links with 26 local businesses to streamline their supply chains and thus support local farmers, manufacturers and

distributors. For example, Uganda Breweries will assist in upgrading over 2,000 farms and Kinyara Sugar Works has strengthened its links with Kinyara Sugarcane Growers, benefiting about 2,500 local farmers.

II. Efficient transport and trade facilitation to improve the participation of developing countries in international trade

Recommendation

“Given the critical role played by transport and trade facilitation in enhancing the efficiency of supply chains, while analysing and reporting on issues and developments relating to international transport and trade facilitation and their implications for developing countries with a focus on the special situation of landlocked and transit developing countries, UNCTAD should pay particular attention to identifying and analysing the linkages between access to and supply of transport services, a facilitative trade environment and development prospects within globalized trade and production networks.” (TD/B/COM.3/82, para. 3)

Action

8. The secretariat monitored and analysed developments in the field of transport and trade facilitation. Information was disseminated to member States in the annual *Review of Maritime Transport*, the quarterly *Transport Newsletter* and various documents, as well as through staff presentations and lectures at international, regional and national conferences and seminars. The secretariat also contributed to the web-based information platform of the Global Facilitation Partnership on Transportation and Trade (www.gfptt.org). UNCTAD continued its cooperation with the World Maritime University and other institutions of higher education.

9. The *Review of Maritime Transport* (2007) paid particular attention to developments in Asia’s port and maritime transport sector and analysed several long-term trends. It reported that the world fleet’s total TEU carrying capacity had increased almost sevenfold over the past 20 years, growing at an average annual rate of 10.8 per cent, with annual growth rates even higher in the last decade than in the previous one. Between January 2006 and 2007, for the first time since UNCTAD began recording dwt shares, the foreign-flagged share decreased slightly, from 66.5 to 66.35 per cent. The report also provided an overview of the most recent developments in regulatory frameworks affecting trade and transport, including international transport and supply chain security. It provided an overview of developments in the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) adopted under the auspices of the World Customs Organization (WCO) in 2005, and provided an update on work in the International Maritime Organization (IMO) to integrate elements of the SAFE Framework into existing IMO Conventions. The review also reported on the adoption in May 2007, under the auspices of IMO, of the International Convention on the Removal of Wrecks and on progress made on the draft international convention for the safe and environmentally sound recycling of ships.

10. In 2007, UNCTAD expanded the scope of its research on maritime transport connectivity to include country-to-country service information. The complete set of data makes it possible to identify the patterns of countries’ integration into the global liner shipping network and is being used together with import and export data for the economic analysis of transport costs and trade flow development.

11. UNCTAD conducted a comprehensive global study on the cost implications of implementing and complying with the obligations under the IMO International Ship and Port Facility Security (ISPS) Code. The study was the first to draw up data on ISPS Code-related costs. The study revealed important cost differentials, especially

between larger and smaller ports. The findings are presented in a report entitled “Maritime security: ISPS Code implementation, costs and related financing” (UNCTAD/SDTE/TLB/2007/1).

12. In the field of transport law, UNCTAD contributed to the ongoing work under the auspices of the United Nations Commission on International Trade Law (UNCITRAL) on a “draft convention on the carriage of goods [wholly or partly] [by sea]” by participating in and making substantive contributions to the meetings of Working Group III (Transport Law).

13. UNCTAD supported the development of transit and transport-related arrangements, including through an expert meeting on “Regional cooperation in transit transport – solutions for landlocked and transit developing countries” held in Geneva in September 2007. Experts discussed models, best practices and practical solutions aiming at improving international transit transport operations, including the use of information technology. UNCTAD was also represented at a global ministerial meeting in Mongolia of trade ministers from landlocked developing countries and in the trade-facilitation preparatory phase of the review of the Almaty Programme of Action. Within the context of the Economic Cooperation Organization, UNCTAD provided support for a meeting on the Transit Transport Framework Agreement. A new technical assistance activity was scheduled for November 2007 to support Mongolia in formulating a national strategy on offering land-linking transit services to neighbouring countries. An UNCTAD XII pre-event on the globalization of port logistics was scheduled for December 2007, to examine the challenges and opportunities facing developing countries as a result of the globalization of logistics.

Recommendation

“UNCTAD should enhance cooperation with member States in their effort to devise and implement national and international policies aimed at promoting transport and trade facilitation, including transport and transit corridors, in coordination with other relevant organizations. Assistance should continue to be provided to developing countries, in particular LDCs, and to countries with economies in transition to support their participation in transport and trade facilitation negotiations, particularly in the context of the Doha Development Round.” (TD/B/COM.3/82, para. 4)

Action

14. UNCTAD provided continuous support to developing countries in the ongoing World Trade Organization (WTO) negotiations on trade facilitation through the UNCTAD trust fund project on capacity-building in developing countries and least developed countries, funded for the third consecutive year by the Governments of Sweden and Spain. In 2007, UNCTAD organized two regional workshops on the assessment of trade-facilitation needs and assisted four countries in setting up and strengthening an institutional mechanism for inter-ministerial coordination and private sector consultation related to trade facilitation. UNCTAD helped adapt a methodology for self-assessment of trade-facilitation needs, developed by the “Annex D” organizations and the WTO secretariat. UNCTAD facilitators contributed to seven regional WTO workshops, conducted three national needs-assessment workshops together with other Annex D organizations, and organized two round tables for regional groupings in Geneva. UNCTAD further updated some of its technical notes on trade facilitation.

15. In 2007, under the Asycuda (Automated System for Customs Data) programme, new projects were signed for the implementation of AsycudaWorld with the Palestinian Authority, the Commonwealth of Puerto Rico, and the Governments of

Georgia, Yemen and Zimbabwe. New AsycudaWorld operational sites have started in Côte d'Ivoire, Haiti, Jordan, Lebanon and the Syrian Arab Republic. The Asycuda system went live in the Democratic Republic of Congo, Eritrea, Saint Vincent and the Grenadines, Seychelles, and Trinidad and Tobago. Asycuda also created regional centres to support the implementation and maintenance of the system in user countries, and to facilitate regional integration. Discussions are ongoing with the Syrian Government for the establishment of an additional Asycuda regional support centre for Arab States. The continued development of the AsycudaWorld system, based on state-of-the-art Internet technologies, has confirmed its role as a core element in the promotion of e-Customs. Asycuda was represented at the ICT Best Practices Forum organized by Microsoft in Burkina Faso in 2007, where it presented its solutions as an example of success in the field of information technology in Africa.

16. The secretariat continued to provide technical assistance to the Emergency Customs Modernization and Trade Facilitation Project in Afghanistan, funded by the World Bank. In 2007, a new field project manager was appointed and started her assignment at the Ministry of Commerce and Industry in Kabul. Activities in 2007 included assistance in the drafting of a new legal framework for the Afghan transport sector, new rules and regulations governing carrier companies, a transit agreement with Pakistan, and support for the reactivation of the TIR system in Afghanistan. A memorandum on the foreign trade regime was also finalized within the framework of the WTO accession process. Capacity-building was provided through an ongoing training course for Afghan freight-forwarders on international rules, standards and practices and through support for Afghan officials' participation in international conferences on trade facilitation.

17. Technical cooperation was also made available through activities under the Norwegian-funded project to assess trade-facilitation needs and priorities, the Swedish-funded project on the establishment of trade-facilitation platforms and the Islamic Development Bank-funded project on international multimodal transport operations in the region covered by the Economic Cooperation Organization.

18. Activities under the United Nations Development Account project on capacity-building in trade and transport facilitation for landlocked and transit developing countries were completed by the end of 2007 as planned. In total, seven clusters were created and three supporting transit information systems were fully operational or ready to be made available to users. Action plans were being implemented in three selected corridors in Asia, Africa and South America.

19. UNCTAD collaborated with the Organization for Security and Cooperation in Europe (OSCE) in preparing a conference on the prospects for the development of trans-Asian and Eurasian transit transportation through Central Asia until the year 2015. The conference involves a number of public and private international organizations cooperating to improve market access for landlocked countries and has become part of the implementation process of the Almaty Programme of Action.

III. Information and communication technology and e-business for development

Recommendation

“With a view to maximizing the benefits derived from the information economy, it is important to assess the economic impact of ICT, to develop national and international ICT strategies (through, for example, ICT master plans) and to adopt an appropriate legal framework for e-commerce. UNCTAD, taking into account the work of other relevant organizations, through its research and policy-oriented analytical work, as

well as technical cooperation, should assist developing countries, in particular LDCs, and countries with economies in transition in identifying approaches, strategies and policies on ICT.” (TD/B/COM.3/82, para. 5)

Action

Research and policy-oriented analytical work

20. The secretariat continued to deliver policy-oriented analysis on information and communication technology (ICT) and e-business for development in the *Information Economy Report 2007/08*, which is due to be launched in February 2008. The report discusses ICTs in the context of science and technology for development and its role in harnessing knowledge and generating innovation.

21. The report recommends a better integration of ICT policies in national innovation policies through the systematic coordination of policies between different ministries. Equally important from the developing countries' perspective is the need to take advantage of the opportunities available in open-innovation and open-access systems. A number of policy measures are suggested regarding innovation systems and ICT diffusion. The report also gives an overview of recent trends in ICT access and use in developing countries, demonstrates how ICTs contribute to economic growth and foster innovation, sheds light on the persisting digital divide and gives examples of how ICTs can enhance the livelihoods of the poor. The ASEAN experience of harmonizing e-commerce laws at the regional level is analysed, as is the impact of ICT use on SMEs in Thailand, in the context of a joint project between UNCTAD and the National Statistical Office of Thailand.

22. In 2007, UNCTAD and national statistical offices in member States conducted a survey on ICT usage by enterprises classified by size of enterprise, geographical location (urban/rural) and economic activity. The results of the survey provided input to the UNCTAD information economy database that supports the analysis for the *Information Economy Report* and that, as at October 2007, contained data on 56 countries.

23. In preparation for UNCTAD XII, a pre-event was held on 6 December 2007 on the theme of science, technology, innovation and ICTs for development. The event addressed the question of how the use of science, technology and ICTs can help countries meet human needs and reap the benefits of the knowledge economy.

Technical cooperation

24. UNCTAD continued to provide technical assistance in the area of ICT measurement, in cooperation with the members of the Partnership on Measuring ICT for Development and with the support of the Government of France. In March 2007, the United Nations Statistical Commission, at its thirty-eighth session, endorsed the core list of ICT indicators developed by the partnership and recognized the leadership of UNCTAD in this activity. It also advised countries to use this core list of ICT indicators in their data collection programmes, and encouraged the partnership to assist countries in their capacity-building efforts in the area of ICT data collection.

25. In the context of the Development Account project on capacity-building for ICT measurement and policy, a methodological manual on measuring the information economy through statistics on the ICT sector, ICT trade and the use of ICT by businesses was prepared in 2007. A training course based on the manual and the TrainForTrade methodology was developed and a pilot course was delivered in December 2007 to a group of Latin American countries.

26. The joint UNCTAD/ITU/ECA Regional Workshop on Information Society Measurement in Africa (Addis Ababa, March 2007) aimed to improve the availability

of comparable data on ICT in Africa. Fifty participants (producers and users of official ICT statistics) and experts discussed the need for ICT statistics and indicators, shared best practices in ICT measurement and recommended mechanisms for monitoring and measuring information society developments in African countries.

27. A joint UNCTAD/ESCWA/ITU/OECD workshop on information society measurements for West Asian and Arab countries (Cairo, June 2007) addressed the use of surveys for the collection and presentation of data for core ICT indicators, and Arab countries' ICT strategies, objectives and indicators for measuring progress in implementation. It recommended improving training at the national level, in line with international definitions, methodologies, and classifications, reinforcing cooperation between national stakeholders, and developing gender-sensitive ICT indicators. The workshop was attended by 77 participants from 15 Arab countries and several regional and international organizations.

28. With the support of the Governments of France and Spain, UNCTAD continued to provide technical assistance in the area of ICT legislation in order to help countries create an enabling environment for e-business. In 2007, 124 representatives of ministries and the private sector of Latin American Integration Association (ALADI) member countries and the ALADI secretariat were trained through distance learning and face-to-face training workshops, developed and delivered in cooperation with the TrainForTrade programme.

29. UNCTAD provided advisory services in 2007 to the Governments of Cambodia and the Lao People's Democratic Republic for the preparation of draft e-commerce legislation in the context of the harmonized regional e-commerce legal framework. These services were presented at round tables for national stakeholders held in Ventiane in August 2007 and in Phnom Penh in December 2007. By 2008, Cambodia and the Lao People's Democratic Republic will have enacted their e-commerce legislation in compliance with the e-ASEAN initiative.

30. Following the UNCTAD training workshop on the legal aspects of e-commerce (December 2006), the East African Community secretariat invited partner States to appoint members to the regional cyberlaws task force. The first regional meeting of the task force was scheduled for January 2008, with the support of UNCTAD and a contribution from the Government of Finland.

31. UNCTAD and the United Nations Institute for Training and Research (UNITAR) held a joint seminar on free and open-source software (FOSS) at United Nations Headquarters in New York on 16 October 2007. The purpose of the seminar was to draw attention to the role of FOSS as a technology that can help increase ICT use among businesses and institutions involved in development activities. The replicability of the cases presented at the seminar was discussed. The meeting was attended by 45 participants from member States' delegations and observer organizations and was webcast over the Internet.

Recommendation

“Recalling the agreement in ECOSOC resolution 2006/46 that the system-wide follow-up of WSIS shall have a strong development orientation, UNCTAD should continue its role in the implementation of the World Summit on the Information Society, as well as in the follow-up to the WSIS in its capacity as secretariat to the CSTD, as laid down in the WSIS outcome documents and the relevant ECOSOC resolutions.”
(TD/B/COM.3/82, para. 6)

Action

Implementation of the outcomes of the World Summit on the Information Society

32. UNCTAD, in cooperation with other stakeholder organizations, continues to contribute to the implementation of the outcomes of the World Summit on the Information Society (WSIS) by assisting national Governments in designing and evaluating national ICT policies and strategies and in creating an enabling environment for e-business. In cooperation with the International Labour Organization (ILO) and the International Trade Centre (ITC), UNCTAD organized the second WSIS follow-up action line facilitation meeting on e-business and e-employment, on the theme of “ICTs, global supply chains and development” (May 2007).¹

33. The Tunis Agenda for the Information Society calls for periodic evaluation based on appropriate indicators and benchmarking and the use of an agreed methodology, and invites the international community to strengthen the ICT-related statistical capacity of developing countries. The Partnership on Measuring ICT for Development, which was launched at UNCTAD XI, addresses this recommendation.

Follow-up to the World Summit on the Information Society

34. At its tenth session, held in May 2007, the Commission on Science and Technology for Development (CSTD) addressed its substantive theme, “Promoting the building of a people-centred, development-oriented and inclusive information society”. The session reviewed the progress made in implementing the outcomes of the World Summit on the Information Society at the regional and international levels, and identified achievements, gaps and challenges, as well as future action needed for further implementation. Participants included ministers and representatives of Governments, civil society, the private sector and international organizations. The session provided an opportunity to raise awareness about the importance of science and technology and ICTs for development and to discuss the practicalities of following up on the outcomes of the Summit. The Commission also developed a multi-year work programme to be undertaken in collaboration with UNCTAD and other United Nations entities.

35. Participants encouraged the Commission to continue to cooperate with UNCTAD in its work on science, technology and innovation policy reviews, a network of centres of excellence, Connect Africa and other initiatives, with a view to assisting developing countries and countries with economies in transition to enhance their technological capabilities.

IV. Building knowledge and skills in support of policymaking

Recommendation

“Recognizing the importance of building knowledge and skills in support of policymaking in developing countries and countries with economies in transition, UNCTAD should continue its work on the strengthening of local training, research and policymaking capacities with regard to trade, investment, enterprise development, technology, finance and development issues through the training programmes of the Virtual Institute, TrainForTrade and Paragraph 166 programmes, including through the innovative use of ICTs and distance learning, as well as networks and partnerships with other agencies, international organizations and bilateral development partners for training and research; and encourage the links between researchers and policymakers and the exchange of experiences and best practices in the development of sustainable capacities for trade and development.” (TD/B/COM.3/82, para. 7)

¹ The report on the meeting is available at http://www.unctadxi.org/templates/Startpage____2774.aspx

Action*TrainForTrade*

36. In the last 12 months, TrainForTrade capacity-building activities have benefited about 570 officials worldwide, of whom 325 were from least developed countries. A total of 350 trade operators have benefited from TrainForTrade distance-learning seminars and 45 information and communications specialists have been successfully trained to act as technical tutors in 30 developing and least developed countries in Africa, Asia and Latin America. TrainForTrade distance-learning activities have focused especially on the development of courses in local languages, including French, English, Spanish, Portuguese, Khmer and Lao.

37. An independent evaluation of the four-year TrainForTrade project for Cambodia and the Lao People's Democratic Republic, funded by France, was very positive, and recommended the extension of the TrainForTrade approach to other developing countries. One specific output of this project was the completion of the drafting of e-commerce legislation in Cambodia in 2007, which was a follow-up to recommendations made at a TrainForTrade course on legal aspects of e-commerce carried out in cooperation with UNCTAD's ICT and E-Business Branch. The TrainForTrade programme continued to make the strengthening of human resources in Africa a high priority. A four-year project for Angola, funded by the European Commission to the amount of €2,940,000, was launched in Luanda in October 2007. The TrainForTrade Port Training Programme launched a programme for the ports of English-speaking developing countries, in Dublin, Ireland, in June 2007, while the French- and Portuguese-speaking port training networks continued to operate in Benin, Cape Verde, Cameroon, Guinea, Senegal and Togo.

UNCTAD Virtual Institute on Trade and Development

38. The Virtual Institute continued to strengthen the teaching and research capacities of tertiary education institutions in the fields of trade, investment, enterprise, technology, finance and development in developing countries and countries with economies in transition.

39. The work and involvement of partner universities in the network's activities has increased in the past year. The Virtual Institute has begun to devolve the production and adaptation of teaching materials and economic research to members of the network. Currently, 16 academics from eight countries are working on research or teaching materials that address locally relevant needs. The network's 21 member universities, 12 affiliate universities and over 250 individual members also support each other through informal knowledge-sharing and the exchange of staff. The UNCTAD Virtual Institute workshop on trade and poverty for academics from English-speaking African least developed countries (LDCs) (Dar-es-Salaam, United Republic of Tanzania, November 2007) benefited from Virtual Institute members' contributions and participation, and highlighted the importance of networking at the local and regional levels when undertaking economic research.

40. In 2007 the Virtual Institute produced modular training packages on, among other things, the transfer of technology, trade and poverty, regional trade agreements, and trade data analysis. Materials and publications were provided electronically, in hard copy and on CD-ROM, and a quarterly electronic newsletter was published to inform network members of the latest developments in the Virtual Institute and UNCTAD.

41. The Virtual Institute addressed the issue of good governance and sound policy design by advocating improved links between research and policymaking. The Dar-es-Salaam workshop on trade and poverty brought together 25 African academics, mainly from African LDCs, and examined the role of researchers in the policymaking process.

The Virtual Institute has also increased the participation of its network academics in UNCTAD's flagship course on key international economic issues.

42. A study tour organized by the Virtual Institute for the University of the West Indies in May 2007 brought a group of 23 masters students into contact with Geneva-based experts at UNCTAD and other organizations (WTO, ITC, the World Intellectual Property Organization (WIPO), the Agency for International Trade Information and Cooperation (AITIC), the Advisory Centre on WTO Law (ACWL) and the European Commission) and representatives from Caribbean missions in Geneva. The tour exposed students to the challenges faced by Caribbean-region delegates in Geneva and more generally in trade negotiations.

43. Since the eleventh session of the Commission, the Virtual Institute has expanded its membership, with three members from countries with economies in transition. The network has also accepted new core members from developing countries in Africa and South America, bringing the number of Virtual Institute core member universities to 21. At the country level, member universities from Argentina, Colombia and the Russian Federation have developed new local partnerships, thus expanding Virtual Institute activities at the national level.

Training course on key international economic issues

44. The course on key international economic issues continued to provide policymakers in developing countries and countries with economies in transition with relevant policy-oriented training on the topics of trade, investment, enterprise, technology, finance and development. Particular attention was paid to the recommendations of the independent external evaluation, as endorsed by the Working Party on the Medium-term Plan and the Programme Budget in September 2005.

45. Three regional courses were organized during the past year: two for African countries, the second of which was organized in response to the overwhelming interest in the first one (Cairo, February 2007; and Dakar, October/November 2007); and one for Latin America and the Caribbean (Lima, June/July 2007). The courses were attended by a total of 73 participants from 44 countries.

46. The course is by its very nature a partnership endeavour, as it is enriched with regional and national experts' insights into trade and economic policies and their local impact on development. It therefore complements the analytical work of UNCTAD on these issues at the international level. Traditional partners for the course have been the regional commissions of the United Nations and, lately, academics from the UNCTAD Virtual Institute network. The course in Egypt directly contributed to the establishment of a partnership between UNCTAD and Cairo University, which subsequently became a member of the UNCTAD Virtual Institute.

47. A regular programme of short courses for Geneva-based delegates was introduced in 2007. Nine such courses were organized during the past year, providing an opportunity for discussion between UNCTAD researchers and representatives of member States.

48. Using ICTs and distance-learning technology to ensure a more uniform preparation of participants, the secretariat developed a new website that gives access to structured and prioritized course materials, as well as materials for further reading. "Basic knowledge" teaching aids are being developed; the first of these, a glossary on trade and transport facilitation, is already available on the website. The website also offers a discussion forum where participants can network and share experiences and best practices after the course.

V. Assessment of the work of the Commission since UNCTAD XI

Improving the competitiveness of small and medium-sized enterprises by enhancing productive capacity

49. According to the São Paulo Consensus: “An enabling international environment is essential for developing countries and economies in transition to integrate successfully into the world economy. Equally important is the need for these countries to build stronger supply capabilities responsive to market demands, promote technology development and transfer, encourage enterprise networking, increase productivity and improve the competitiveness of their enterprises.” (TD/410, para. 36)

50. At its ninth session, in 2005, the Commission agreed that the internationalization of enterprises, especially SMEs, is an essential way to strengthen the competitiveness of developing-country firms. “Internationalization” includes strategies to address general structural weaknesses and specific measures to promote integrated forms of production and international distribution networks, such as SME-TNC linkages, clusters, global value chains and direct outward investment.

51. Consequently, so far in the 2004–2008 quadrennial cycle, UNCTAD has focused on issues related to enhancing the internationalization of SMEs in developing countries. In particular, a series of expert meetings was organized on:

- (a) Promoting the export competitiveness of SMEs (December 2004);
- (b) Enhancing productive capacity of developing country firms through internationalization (December 2005);
- (c) Best practices and policy options in the promotion of SME-TNC business linkages (November 2006); and
- (d) Increasing the participation of developing countries’ SMEs in global value chains (October 2007).

52. UNCTAD’s research and expert meetings highlighted the essential role of developing-country authorities in devising sound policies based on mutually beneficial linkages with lead firms of global value chains, to help enhance the positive impact of foreign direct investment on local productive capacities. The evidence shows that the establishment of sustainable linkages does not happen automatically as a direct consequence of the presence of TNCs, and is likely to be successful only if a systemic policy approach is adopted.

53. In this context, UNCTAD is well positioned to play an intermediary role in the promotion of SME internationalization and to provide a combination of policy-oriented and technical cooperation services in the field of foreign direct investment and SME development. The aim of UNCTAD’s linkages programmes developed in the last quadrennial cycle has been to promote the competitiveness of developing countries’ SMEs through the creation and strengthening of sustainable TNC-SME business linkages, including through:

- (a) Providing policy advice on how to improve the environment for sustainable business linkages;
- (b) Identifying business linkage opportunities;
- (c) Encouraging TNCs to establish beneficial business linkages;
- (d) Assisting SMEs in upgrading to meet foreign affiliates’ requirements; and
- (e) Sharing good practices in sustainable business linkages.

54. In particular, UNCTAD assisted Argentina, Brazil, Uganda and Viet Nam in developing institutional capacity and technical expertise for the creation of new, or the strengthening of existing, business linkages between local SMEs and TNCs. To achieve this goal, UNCTAD has cooperated with local development and investment promotion agencies, local business services providers, foreign affiliates of TNCs, partner ministries and other stakeholders.

55. The Empretec programme successfully played its role as an intermediary and facilitator of business linkage programmes. UNCTAD was closely involved in monitoring the implementation of the linkages programme by Enterprise Uganda and began to replicate this successful experience in all Empretec centres in Africa. Similarly, UNCTAD created synergies among the Empretec programmes in Latin America and undertook preliminary steps to develop business linkages at the regional level.

56. UNCTAD provided policy recommendations, strategic leadership and operational guidance for implementation in the following publications: *Business Linkages Programme Guidelines* (UNCTAD/ITE/TEB/2005/11); *Deepening Development through Business Linkages* (UNCTAD/ITE/TEB/2006/7); and *Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment* (UNCTAD/ITE/TEB/2006/9). Two more publications containing the main findings of UNCTAD's research into international best practices in this area – *Creating Business Linkages in Developing Countries: the case of Malaysia, Mexico, India, South Africa and Uganda* and *How to Integrate Developing Countries' SMEs into Global Value Chains* – are in the course of finalization.

57. UNCTAD prepared project proposals and undertook fund-raising efforts for the implementation of business linkages projects in Argentina, Egypt and Mozambique, and for the installation of a new or upgraded Empretec programme in Ghana, Peru, the United Republic of Tanzania and Zambia.

Efficient transport and trade facilitation to improve participation by developing countries in international trade

58. In accordance with the mandate conferred on UNCTAD in paragraph 59 of the São Paulo Consensus, UNCTAD has, over the past four years, continued to “undertake research and analysis with a view to assisting developing countries establish an appropriate framework for policy action” and to “promote the exchange of experiences on new developments” in these areas. Extensive research and analytical work has been carried out on a broad range of issues, including seaborne trade, transport costs, liner shipping connectivity, geography of trade, fleet developments, ports, inland transport and legal issues affecting trade and transport. UNCTAD was also mandated to “follow current and emerging developments on security arrangements and analyse their implications for developing countries”. To this end, the secretariat has continued to monitor developments relating to transport and supply chain security and, where appropriate, provided an assessment of their potential implications. Insights gained from the research and analytical work have been widely disseminated in recurring publications such as the annual *Review of Maritime Transport* and the quarterly *Transport Newsletter*, as well as in publications such as those on the cost implications of the ISPS Code and the legal regime governing multimodal transport, transport documents and aspects of air transport law. Furthermore, responding to the mandate conferred on UNCTAD to “examine policy proposals and regulatory regimes relating to transport and trade facilitation” and to “assist developing countries in the ongoing work in UNCITRAL” (São Paulo Consensus, para. 107), the secretariat provided substantive contributions to the deliberations of UNCITRAL Working Group III (Transport Law) on a new international convention in the field of carriage of goods, and assisted developing countries in WTO negotiations on trade facilitation in the

context of the Negotiating Group on Trade Facilitation, as well as on transport and logistics under the General Agreement on Trade in Services (GATS).

59. UNCTAD was also requested to “strengthen its assistance in the area of building transport capacity” and “intensify its trade and trade-related technical cooperation and capacity building activities” (São Paulo Consensus, paras. 60 and 108 respectively). Consequently, a coherent trade logistics technical assistance programme was designed and implemented. The programme takes a three-pronged approach consisting of: first, a series of generic projects aimed at developing policy tools for trade and transport facilitation and assistance to the multilateral negotiating process; second, the Asycuda programme, as an important information technology tool for trade facilitation and good economic governance; and, third, at the country level, the design and implementation of comprehensive trade and transport facilitation programmes based on specific country needs.

60. Regarding the ongoing Doha Round of trade negotiations, the emphasis has been on improving the capacity of developing countries to participate in trade-facilitation negotiations, assessing needs and priorities, and enhancing their implementation capabilities. Regional workshops, seminars and round tables have been organized, in some cases jointly with WTO or regional counterparts, and have fostered more active participation by some developing countries in the negotiating process. Trade and transport facilitation platforms have been introduced in a number of countries to improve coordination between different agencies implementing facilitation measures.

61. In relation to transit transport and trade facilitation, UNCTAD has organized various topical expert meetings and a number of technical assistance projects have been implemented, including: support for the development of business clusters along three selected transit corridors in Africa, Asia and Latin America; assistance in the development of multimodal transport and trade facilitation at the regional level; and national projects on trade facilitation that reflect the particular needs and priorities of the countries concerned. Project implementation included a wide variety of activities such as the implementation of Asycuda, the conduct of trade-facilitation audits, support in WTO accession, as well as capacity-building in the transport industry, and reform and modernization of the operational, institutional and legal framework affecting trade and transport.

62. Technical assistance projects involving Customs automation made important progress during the period under review. The geographical coverage and functional capabilities of Asycuda were enhanced. The system was newly implemented in a number of countries while, in others, migration to more recent versions was completed or got under way. The latest system, AsycudaWorld, is already operational in Moldova, while other countries are in the process of implementing it. Asycuda is also a component of a coherent trade and transport facilitation strategy implemented by UNCTAD in Afghanistan, where the system has become operational in two corridors, resulting not only in facilitated trade movements, but also in increased government revenue.

ICT and e-business for development

63. During the past four years, UNCTAD has deepened its research and analysis in the field of ICT and e-business for development in the information economy to reflect the specific circumstances and needs of developing countries and take account of rapid technological change. Particular attention has been devoted to studying access to ICT by the poor. Research was expanded on the economic impact of ICT, in particular its effect on growth and productivity at both the macro and company level. UNCTAD, by organizing a WSIS thematic meeting and its own expert meeting, brought together a large number of experts to discuss ICT, growth, trade, employment and development,

and to develop policies for taking advantage of ICT and e-business. UNCTAD also carried out empirical work on measuring the impact of ICT use on firms' productivity in developing countries, providing a factual foundation for the design and assessment of national ICT policies. The WSIS outcome documents called on all Governments to develop national e-strategies by 2010: UNCTAD research has found that in 2006 the majority of developing countries (64 per cent) already had a national ICT plan or were in the process of designing one. UNCTAD's work on ICT policies expanded from advising countries on designing national ICT policies to assisting them in evaluating their ICT policies. The UNCTAD model framework for carrying out national ICT policy reviews was first presented in the *Information Economy Report 2006*, with the main objective of helping policymakers from developing countries to monitor and assess their national ICT policies, on the basis of a comprehensive framework and measurable indicators. Pilot projects for national ICT policy reviews are under discussion with the Governments of Egypt and Peru.

64. UNCTAD actively participated in the two phases of the World Summit on the Information Society, in close collaboration with other international agencies. In the follow-up and implementation of the WSIS outcome, UNCTAD played a key role as the secretariat to the Commission on Science and Technology for Development, and as facilitator in the implementation of the WSIS action line on e-business. The UNCTAD XI Partnership on Measuring ICT for Development and its work on developing comparable indicators and providing capacity-building assistance played an important role in the follow-up to and evaluation of the WSIS outcomes.

65. One important achievement since UNCTAD XI, made with the support of the Government of France, was in the field of ICT and e-business statistics and measurements. Based on the UNCTAD annual data collection, which started in 2004, the UNCTAD ICT database is the only global database to contain comparable official statistics on ICT use in enterprises and the ICT sector. Based on the core list of indicators developed by the Partnership on Measuring ICT for Development, it was endorsed by the United Nations Statistical Commission in 2007. Since UNCTAD XI, UNCTAD has actively promoted the development of ICT statistics through:

- (a) The enhancement of its ICT measuring website (<http://measuring-ict.unctad.org/>);
- (b) A series of capacity-building workshops at the national, regional and global levels;
- (c) Advisory missions on ICT measurement to countries in Africa and Asia;
- (d) The preparation of a technical manual for the production of statistics on the information economy;
- (e) The development of a training course on ICT statistics, in cooperation with TrainForTrade;
- (f) UNCTAD's lead role in the Partnership on Measuring ICT for Development, as initiator and coordinator (since January 2006 as a member of the Steering Committee), and as leader of the partnership's task group on capacity-building.

66. Consequently, the number of developing countries collecting ICT business statistics has increased from a handful in 2003 to more than 30 in 2007. Requests for technical assistance on ICT measurement were received from more than 40 developing countries.

67. UNCTAD further developed its research and capacity-building work on the legal aspects of e-commerce, in response to an increase in requests for assistance from member States, and with the support of the Governments of Finland and Spain. An appropriate legislative framework is fundamental for any electronic commercial transaction because it ensures that the latter is legally valid, binding and enforceable.

The English version of the course on the legal aspects of e-commerce has been revised and adapted for French and Spanish speakers. The regional coverage of its technical assistance has expanded from Asia to Africa (in cooperation with the East African Community) and Latin America (in cooperation with ALADI and TrainForTrade). Several themes related to the creation of a favourable legal environment for e-business have been analysed in the various issues of the *Information Economy Report*, including privacy protection, cybercrime, electronic contracting and the harmonization of regional frameworks for cyber legislation.

68. UNCTAD has made a substantive contribution to the discussions on open information technologies. Starting with an expert meeting in September 2004 on free and open-source software, UNCTAD organized two seminars in cooperation with UNITAR (2006 and 2007) to raise awareness of the issue. UNCTAD also set up an advisory team on FOSS, consisting of international leaders and practitioners in this field, which provided individual consultations to the delegations of Egypt and Morocco during the Tunis WSIS phase. UNCTAD has reviewed open-source and open-access issues in its analysis of risk management and cyber security, creative industries and Internet governance in the *Information Economy Report*. FOSS issues are also covered in the training course on key international economic issues. The work was supported by partnering institutions in line with the recommendations of the São Paulo Consensus concerning multi-stakeholder partnerships for information and communication technologies for development.

E-tourism

69. Launched in 2004 at UNCTAD XI as one of the partnerships on ICT for development, the e-tourism initiative promotes ICT-driven growth in the tourism sector of developing countries. It is a comprehensive assistance package aimed at enhancing the competitiveness of beneficiaries, particularly SMEs. The *Information Economy Report 2005* devoted a chapter to the opportunities offered by e-tourism to developing countries.

70. The implementation of the initiative relied on:

- (a) Country case studies for updated analysis and input to the training courses;
- (b) Training courses developed with the TrainForTrade programme;
- (c) Recommendations and project formulation;
- (d) A replicable, customized open-source Electronic Tourism Platform (ETP); and
- (e) A multilingual website (<http://etourism.unctad.org>) for public and private partners and contributors.

71. In 2006 the first national case studies were undertaken in Cambodia, the Lao People's Democratic Republic, Sri Lanka and Viet Nam. In cooperation with the University of Quebec, similar material has been made available for Madagascar, Tunisia and Turkey. Training material for the "ICT and tourism" course is available in English, French, Spanish and Portuguese, and aims to create awareness among policymakers and the private sector of the business opportunities and challenges created by ICTs when applied to the tourism industry. Training materials on the "Introduction to electronic marketing", developed in cooperation with the Tourism Ministry of Quebec, are available in English and French. The Electronic Tourism Platform is being developed and will eventually allow its users to organize, market and sell their own tourism services online. A first version of the platform, developed in cooperation with the University of Quebec's International Centre for Tourism Training and Research and its Laboratory of Research on Technologies for E-Commerce, is due to be released at the end of first quarter of 2008.

72. The expert meeting on ICT and tourism for development (November/December 2005) and the UNCTAD parallel event on e-tourism at the second phase of the World Summit on the Information Society in Tunis, co-organized with the University of Manouba, Tunisia, and the University of Quebec, Canada, provided policy recommendations. The secretariat also participated in the African Preparatory Summit for WSIS (February 2005) and in a workshop of the Centre for Administrative Innovation in the Euro-Mediterranean Region (March 2005), which were opportunities to exchange expertise and best practices in the field of tourism and development. UNCTAD organized a number of training workshops on ICT and tourism for public- and private-sector audiences. Seminars were held in Bamako, Mali (2005); Toamasina, Madagascar (October 2006); Colombo, Sri Lanka (October 2006); Phnom-Penh, Cambodia (December 2006); Kota-Kinabalu, Malaysia (March 2007); Antsirabe, Madagascar (July 2007); and Ventiane, Lao People's Democratic Republic (November 2007). The teaching materials were customized to suit each country's specific situation and took into account the profile of the target group. Twenty-two countries, as well as the Economic and Social Commission for Asia and the Pacific, the United Nations Development Programme, the World Tourism Organization, the Asian Development Bank and several development agencies, were represented at the UNCTAD subregional conference entitled "Asia-Pacific: E-tourism for growth – matching market efficiency and social inclusion", held in Kota Kinabalu, Malaysia, in March 2007. Conference side-events included an introduction to e-marketing, a workshop on e-marketing and e-payments, and a workshop on innovation and knowledge management.

Building knowledge and skills in support of policymaking

73. Capacity development is a key concern of developing countries seeking to become better integrated in the global economy by increasing the competitiveness of their private sector, enhancing the ability of their policymakers to formulate policy and negotiate, and strengthening training and research institutions.

74. In paragraph 95 of the São Paulo Consensus, UNCTAD was called upon to help strengthen human resources in the field of trade and develop capacities in developing countries to negotiate trade agreements. UNCTAD was also mandated to implement partnerships in the area of capacity-building, including with academic and research institutions (São Paulo Consensus, paras. 114 and 115, and paras. 9–11 of the annex, which specifically deals with the Virtual Institute partnership). This was accomplished by improving the participation of academia in UNCTAD activities and intergovernmental processes, promoting greater interaction with academia and promoting networking among researchers from developing countries on issues related to UNCTAD's mandate.

75. UNCTAD was also requested to continue capacity-building activities for developing countries in line with the paragraph 166 of the Bangkok Plan of Action (São Paulo Consensus, para. 109). TrainForTrade, the Virtual Institute and the trainers from the course on key international economic issues have recognized expertise in this field and, using methods appropriate to each of their target groups, have provided developing countries with access to trade-related knowledge that they can apply and adapt to local conditions, and generated local knowledge that reflects their specific needs. Activities in these capacity-building programmes have been intensified and an increasing number of officials and institutions from developing countries and countries with economies in transition have benefited from them. Their usefulness in teaching, training, research and policymaking has been recognized by beneficiary countries, as well as by independent experts conducting project evaluations.