

UNCTAD
ANNUAL REPORT
2009



UNITED NATIONS

UNCTAD is the United Nations focal point for trade and development, and for interrelated issues in the areas of finance, technology, investment and sustainable development. Our objective is to assist developing countries, especially least developed countries, and economies in transition to integrate beneficially into the global economy. We also seek to help the international community promote a global partnership for development, increase coherence in global economic policymaking, and assure development gains for all from trade.

We conduct ahead-of-the-curve research and analysis on both long-standing and emerging development issues. We build consensus around efforts to promote national and international policies and strategies conducive to development. And we support countries in implementing their development strategies, helping them overcome the challenges and seize the opportunities of globalization.



UNITED NATIONS

UNCTAD IN NUMBERS

3	Pillars of work: <ul style="list-style-type: none">• Consensus-building• Research and analysis• Technical cooperation
5	Main programmes of work: <ul style="list-style-type: none">• Globalization and development strategies• Investment and enterprise development• International trade in goods and services and commodities• Technology and logistics• Africa, the least developed countries, and special programmes
45	Years of promoting the development-friendly integration of developing countries into the world economy
193	Member States
221	Partnerships forged with civil society organizations
230	Technical cooperation projects currently being implemented in 81 countries
41%	of total project expenditures allocated to least developed countries
\$30m	Amount of voluntary contributions for operational activities, of which \$10m was contributed by developing countries and countries with economies in transition (see also the annex A for further information)
\$65m	Total regular budget for 2009, from the regular budget of the United Nations
1st	Geneva-based United Nations organization to initiate a carbon-neutral initiative

To find out more about UNCTAD, please visit <http://www.unctad.org>

CONTENTS

UNCTAD in numbers	2
Foreword by the Secretary-General of UNCTAD	4
About UNCTAD	7
1- Tackling persistent and emerging challenges	13
2- Enabling productive capacities from investment and enterprise development	19
3- Helping countries benefit from trade	29
4- Modernizing economies	39
5- Contributing towards the eradication of extreme poverty	49
Annexes	58

**FOREWORD
BY DR. SUPACHAI
PANITCHPAKDI,
SECRETARY-GENERAL
OF UNCTAD**

Towards the end of 2009, one could almost hear a collective sigh of relief that the year of the “Great Recession” was finally coming to an end. The global economy had contracted for the first time since 1945. However, financial meltdown had been avoided, and stock markets had made an impressive recovery. In many industrialized countries, growth was back in positive territory, and trade had picked up.

However, such impressions may still prove misleading. The nascent recovery is weak and geographically variable. Moreover, many donor countries have resorted to budgetary reallocations in the face of massive deficits, partly incurred as a result of the crisis. In this context, Official Development Assistance (ODA) can become an easy target for cuts. For developing countries, this will compound the effects of the crisis and severely limit their capacities to meet the 2015 Millennium Development Goals (MDGs).

The MDGs, which target the world’s poorest and most vulnerable people, made a strong case for increased development assistance. And yet, much of the increased assistance promised at successive donor meetings, such as the G8 meeting at Gleneagles in 2005, remains undelivered. UNCTAD now believes that achievement of most of the MDGs by 2015 will remain out of reach, unless a more inclusive strategy of economic development is adopted.

Crucially, ODA needs to target countries’ productive sectors, as well as the social, health and education problems which are the main focus of the MDGs. Increasing aid for the development of productive capacities, and contributing to the mobilization of further domestic resources to this end, can help create the growth conditions for sustainable and inclusive development.



Supachai Panitchpakdi
Secretary-General of UNCTAD

The words “sustainable” and “inclusive” are important, because the experience of some fast-growing economies that have failed to tackle poverty shows that growth, though important, cannot be an end in itself. Moreover, economic shocks can quickly reverse the gains made by economic growth, as we have seen with the multiple crises in food, energy and finance. Developing countries therefore need to be free of policy conditionalities that limit their ability to support pro-poor growth. Instead, developing countries must focus on rapid, higher-wage employment generation and redistributive policies – including gender policies – in order to achieve a long-lasting impact on poverty.

Towards this end, countries need the policy space to selectively introduce policies that can support economic diversification and the gradual development of international competitiveness. Such policies include the adoption of strategic and pragmatic measures in the areas of industrial, trade and macroeconomic policy, in line with the experience of all advanced industrialized countries in the course of their economic development.

During 2009, UNCTAD continued to work on many of these topics. Its research and analysis have investigated several ideas which were once considered to be unorthodox but which since the economic crisis have now become mainstream, such as market failure and the necessity for government intervention, and policy space, for example in the area of capital controls. In the aftermath of the financial and economic crisis, in 2009, special focus was placed on the need for reform of global economic governance, and on the particular challenges faced by the least developed countries (LDCs) and by Africa.

In the past year, our technical assistance programmes have continued to provide vital support to help build the institutional capacities needed in developing countries. With the exception of a few specialist programmes in debt management and trade facilitation, UNCTAD has no field presence. Instead, we work out of a small headquarters in Geneva, and we develop and leverage partnerships with other international organizations and with our partners in government, civil society, academia and the private sector, around the world.

In the area of intergovernmental consensus-building, UNCTAD has worked with its member States, in Geneva and New York, to promote ideas for an equitable and more efficient global economy that is supportive of development. It has also been an advocate for sustainable and inclusive development in other forums; this has included initiatives and processes on global governance, the LDCs, climate change, and South–South cooperation, among many others. In May, UNCTAD also successfully launched its first public symposium with civil society organizations, which dealt with many aspects of the food and economic crises and with prospects for developing countries.

2010 is a busy year for the international community, as we try to consolidate the economic recovery and ensure that the world establishes a sustainable, pro-poor growth path. Several major processes are already under way, such as the G-20 coordination meetings, the review of progress made towards achievement of the MDGs, and the preparations for the Fourth United Nations Conference on the Least Developed Countries. UNCTAD has shown in 2009 that it can offer a valuable contribution to these processes and can lead the way in alternative economic ideas and support.

A handwritten signature in black ink, which appears to read "S. Panitchpakdi". The signature is written in a cursive, flowing style.





**ABOUT
UNCTAD**



"They are all signs of a tightly knit world that is still unable to come to grips with the real nature, challenges, opportunities and threats of globalization. UNCTAD plays a remarkable role in helping to sort through this challenge and give guidance and wisdom to policymakers around the world and to speak on behalf of those whose voices often are not heard adequately in the international policy debates."

*Mr. Jeffrey D. Sachs,
Director of the Earth Institute, Quetelet Professor of Sustainable Development and Professor of Health Policy and Management,
Columbia University, United States of America, Special Advisor to Secretary-General Ban Ki-moon, Speaker at the fourteenth Raúl Prebisch
Lecture on the occasion of the 45th Anniversary of UNCTAD, 15 September 2009, Geneva, Switzerland.*

About UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) was established as an organ of the United Nations General Assembly in 1964 with a broad development mandate providing developing countries with an institutional framework to address their development concerns and to help them boost economic growth through trade and the interrelated issues of finance, investment, technology and sustainable development.

Since its inception, UNCTAD has distinguished itself by providing bold policy proposals that focus on development, and especially the development needs of the poorest countries. During the recent financial crisis, many of UNCTAD's ideas and concerns have been acknowledged as "ahead of the curve" by policymakers,

as they have sought to contain the damage from the crisis and to formulate policies towards a sustainable path to development.

The main objective of UNCTAD is to assist developing countries, especially Least Developed Countries (LDCs) and countries with economies in transition in integrating into the global economy in a manner compatible with each country's development objectives. Furthermore, UNCTAD seeks to help the international community to implement the global development agenda, notably the internationally agreed development goals, including the Millennium Development Goals (MDGs). We support developing countries in meeting their development objectives, including poverty eradication, so as to improve the well-being of their citizens and to address the opportunities and challenges of globalization.

DID YOU KNOW?

The three dimensions of our work

In order to attain these objectives, UNCTAD, within its mandate, (a) conducts research and analysis on both long-standing and emerging development issues; (b) builds consensus around efforts to promote national and international policies and strategies conducive to development; and (c) offers technical assistance to help developing countries and countries with economies in transition in implementing development strategies aimed at their integration into the global economy and the achievement of sustainable levels of growth and development.



Panel and delegates at the fifty-sixth session of the Trade and Development Board, 14–25 September 2009, Geneva, Switzerland.



Distinguished panellists and UNCTAD staff members at the 2009 Public Symposium, 18 and 19 May 2009, Geneva, Switzerland.

Working with our constituents

Delegates from UNCTAD's 193 member States participate in the annual meetings of its governing body, the Trade and Development Board, which discusses emerging issues and oversees the work of the organization. The Trade and Development Board is assisted by two commissions, namely the Trade and Development Commission and the Investment, Enterprise and Development Commission. These commissions also convene meetings of leading experts to examine and offer technical advice on a range of policy issues under consideration.

For more information on the Trade and Development Board, please visit <http://www.unctad.org/tdb>.

As a development-oriented institution, UNCTAD works closely with the Group of 77 and China. Also established in 1964, the G-77 and China collaborates with UNCTAD to advance the international economic agenda in favour of supporting development and promoting an equitable international economic order. Although Group membership has, in the meantime, increased to 130 countries, the original name was retained because of its historical significance.

At UNCTAD's intergovernmental meetings, representatives of the G-77 countries, of developed countries, and of countries with economies in transition engage in a constructive dialogue to find solutions to key trade and development issues.

Working with other partners

As part of UNCTAD's efforts to promote further cooperation with civil society, the first UNCTAD Public Symposium was held on 18 and 19 May 2009 in Geneva, Switzerland, in collaboration with the United

Nations Non-Governmental Liaison Service and other civil society partners, to enhance the organization's outreach and dialogue and to strengthen communication between non-state actors and policymakers. The Symposium focused on the economic crisis. It was very well attended, by a diverse spectrum of participants. UNCTAD has consistently emphasized that the current global crisis requires a global response which must reflect the involvement of all stakeholders, including the private sector and civil society. The Symposium was one such opportunity, which allowed UNCTAD and its member States to hear the views of civil society.

For more information on the 2009 Public Symposium, please visit <http://www.unctad.info/en/PublicSymposium-Website>.

During 2009, the United Nations Chief Executives Board (CEB) Inter-agency Cluster on Trade and Productive Capacity made a further step in advancing the Aid for Trade initiative by delivering concrete assistance and capacity-building, with a view to ensuring policy coherence and the mainstreaming of trade into the United Nations' national assistance plans. The design and implementation of the Cluster's joint programmes during 2009, as part of both the One United Nations pilot initiative and the Delivering as One approach, made clear the complementarities between the various mandates of the participating agencies. Assistance was focused on developing productive capacities and was integrated in a coordinated manner, with policy advice on all trade-related issues. The Cluster's approach and its experience in joint programming and the joint implementation of activities led to greater effectiveness and contributed towards achievement of the goals of the United Nations system-wide coherence process.



Panel discussion at Global Entrepreneurship Week UK 2009, 16-20 November 2009, London, United Kingdom.

Contribution to global development goals

UNCTAD's activities aim to contribute to the implementation of the outcomes of relevant global conferences. For instance, as the United Nations focal point for the integrated treatment of trade and development, UNCTAD contributes towards meeting the Millennium Development Goals (MDGs) in a number of areas, such as the promotion of gender equality. On this front, UNCTAD has been working to promote gender considerations in trade policy and to make trade policy more responsive to the specific needs of women. In particular, UNCTAD held an expert meeting during 2009 entitled "Mainstreaming gender in trade policy". This meeting discussed ways in which trade policies affect women, and how policymakers can help by formulating trade policies that are more attuned towards gender equality. Furthermore, among other initiatives, technical assistance aimed at enhancing understanding of the interlinkages between trade, gender and development has recently commenced. UNCTAD's research work in this area has also contributed to several United Nations reports on gender issues, including the report of the

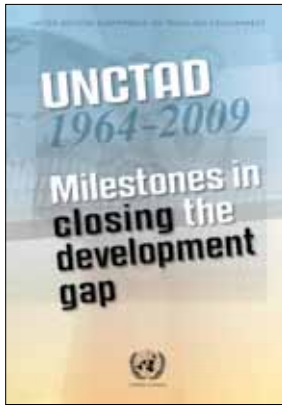
Secretary-General for the high-level segment of the 2010 substantive session of the Economic and Social Council (ECOSOC).

Mindful of the fact that promoting entrepreneurship is essential for achieving the objectives of the Millennium Development Goals, UNCTAD hosted, in 2009, the second Global Entrepreneurship Week – an international initiative launched in 2008 to provide young people with the confidence, skills and ambition to create sustainable enterprises. The 2009 Global Entrepreneurship Week received the support and official endorsement of numerous global leaders, including Prince Charles of the United Kingdom of Great Britain and Northern Ireland, Secretary of State Hillary Clinton of the United States Department of State, President Nicolas Sarkozy of France, President Luiz Ignacio Lula da Silva of Brazil, King Mohammed VI of Morocco, Prime Minister Yukio Hatoyama of Japan, Prince Abdelaziz Ben Abdullah of Saudi Arabia and Prime Minister Gordon Brown of the United Kingdom.

To read more about Global Entrepreneurship Week, please visit <http://unleashingideas.org>.

"The world knows that entrepreneurship is the key to economic recovery, and the next generation of innovators holds that key. Now more than ever, we need to unleash the creativity and ingenuity of our youth by engaging them in the endless possibilities of entrepreneurship."

Carl Schramm, President and CEO of the Kauffman Foundation, at the launch of this year's initiative (August 2009).



Professor Jeffrey D. Sachs, Director, Earth Institute at Columbia University, and Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD.

UNCTAD's forty-fifth anniversary

2009 marked the forty-fifth anniversary of UNCTAD since its establishment in 1964. From the first session of the Conference to its twelfth session held in 2008 in Accra, Ghana, UNCTAD's work has sought to address the issues of uneven economic development and the integration of developing countries into the global economic system. At the fifty-sixth session of the Trade and Development Board, member States noted UNCTAD's contributions over the years and reiterated their shared commitment towards the institution's goal of helping developing countries address the multi-faceted challenges of development.

Since 1982, a number of prominent thinkers in the field of trade and development have given lectures at UNCTAD on topical issues of the time. This series

of lectures is named after Raúl Prebisch, the first Secretary-General of UNCTAD, in recognition of his contribution in this field. On the occasion of UNCTAD's forty-fifth anniversary, the fourteenth Raúl Prebisch lecture on the subject of "Globalization in the era of environmental crisis" was given by Professor Jeffrey D. Sachs, Director of the Earth Institute at Columbia University, United States. Warning that the world was "on a trajectory that is absolutely unsustainable and profoundly dangerous", he called on Governments to work together to keep the effects of climate change from turning into a human catastrophe. He added that "no doubt the rich world can and should pay for much of the response", and emphasized that the immense progress required, especially in terms of energy use, would not be achieved if it were left to the market alone.

45





1

TACKLING PERSISTENT AND EMERGING CHALLENGES



Mr. Heiner Flassbeck

**Message from the Director,
Division on Globalization and Development Strategies:**

The global economic crisis featured prominently in the work of UNCTAD's Division on Globalization and Development Strategies during 2009. Our earliest assessment, published in September 2007, of the potential magnitude of the crisis meant that we were ready to respond with fresh policy analysis as the crisis peaked in 2008–2009. The secretariat's report of March 2009 entitled *The Global Economic Crisis: Systemic Failures and Multilateral Remedies* and the deeper treatment of those issues in the *Trade and Development Report 2009* placed UNCTAD at the forefront of a global wave of advocacy for a profound reform of the global financial and economic governance system in response to the crisis. Indeed, the dramatic shift in conventional wisdom in a relatively short period, as manifested by the outpouring of critical self-reviews by economists, editorialists and international financial institutions, constitutes an intellectual and policy challenge for UNCTAD in the coming period to make sure that it stays "ahead of the curve".

During 2009, UNCTAD continued to play a leading role in the policy debate addressing the challenges to the debt sustainability of developing countries posed by the global crisis. UNCTAD was the first to elaborate a proposal for a debt moratorium for low-income countries to provide breathing space to respond to

the crisis. UNCTAD flagged the threats posed to flows of Official Development Assistance in the wake of the crisis. UNCTAD also contributed to the negotiations and follow-up on debt issues at the 2009 United Nations Conference on the World Financial and Economic Crisis and its Impact on Development. In the area of technical assistance, the Debt Management and Financial Analysis System (DMFAS) Programme helped to strengthen the debt management capacities of developing countries, by providing new products and services. UNCTAD has also recently started work on the establishment of internationally agreed guidelines to promote responsible sovereign lending and borrowing.

In other areas of work, the global crisis has prompted further attention to making UNCTAD's statistics more dynamic, responsive and up to date. To this end, UNCTAD will open the GlobStat database to the public – a continuously updated comprehensive repository of statistical time series and statistical indicators.

In an area that continues to experience a prolonged economic crisis of its own, UNCTAD's assistance to the Palestinian people has persisted with high-quality policy analysis and technical cooperation in a range of fields critical to the future development of the Palestinian economy.



Trade and Development Report 2009 – Responding to the global crisis; Climate change mitigation and development

UNCTAD's *Trade and Development Report 2009 – Responding to the global crisis; Climate change mitigation and development* provides an in-depth analysis of the impact of the financial crisis on global economic and development prospects, elaborates far-reaching recommendations for reform of the international monetary and financial system, and undertakes a comprehensive assessment of the implications of climate change mitigation on development strategies.

Taking into consideration that the collapse of the United States subprime mortgage market was just a symptom of a much deeper crisis in the financial system, the *Trade and Development Report 2009* describes excessive risk-taking in the financial, commodity and currency markets, made possible by excessive deregulation, as the major cause behind the sharp global economic downturn in 2009. Drawing lessons from the financial crisis, UNCTAD recommends a number of reforms to reduce the likelihood of similar collapses in the future, including a revision of the relationship between State and market forces, a strengthening of financial regulation and supervision, and a radical reform of the international financial and monetary system with the aim of reducing speculative capital flows, including, in particular, the establishment of effective multilateral agreements for exchange-rate management.

In addition to presenting an analysis of the origins of the financial crisis, UNCTAD's *Trade and Development Report 2009* focuses on the short-term fiscal, monetary and financial policy responses and financial

rescue operations that were adopted by Governments across the world to treat the immediate symptoms of the financial crisis in 2008 and early 2009. Analysing the effectiveness of these policy interventions, the report concludes that internationally coordinated countercyclical policies and large fiscal stimulus packages are indispensable to counter the effects of the global financial crisis, reviving global demand and halting rising unemployment.

The 2009 edition of the *Trade and Development Report* also examines the need to devise national and international strategies to combine economic growth in developing countries with structural changes towards a low-carbon economy. Given that unabated climate change is projected to have severely adverse consequences for progress in human and economic development and for poverty reduction, the report examines the relationship between increased climate-change mitigation efforts and rapid economic growth and development in the developing world. Emphasizing the fact that climate change may offer new comparative advantages to developing economies, the *Trade and Development Report 2009* points out that developing countries need to grasp the opportunities provided by global warming by accelerating their structural change towards a less carbon-intensive economy and by increasing their participation in the rapidly growing markets for environmental goods and services.

To read more of the Trade and Development Report 2009, please visit <http://www.unctad.org/tdr>.



Launch of DMFAS 6: First user-training workshop. Ministry of Economy and Finance, Panama City, Panama. 23 November to 5 December 2009.

Towards a durable solution to the debt problems of developing countries

The current global economic crisis is likely to result in increased sovereign borrowing by developing countries, as they attempt to mitigate the negative external shocks stemming from fluctuations in terms of trade, contracting global demand, and exchange rate volatility, among other factors. Within this context, the importance of responsible borrowing and lending becomes an issue of increased importance, and is at the heart of sound debt management. Increasing attention to this topic has been observed during recent years, both from lenders and from borrowers. For example, the Government of Norway cancelled \$80 million in debt owed by five developing countries, and the Government of Ecuador undertook an integral audit of its public debt. While creditors are slowly admitting that they share responsibility with debtors for the negative outcome of the lending, there is no consensus yet as to how to implement this co-responsibility.

Drawing on its expertise gained from more than 30 years' experience in the area of debt negotiation and rescheduling, UNCTAD provided effective assistance to nine debtor countries in their debt rescheduling negotiations in the Paris Club during the 2008–2009 biennium. In addition, more than 340 officials from over 100 country capitals used the seventh International

Debt Management Conference, run by UNCTAD in Geneva, Switzerland, from 9 to 11 November 2009, to discuss recent trends in debt management and to exchange their own debt management experiences.

During 2009, UNCTAD continued to assist developing countries in strengthening their debt management capacity by means of its Debt Management and Financial Analysis System (DMFAS) Programme. Established in 1981, DMFAS has so far provided technical assistance to debt management offices in 66 mostly low-income and lower-middle-income countries (102 institutions). The debt portfolios of the countries currently receiving its assistance account for more than \$500 billion of outstanding public and public-guaranteed long-term debt – approximately 40 per cent of the total long-term debt of all developing countries.

In 2009, UNCTAD's DMFAS Programme was actively involved in 98 different capacity-building events, including on-the-job trainings, national and regional workshops, interregional seminars, and study tours for government officials to other DMFAS client countries, as well as carrying out needs assessment and project evaluation missions. These activities benefited more than 500 debt officers.

For further information on the Debt Management and Financial Analysis Programme, please visit <http://www.unctad.org/dmfas>.



The Palestinian Asycuda team working with UNCTAD to build a new customs system for Palestine. Ramallah, Occupied Palestinian Territory, 2009.

Supporting economic development through statistics

UNCTAD's statistical programme collects and disseminates data to help developing countries not only diagnose and evaluate the state of their economies, but also to realize the advantages of globalization. To this end, UNCTAD gathers data directly from countries on, for example, tariff measures and foreign direct investment (FDI), and calculates commodity price indices which reflect the structure of developing country exports. In addition, UNCTAD's work includes numerical analysis of indicators such as terms of trade, and the merchandise export concentration index, which is used to determine which countries classify as least developed countries (LDCs). The statistical data collected and developed by UNCTAD are disseminated and published through various channels. These include the statistical databases available on the statistics portal of the UNCTAD website, the annual *Handbook of Statistics*, the compact statistical reference book *Development and Globalization: Facts and Figures*, as well as the statistical annexes to UNCTAD's flagship reports.

For further information on UNCTAD's statistical programme, please visit <http://www.unctad.org/statistics>

Assistance to the Palestinian people

UNCTAD has been supporting Palestinian economic development and institution-building efforts since 1985. During 2009, UNCTAD continued to assist the Palestinian public and private sectors in the development of draft laws, by-laws, policy papers, technical cooperation project documents, and business plans.

Within the context of its Trade Negotiations and Commercial Diplomacy training programme, UNCTAD was the first international organization to assist the Palestinian Authority in addressing the challenge of ensuring compatibility between its national policies and the WTO-administered multilateral trading rules and regulations. The UNCTAD advisory and expert services provided to the Palestinian Ministry of National Economy contributed to the participation of the Palestinian Authority in the seventh session of the WTO Ministerial Conference, which was held in Geneva, Switzerland, from 30 November to 2 December 2009.

In order to strengthen the institutional capacity of the Palestinian national customs service and to build the institutions required for Palestinian sovereignty, UNCTAD launched the third phase of its Automated SYstem for CUstoms DAta (Asycuda) project to modernize Palestinian customs. With a successful configuration of the new AsycudaWORLD system to the unique Palestinian policy environment in June 2009, Palestinian customs is one of the first 10 customs authorities to adopt the latest version of the Asycuda system, which is known in the Occupied Palestinian Territory under the name TAWASOL (Trade Accounting, Web-based Analysis SOLutions), meaning "connection" in Arabic. The customization of the AsycudaWORLD system, which represents the first e-government application in the Occupied Palestinian Territory, was accomplished mainly by a team of Palestinian professionals, with some support from UNCTAD's experts.

To read more about UNCTAD's Assistance to the Palestinian People programme, please visit <http://www.unctad.org/palestine>.





2

ENABLING PRODUCTIVE CAPACITIES FROM INVESTMENT AND ENTERPRISE DEVELOPMENT

**Message from the Director,
Division on Investment and Enterprise:**



Mr. James Xiaoning Zhan

UNCTAD's Division on Investment and Enterprise supports developing countries in creating a regulatory and institutional environment conducive to making investment work for development, and to achieving the Millennium Development Goals.

During 2009, and faced with a financial crisis that had impacted significantly on FDI flows and determinants and on international production networks, the Division on Investment and Enterprise worked hard to ensure that the theme of investment for development had a prime place on the global policy agenda.

Two new quarterly reports, the Global Investment Trends Monitor and the Investment Policy Monitor, were presented to and welcomed by the investment community, including by world leaders at the G-20 summit in Pittsburgh. Furthermore, the outcomes of the 2009 summit in L'Aquila (G-8 and G-5) commended UNCTAD's contribution to international deliberations on the development dimension of investment policies, and called upon UNCTAD to explore possible multilateral cooperation in the area of investment. The Asia-Pacific Economic Cooperation (APEC) Investment Policy Review (prepared at the request of the 2009 APEC Senior Officials' Meeting) was acknowledged as an "excellent contribution", and its key findings will be forwarded to the APEC Leaders' Summit in 2010.

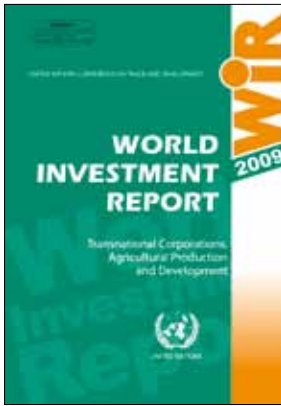
At the request of the United Nations General Assembly and the World Summit on Food Security, UNCTAD – in collaboration with the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development, and the World Bank – contributed to the development of the Principles for Responsible International Investment in Agriculture for Sustainable Development, which respect rights,

livelihoods and resources. UNCTAD will be advocating for these principles to be adopted as global guidelines to be integrated into national development strategies, legal frameworks and corporate norms.

The World Investment Report 2009 focused both on the economic crisis and on investment in agriculture. The Trade and Development Board called this "both timely and important, especially in view of the recent food crisis, concerns on food security and the international efforts to fight hunger under the MDGs."

During 2009, UNCTAD helped 110 countries, including 50 African countries and 34 least developed countries (LDCs), to design and implement policies and to engineer institutional change in order to boost their productive capacities and competitiveness. UNCTAD's work in investment policies and capacity-building, through established programmes such as Investment Policy Reviews, Investment Promotion and Facilitation, International Investment Agreements, and Empretec, has made a significant impact on development.

In 2010, the Division on Investment and Enterprise will be preparing for the second World Investment Forum to be held in Xiamen, China, in September. This event will provide an unprecedented opportunity for global political and business leaders and investment stakeholders to deliberate on how to meet challenges, seize opportunities, and leverage investment to promote economic growth and sustainable development in the post-crisis and low-carbon era. In our research and policy analysis, we will focus on investment and climate change issues, and on the emerging investment–development paradigm – the themes of the World Investment Report 2010



World Investment Report 2009: Transnational Corporations, Agricultural Production and Development

UNCTAD's *World Investment Report 2009* assesses the impact of the current financial crisis on FDI trends worldwide, on the basis of a series of background studies on FDI flows in the agricultural sectors of Africa, Asia and Latin America.

Subtitled *Transnational Corporations, Agricultural Production and Development*, the *World Investment Report 2009* examines the participation of the 82,000 transnational corporations (TNCs) worldwide in the agricultural production of developing and transition economies in the form of FDI inflows as well as contract farming activities. Emphasizing the fact that TNC operations in the agricultural industry of developing countries can bring specific benefits, such as transfer of technologies, creation of employment, and facilitated access to foreign markets for low-income countries and local farmers, the report highlights TNCs' contribution to boosting the productivity of the agricultural industry and to enhancing food security and affordability in the developing world.

However, despite the fact that available evidence indicates that host economies can derive large benefits from TNC operations in their agricultural sector, the

report stresses the fact that host-country governments should carefully assess the potential adverse impacts of TNC involvement in agriculture in areas such as social and environmental sustainability and agricultural land ownership, as well as food security in the long run. In addition, the *World Investment Report* draws attention to the fact that even though agriculture-related and extractive industries have proven to be more resilient to global recessions than business-cycle-sensitive industries, past experiences and evidence indicate that financial and economic crises have a deep impact on TNCs' investment plans. According to UNCTAD's 2009–2011 *World Investment Prospects Survey*, as many as 85 per cent of TNC executives worldwide blamed the sharp global economic crisis for weakening their capacity to invest. Although the general trend in the FDI policies of TNCs was forecast to remain gloomy in 2009, the medium-term prospects for FDI engagement by TNCs remain promising, as TNCs have reported that they expect a gradual recovery in their FDI expenditures in 2010.

To read more of the World Investment Report 2009, please visit http://www.unctad.org/en/docs/wir2009_en.pdf.



UNCTAD: The source for FDI statistics

With a view to supporting policymakers in designing and implementing investment policies that work for development and that are based on sound analysis and reliable statistics, UNCTAD produces FDI statistics and analyses global and regional trends in FDI. UNCTAD also assists developing countries in formulating FDI policies based on quality FDI data and on information on TNCs that are operating in the region or country.

In this regard, three new products – the quarterly *Global Investment Trends Monitor*, the *Global FDI Quarterly Index* and the *Investment Policy Monitor* – were launched in 2009. The *Global Investment Trends Monitor* provides the international investment community with a timely periodic assessment of global FDI trends and prospects. The *Global FDI Quarterly Index* monitors inflows of FDI for 67 countries and economies, which are together responsible for approximately 90 per cent

of global FDI inflows. The *Investment Policy Monitor* aims at providing up-to-date information on national and international foreign investment policy issues, and contributes towards preparing the ground for future policymaking in the interests of making foreign investment work for growth and development.

Training to build capacities for producing statistics is another key focus of UNCTAD's work related to FDI statistics. During 2009, nine countries, namely Albania, Belarus, Burundi, Comoros, Djibouti, Seychelles, Swaziland, Uganda and the United Republic of Tanzania, benefited from capacity-building training in the area of FDI statistics.

All data published are available free of charge on the UNCTAD website. To access these data, or to find out more about these FDI statistics products, visit <http://www.unctad.org/fdistatistics>.



Improving the general investment climate

UNCTAD's investment policy reviews provide an objective evaluation of a country's legal, regulatory and institutional framework for FDI, in order to allow countries that have completed an investment policy review to attract increased FDI, and also to maximize the developmental benefits and minimize the potential risks related to FDI.

In 2009, UNCTAD completed reviews of the national investment environments of Belarus, Burundi and Sierra Leone, thus bringing the total number of countries that have undergone the review process to 28, including 12 LDCs. Since its inception in 1999, the investment policy reviews programme has received international recognition from various end-users, such as recipients of technical assistance, delegates at intergovernmental meetings, and investment promotion agencies. For instance, the G-8 stated at its 2007 summit that investment policy reviews were "valuable mechanisms in defining a shared understanding of healthy investment climates in emerging economies and developing countries". Similarly, the Vice-President of Sierra Leone, in a meeting with UNCTAD Secretary-

General, Dr. Supachai Panitchpakdi, expressed his country's appreciation for UNCTAD's technical assistance and endorsed the main recommendations of the investment policy review of Sierra Leone.

For more information about UNCTAD's work with investment policy reviews, please visit <http://www.unctad.org/ipr>.



From left to right: Mr. I.B. Kargbo, Hon. Minister of Information and Communication, Sierra Leone; Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD; Mr. H.E. Alhaji Samuel Sam-Sumana, Vice-President of Sierra Leone; and Mr. Emile Edouard Luy, Consul of Sierra Leone in Switzerland.



Participants in the workshop organized jointly by UNCTAD and Cape Verde's investment promotion agency, Cabo Verde Investimentos. The "Workshop on international investment agreements and investor-State disputes", part of the One United Nations programme, was held from 7 to 10 December, 2009, in Praia, Cape Verde.

Enhancing participation in international rule-setting for investment

Besides the economic and financial crisis, international investment rule-making continues to remain a cornerstone of countries' efforts to attract and benefit from FDI. The primary objective of UNCTAD's work in this area is to help developing countries participate more effectively in international investment rule-making through policy analysis, technical assistance and consensus-building. Specifically, UNCTAD's work in relation to IIAs focuses on deepening policymakers' and negotiators' understanding and analysis of the issues involved; identifying trends and issues that need to be considered; ensuring policy coherence between national development policies and international investment agreements; assisting in the implementation of treaty commitments, especially in relation to settlement of investment disputes; and providing an intergovernmental forum on investment rule-making with a view to facilitating consensus-building.

For instance, government officials and policymakers from Cape Verde participated in a four-day workshop on key issues in international investment agreements and in investor-State disputes, which was held in Praia, Cape Verde, from 7 to 10 December 2009.

The workshop – organized in cooperation with Cape Verde's investment promotion agency, Cabo Verde Investimentos, and as part of the One United Nations programme in Cape Verde – highlighted recent trends in international investment rule-making and FDI, the key substantive provisions in international investment agreements and their development implications, and the rise of investor-State disputes, among other topics. The event deepened participants' understanding of the international legal framework for investment and its development implications.

In addition, UNCTAD continued to maintain a number of tools dealing with international investment agreements (IIAs). These included databases on bilateral investment treaties, double taxation treaties, free trade agreements, and investor-State dispute settlement cases. The *IIA Newsflash*, launched in 2009, is a new service developed by UNCTAD's IIA Work Programme to comprehensively inform the IIA community – through UNCTAD's IIA network – of latest developments in the field with regard to treaties and arbitrations.

To read more about UNCTAD's activities in the field of international investment agreements, please visit <http://www.unctad.org/iiia>.



Participants at the regional workshop for Africa on “Promoting and retaining investment in times of economic crisis”, held in Dar es Salaam, United Republic of Tanzania, 1 to 3 April 2009.

Supporting investment promotion efforts

In light of the global economic downturn, the focus of UNCTAD’s investment promotion activities was on providing support to investment promotion agencies to strengthen their capacities to retain and harness FDI, and weathering the negative impact of the financial crisis through advisory work, training, and the exchange of best practices. For instance, Ethiopia, Honduras and Malta benefited from UNCTAD’s advisory services on topics such as investor targeting, aftercare strategies, and institutional strengthening. Also during 2009, national training courses held in Benin, Ghana, Mozambique and South Africa, and regional and inter-

regional workshops held in Argentina, China, Switzerland and the United Republic of Tanzania, provided training in the area of investment promotion to over 300 officials from 72 developing and emerging economies.

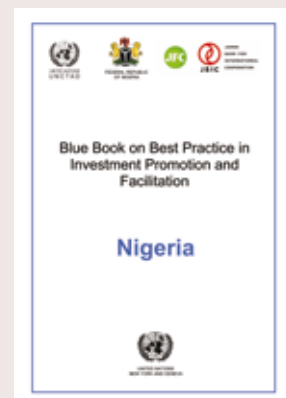
UNCTAD also continued to support developing countries in their efforts to build local capacities to improve e-government practices and regulations, so as to enhance transparency in the administrative procedures related to enterprise creation and operations, and to help devise better regulations. In 2009, assistance was provided in this context to Colombia, Comoros, El Salvador, Guatemala, Mali, Nicaragua, Rwanda and Viet Nam.

UNCTAD’s series of *Blue Books on Best Practice in Investment Promotion and Facilitation* aims to help beneficiary countries move towards best practice in investment policymaking, thereby increasing their attractiveness as investment locations and maximizing the benefits for their economies. In 2009, the *Blue Book on Best Practice in Investment Promotion and Facilitation: Nigeria* was published. Previous books in the series have dealt with investment promotion and facilitation in Cambodia, Ghana, Kenya, the Lao People’s Democratic Republic, Uganda, the United Republic of Tanzania, and Zambia.

The Nigeria book, which was prepared by UNCTAD in partnership with the Japan Bank for International Cooperation, presented the President of Nigeria, Mr. Umaru Yar’Adua, with a 15-point action plan involving legislative and regulatory changes. These measures, which can be implemented over a period of 12 to 18 months at little cost to the Government, are designed to help Nigeria to improve its investment climate, attract more FDI, open up opportunities for Nigerians,

and benefit the national economy.

President Yar’Adua thanked UNCTAD and the Japan Bank for International Cooperation for the *Blue Book*, and declared that his Government had committed itself to supporting its outcome and taking ownership of its proposals. As part of their follow-up assistance in respect of Nigeria’s *Blue Book*, UNCTAD and the United Nations Development Programme (UNDP) have announced plans to support three of the measures, including a programme to help foreign investors in Nigeria to make greater use of Nigerian suppliers. In addition, the United Nations Industrial Development Organization (UNIDO) has already started implementing a measure to attract investors to the agricultural sector.





Participants at the Empretec and Business Linkages workshop held in Siavonga, Zambia, 14 and 15 October 2009.

Bolstering the growth of small and medium-sized enterprises

During the year, UNCTAD continued to strengthen and expand its work aimed at unleashing entrepreneurship capacity and skills through its integrated capacity-building programme, Empretec. Since its inception in 1988, Empretec, which was designed to support the development of small and medium-sized enterprises (SMEs), has trained over 180,000 aspiring entrepreneurs, and has been initiated in 32 countries, 82 per cent of which reported that the programme was both “active” and “sustainable” in their countries. Moreover, during the year, UNCTAD completed the installation of two new Empretec centres, in the Dominican Republic and Romania, and began the installation of Empretec country centres in Ecuador, Peru, the United Republic of Tanzania, and Zambia. Expansion of the Empretec programme is planned in other countries of Africa, the Middle East, and the Commonwealth of Independent States.

UNCTAD and Empretec also continued their work to promote the creation of durable and mutually beneficial TNC–SME business linkages in Argentina, the Dominican Republic, Mozambique, Peru, Uganda, the United Republic of Tanzania, and Zambia, as part of the Business Linkages Programme (BLP). An evaluation of the BLP project conducted in Pernambuco, Brazil, identified a 100 per cent improvement in productive efficiency, a doubling of sales, and a 5 per cent increase

in employment among the SMEs participating in the project. Similar results were obtained at the end of the pilot phase of the BLP project in Uganda, where it was observed that the SMEs that had benefited from the business development services offered by Empretec had shown growth of up to 460 per cent, a 100 per cent increase in employment, and a 25 per cent improvement in productivity.

To read more about UNCTAD’s Business Linkages Programme, visit <http://www.unctad.org/enterprise>.

Facilitating e-tourism

In view of the fact that access to the market can be difficult or impossible for communities with small enterprises, UNCTAD’s objective is to improve opportunities and capacities for SMEs and public authorities in targeted countries to access and take advantage of the fast-growing internet-based tourism market and to build solid long-term partnerships. To this end, UNCTAD continued to help local suppliers, through capacity-building, to structure their products in such a way as to make them visible, accessible and competitive in the global marketplace. In 2009, Benin, Burkina Faso, Djibouti, Mauritania, Morocco and Rwanda benefited from UNCTAD’s advisory services and from regional and national training sessions in the areas of e-tourism and e-marketing.



Promoting robust accounting and reporting standards

Against the background of the global economic downturn, UNCTAD hosted the twenty-sixth annual session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), the only intergovernmental working group currently in existence dedicated to corporate transparency and accounting issues at the corporate level.

During the high-level summit, ISAR focused its attention on identifying and reviewing practical challenges to the implementation of International Financial Reporting Standards arising from the implications of the global financial crisis. The session addressed additional timely topics, such as the accounting and financial reporting needs of SMEs, as well as environmental, social and corporate governance reporting issues. It also reviewed the capacity-building efforts designed to strengthen corporate accounting and reporting institutions in

developing countries and countries with economies in transition.

Building on ISAR's work on Environmental, Social and Governance (ESG) disclosure, UNCTAD collaborated with the United Nations Global Compact and with Principles for Responsible Investment to host a unique high-level forum at United Nations Headquarters in New York for senior executives from stock exchanges, investors, and senior regulators. The event featured more than 100 top executives from around the world, who examined the various ways in which stock exchanges can promote sustainable business practices. The suggestions also included existing best practices, such as enhanced sustainability reporting requirements for listed companies, and the establishment of ESG stock indices.

For further information on UNCTAD's activities in the area of accounting and reporting, please visit <http://www.unctad.org/isar>.





3

HELPING COUNTRIES BENEFIT FROM TRADE



Ms. Mina Mashayekhi

**Message from the Officer-in-Charge,
Division on International Trade in Goods and Services, and Commodities:**

I am very pleased to be able to report that in 2009, the work of the Division on International Trade in Goods and Services, and Commodities (DITC) to implement the Accra Accord gained further impetus under all three pillars of UNCTAD's work. We produced some 40 publications, training materials and handbooks on contemporary trade issues. We organized several intergovernmental meetings to identify and raise awareness of strategies to address the implications of the global financial and economic crisis on trade and development; on energy-related issues; on the regulatory and institutional dimension of services, trade and development; and on the mainstreaming of gender in trade policy. We also contributed to a series of intergovernmental discussions on South-South cooperation and regional integration. Our ad hoc meetings of experts addressed topical aspects of climate change, migration, and organic agricultural certification, as related to trade and development. In technical cooperation, our output in terms of advisory services, technical assistance, and capacity-building activities benefited a large number of developing countries – especially African countries and LDCs – in the areas of trade negotiations and commercial diplomacy, trade analysis capacities and information systems, and competition policy and consumer protection, as well as trade, the environment and development.

In all our work, we placed special emphasis on monitoring and assessing the impact of the global financial and economic crisis on trade, and on evaluating potential strategies to mitigate the detrimental impact of the crisis and to foster recovery and sustainable growth in its aftermath. For instance, our reports to the Trade and Development Commission, the Trade and Development Board and the United Nations General Assembly enhanced understanding among members about the seriousness of the crisis,

and about the kind of trade policy and trade-related actions that would be required in order to foster recovery, to build capabilities to withstand future shocks, to alleviate poverty, to create jobs and to widen access to essential services. In particular, we stressed the necessity of seeking new development paths to steer the global economy towards cleaner growth and sustainable development. We proposed that countries should consider new “green growth” strategies to enhance energy efficiency; to mainstream sustainable agriculture, including organic agriculture, as well as other biodiversity-based products; to harness off-grid renewable energy technologies, especially for sustainable rural development; and to develop a sustainable services sector, particularly with regard to infrastructure services. We also recommended finding a balance, so as to maintain economic growth while reducing carbon emissions to mitigate climate change. Furthermore, we emphasized the increasing importance of addressing issues of standards as they affect developing countries' exports, in order to ensure effective market entry for them.

We see the need in 2010 for fresh thinking on designing policies to bring about structural transformation towards a process of inclusive and more equitable development that is socially, economically and environmentally sustainable. To ensure strong recovery for all countries, we need not only short-term actions, but also deliberate policy interventions at national and international levels to foster profound structural changes in production, consumption and trade patterns, as well as proactive industrial, agricultural and services policies of a developmental State. For many developing countries, growth will increasingly be fuelled by national, regional and South-South markets. Therefore, diversifying markets and keeping them open, especially by staving off protectionism, is crucial for the developing world.



Responding to the global financial and economic crisis

One of UNCTAD's primary roles is to assist developing countries to analyse, formulate and implement appropriate trade policies and strategies in international trade, the international trading system, and trade negotiations, and to promote an improved international trading environment facilitating market access and entry conditions for developing countries' exports. In this context, the United Nations Secretary-General's annual "International trade and development" report is prepared by UNCTAD to inform the General Assembly of recent developments in international trade.

The 2009 report examined the impact of the global financial and economic crisis on trade and development, particularly on developing economies, and highlighted the need to make economies resilient to external shocks by diversifying production and exports. It also noted

the need for governments to act as enabling States in the framework of an enabling international trading environment, with support measures such as Aid for Trade. The discussions of the sixty-fourth session of the General Assembly on the subject led to a resolution that expressed deep concern about the particular impact of the crisis on developing-world trade, and that emphasized the importance of expediting and concluding the Doha Development Round by the end of 2010. The resolution also called for facilitation of WTO membership for all interested countries, particularly LDCs, and for Aid for Trade funding commitments to be met. The impact of the crisis on development was also discussed at the first session of the Trade and Development Commission, and at the fifty-sixth session of the Trade and Development Board.

To read the complete "International trade and development" report, please visit http://www.unctad.org/en/docs//a64d177_en.pdf.



Support on trade policy and trade negotiations, including WTO accession

WTO accession is a very long and complex negotiation process that requires extensive human resources and institutional capacities. A number of acceding countries, particularly LDCs and small economies, face particular constraints and challenges, such as limited understanding of the scope and complexity of the obligations associated with joining WTO; lack of experience and skills in trade-related negotiations; and the limited availability of the required data and information. UNCTAD assists acceding countries with a wide range of WTO accession processes, including implementation of policy and regulatory reforms, and negotiations before, during and after accession. Throughout 2009, requests were received for support on WTO accession issues from an increasing number of countries, including from LDCs, from “new” countries that had just initiated the negotiating process (e.g. Seychelles), and from countries in the post-accession phase. Nineteen acceding countries, including all acceding LDCs, are currently benefiting from UNCTAD’s technical assistance in support of WTO accession.

Moreover, in 2009, UNCTAD continued to assist developing countries not only in strengthening their capacities to analyse, formulate and implement trade policies and strategies, but also in strengthening their related human, institutional and regulatory capacities, so as to become more effective participants in global trade. For example, assistance was provided to Rwanda in developing its trade and competition policies; to Kyrgyzstan, Nepal and Uganda by conducting services policy reviews; to Mozambique and Zambia in

developing creative industries policies; to Lesotho and other African countries in examining ways of enhancing participation in new and dynamic sectors of world trade; and to Burundi, Ethiopia, Rwanda, Uganda and the United Republic of Tanzania in developing organic agriculture policies. Furthermore, India and Papua New Guinea benefited from training in international dispute settlement skills.

Promoting the Global System of Trade Preferences among Developing Countries

The Global System of Trade Preferences (GSTP) was established in 1989 to provide, among other things, a framework for preferential tariff concessions and other measures of cooperation to stimulate trade between developing countries.

In 2009, UNCTAD continued to service the Agreement on GSTP among Developing Countries, and supported developing countries in negotiating the third São Paulo round of GSTP negotiations launched in June 2004. Ministers of developing country parties to the GSTP among Developing Countries met in December 2009 and adopted a decision on modalities for cutting tariffs in the trade that they carry out with each other. This decision paves the way for participating countries to offer reductions of at least 20 per cent on tariffs that apply to some 70 per cent of the goods exported within this group of nations. A timeline was set for intensive negotiations to conclude the agreement by the end of September 2010.

To read more about the Global System of Trade Preferences, please visit <http://www.unctadxi.org/gstp>.

Services, trade and development

UNCTAD's work on trade in services consists of helping countries to assess the contribution of services to their economies, to reform the services sector with an emphasis on development, to strengthen access to essential services, and to generate important data and reference material for multilateral and regional trade negotiations. The Multi-year Expert Meeting on Services, Development and Trade: the Regulatory and Institutional Dimension, which was held in Geneva, Switzerland, from 17 to 19 March 2009, made an important contribution towards building international consensus on efficient and accessible infrastructure services for sustaining economic growth, catalysing diversification, generating employment, achieving the MDGs, and increasing trade by developing countries. Practical suggestions were generated on regulating infrastructure services, building effective institutions, regulating financial services and markets, and implementing capacity-building.

Also in 2009, Kyrgyzstan, Nepal and Uganda underwent a National Services Policy Review, one of the new programmes of assistance provided by UNCTAD with financial support from the United Kingdom's Department for International Development. UNCTAD's National Services Policy Reviews are designed to guide a broad range of national stakeholders through a systematic

review of the economic, regulatory, institutional and trade policy environments characterizing their services sectors, thus enabling them to generate concrete recommendations for policies and actions to advance their national sectoral development objectives.

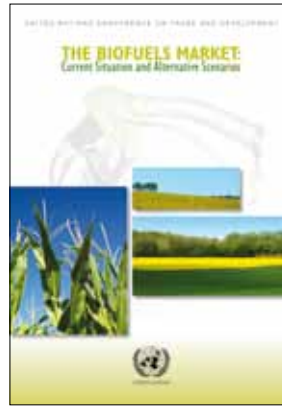
The BioTrade Initiative

During 2009, the BioTrade Initiative continued to support the creation of an enabling policy environment that promotes trade and investment in biological resources in furtherance of sustainable development. The Business of BioTrade: Using Biological Resources Sustainably and Responsibly – a workshop held on 24 November 2009 in Geneva, Switzerland – provided a platform for participants to share the experiences, challenges and opportunities that they had encountered in promoting private sector engagement in the conservation and sustainable use of biodiversity. It concluded that biotrade incentive measures were making an important contribution to the conservation of biodiversity, and that the work of the BioTrade Initiative and its partners should therefore be broadened to enable more countries and ecosystems to benefit from the BioTrade approach to the sustainable and responsible use of biological resources.

To find out more about the BioTrade Initiative, please visit <http://www.unctad.org/biotrade>.



Sunflowers are one popular source for biofuels in developed and developing countries.



The Biofuels Initiative

UNCTAD has been working on the trade and development implications of biofuels since 2005, through its Biofuels Initiative. The production of biofuels – clean-burning, carbon-neutral fuels derived from sustainable agricultural practices – provides an opportunity for developing countries not only to use their own natural resources, but also to attract the necessary foreign and domestic investment to achieve sustainable development goals.

Serving as a “meeting point” among the different initiatives already existing in various United Nations bodies, the Biofuels Initiative, with its partners, provides interested countries with access to sound economic and trade policy analysis, capacity-building activities and consensus-building tools. For example, as a result of the turmoil witnessed by the biofuels sector in 2009, many people questioned whether biofuels would be able to deliver on their climate change, energy security

and rural development objectives. Addressing some of these concerns, a report published by the Initiative, entitled *The Biofuels Market: Current Situation and Alternative Scenarios*, explores the role that biofuels play in the pursuit of energy security. The report also identifies possible scenarios for the biofuels industry, and presents alternative decision paths that countries may take, as well as their possible implications. Each scenario describes how the sector could evolve, depending on the policy and the strategies that individual countries may select. In addition, the report provides insights into the economic, energy, environmental and trade repercussions on specific policies.

To read this report, please visit http://www.unctad.org/en/docs/ditcbcc20091_en.pdf.

To find out more about the Biofuels Initiative, please go to <http://www.unctad.org/biofuels> and click on UNCTAD Biofuels Initiative.



Mongolian family using solar energy as a power source.

Addressing the challenges of climate change

In 2009, through its climate change programme, UNCTAD supported African countries in articulating their interests in the ongoing climate change negotiations, notably on issues related to trade and sustainable development, and including at the technical session of the African Ministerial Conference on the Environment's preparatory meeting towards the fifteenth Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Addis Ababa, Ethiopia, from 21 to 23 October. On the occasion of the United Nations Climate Change Conference 2009, UNCTAD organized, jointly with the African Union Commission, a side-event entitled

“Development opportunities for African countries under a post-2012 climate change regime”, which was held on 11 December, in Copenhagen, Denmark. The event provided a platform for African countries to discuss key elements for consideration in shaping Africa's policies, and responses to the challenges posed by climate change. The discussions also focused on the potential and the challenges of strategic policies such as the Non-Agricultural Market Access (NAMA) negotiations for achieving both sustainable development goals and climate change objectives under the new climate change regime.

For more information on UNCTAD's climate change programme, please visit <http://www.unctad.org/climatechange>.



Fresh thinking on the trade and climate change nexus

The Trade and Environment Review 2009/2010 presents fresh thinking on promising areas of clean growth strategies that can foster a transition towards more sustainable development. These areas pertain to enhancing energy efficiency (often in combination with or resulting from material and resource efficiency); mainstreaming sustainable agriculture, including organic agriculture; and harnessing off-grid renewable energy technologies, especially for rural sustainable development.

To read the Trade and Environment Review 2009/2010, please visit <http://www.unctad.org/ter>.

**DID YOU
KNOW?**



Towards sustainable development

Organic agriculture offers an impressive array of economic, food security, environmental, social and health benefits for developing countries. In 2009, UNCTAD brought together the secretariat of GLOBALG.A.P. (which aims at ensuring consistent application of Good Agricultural Practices in the global marketplace, with a particular focus on the health and safety aspects of fresh produce) and the secretariat of the International Federation of Organic Agriculture Movements (IFOAM), as well as some 30 representatives of all key stakeholder groups, including producers, traders and retailers from around the world, to work collaboratively to find solutions to facilitate access by organic producers to supermarket shelves, paying particular attention to meeting different standards, with potentially huge livelihood impacts. This collaboration resulted in the identification and adoption of a work programme to develop practical solutions to address the challenge of double certification requirements for organically grown products, in order to reduce costs and promote trade.

With regard to fostering sustainable commodity production, UNCTAD established – together with the International Institute for Sustainable Development – the Sustainable Commodity Initiative, in December 2002. The principal objective of the Initiative is to improve the social, environmental and economic sustainability of commodity production and trade, by developing multi-stakeholder strategies on a sector-by-sector basis. Through its Committee on Sustainability Assessment Programme, which has been created to develop tools and techniques for measuring the costs and benefits of implementing sustainability programmes at the field

level, the Sustainable Commodity Initiative also makes a valuable contribution towards overcoming the lack of data regarding the costs and benefits of becoming involved in any sustainability initiative.

To find out more about the Sustainable Commodity Initiative, please visit <http://sustainablecommodities.org>.

Trade information – trade databases, analytical tools and publications

UNCTAD's trade analysis tools have continued to help in identifying and addressing market access barriers and trade opportunities, and in promoting more informed participation by developing countries in trade negotiations at multilateral and regional levels. By the close of 2009, over 37,000 users had registered for the joint UNCTAD–World Bank World Integrated Trade Solution (WITS) database, which provides access to the major trade- and tariff-related databases such as UNCTAD's Trade Analysis and Information System (TRAINS).

To find out more about UNCTAD's Trade Analysis and Information System, please visit <http://www.unctad.org/trains>.

During 2009, UNCTAD's work in the area of trade information also involved carrying out policy-oriented analytical work aimed at improving understanding of current and emerging issues in international trade of concern to developing countries. Our empirical studies published in 2009 included: "On the determinants of exports survival"; "The impact of removal of agreement on textiles and clothing (ATC) quotas on international trade in textiles and apparel" and "Trade liberalization and the informal sector: insights from panel analysis".

*Dr. Supachai Panitchpakdi,
Secretary-General of UNCTAD, and
Ambassador José Rivera Banuet, Permanent
Secretary of the Latin American and Caribbean
Economic System (SELA), at the Regional
Seminar on Trade and Competition Prospects,
Caracas, Bolivarian Republic of Venezuela,
20 to 21 April 2009.*



Addressing practical competition and consumer policy issues

UNCTAD and the Latin American and Caribbean Economic System (SELA) jointly held a regional seminar on “Trade and competition prospects” in Caracas, the Bolivarian Republic of Venezuela, to review the subject of “Future challenges for Latin America and the Caribbean”. With a focus on the challenges of the global financial and economic crisis, the seminar discussed competition and trade policy matters, as well as issues that stand at the crossroads between trade and competition. The seminar was also devoted to reviewing existing regional initiatives to handle trade and competition matters, including international agreements, and recommended a set of measures that can be taken to support Latin American and Caribbean countries in their integration efforts.

The tenth session of the Intergovernmental Group of Experts on Competition Law and Policy, which took place in Geneva, Switzerland, from 7 to 9 July 2009, discussed and underlined the importance of using economic analysis in competition cases for the effective enforcement of competition law, the importance of the relationship between competition and industrial policies in promoting economic development, and the need to strengthen international cooperation in these areas, particularly for the benefit of developing countries.

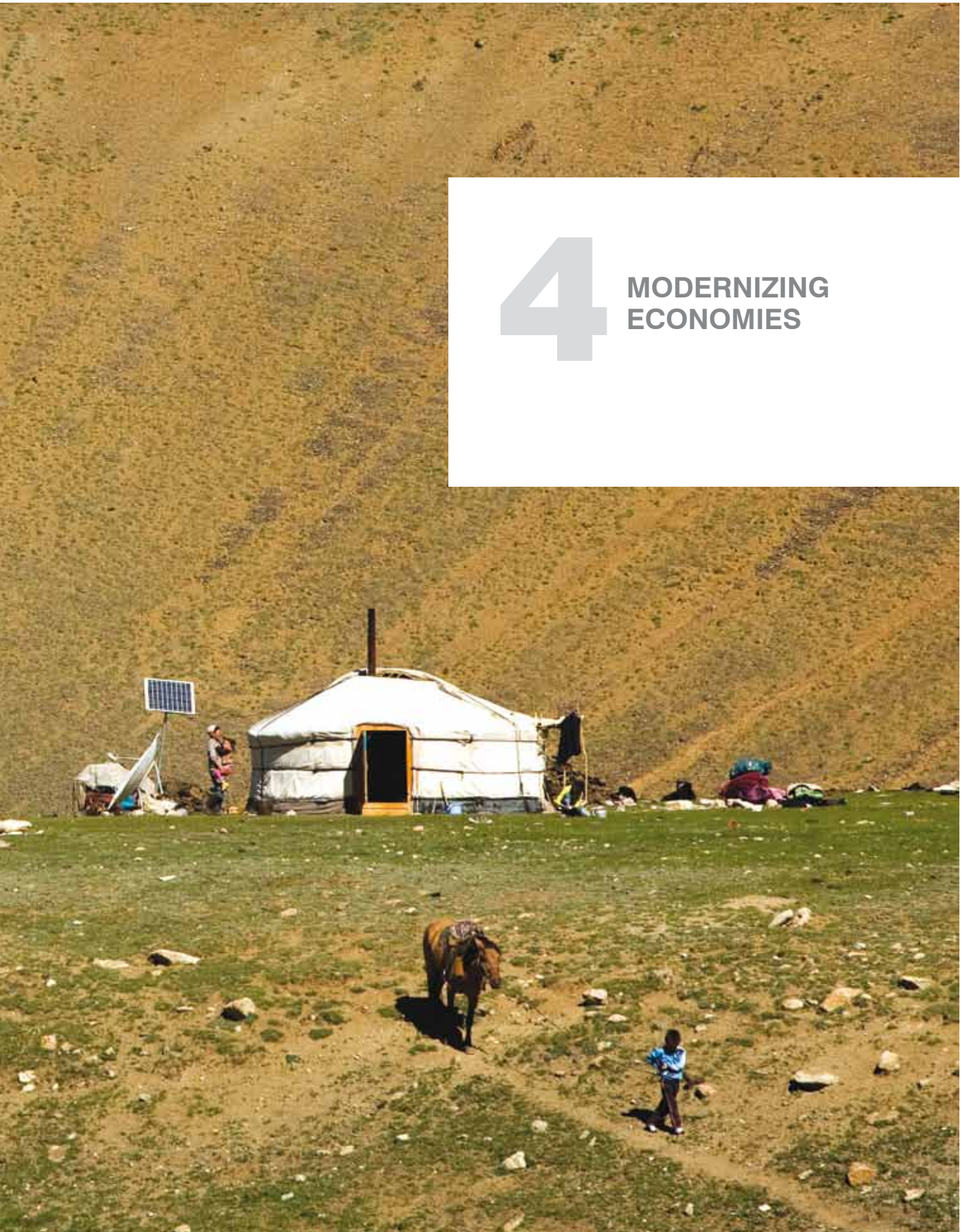
In the area of consumer protection, a meeting held on 10 March 2009 at the Ministry of Commerce in Phnom Penh, Cambodia, contributed to the elaboration of the national consumer protection law and of the institutional framework for its implementation. Moreover, a consultative meeting to develop a communications strategy for consumer protection advocacy, held in Gaborone, Botswana, from 17 to 19 August 2009, was the starting point for work on the consumer protection strategy manual that will serve as a basis for Botswana’s Consumer Protection Advocacy Programme.

Moreover, the new Competition Programme for Africa (AFRICOMP) was officially launched in Geneva, Switzerland, on 22 June 2009. This new initiative was established to help African countries develop administrative, institutional and legal structures for the effective enforcement of laws and policies in the areas of competition and consumer protection. The Programme also provides for a more coordinated and streamlined approach in technical cooperation in the area of competition policy, which is based on the particular needs of each beneficiary country while simultaneously promoting regional cooperation. It further seeks to establish closer links with the private sector, and with non-governmental organizations and local learning institutions.

To read more about UNCTAD’s work on competition law and policy and on consumer protection, please visit <http://www.unctad.org/competition>.



4 MODERNIZING ECONOMIES



**Message from the Director,
Division on Technology and Logistics:**



Ms. Anne Miroux

During 2009, UNCTAD's Division on Technology and Logistics made several significant achievements. We reinforced our analytical policy-oriented research activities, and relaunched the *Information Economy Report* in a new and more succinct format. In terms of building consensus, a number of expert meetings were organized, facilitating substantive discussions on the development contributions of technology, of information and communications technology (ICT), and of transportation. We also continued to strengthen our technical assistance activities in several areas, not least through the Automated System for Customs Data (Asycuda) Programme, through national trade and transport facilitation projects, and by providing support to the negotiations on trade facilitation at WTO.

In all the relevant areas, UNCTAD is committed to maintaining its sound analytical base and technical expertise, and to assisting member States in building capacity. To this end, the Division will continue to pay particular attention to the areas of technology and innovation, for two reasons.

Firstly, in the twenty-first century, technology and innovation have become key factors in promoting economic and social development. In the increasingly knowledge-based global economy, ICTs, which are pervading virtually all areas of life, have become an essential component to economic and social progress for countries at every level of development. In the area of agriculture, better use of existing technology and new innovative solutions are needed to tackle the food security challenge that is faced particularly by the least developed countries.

Secondly, and as a result of the above factors, the time is ripe to revitalize the development debate with regard to technology and innovation; this also applies to UNCTAD itself. If we are to meet the internationally agreed development goals, including the Millennium Development Goals, it is necessary for the international community to strengthen assistance to developing countries, in particular those with low incomes, in the design of effective policies in the areas of science, technology and innovation. The Division on Technology and Logistics has a central role to play through its servicing of the Commission on Science and Technology for Development and via UNCTAD's intergovernmental machinery. In this context, the synergies created by consolidating most of UNCTAD's activities that deal with technology within the Division on Technology and Logistics two years ago have provided a better platform for UNCTAD to fulfil its role as the focal point on technology for development within the United Nations, and to respond to the mandates given to us by our member States at UNCTAD XII in 2008 in Accra, Ghana.

Finally, knowledge-sharing and capacity-building remain a core part of the work of the Division on Technology and Logistics. In these areas, we will continue to further strengthen the impact of our work and widen our group of beneficiaries, in close collaboration with colleagues in other divisions of UNCTAD and with other international organizations and beneficiary countries, and with the continued support of development partners.



Strengthening science, technology, and information and communications technology (ICT) capacities

During 2009, UNCTAD continued its work on science, technology, and information and communications technology, with the firm belief that building a sound capacity in these areas is a prerequisite for long-term economic growth and for raising productivity, combating poverty, and improving citizens' standards of living.

One of the main approaches used by UNCTAD in this area is the Science, Technology and Innovation Policy (STIP) review, which is an interactive process that aims to assist national science and technology institutions in improving their overall environment for the development of technology and innovation. Thanks to the joint efforts of the World Bank, UNCTAD, and its own Science, Technology and Policy Research Institute, Ghana has become one of the latest beneficiaries of this technical assistance tool. Even before the publication of the *STIP Review of Ghana*, and in accordance with its initial findings, the Government of Ghana started a broad participatory process for the preparation of a new science, technology and innovation policy to be launched in early 2010. 2009 also marked the start of a

new series of STIP reviews for the Dominican Republic, El Salvador and Peru, and the completion of STIP reviews for Lesotho and Mauritania.

Building on the country's national science and technology policy, the *STIP Review of Lesotho* proposes a mechanism that would ensure the flow of communication and maximize synergies among the public–private–academic sectors in the areas of needs assessments and services availability, technology scanning and acquisition, and human capital and resource management. The three components of the proposed Science, Technology and Innovation (STI) mechanism are the STI Ministerial Council, the STI Steering Committee and the STI Hub – the latter functioning as a window providing services such as technology acquisition and product development, and also acting as an information clearinghouse. The review, which has been discussed at a roundtable meeting attended by a broad range of stakeholders, is currently being considered by the Government of Lesotho.

To read more about UNCTAD's Science, Technology and Innovation Policy reviews, please visit <http://www.unctad.org/stip>.



Panel at the twelfth session of the Commission on Science and Technology for Development, 25 to 29 May 2009, Geneva, Switzerland.

Enhancing networking among scientific and technological institutions

At the same time, the Network of Centres of Excellence (NOCE) project has continued its efforts to facilitate communication among scientists from developing countries, as well as their mobility. In this context, a workshop for 15 cybersecurity experts from French-speaking countries in Africa was held in Tunis, Tunisia, from 28 September to 9 October 2009, in close collaboration with the Tunisian National Agency for Computer Security (NACS), which has the only certified Computer Emergency Response Team in Africa. As a result of this meeting, and harnessing the tools available on the online NOCE platform, a group of experts was set up to develop a security strategy model to be implemented in the respective countries.

For more information on the Network of Centres of Excellence project, please visit <http://www.unctad.org/noce>.

Twelfth session of the Commission on Science and Technology for Development

During 2009, UNCTAD continued to provide substantive servicing for the Commission on Science and Technology for Development (CSTD), a subsidiary body of the Economic and Social Council. The twelfth session of the CSTD took place in Geneva, Switzerland, from 25 to 29 May 2009. Calling on all stakeholders to assist developing countries in their efforts to narrow the digital divide, the participants at the session urged the CSTD to play the role of “torch-bearer” for innovation and innovation-oriented planning, and to support efforts by national governments in order to integrate science, technology and innovation into national development strategies.



Information Economy Report 2009: Trends and Outlook in Turbulent Times

In the context of analysing ICTs for development, the *Information Economy Report 2009* takes stock of recent trends with regard to extending connectivity worldwide. While fixed telephone subscriptions are now in a slight decline, mobile and internet use continues to expand rapidly in most countries and regions. At the same time, there is a widening gap between high-income and low-income countries as regards broadband connectivity, to the extent that broadband penetration is on average eight times higher in developed countries than in developing countries. In view of the fact that improved broadband connectivity is not only crucial for e-government, e-commerce and other ICT-related services, but can also help to promote economic and social development and to achieve education and health targets as set out in the Millennium Development Goals, the *Information Economy Report 2009* explores a variety of policy options for countries seeking to improve broadband connectivity.

The *Information Economy Report 2009* also reviews recent developments in enhancing the use of ICTs

by enterprises. It recommends that Governments in developing countries give more attention to ICT uptake and use by small and medium-sized enterprises (SMEs), as SMEs are lagging behind larger firms. Furthermore, the chapter entitled “Making use of ICTs in the business sector” presents the results from UNCTAD’s 2008 global survey of national statistical offices on the ICT sector and on ICT usage by businesses. The complete data will be included in UNCTAD’s *Information Economy Database*, which is set to go online in the course of 2010.

Analysing the impact of the financial crisis on ICT trade, the report comes to the conclusion that the crisis has affected goods and services quite differently. Whereas IT- and ICT-related services appear to be among the most resilient, ICT goods are among the categories of trade most negatively affected by the recession.

To read more from the Information Economy Report 2009, please visit http://www.unctad.org/en/docs/ier2009_en.pdf.



Helping developing countries to seize the development opportunities created by ICTs

UNCTAD also offered technical assistance and advisory services to countries in Africa, Asia and Latin America on the creation of legislative frameworks that foster development gains from the deployment of ICTs. In 2009, a number of activities took place in this area with regional organizations as beneficiaries, such as the East African Community (EAC) and the Asociación Latinoamericana de Integración (ALADI), and with individual countries as beneficiaries, such as Cambodia and the Lao People's Democratic Republic.

One challenge for policymakers in formulating and evaluating their ICT-related policies and strategies is the need for reliable and internationally comparable data and indicators. During 2009, UNCTAD continued

to assist developing countries in reinforcing their capacity in this area. In February 2009, a revised version of the *Manual for the Production of Statistics on the Information Economy* was launched by UNCTAD at the fortieth session of the United Nations Statistical Commission. This manual seeks to contribute to the wider work of the Partnership on Measuring ICT for Development, by serving as a practical guide for all national statistical offices involved in the collection and analysis of data on ICT use by businesses, on the domestic ICT sector, and on trade in ICT goods.

For more information on the Partnership on Measuring ICT for Development, please visit measuring-ict.unctad.org.

Strengthening national and regional human and institutional capacities for trade and investment

UNCTAD continued its human resources development work under the TrainForTrade (TFT) programme, which is aimed at reinforcing understanding of key trade and development issues for policymakers and other stakeholders in developing countries, and particularly in LDCs. Launched in 1998, the TFT approach seeks to harness the pedagogical skills of a specialized team and the substantive skills of various programmes across UNCTAD, with the aim of identifying the training needs of beneficiary countries.

The training provided in 2009 consisted of a total of 44 face-to-face and distance-learning workshops, benefiting more than 1,000 trade operators from 39 developing countries and covering topics such as sustainable tourism and the continuation of the Port Training Programme in various countries in Africa, Asia and Latin America. Notably, following their participation in a TFT train-the-tutors workshop held in Conakry, Guinea, in August 2009, local tutors were able to successfully manage a logistically complex distance-learning session on international investment agreements that involved 20 participants from various Guinean government entities.

To read more about the TrainForTrade programme, please visit <http://www.unctad.org/trainfortrade>.

Strengthening research and teaching capacities in trade and development

Continuing to invest in the multiplier effect provided by local lecturers and researchers, UNCTAD's Virtual Institute celebrated its fifth anniversary in 2009. With the addition of the World Trade Institute of the University of Bern, Switzerland, and the Instituto Tecnológico Autónomo de México, Mexico City, Mexico, the



Participants at the three-week Regional Course on Key Issues on the International Economic Agenda, held in Jakarta, Indonesia, 2 to 20 November 2009.

Virtual Institute passed the milestone of having 30 country members. Both of these new members have considerable expertise in economic and development issues, and are therefore well positioned to contribute to academic exchange in the framework of the Virtual Institute.

In 2009, the Virtual Institute continued to conduct training activities for its members through a series of distance-learning tools based on multimedia presentations, videos and videoconferences, developed in cooperation with its partners.

For more information on the Virtual Institute, please visit <http://vi.unctad.org>.

Addressing the challenges of the globalizing economy

The UNCTAD Course on Key Issues on the International Economic Agenda provides a comprehensive overview of how economic factors such as international trade, finance, investment and technology are related to one another, how they can impact positively on the economic and social development of countries, and how appropriate policies in these areas can bring gains from the globalized economy. In 2009, three regional editions of this course were held – in Cairo, Egypt; Medellín, Colombia; and Jakarta, Indonesia. Each regional course lasted three weeks, and altogether, the courses involved a total of 66 participants from 46 countries. Furthermore, in the course of the year, a series of six short courses was delivered in Geneva, Switzerland, to update Geneva-based policymakers and delegates on the most recent issues and developments on the international economic agenda.

To read more about the Course on Key Issues on the International Economic Agenda, please visit <http://p166.unctad.org>.



Review of Maritime Transport 2009

Issued for the first time in 1968, UNCTAD's well-established annual *Review of Maritime Transport* reports on the evolution of global merchandise trade and maritime transport activities. The *Review of Maritime Transport* provides concise coverage of key issues and developments in this field, especially as they relate to developing countries. In addition, the *Review* gives access to highly specialized data that are not usually freely available.

Issues covered in the 2009 edition of the *Review of Maritime Transport* include (a) international seaborne trade; (b) developments in the world fleet, including registration and ownership; (c) ports and cargo throughput; and (d) regulatory and legal developments in the field of transport and trade. In addition to relevant statistical data from 2008 and 2009, the *Review* contains a special regional chapter focused on developments in Africa's economy and maritime transport. Despite the global financial crisis, the *Review of Maritime Transport* finds that the region

still experienced strong growth in 2008, of 5.1 per cent.

The *Review of Maritime Transport 2009* also highlights the fact that, in line with the global economic downturn and reduced trade, growth in international seaborne trade decelerated in 2008, expanding by 3.6 per cent, as compared to 4.5 per cent in 2007. Moreover, the *Review* reveals that the Baltic Dry Index, which is a composite of shipping prices for various dry bulk products, experienced a record high in May 2008; this was followed closely by a severe decline of more than 90 per cent by the end of that year, as the global economic crisis set in. The *Review of Maritime Transport 2009* also notes that recently declining trade volumes are occurring at the same time as the world merchant fleet has expanded, thereby further exacerbating the situation in the shipping industry.

To read more of the Review of Maritime Transport 2009, please visit http://www.unctad.org/en/docs/rmt2009_en.pdf.



Presentation of AsycudaWORLD to the Executive Training Workshop on Electronic Government, held in Tirana, Albania, 22 April 2009.

Maritime transport and the climate change challenge

With the first commitment period of the Kyoto Protocol coming to an end and the United Nations Climate Change Conference taking place in December, the year 2009 was marked by a search for innovative approaches to addressing the challenges posed by climate change. Mindful that maritime transport systems are likely to be directly and indirectly impacted by various climate change factors, UNCTAD held the Multi-year Expert Meeting on Transport and Trade Facilitation: Maritime Transport and the Climate Change Challenge, from 16 to 18 February 2009, in Geneva, Switzerland. The meeting was attended by 180 experts from 60 countries and 20 intergovernmental and non-governmental organizations, and also by representatives of the global shipping and port industries. The discussions underlined the challenges of climate change adaptation and mitigation, and the dangers posed by climate change for port infrastructure; in addition, they informed the broader discussions at the 2009 United Nations Climate Change Conference.

To read about the discussions at this meeting, please visit http://www.unctad.org/en/docs/dt/tlb20091_en.pdf.

Improving the efficiency of customs management

The Automated SYstem for CUstoms DAta (Asycuda) programme continues to be UNCTAD's largest technical cooperation project, extending to over 90 countries, of which 37 are LDCs. In 2009, Asycuda's latest internet-based software was already being used by 10 customs authorities (in Albania, Cambodia, Côte d'Ivoire, Georgia, Haiti, Jordan, Lebanon, the Occupied Palestinian Territory, the Republic of Moldova and the Syrian Arab Republic), while activities for the implementation of AsycudaWORLD continued in Gibraltar, the Islamic Republic of Iran, Liberia, the Libyan Arab Jamahiriya, Maldives, Sao Tome and Principe, Sri Lanka, Tunisia, the Bolivarian Republic of Venezuela, and Zimbabwe.

Initial feedback from the Deputy Minister of Finance of Albania, Mr. Florion Mima, confirms that the number of steps, documents and customs officers involved in the Albanian customs clearance process was reduced significantly after the implementation of Asycuda. At the same time, speaking to a local newspaper at the launch of Asycuda in Sri Lanka, the Director-General of Customs of Sri Lanka, Mr. Sarath Jayathilake, expressed optimism about the benefits expected from the Asycuda system for the country.

For further information on the Asycuda programme, please visit <http://www.asycuda.org>.





5

CONTRIBUTING TOWARDS THE ERADICATION OF EXTREME POVERTY



Ms. Jo Elizabeth Butler

**Message from the Officer-in-Charge,
Division for Africa, Least Developed Countries and Special Programmes:**

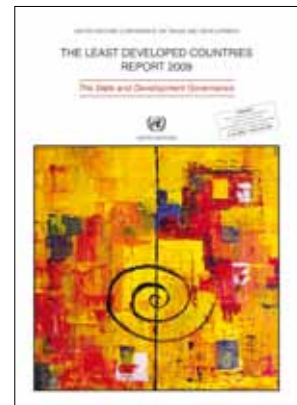
UNCTAD's Division for Africa, Least Developed Countries and Special Programmes (ALDC) works to promote economic development and poverty reduction in Africa, the Least Developed Countries (LDCs) and other groups of countries in special situations, namely Land-Locked Developing Countries (LLDCs), Small Island Developing States (SIDS) and other Structurally Weak, Vulnerable and Small Economies (SWVSE). It does this through: supplying reliable advice on improving living conditions in over 80 especially disadvantaged countries; building consensus in the global community of nations to help lay the foundations for accelerating development in the poorest countries; providing technical assistance to facilitate the beneficial integration of the weakest economies in the global trading system by enhancing institutional and productive capacities; and providing innovative policies for development, based on constructive and pragmatic approaches to sustained growth and poverty reduction in the weakest economies.

In 2009, we produced and disseminated the Least Developed Countries Report on "The State and Development Governance" and the Economic Development in Africa Report on "Strengthening Regional Economic Integration for Africa's Development", both of which highlighted the importance of new approaches to development in the wake of the global financial crisis. Also, we supported

the development of the Trade Development Strategy of Mali, which was well-received, and two other LDCs have expressed their interest in having a similar strategy carried out for their countries. In 2009, several country specific case studies on export potential and competitiveness in the horticultural sector were furthermore undertaken in Ethiopia, Mali, Senegal and Uganda.

One of the major activities for 2010 will be the final preparations for the 4th United Nations Conference on LDCs (UNLDC IV) to be held in Turkey in 2011. This will include contributions to an African Regional Review Meeting in Addis Ababa, Ethiopia, the Interagency Consultations on UNLDC IV, annual reviews of progress in implementation of the Brussels Programme of Action by the Economic and Social Council (ECOSOC), the General Assembly and the Trade and Development Board (TDB) and the provision of major substantive contributions through our 2010 LDC Report on international support measures in the context of the global economic crisis as well as our inputs to the final General Assembly appraisal of the Brussels Programme of Action.

As the United Nations prepares for a mid-term review of the implementation of the Mauritius Strategy for SIDS in 2010, UNCTAD will continue its work towards widening the scope for a more meaningful treatment of SIDS, particularly in view of the disasters that recurrently hit these vulnerable countries.



The Least Developed Countries Report 2009: The State and Development Governance

The *Least Developed Countries Report 2009* provides a comprehensive socio-economic analysis of the world's poorest countries. It argues that the impact of the global economic crisis is likely to be so severe in LDCs that "business as usual" will no longer be possible. The magnitude of the crisis thus offers both a necessity and an opportunity for change. However, beyond this, new policy approaches are necessary to ensure that development after the crisis will be more resilient and more inclusive. In this context, the *Least Developed Countries Report 2009* recommends a mixed economy model as well as a variety of public sector reforms to institute development governance in the aftermath of the crisis. Furthermore, the report identifies specific macroeconomic, agricultural and industrial development policies that are relevant to LDCs.

In particular, the 2009 report suggests that three major policy orientations are required to ensure that LDCs can emerge from the crisis in a stronger position:

- Firstly, there is even more reason now to refocus policy attention on developing productive capacities. In particular, this means that policies should be oriented towards stimulating productive investment, building technological capabilities, and strengthening linkages within and across sectors and between different enterprises. Furthermore, strengthening domestic productive capacities should also be aimed at producing a wider range of more sophisticated products;
- Secondly, it is necessary to build a new developmental State. However, this is not a matter of going back to old-style development planning, but rather a question of finding new forms of development

governance appropriate for the twenty-first century. Such development governance would be founded on a strategic collaboration between the State and the private sector that would encourage the structural transformation of LDCs from agrarian to post-agrarian economies; and

- Thirdly, it is necessary to ensure effective multilateral support to LDCs. This is not simply a question of more and better aid, but also of designing rules that govern international economic relationships with regard to trade, finance, investment and technology flows, in ways that would support development in LDCs.

As suggested by this list, both national and international measures are necessary. However, the *Least Developed Countries Report 2009* leaves aside the question of effective multilateral support, and focuses on the second orientation mentioned above, namely national policies and institutions for promoting development, and the possibility of building the developmental State in a way that is appropriate for the challenges and concerns of LDCs in the twenty-first century. This will also allow the first policy orientation mentioned above to be addressed.

The Independent, on 17 July 2009, wrote: "The big point here that UNCTAD makes is that this is an opportunity to rethink the process of development for the poorest nations. The more widely that point is accepted, the more likely it is that the development machine for these nations can be rebooted."

To read more about the *Least Developed Countries Report 2009*, please visit http://www.unctad.org/en/docs/lcd2009_en.pdf.



Economic Development in Africa Report 2009: Strengthening Regional Economic Integration for Africa's Development

The *Economic Development in Africa Report 2009* focuses on ways of strengthening regional economic integration for Africa's development. It complements existing institutional analyses of regional integration in Africa with an analysis of recent trends both in trade in goods and services and in migration and investment among African countries, and assesses the potential for increasing these flows in ways that will support economic development.

The report finds that – when designed and implemented within a broader development strategy – regional integration could help not only to enhance the productive capacities of African economies, but also to realize economies of scale, improve competitiveness, and serve as a launching pad for Africa's effective participation in the global economy.

“The Economic Development in Africa reports published by UNCTAD have made significant contributions to the debate on Africa's development, and, as a major source of new ideas on the subject, have attracted the attention of research and policy communities in Africa and beyond. This new report [2009] lives up to the established reputation of the series by providing rigorous analysis as a basis for reaching important policy conclusions.”

Mr. Ademola Oyejide, Professor of Economics and Director of the Trade Policy Research and Training Programme at the University of Ibadan, Nigeria.

To read more of the Economic Development in Africa Report 2009, please visit: http://www.unctad.org/en/docs/aldafrica2009_en.pdf.

DID YOU KNOW?

UNCTAD's Least Developed Countries reports have a good track record of informing development strategies. A review of the second generation of Poverty Reduction Strategy Papers developed by policymakers in LDCs reveals a shift in emphasis towards building productive capacities and supporting the productive sectors and economic infrastructure – strategies which figure among the major policy recommendations of past Least Developed Countries reports. Similarly, President Bingu wa Mutharika of Malawi indicated that the *Least Developed Countries Report 2007* “would be utilized as a reference document in the development, implementation and follow-ups of Malawi's Growth and Development Programmes”.

Building consensus on new development strategies

The African farming sector has been neglected for years, and a well-coordinated, well-funded response is very much needed and must begin soon, speakers noted at the meeting entitled “Food security in Africa: Lessons from the recent global crisis”, which was held on 30 June 2009 in Geneva, Switzerland. The interactive panel discussion on African food security featured Dr. Akinwumi Adesina, Vice-President for Policy and Partnerships, Alliance for a Green Revolution in Africa, as its keynote speaker.

The meeting observed that some 300 million Africans currently suffered from hunger, and that the continent had shifted from being a net food exporter in the 1980s to a net food importer in recent years. Food security concerns thus continued to be extremely relevant, as the agricultural sector was likely to come under mounting pressures owing to factors such as demographic dynamics, climate change and soil degradation, as well as a long-standing stagnation in agricultural productivity. However, the debate noted that progress was being made, as much effort was being undertaken to improve access to inputs and markets – particularly through improved infrastructure such as ports and roads, feeder roads at the local level, post-harvest storage opportunities, and processing. The importance of fairer trade in agriculture, particularly in Africa, was also highlighted at the meeting.





From left to right: H.E. Mr. John Gyetuah, Deputy Minister for Trade and Industry, Ghana; H.E. Mr. Dian Triansyah Djani, President of the Trade and Development Board; Mr. Chris MacFarquhar, Secretary of the Trade and Development Board; Mr. Akinwumi Adesina, Vice-President, Alliance for a Green Revolution in Africa; Mr. Marcel Mazoyer, Professor, National Agricultural Institute, France; Dr. David Nabarro, Assistant Secretary-General, Coordinator of the Task Force on the Global Food Security Crisis, United Nations.

Responding to the trade development needs of LDCs

The Integrated Framework (IF) was launched in 1997 following the first WTO Ministerial Conference in Singapore. Developed in response to LDCs' concern about their limited capacity to implement and derive benefits from WTO agreements, the IF was conceptualized to address capacity-building and supply-side problems in an integrated and coordinated manner. Since its inception, the initiative has undergone several refinements to keep up with the needs of its beneficiaries. In 2000–2001, it was reformed, to include Diagnostic Trade Integration Studies (DTIS) and to focus on trade mainstreaming in Poverty Reduction Strategy Papers. Subsequently, in 2007, the Enhanced Integrated Framework (EIF) was launched, which allowed for increased, predictable financial resources, strengthened in-country capacity for ownership and implementation of the Framework, and enhanced governance of the initiative.

Within the context of the EIF, UNCTAD has been working with LDCs towards their integration into the global

economy, inter alia by promoting the mainstreaming of trade into their development plans. In this regard, a number of countries, such as Mali and Uganda, have been or are in the process of developing a trade policy framework drawing from the DTIS exercise, which will make it easier to build a national consensus for integrating trade into national development plans and poverty reduction strategies. In addition, the Lao People's Democratic Republic benefited from UNCTAD's assistance in the area of rules of origin, Sierra Leone worked with UNCTAD and the International Trade Centre towards "Improved capacity for trade policy formulation and trade information", and Cape Verde received substantive support that included (a) further advice towards a consensus, under the EIF, on smooth transition measures for graduating countries; and (b) new inputs to the country in respect of its project to develop an offshore legal services industry, as part of ongoing efforts to bring to fruition the national goal of economic transformation.

For more information on the Integrated Framework and the Enhanced Integrated Framework, please visit <http://www.integratedframework.org>.



Facilitating the graduation of LDCs

UNCTAD has developed a unique capacity to assist countries towards successful graduation from LDC status, whether the need for such assistance takes place before, during or after graduation. According to the United Nations criteria for identifying graduation cases, a country will be recommended for immediate graduation from LDC status if it has met the graduation thresholds under at least two of the three criteria of low income, weak human assets and high economic vulnerability, in two consecutive triennial reviews.

The Governments of Kiribati, Tuvalu and Vanuatu received continued advice and further inputs before, during and immediately after the review by the Committee for Development Policy, in March 2009, of

the United Nations list of LDCs, in the context of the pre-qualification of these countries for graduation from LDC status. In addition, the Government of Maldives and its partners were provided with a “road map” for action towards a “smooth transition strategy” for the country in anticipation of its graduation from LDC status in January 2011.

Moreover, UNCTAD has been advising the Government of Samoa on its potential graduation from LDC status, which had been expected to take place in December 2010. However, a magnitude 8.0 earthquake struck the Pacific island in September 2009, leaving at least 22 people dead, and UNCTAD accordingly redirected its assistance towards immediate support for Samoa’s request for an extension of the pre-graduation transition period.





Participants at Third Meeting of Trade Ministers of Landlocked Developing Countries, 21 and 22 October 2009, Ezulwini, Swaziland.

The Ezulwini Declaration

LLDCs are among the most disadvantaged countries. As a group, they face severe challenges to growth and development owing to a wide range of factors, which include poor physical infrastructure, weak institutional and productive capacities, small domestic markets, high vulnerability to external shocks, and remoteness from world markets. For example, four LLDCs in Central Asia are located at least 3,500 kilometres away from the nearest maritime port, and seven of the countries belonging to this group face distances to seaports of more than 1,500 kilometres.

Against the backdrop of the economic crisis, the Third Meeting of Trade Ministers of LLDCs, the theme of which

was “Strengthening trade competitiveness in times of global economic crisis – challenges faced by LLDCs”, took place on 21 and 22 October 2009, in Ezulwini, Swaziland. Trade ministers and senior government officials from LLDCs took stock at this meeting of the achievements realized since the 2007 ministerial meeting in Ulaanbaatar, Mongolia, and discussed policies and measures to best tackle the challenges facing LLDCs in their efforts to reap greater benefits from international trade. UNCTAD provided substantive support to the LLDCs towards the adoption of the Ezulwini Declaration, which highlights the concerns of LLDCs, provides clear guidance for their activities in the near future, and calls on their development partners for continued assistance.





Annex A. Supporting capacity-building in 2009

In 2009, UNCTAD implemented some 255 projects in more than 80 countries, with annual expenditures of nearly \$38.8 million, representing an increase of 1.3 per cent over 2008. These included interregional, regional and country-specific projects. LDCs accounted for 41 per cent of these expenditures.

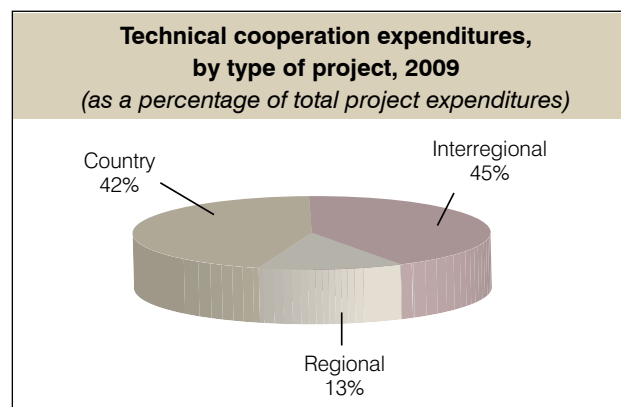
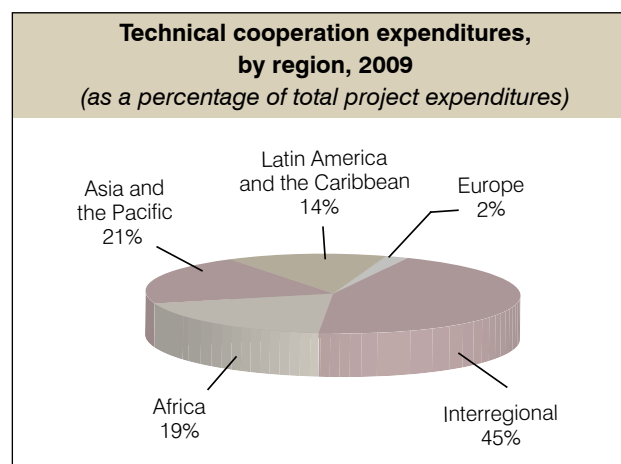
The process of consolidation and rationalization of UNCTAD's project-based trust funds continued, in consultation with major donors, within the 17 established thematic clusters, corresponding to UNCTAD's main areas of work.

Voluntary contributions to UNCTAD technical cooperation trust funds (member States, public donations, and financing from United Nations organizations), 2009 (in thousands of dollars)	
United Kingdom ^a	3 247
Norway	3 151
Libyan Arab Jamahiriya ^b	1 990
Sweden	1 634
Germany	1 240
Finland	1 007
Belize ^b	755
Luxembourg	750
United States of America	668
Spain	665
Liberia ^b	600
Argentina	492
Other developed countries	1 296
European Commission	2 596
Developing countries and countries with economies in transition ^c	6 130
Financing from international organizations	2 856
Contributions from other sources	781
TOTAL	29 858

a United Kingdom (of which the Government of Gibraltar, for Asycuda, \$668,740).

b Self-financing for Asycuda.

c This mainly represents funding for UNCTAD technical cooperation activities in their own countries, including activities financed by other development assistance sources.



To find out more about UNCTAD's technical cooperation work, please visit <http://www.unctad.org/TC>.

Annex B. Map of selected UNCTAD technical cooperation programmes implemented in 2009

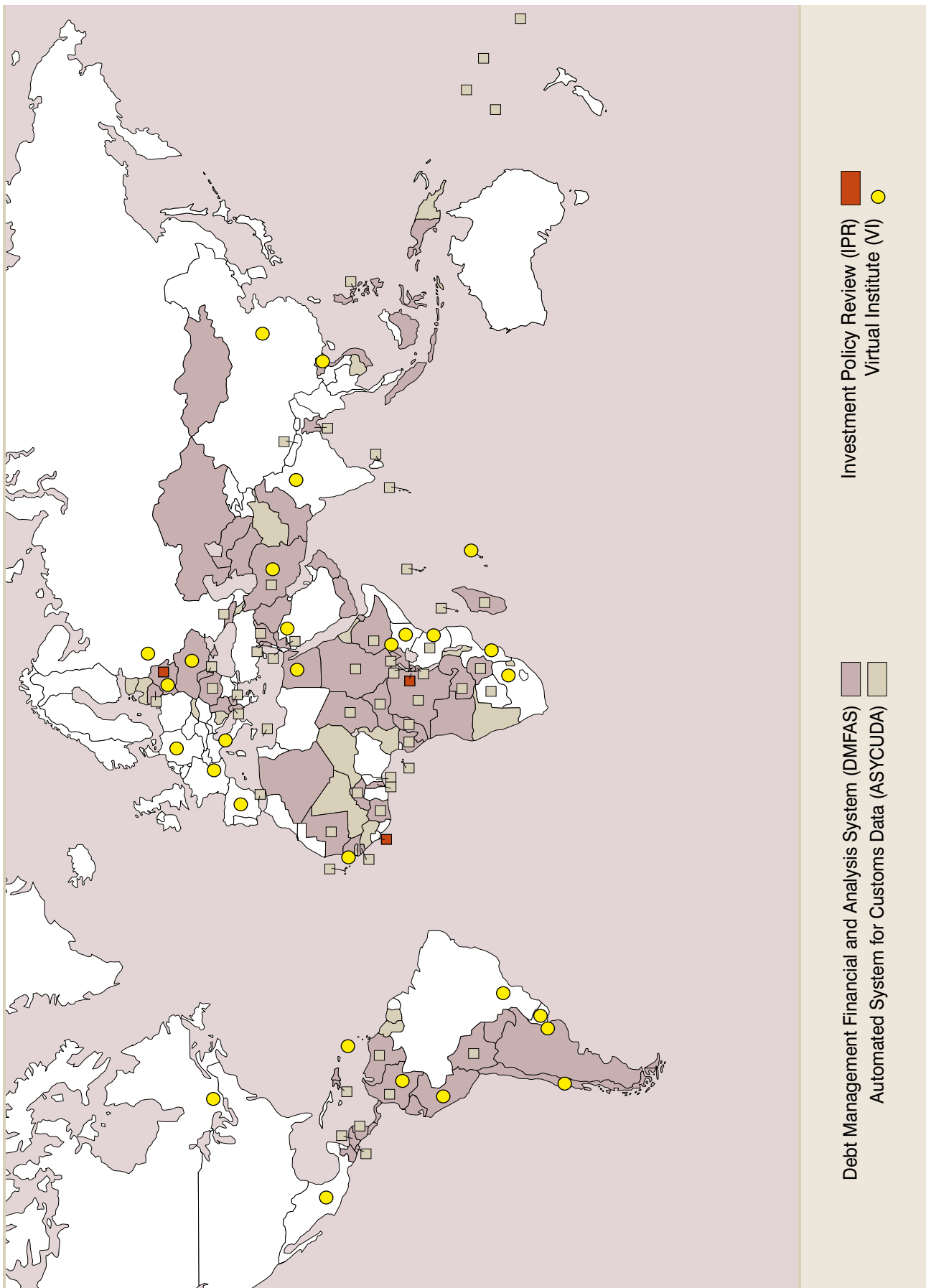


Photo Credit

Cover images:

Jan Hoffmann, UN Photo/Eskinder Debebe, UN Photo/John Isaac, UN Photo/Logan Abassi

UNCTAD Staff:

Pp 5, 9, 11, 14, 16, 17, 20, 23, 24, 25, 26, 30, 32, 37, 40, 42, 45, 47, 50, 54, 56

Jan Hoffman:

Pp 47, 53, 56-57

P 34: © Cyril Serpault, Fotolia.com

UN Photo:

Pp 6-7: UN Photo/Evan Schneider

Pp 12-13: UN Photo/Stuart Price

Pp 18-19, 33, 35, 36, 38: UN Photo/Eskinder Debebe

Pp 28-29: UN Photo/Martine Perret

P 48: UN Photo/Mario Rizzolio

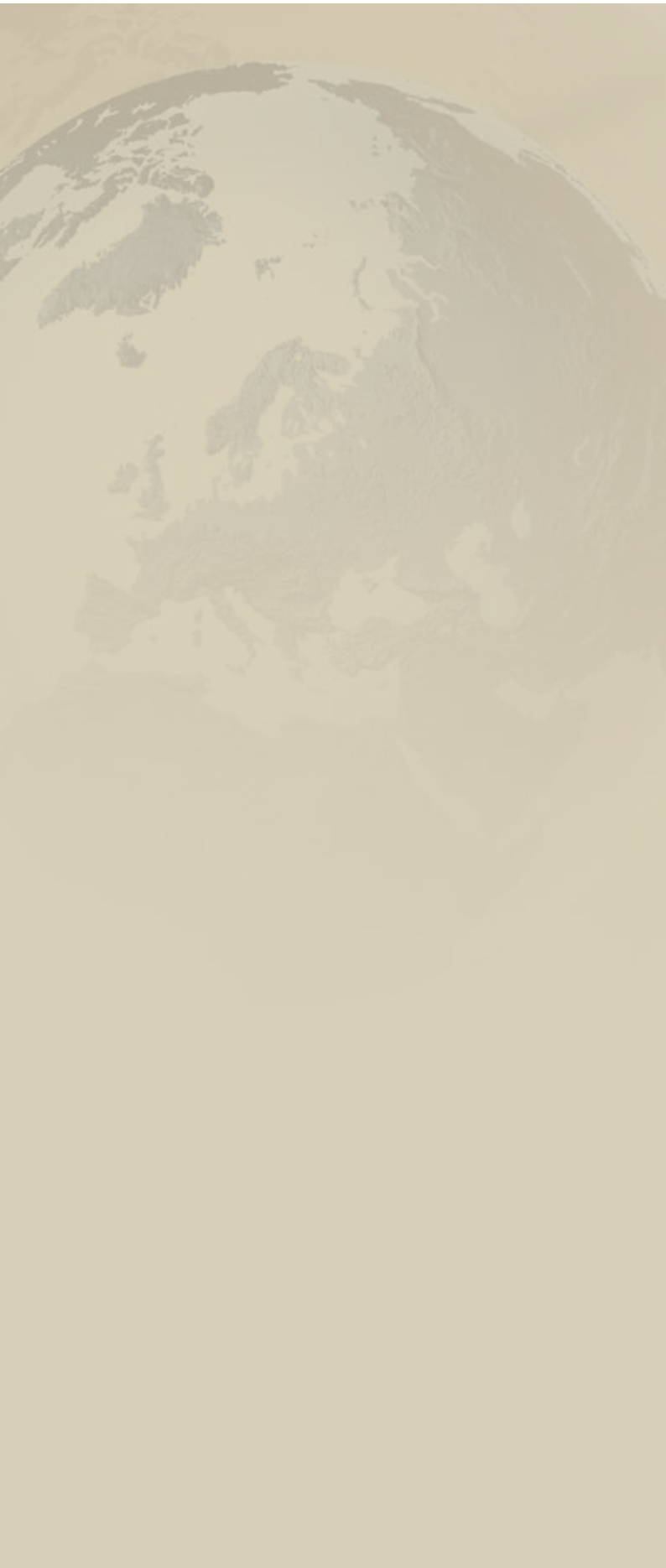
P53: ©Claire Leguilloch, Fotolia.com

Pp 56-57: ©UN Photo: Fred Noy, Tim McKulka - ©ILO: M. Crozet, J. Maillard, E. Gianotti, N. Rain

Unknowns:

P10 - Image of MDGs

Designed by UNCTAD and printed by the Publishing Service,
United Nations, Geneva – GE.10-00000 – August 2010 – 2,665 – **UNCTAD/DOM/2010/1**



UNITED NATIONS