

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

UNCTAD
ANNUAL REPORT

2011



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 the least developed countries, and countries with 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 to overcome the challenges of globalization and seize the opportunities from it.



UNCTAD IN NUMBERS

194

47

3

5

510

\$68m

\$44m

36%

7,069

Member States

Years of promoting the development-friendly integration of developing countries into the world economy

Pillars of work:

- Consensus-building
- Research and analysis
- Technical cooperation

Main programmes of work:

- Globalization and development strategies
- Africa, the least developed countries and special programmes
- International trade in goods and services, and commodities
- Investment and enterprise development
- Technology and logistics

Staff members from 97 countries

Total regular budget for 2011, from the regular budget of the United Nations

Amount of voluntary contributions for operational activities, of which 33 per cent was contributed by developing countries and countries with economies in transition (see also annex B for further information)

Of total project expenditures allocated to the least developed countries

Citations of UNCTAD's work in the international media in 2011

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

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Foreword by
Dr. Supachai Panitchpakdi,
Secretary-General of UNCTAD

The global economic recovery is faltering. World GDP in 2011 was predicted to grow by 3 per cent, at best, compared with 3.9 per cent in 2010. Fears of a double dip recession in the advanced countries loom large and, while developing countries have fared better in recent years, with growth rates in 2011 averaging over 6 per cent, many countries have relied heavily on external demand and high commodity prices rather than an expansion in productive capacity. A sharp slowdown in the global economy will reverberate across all regions.

UNCTAD continues to be concerned by a number of factors in the global economy that are causing persistent instability and inequality. These include the lopsided influence of financial markets, high levels of indebtedness, trade imbalances, rising unemployment, uneven economic growth, upward trends in food prices, and the volatility of exchange rates and commodity prices that are particularly damaging for developing countries. Poverty remains extensive

despite rapid growth rates, particularly in the least developed countries (LDCs), where structural transformation has been elusive. Too many people are missing out on development.

UNCTAD has for some years been critical of finance-driven globalization. Our work in 2011 continued to highlight the limitations of the prevailing economic paradigm and to promote alternatives, particularly in our flagship reports. In the past year, we focused much of our research on the weakening global recovery and the policy challenges posed, especially for trade and development. We continued to advance policy debates in international globalization in areas such as employment creation, South–South cooperation, renewable energy, international production and industrial development. Our message has been getting across. Our warning that a return to business as usual will be damaging to countries at all levels of development is now being echoed by other international bodies.

This year also saw an expansion in our outreach efforts with participation in high-level dialogues across several policy themes. Expert group meetings as well as other stakeholder conferences organized in Geneva and elsewhere – such as the Global Commodities Forum, the Debt Management Conference, the World Investment Forum and the Public Symposium – were very well attended and much appreciated. We made key contributions to many international gatherings, in particular the Fourth United Nations Conference on the Least Developed Countries (LDC-IV) in Istanbul and the fifty-eighth session of the Trade and Development Board in September. In 2011, UNCTAD strengthened its work in other areas, particularly in gender and development as well as climate change. We have been active in preparations for the Rio+20 Conference, which will take place in June 2012.

In 2012, these elements will be consolidated as we gear up for UNCTAD XIII in Doha in April. The Confer-

ence theme, adopted by the member States, will be *Development-centred globalization: Towards inclusive and sustainable growth and development*. This theme anticipates an emerging consensus on a new set of development priorities, principles and policies aimed at turning the fragile recovery into a balanced and secure future for all. UNCTAD XIII will be a forum for fleshing out the details of this consensus and formulating a coherent strategy.

UNCTAD XIII will be the first major United Nations ministerial conference on trade and development since the economic recovery began to falter, and will be a timely opportunity for reflection and discussion. The global economic context is very different from that of the last UNCTAD Conference in Accra. We are now at a watershed. With more interest than ever in an alternative economic framework, I am hopeful that UNCTAD XIII will help the international community to make progress towards a fairer and more stable global system.





About UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) was established as an organ of the United Nations General Assembly in 1964 to provide 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.

UNCTAD has progressively evolved into an authoritative, knowledge-based institution whose work aims to help shape current policy debates and thinking on development, with a particular focus on ensuring that domestic policies and international action are mutually supportive in bringing about sustainable development.

The main objective of UNCTAD is to assist the beneficial integration of developing countries – especially the least developed countries (LDCs) and countries with economies in transition – into the global economy and the international trading system in a manner compatible with the devel-

opment objectives of each country. UNCTAD supports 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. Furthermore, UNCTAD aims to help the international community implement the global development agenda, notably the internationally agreed development goals, such as the Millennium Development Goals (MDGs).

3 dimensions of UNCTAD's work

To attain its objectives, UNCTAD, within its mandate, (a) builds consensus among governments and other key players; (b) conducts research and analysis on key and emerging development issues; and (c) provides technical assistance to help developing countries and countries with economies in transition in implementing development strategies to strengthen their integration into the global economy and to achieve sustainable growth and development.

Working with our member States

UNCTAD's governing body, the Trade and Development Board, oversees the activities of the organization, and discusses emerging issues in between the quadrennial Conferences. The Trade and Development Board meets in Geneva once a year in regular session, and up to three times a year in executive sessions, to deal with urgent policy issues, as well as management and institutional matters. Delegates from UNCTAD's 194 member States participate in the annual meetings.

The Trade and Development Board is assisted by two commissions – the Trade and Development Commission, and the Investment, Enterprise and Development Commission – both established at UNCTAD XII in 2008. Both commissions convene meetings of leading experts to examine and offer technical advice on a range of key and emerging policy issues.

At its fifty-eighth annual session, 12–23 September 2011, the Trade and Development Board ad-

“UNCTAD... has always been the vanguard for the struggle and aspirations of developing countries for expanding trade and development of their capacities and potential. It has always enjoyed legitimacy and respect of the international community, and has made a most valuable contribution in the field of international economic development and cooperation. ”

Address to UNCTAD by H.E. Dr. Khalid Bin Mohamed Al-Attiya
Minister of State for International Cooperation of Qatar, 4 July 2011

dressed a range of issues, including the topic of volatile capital flows and development during its high-level segment, and implementation of the outcome from the Fourth United Nations Conference on the Least Developed Countries (LDC-IV) – the Istanbul Programme of Action (IPoA). In the course of the session, the Board held 12 plenary meetings, and reached consensus on several matters, such as on UNCTAD's contribution to the IPoA, the topic of industrial development in Africa, and on the report of an external evaluator on UNCTAD's programme of assistance to the Palestinian people.

The fifty-eighth session of the Trade and Development Board, in September 2011, also initiated the preparatory process for UNCTAD XIII, approved its provisional agenda and elected H.E. Mr. Mothae Anthony Maruping, Ambassador and Permanent Representative of the Kingdom of Lesotho to the United Nations and the World Trade Organization (WTO) in Geneva, and Board President, Chair of the Preparatory Committee. The theme of the Conference is *Development-centred globalization: Towards inclusive and sustainable growth and development*. UNCTAD XIII will take place from 21 to 26 April 2012 in Doha, Qatar. It will be the first UNCTAD Conference taking place in the Arab region.

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

To know more about UNCTAD XIII, please go to <http://unctadxiii.org>.



Participants at the fifty-eighth annual session of the Trade and Development Board, 12–23 September 2011, Geneva, Switzerland.



Participants at the Investment, Enterprise and Development Commission, 2–6 May 2011, Geneva, Switzerland

Working with civil society

UNCTAD's third Public Symposium, organized in cooperation with the United Nations Non-Governmental Liaison Service and other partners, was held in Geneva from 22 to 24 June 2011. The Symposium discussed (a) making trade and finance work for full and productive employment and to reduce inequalities; (b) the financial and monetary reforms necessary to ensure sustainable economic growth; and (c) how the transition to a green economy, in the context of sustainable development and poverty eradication, could be fair and equitable.

The event brought together over 250 representatives of civil society, the private sector, governments, parliaments, academia, the media, United Nations agencies and other international organizations. The participants debated and exchanged views on topics likely to dominate the global political, trade and finance agenda – including

at UNCTAD XIII (in 2012), at the Rio+20 United Nations Conference on Sustainable Development (in 2012), and at the G-20 summit (in 2012). The Symposium included a combination of plenary and breakout sessions, organized by UNCTAD, civil society organizations and partner organizations.

Key achievements from our implementation of the Accra Accord

In 2012, UNCTAD's member States will meet to discuss pathways for development-centred globalization. The outcome of this thirteenth session of the Conference will then form the basis for UNCTAD's programme of work for the next four years. Through the implementation of the outcome from the twelfth session of the Conference – the Accra Accord – UNCTAD has made important contributions towards addressing the challenges and opportunities of globalization. The

Accra Accord highlighted UNCTAD's role as the focal point in the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. UNCTAD, through its three pillars, has addressed emerging issues and long-standing problems at the interface between trade and development.

In particular, the global economic crisis featured prominently in UNCTAD's work since Accra, as policymakers try to understand what has gone wrong, mitigate the damage from the crisis, and seek a way forward onto new and more sustainable development paths. For example, the secretariat's report of March 2009 on the *Global Economic Crisis: Systemic Failures and Multilateral Remedies* and the in-depth treatment of the issues in the *Trade and Development Report, 2009* placed UNCTAD at the forefront of a global wave of advocacy



■ Panellists at the 2011 UNCTAD Public Symposium – "Making Trade and Finance Work for People and the Planet", 22–24 June 2011, Geneva, Switzerland.

for a profound reform of the global financial and economic governance system in response to the crisis. **Many of UNCTAD's ideas have been appreciated and acknowledged by member States as being "ahead of the curve",** particularly as policymakers try to understand what has gone wrong, mitigate the damage from the crisis, and seek a way forward onto new and more sustainable development paths.

Since the adoption of the Accra Accord, a key focus of the research work on LDCs has been to translate the analytical framework and strategic orientations, established around the concept of developing productive capacities, into national and international policy terms. Critical ideas which have been introduced during this period include (a) the importance of aid management policies at the recipient country level as a practical mechanism to increase aid effectiveness; (b) alternative macroeconomic policies in LDCs; (c) the idea of good development governance and how developmental State capacities can be built in LDCs; and (d) the nature of developmental agricultural and industrial policies in LDCs. In terms of what impact can be discerned from these contributions, perhaps one clear indication is that **the Istanbul Programme of Action for the decade 2011–2020 strongly argues for the strengthening of productive capacities, which is a concept that emanates directly from UNCTAD.**



Secretary-General Ban Ki-moon speaking at LDC-IV, at the Lutfi Kirdar Convention and Exhibition Centre, Istanbul, Turkey, 10 May 2011

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. Notably, **the third round of negotiations of the Global System of Trade Preferences among Developing Countries (GSTP), also known as the "São Paulo Round" was successfully concluded on 15 December 2010**

after six years of intense negotiations. The GSTP is among the most significant interregional trading agreement signed in the decade. The conclusion of the third round creates an opportunity for expansion and diversification of trade among participating countries. Also, it reaffirms the growing role of South-South economic cooperation, thus encouraging the participation of other members.

On the commodities front, **UNCTAD facilitated consensus-building on national and international policies in the areas of agricultural commodities, minerals, metals and energy**, of interest to commodity-dependent developing countries, such

as the successful conclusion of the United Nations Cocoa Conference in 2010. Like the preceding International Cocoa Agreement, adopted in 2001, the primary objective of the 2010 International Cocoa Agreement is the development and strengthening of international cooperation between producers and consumers in the cocoa sector. The role of the International Cocoa Organization in collecting, processing and distributing data from both private and public sources has also been further enhanced in the 2010 Agreement. Such improved transparency should benefit all actors in the market and, it is hoped, the smallholder farmer as well.

In our implementation of the Accra Accord, **our technical assistance programmes continued to provide vital support to help build the institutional capacities needed in developing countries**. For instance, UNCTAD's largest technical cooperation activity, the Automated System for Customs Data (ASYCUDA) programme, is present in over 90 countries, including 35 African countries. The impact of the ASYCUDA projects is demonstrated by various institutional and trade facilitation benchmarks, including increased revenue, improved trade facilitation, shorter clearance times, and availability of timely and reliable trade statistical data.

The Accra Accord also requested UNCTAD to strengthen its work on the linkages between trade and internationally agreed development goals and objectives, including gender equality, and to make efforts to mainstream cross-cutting issues of gender equality and the empowerment of women in all its work. Particularly in light of the global crises, which demonstrated the need for a dramatic shift to a more equitable globalization, since 2008, **UNCTAD has developed a unique portfolio of regional and country programmes that support women's economic empowerment** through the enhancement of their productive, entrepreneurial and export capacities. For



Participants at a workshop in Thimphu, Bhutan, on the occasion of the launching of the study, *Who is Benefiting from Trade Liberalization in Bhutan? A Gender Perspective*. The workshop was chaired by Sonam Tshering, Secretary, Ministry of Economic Affairs of Bhutan.

instance, UNCTAD is working with the Governments of six developing countries – namely Bhutan, Cape Verde, Lesotho, Rwanda, Uruguay and Angola – to establish what has been the impact of trade policy on productive sectors and to find out which policy measures and which instruments would be useful in making trade a tool for women's empowerment and gender equality.

Finally, since its establishment in April 2007 and its official launch by the United Nations Secretary-General during UNCTAD–XII in April 2008, the **United Nations CEB Inter-Agency Cluster on Trade and Productive Capacity** has served as a dynamic instru-

ment for ensuring the inclusion of trade and related matters in the United Nations assistance operations and contributing to United Nations system-wide coherence. To date, joint programmes under the thematic cluster on trade and productive sectors have been designed and implemented with varying intensity and configuration in at least 20 countries, including Afghanistan, Comoros, Ecuador, Haiti, and Papua New Guinea, as well as in the Occupied Palestinian Territories. Such work has served to strengthen the United Nations' response to the global Aid for Trade initiative, as well as facilitate the interface between United Nations country-level operations and the

Enhanced Integrated Framework (EIF). For instance, in collaboration with the State Secretariat for Economic Affairs of Switzerland, a project has been developed with the Government of the Lao People's Democratic Republic. The "Enhancing sustainable tourism, clean production and export capacity in the Lao People's Democratic Republic" project directly contributes to the implementation of the comprehensive reform plan mapped out by the Government, is well embedded in the national trade governance structure, and offers the Government of the Lao People's Democratic Republic the opportunity to benefit from the United Nations expertise through a "single window" and in a coordinated manner.

During the implementation of the Accra Accord from 2008 to 2011:

404

Reports and pragmatic research findings published;

27,557

Citations of UNCTAD's work during this period;

90

Meetings promoting consensus on trade, development and other interrelated issues within UNCTAD's mandate;

45,708

Participants at UNCTAD's training courses and seminars, of which 32 per cent were female participants.

The road to UNCTAD XIII

In the period since UNCTAD XII in 2008, there have been dramatic changes in the global economy. While the Accra Accord geared UNCTAD towards continuing its constructive approach to development anchored on the three pillars of policy analysis, consensus-building and technical cooperation, UNCTAD XIII promises to be an important step in beginning a new consensus on globalization and global growth.

The thirteenth session of the United

Nations Conference on Trade and Development will take place in Doha, Qatar, 21–26 April 2012. The theme of UNCTAD XIII will be “Development-centred globalization: Towards sustainable and inclusive development paths”. Discussions will focus on four sub-themes: (1) Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development; (2) Strengthening all forms of cooperation and partnerships for trade and development, including North–South, South–South and triangular cooperation; (3) Ad-

dressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development; and (4) Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development.

Preparations for this Conference saw a flurry of activities in 2011. The report of the Secretary-General of UNCTAD to UNCTAD XIII



Dr. Supachai Panitchpakdi and H.E. Dr. Khalid Bin Mohamed Al-Attiyah, Minister of State for International Cooperation of Qatar, at the signing of the Host Country Agreement for the Thirteenth United Nations Conference on Trade and Development (UNCTAD XIII).



highlighted a number of traditional and emerging issues where UNCTAD could have a significant impact. The Preparatory Committee started its work on 17 October 2011 towards formulating an outcome text from the Conference through a consensus-building process. A series of pre-Conference events in 2011 included a workshop on “The rise of the South”, in collaboration with the South Centre and the United Nations Development Programme (UNDP) (21–22 November); and an expert group meeting in Mauritius (5–6 December 2011) focused on “Addressing the vulnerabilities of small island developing States more effectively”.

During the Conference, a high-level segment titled “In the wake of the global economic crisis: New opportunities for economic growth with social equity”, will bring together a number of Government leaders and thinkers from around the world, to debate ways in which governments can make the most of the recent crises to bring about an economic transformation, with growth and equity at its heart, that sets countries on paths to sustainable and inclusive development. There will also be a high-level event on women in development, chaired by the Sheikha of Qatar, on the third day of the Conference. UNCTAD XIII provides a timely opportunity for senior policymakers, civil society and representatives from the private sector to meet and interact through a series of conference, networking and social events.



Establishment of the Preparatory Committee for UNCTAD XIII at the fifty-eighth session of the Trade and Development Board.

“We are currently at a crossroads and must reflect on the path we wish to take in the future. UNCTAD XIII is the first major United Nations Ministerial Conference on trade and development since the fallout from the economic crisis and, as such, provides us with a good opportunity for such reflection.”

*Dr. Supachai Panitchpakdi,
Secretary-General, UNCTAD*

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TACKLING PERSISTENT AND EMERGING CHALLENGES







Message from the Director,
Division on Globalization
and Development Strategies:
Mr. Heiner Flassbeck

Paradoxically, as developed economies lost the steam of recovery and again faced new troubles in 2011, the prospects for developing countries were not as dire, and indeed the lessons for development thought and policy are rich and varied. Certainly, the resurgence of strong recessionary trends in the developed economies has made adaptation by developing countries in the wake of the 2008–09 global crisis all the more difficult. In an interdependent global economy, all countries are affected by the problems of some. But the United States financial crisis and, subsequently, the crisis of the Eurozone have had an impact far beyond their borders, which risks a two-speed global recovery which could exacerbate global trade and financial imbalances. This was one of our messages in the *Trade and Development Report, 2011*.

Today, however, beyond dealing with the immediate crises, faith has been shaken in the economic policy prescriptions which helped to generate them and that indeed turned a blind eye to them. Vocal protests from Wall Street to the streets of Athens and Cairo indeed should provoke new thinking at the highest policymaking and intellectual levels.

The global crisis has naturally encouraged a greater sense of multilateralism among most countries, as most clearly manifested in the emergence of the Group of 20 (G-20). But the apparently overwhelming power of markets over the sovereignty of national governments in some cases has simultaneously stoked strong forces

of economic unilateralism in many countries. Hence, the concepts of global interdependence and coherence and the development strategies advocated before and since the crisis by UNCTAD are today more relevant than any time in the preceding decade, when the rosy, upside scenario of globalization and liberalization still held sway among policymakers and academics alike. This should encourage new macroeconomic and development thinking in many places in the coming years.

UNCTAD has continued to deliver its ideas through its major vehicle for over 30 years — the *Trade and Development Report* — whose message this year echoed the mainstream of the global public debate on fiscal policy and growth. Meanwhile, UNCTAD's demand-driven contributions to the G-20 highlight the search in the public domain for a departure from economic orthodoxy. Our work on responsible debt, sovereign debt restructuring and effective debt management likewise continues to push the envelope of debate and seek best practices in an important sphere of financial policy. In our assistance to the Palestinian people, UNCTAD's policy analysis continues to offer feasible alternative paths for building an economy to underpin a sovereign State. And as we continue to develop our public statistical services and databases, we are well prepared to lead UNCTAD's substantive contribution to defining a new development agenda drawing on its own intellectual history and the evident lessons of recent crises.

TRADE AND DEVELOPMENT REPORT, 2011

Post-crisis policy challenges in the world economy



Trade and Development Report, 2011:
Post-crisis Policy Challenges
in the World Economy

The *Trade and Development Report, 2011* focuses on the post-crisis policy challenges in the world economy. It concludes that the recovery is slowing down and that the “two-speed recovery” is mainly the result of wide differences in domestic demand. In developing countries, strong wage growth and sustained public support have prolonged the recovery in investment and domestic demand, whereas in most developed economies, private demand is subdued due to stagnating wages and little improvement in employment. The recent shift towards fiscal and monetary tightening represents a major risk for the global economy.

The *Report* questions whether policymakers have drawn the lessons from the global financial and economic crisis. It shows that the widespread enthusiasm about system reform and supportive pro-growth macroeconomic policies when the crisis erupted has not lasted. Financial regulation reforms are progressing slowly and monetary system reform is limited.

Challenging the widespread reorientation of macroeconomic policy, especially fiscal policy, towards austerity, the *Report* notes that fiscal imbalances were not a driving factor but a result of the crisis. Thus, fiscal retrenchment is not an appropriate response. Fiscal austerity seeking to cut fiscal deficits, curb public debt and thus “regain the confidence of the financial markets” is likely to be self-defeating, as it affects GDP growth and reduces fiscal revenues.

The *Report* addresses the main regulatory reforms that should take place in relation to financial markets. So far, the process of re-regulation of the financial systems has been slow and inadequate to cover the shadow banking system and to cope with a highly concentrated financial sector that is dominated by a small number of

gigantic institutions. In general, the financial sector needs to be restructured in order to reduce the risk of mis-pricing and the resulting systemic crises. Reforms should mainly aim for a clear separation between the activities of investment and commercial banking.

Financialization of commodity markets based on herd behaviour significantly affects the prices of such basic goods as food staples and energy. The *Report* proposes measures to increase transparency in physical and derivatives markets, putting in place an internationally coordinated tighter regulation of financial investors, and it suggests that market surveillance authorities could be mandated to intervene directly.

The *Report* finally underlines that the foreign exchange markets are disconnected from macroeconomic fundamentals. This disrupts the functioning of the real economy. Greater stability of the real exchange rate could be achieved by a system of rules-based managed floating. Such a system could be built on the adjustment of nominal exchange rates to inflation differentials or to interest rates differentials. This can be practiced as a unilateral, bilateral or regional strategy, but the greatest benefit for international financial stability would result if the rules for managed floating were applied at the multilateral level.

To read more of the Trade and Development Report, 2011, please visit <http://www.unctad.org/tdr>.

“UNCTAD’s Trade and Development Report gives a fresh perspective to the policy challenges that governments around the world have been facing since the 2008 global financial crisis... seldom has a United Nations agency so eloquently called for a check on the unbridled expansion of global finance as UNCTAD has done now. ”

The Hindu, 7 September 2011

UNCTAD's engagement with the G-20 Finance Ministers

- The United Nations' engagement with the G-20 Finance Ministers' track has been serviced at the technical level by UNCTAD since 2009.
- Over 2011, UNCTAD attended the meetings of:
 - The G-20 Framework Working Group on Strong Sustainable and Balanced Growth;
 - Two G-20 subgroups on International Monetary System Reform: Capital Flows Management and Global Liquidity Management;
 - The G-20 Commodities Study Group; and
 - The Agriculture Ministers' discussions of commodity price volatility.
- UNCTAD has also contributed:
 - Five technical papers on global imbalances and growth prospects, Chinese processing trade and exchange rate and capital flows management issues; and
 - To the deliberations of the G-20 over the year as the Group drafted the Cannes Plan of Action.
- In the G-20, developing countries have repeatedly called on UNCTAD to speak up and present its views on the different issues from a trade development perspective. UNCTAD has succeeded in becoming recognized and legitimate contributors to a complex multilateral process.
- UNCTAD's substantive contribution to G-20 processes is of strategic significance to developing countries and to developed countries because the United Nations secretariat can provide a useful second opinion on the issues alongside those produced by the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD). Moreover, UNCTAD's contributions to the G-20 aim to highlight the issues of interdependence and the need for systemic coherence in international monetary, financial and trade affairs, all of which are of vital interest to every member of the United Nations.

Advocating and supporting sound debt and development finance strategies and management

UNCTAD's work in the area of debt and development finance has been a good reflection of how sound integration of UNCTAD's pillars of work allows synergies. For instance, during 2011, UNCTAD continued to be at the centre of the international discourse on the resolution and management of debt and financial crises. The analysis and policy recommendations in the report of the United Nations Secretary-General

on external debt sustainability and development were discussed in detail at the sixty-sixth session of the General Assembly. Based on the discussions, Member States at the General Assembly agreed on a resolution that, among other things, calls – for the first time – for one of the special events of the Second Committee during the sixty-seventh session of the General Assembly in 2012 to be devoted to lessons learned from the debt crises, and to the ongoing work on sovereign debt restructuring and debt resolution mechanisms, with the participation of all relevant stakeholders, including multilateral financial institutions. UNCTAD will report on the key outcomes of this discussion in the context of the report of the United Nations Secretary-General on external debt sustainability and development in 2012.

Another of UNCTAD's initiatives in the area of debt that the General Assembly recognized concerns responsible lending and borrowing. UNCTAD's initiative on promoting responsible sovereign financing reached its first milestone in May 2011 when we released, after ex-

tensive and inclusive exchange of views with multi-stakeholders over more than a year, the first *Draft Principles on Responsible Sovereign Lending and Borrowing*. The draft principles were elaborated by an expert group composed of world renowned experts, private investors and non-governmental organizations (NGOs), while representatives from the International Monetary Fund (IMF), the World Bank and Paris Club participated as observers. These principles en-

compass well-rooted concepts such as due diligence, accountability, transparency, co-responsibility, debt monitoring, and good faith. UNCTAD is now reaching out to get national and regional feedback on the design and the possible implementation process. Three regional meetings have already taken place in Buenos Aires, Argentina; Bangkok, Thailand; and Luanda, Angola. Participants at these meetings provided inputs to refine the principles, encouraged UNCTAD to speed up

the international consensus-building process on these principles, and expressed their readiness to explore the implementation of the principles in their respective countries. In November 2011, a second draft of the principles was released and discussed at the Eighth UNCTAD Debt Management Conference. On this occasion, the President of Iceland, Mr. Ólafur Ragnar Grímsson, highlighted the crucial relevance of the Principles.

“The need for comprehensive reforms and wide-ranging measures is now recognized by all and therefore the UNCTAD proposal for the Principles is not only timely but could also form an important pillar in the new global financial structure.”

H.E. Mr. Ólafur Ragnar Grímsson,

President of Iceland, speaking at UNCTAD's Eighth Debt Management Conference,
14 November 2011, Geneva, Switzerland



H.E. Mr. Ólafur Ragnar Grímsson, President of Iceland, speaking at UNCTAD's Eighth Debt Management Conference, 14 November 2011, Geneva, Switzerland

The Eighth UNCTAD Debt Management Conference, held in Geneva, Switzerland, from 14–16 November 2011, brought together about 400 participants from 107 countries, comprising policymakers, debt managers and senior representatives of international financial institutions, regional organizations, academia, civil society and the private sector. Participants at the conference appreciated this opportunity to actively debate various topical debt-related issues with counterparts who brought their own unique perspectives to the dialogues.

In 2011, UNCTAD's Debt Management and Financial Analysis System (DMFAS) commenced implementation of its new strategic plan for the period 2011–2014. The plan is focused on assisting countries in strengthening “downstream” functions that can be considered

as the foundations for effective and sustainable debt management. To this end, the programme will strengthen its work to provide practical solutions to the most important problems that the debt offices are facing in the operational, statistical and analytical functions of public debt management. For example, the DMFAS programme has widened its scope to encompass all domestic and external public debt, as well as private external debt. Moreover, the new Web-based and modular version of the programme (version 6) incorporates the latest features and functionalities requested by countries, such as improved support for the analytical functions of debt management offices, particularly debt portfolio and sensitivity analysis. The DMFAS programme has achieved clear results. Two new

countries and institutions signed on with the programme in 2011, and the programme maintained a strong presence in 32 user countries, including ongoing implementation of the new version of the DMFAS software, DMFAS 6. The programme's capacity-building activities during the year resulted in improved capacity for the operations of debt management offices, and led to the production of data validation calendars, statistical bulletins and debt portfolio reviews. Relevance of the programme for the donor community is evidenced by its enhanced financial support in 2011, namely by the entry of new donors in 2011 as well as increased multi-year commitments that will facilitate long-term planning.

*For further information on the DMFAS programme, please visit
<http://www.unctad.org/dmfas>.*



■ Panellists at the Eight Debt Management Conference, 14–16 November 2011, Geneva, Switzerland



Participants at the Eighth Debt Management Conference, 14–16 November 2011, Geneva, Switzerland.

“Donors recommend the DMFAS programme as one where we as donors see clear results and are ensured of a good return on our development funding...”

DMFAS Donors Consultation Meeting
November 2011

Providing development statistics and information for economic development

As the United Nations' focal point for the integrated treatment of trade and development and inter-related issues, UNCTAD compiles, validates and processes a wide range of data to better inform the decision-making of policymakers at national and international levels. UNCTADSTAT is UNCTAD's public platform that gives access to a

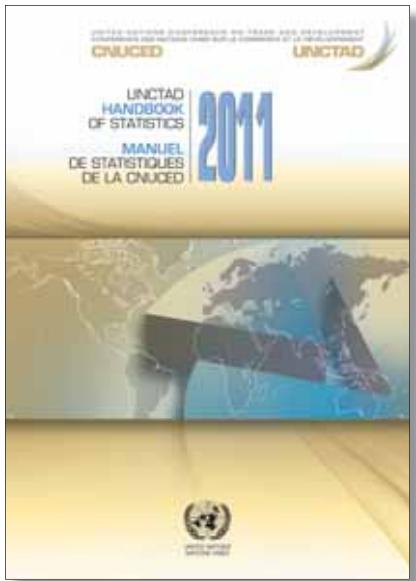
growing number of unique statistics indicators (currently around 130 indicators) covering long periods for almost all economies of the world. This database provides free access to comprehensive statistical time series and indicators that are essential for the analysis of world trade, investment, international financial flows and development.

UNCTAD has been employing new ways to facilitate users' access to our statistics. UNCTAD statistics

are accessible on both Facebook and Twitter, along with an improved statistical section at the UNCTAD website which, together, allows us to raise broader awareness of our statistical findings, and enable instant dialogue with users of our statistics. Moreover, a new publication, *UNCTAD Statistics Brief*, will present delegates, capitals, academics, press and the wider public with quantitative information produced by UNCTAD on the organi-



Participants at regional seminar on International Merchandise Trade Statistics, organized by the Economic Commission for Africa in partnership with UNCTAD, 14-18 November 2011, Addis Ababa, Ethiopia



zation's ongoing research projects highlighting issues that shape today's economic agenda. *UNCTAD Statistics Brief* will be released on a quarterly basis starting in 2012.

The *Handbook of Statistics*, one of the UNCTAD flagship reports, continues to be regularly released in both print and electronic versions. The 2011 *Handbook* provides an integrated collection of reliable and timely statistical data relevant to the analysis of international trade, investment and development, for individual countries and for economic reference statistics that are particularly important for describing how developing countries have

evolved during the last decades and highlight the inter-linkages between globalization, trade and development indicators.

Several capacity-building projects on statistics were initiated in 2011. Aimed at strengthening the statistical capacity of the LDCs, UNCTAD developed a cooperation programme with Comoros, which led to a comprehensive evaluation of the collection, calculation and dissemination of statistics with a focus on trade indicators. Furthermore, UNCTAD was a key participant at the seminar, organized by the Economic Commission for Africa and opened by UNCTAD Secretary-General Dr. Supachai Panitchpakdi, to improve trade statistics on the continent. Also in 2011, through various collaborations, UNCTAD statisticians made strides forward in enhancing the accuracy of trade statistics. For instance, in collaboration with UNCTAD's experts from the ASYCUDA programme, efforts are being made to enhance the processing of trade statistics on the basis of customs declarations. In addition, UNCTAD and the World Trade Organization cooperated in harmonizing their statistical methodology for several indicators of trade statistics, which will be jointly published in 2012.

Assistance to the Palestinian people

In 2011, UNCTAD continued to provide insights on the prospects of the Palestinian economy, and the complexities of its relations with other economies in the region. Its research and policy analysis on the war-torn economy of the occupied Palestinian territory (OPT) have informed the deliberations by members of the Trade and Development Board, and have been appreciated by the United Nations country team in the field. Moreover, despite the difficult conditions, the secretariat's technical cooperation activities have achieved real progress.

Indeed, the relevance and usefulness of UNCTAD's research findings, recommendations and technical cooperation activities in this area of work was clearly evident in 2011. For instance, UNCTAD's work was incorporated in the reports of the United Nations to the Ad Hoc Liaison Committee on the Middle East peace process as well as a publication of the Economist Intelligence Unit entitled *Country report: Palestinian Territories* (January, 2011). Also in 2011, the Palestinian Central Bureau of Statistics decided to use UNCTAD's macro-econometric model of the

Palestinian economy to produce its official economic forecasts. Finally, through the ASYCUDA programme, the Palestinian Customs Authority is now equipped with a state-of-the-art system and capacities to exercise the full range of customs functions of any sovereign state.

In 2011, UNCTAD launched a new technical cooperation project to develop Palestinian trade facilitation capacity. This work will involve providing ongoing expert training

and advisory services to shippers and policymakers in all areas of trade facilitation, such as on internationally recognized best practices on trade facilitation, and should lead to strengthening of Palestinian trade facilitation institutions, and improved competitiveness of the Palestinian private sector.

During the fifty-eighth session of the Trade and Development Board, UNCTAD's work and recommendations were described by many

delegations as highly relevant and useful for Palestinian development, and an important analytical background upon which the international community could design appropriate interventions to support the Palestinian people.

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



■ Launching ceremony of the Capacity Development Project for Facilitating Palestinian Trade, 28 November 2011, Ramallah, OPT



■ Training of staff from the Palestinian Central Bureau of Statistics on UNCTAD's macro-econometric model, 3 October 2011, Ramallah, OPT

3

CONTRIBUTION TOWARDS THE ERADICATION OF EXTREME POVERTY







Message from the Director,
Division for Africa, Least Developed Countries (LDCs)
and Special Programmes:
Mr. Taffere Tesfachew

The year 2011 has been marked by a once-a-decade event: the Fourth United Nations Conference on the Least Developed Countries (LDC-IV). UNCTAD was actively and fully engaged in all the preparatory work that preceded the conference, including the organization of pre-conference events that built on its research work and supporting member States during the pre-conference negotiations. We are pleased to see the valuable research and analytical work of UNCTAD recognized in the Istanbul Programme of Action (IPoA). Most notably, the importance of building productive capacities and UNCTAD's critical role in generating productive employment, value addition and poverty reduction was given greater emphasis. Similarly, the importance of technology and innovation for productivity improvement and economic diversification in the LDCs, as well as the need for LDCs to make firm commitments on graduation, were given greater attention. For the first time, the issue of graduation was placed at the IPoA's ambitious 10-year programme, with the emphasis that national policies and international support measures should be mobilized to enable half of LDCs to meet the graduation criteria by 2020. Equally, the need for building productive capacities has been recognized as the only sound avenue for poverty reduction and a *sine qua non* for a better convergence of these countries with more advanced and less aid-dependent economies. UNCTAD stands ready to support these countries in their efforts to meet the graduation criteria and assist them in preparing a plan for "smooth transition" from LDC status.

In 2011, we produced two highly-valued flagship publications: the *Least Developed Countries Report* and the *Economic Development in Africa Report*. The former addressed the issue of South-South Cooperation and implications for LDCs, and the latter addressed industrial strategy for Africa in the post-crisis scenario. In preparing the *Economic Development in Africa Report*, we collaborated closely with our sister organization United Nations Industrial Development Organization (UNIDO), which we hope will be the beginning of much more joint research and analytical work on Africa, LDCs, Landlocked Developing Countries (LLDCs) and small island developing States (SIDS) with UNIDO and other United Nations agencies.

During 2011, we have received many requests for advisory services and have also initiated many projects on several topics – including aid effectiveness, trade development strategies for LDCs, the role of non-traditional experts – as well as a study on better understanding and improved use of the rules of origin. Our role in the EIF has also been strengthened – UNCTAD has been asked by the Gambia to be a lead agency in preparing its Diagnostic Trade Integration Study (DTIS) – the first time that UNCTAD is fully responsible for preparing a DTIS. We will build on the diverse work undertaken during 2011, while at the same time initiating new areas of work, notably, developing indicators of productive capacities, assisting LDCs in their programmes for graduation. These are important achievements that we will capitalize on in the future.

**THE LEAST DEVELOPED COUNTRIES
REPORT 2011**

The Potential Role of South-South Cooperation for Inclusive and Sustainable Development



**Least Developed Countries Report 2011:
The Potential Role of South-South Cooperation
for Inclusive and Sustainable Development**

The *Least Developed Countries Report 2011* argues that the LDCs need to go beyond business as usual in order to promote inclusive and sustainable development and it suggests how South–South cooperation supports such a transformational agenda.

The *Report* shows that, despite strong GDP growth during the last decade, the benefits of growth were neither inclusive nor sustainable, mainly because growth was not complemented by structural transformation and employment creation. Growth and trade have not recovered to pre-crisis levels after the global recession of 2009. Most LDCs continue to deepen their specialization in exports of primary commodities and low-value, labour-intensive manufacturing, rather than diversifying into more sophisticated products. Growth projections also indicate that the poorest countries of the world could face a more volatile and less expansive global economic environment in the coming decade.

Further, the *Report* examines how South–South cooperation could support development of LDCs against this background. It shows that there are intensifying economic relationships between the LDCs and other developing countries, and that these helped to buffer LDCs from the downturn in advanced economies. A major new trend in the pattern of integration over the last decade or so has been the deepening and intensification of economic and political ties with more dynamic, large developing countries, acting as growth poles for the LDCs. While intensifying South–South relations present major new opportunities for LDCs in terms of markets, foreign direct investment (FDI), remittances and official financing, they also bring many challenges, ranging from extreme competition to de-industrialization. Therefore, the long-term impact of South–South economic relations on the LDCs remains a puzzle.

The *Report* explores how the potential of South–South cooperation can be turned into a reality that promotes the development of productive capacities, structural transformation and decent employment in the LDCs. It argues that the benefits of South–South cooperation will be greatest in the LDCs when a dynamic two-way relationship is established in which policies carried out by catalytic developmental States in the LDCs and South–South cooperation reinforce each other in a continual process of change and development. In such a dynamic relationship, the catalytic developmental State in the LDCs enhances and shapes the benefits of South–South cooperation, and South–South cooperation supports both the building of the catalytic developmental State in the LDCs and the successful achievement of its objectives.

New modalities and structures are required to strengthen the interdependence between the two phenomena in the post-crisis environment. In this regard, the *Report* claims that developmental regionalism is particularly important. Given that financing productive capacities still remains a major challenge for most LDCs, the *Report* revisits the role of regional development banks and proposes new modalities through which a small part of the reserves that have accumulated in developing countries and that are managed by sovereign wealth funds could support the financing of development in the LDCs.

To read more on the Least Developed Countries Report 2011, please visit:

http://www.unctad.org/en/docs/ldc2011_en.pdf.



Economic Development in Africa Report 2011: Fostering industrial development in Africa in the new global environment

The *Economic Development in Africa Report 2011* examines the status of industrial de-

- (a) The promotion of scientific and technological innovation;
- (b) The creation of linkages in the domestic economy;
- (c) The promotion of entrepreneurship;
- (d) The improvement of government capabilities;
- (e) Adoption of appropriate monetary and fiscal policies;
- (f) Avoiding exchange rate overvaluation;
- (g) Enhancing resource mobilization;
- (h) Strengthening regional integration; and
- (i) Maintenance of political stability.

velopment in Africa with a focus on the identification of "stylized facts" associated with African manufacturing. It also provides an analysis of past attempts at promoting industrial development in the region and the lessons learned from these experiences. Furthermore, it offers policy recommendations on how to foster industrial development in Africa in the new global environment, which is characterized by changing international trade rules, growing influence of industrial powers from the South, the internationalization of production, and increasing concerns about climate change.

The *Report* argues that a new industrial policy is needed to induce structural transformation and engender development in African economies. It advocates a strategic approach to industrial policymaking which is based on an industrial diagnosis, and proposes a framework for industrial strategy design which takes account of the heterogeneity of African economies and is also tailored to country-specific circumstances. Furthermore, the *Report* suggests that efforts to promote industrial development in Africa should focus on:

This year's *Report* was the outcome of a special strategic collaboration between UNCTAD and UNIDO. It is an example of UNCTAD's increased efforts to engage in productive partnerships with other United Nations agencies and regional institutions. This partnership has allowed UNCTAD to combine its understanding of the global context and expertise in policymaking with UNIDO's expert knowledge on national industrial policies to produce a report that has an impact on policymakers in Africa. The *Report* generated 180 press clippings during the year, and was featured in leading editorials in *Le Monde*, *Die Welt* and the *Guardian*.

To read more on the Economic Development in Africa Report 2011, please visit http://www.unctad.org/en/docs/aldcafrica2011_en.pdf.

Addressing the vulnerabilities of small island developing States more effectively

In accordance with General Assembly resolution 65/2, in 2011, UNCTAD focused its activities to more effectively address the development needs, as well as vulnerabilities of the small island developing States (SIDS). Drawing from the 2010 High-Level Review of the Mauritius Plan of Action, the resolution implicitly called for a special treatment of SIDS in international cooperation, which highlighted a

clear division from past activities focused on the analysis of competitive disadvantages and the extent of their fragility.

UNCTAD contributed to enriching the international debate on the role of the United Nations in making the status of SIDS an effective vehicle for supporting these countries' efforts in building resilience to external shocks. In this regard, an UNCTAD XIII pre-Conference event, "Addressing the Vulnerabilities of Small Island Developing States more effectively", organized jointly by UNCTAD and the Indian

Ocean Commission, brought experts together to discuss the ways and means to enhance the effectiveness of international support in favour of SIDS.

Additionally, through our research and analysis and technical assistance, UNCTAD has been supporting several SIDS – such as Cape Verde, Maldives, Samoa and Vanuatu – on the formulation of national strategies to secure "smooth transition" modalities in anticipation of the loss of concessionary treatment related with the LDC status.

Supporting the "smooth transition" of Maldives through its graduation from LDC status

Maldives was admitted into the LDC category in 1971, at the inception of LDC status. In 2000, the Committee for Development Policy (CDP) found Maldives "eligible for graduation" from LDC status, and recommended that the country be taken out of the list of LDCs. The CDP, at the request of the Economic and Social Council, re-examined the graduation case of Maldives in 2001. The Economic and Social Council decided to defer to the 2003 review of the list of LDCs the question of Maldives' graduation. The General Assembly formally endorsed the recommendation to graduate Maldives (resolution 59/210) from LDC status on 20 of December 2004. Recognizing the severe disruption caused by the Indian Ocean tsunami six days later, a three-year moratorium on the graduation process was

granted to the country in November 2005, postponing the formal commencement of the regular three-year transition period before graduation to 1 January 2008. This postponement established the new date for Maldives' graduation as 1 January 2011. Maldives was formally taken out of the list of LDCs on that day.

UNCTAD supported the Government of Maldives in its preparations for graduation from LDC status at all stages of the process (a) before the decision to reclassify the country was taken by the United Nations; (b) during the three-year grace period before graduation; and (c) since the country's exit in early 2011. To a large extent, this support has been focused on supporting the country's consistent plea for "smooth transition" concessions (phasing out rather than abrupt elimination of LDC benefits)

in its dialogue with development partners. UNCTAD's main input to Maldives in this regard was a "smooth transition strategy" document (December 2009) based on the main areas of concessionary treatment previously received by virtue of LDC status (preferential market access, development financing and technical assistance). Duty-free, quota-free access to the European Union market (*Everything But Arms* treatment) and the right to continue to benefit from the "Enhanced integrated framework of trade-related technical assistance to LDCs" are two major concessions that were not lost by Maldives upon graduation from LDC status, essentially as a result of Maldives' enhanced capacity to negotiate "smooth transition" measures with its development partners.

Improving the participation of landlocked developing countries in the global trading system

The geographical location of LLDCs requires them to have an efficient transit transportation system, which is vital for their full integration into the global trade flows. UNCTAD has been helping these countries to improve their transit traffic regimes through policy analysis, advisory services and intergovernmental deliberations. In particular, UNCTAD has supported the establishment of transit corridors, customs modernization and automation, one-stop border crossing points, and other trade facilitation measures in many LLDCs such as Mongolia, Afghanistan and Burundi.

Equally important for LLDCs is the need to develop, restructure and

diversify their economies. Building supply capacities for those tradable goods that are less sensitive to distance has become critical for LLDCs. Attracting the right FDI can make a difference when it comes to advancing the structural changes needed to enhance domestic capacities. To facilitate the inflows of those FDI that are more conducive towards the development and modernization of productive capacities, UNCTAD launched in 2011 an interdivisional technical assistance project that aims to strengthen the national capacities of LLDCs such as Bhutan, Burkina Faso and Mali to attract more and diversified FDI inflows. To achieve these objectives, UNCTAD has organized regional capacity-building workshops to train and share best practices among the participating investment promotion agencies,

relevant policymakers, investment practitioners and other stakeholders at the regional level on how best to attract and benefit from FDI, and to develop capacities in this area.

Through an interactive and close partnership between UNCTAD's in-house investment experts and national and regional investment promotion agencies, regional Investment Guides will be developed. Building on UNCTAD's national Investment Guides, the regional Investment Guides will present an analysis of the profiles, policies and prospects in selected focal sectors at the national and regional level and opportunities emanating from regional cooperation, including co-operation with neighbouring transit countries. This project is expected to extend its reach to other African and Asian LLDCs in 2012.



■ E-learning at the Rigsum Institute of IT & Management, October 2011, Thimphu, Bhutan

The Fourth United Nations Conference on the Least Developed Countries

LDC-IV took place in Istanbul, Turkey, 9–13 May 2011. More than 7,000 participants were recorded at the conference – among the highest level of participation of recent United Nations conferences. UNCTAD actively supported the conference, both leading up to it and during the conference itself. For instance, we supported the preparatory negotiations, organized pre-conference events on productive capacities and sustainable tourism and contributed to the discussions on critical LDC issues through our *Least Developed Countries Report* series. The special events organized during the conference focused on sensitizing commodity-dependent LDCs on the need to

diversify their exports and in raising awareness on the developmental potential of tourism.

The Conference adopted the Istanbul Programme of Action (IPoA), which focuses on five objectives: (a) sustaining economic growth; (b) building human capacities; (c) reducing vulnerability; (d) ensuring enhanced financial resources; and (e) good governance. Many of the priority areas included in the IPoA reflect a significant uptake of UNCTAD's policy messages developed through its research and advocacy work, particularly related to the need of developing productive capacities.

The IPoA called on UNCTAD to contribute to the implementation of the priorities described in the programme, and to continue to address the challenges of LDCs

through its three pillars of work, further attesting the relevance of UNCTAD's work. In particular, among other things, the IPoA recalled the importance of assisting countries graduating from LDC status into the post-LDC area by formulating and implementing smooth transition strategies. In this regard, the conference participants called for the establishment of an ad hoc working group to further study and strengthen the smooth transition process of LDCs. This proposal was adopted by the General Assembly and it was agreed that the outcome of this working group would be presented to the General Assembly at its sixty-seventh session in 2012. UNCTAD will play an active role in this working group, building on its pioneering analytical work and assistance rendered to date on this issue.



■ Panellists at the Fourth United Nations Conference on the Least Developed Countries (LDC-IV), 10 May 2011, Istanbul, Turkey.



In addition, the IPoA has taken up the issues of Science, Technology and Innovation (STI) for LDCs, which has been long promoted by UNCTAD. During LDC-IV, the Government of Turkey announced its intention to host an International Science, Technology and Innovation Centre dedicated to LDCs that will also serve as a “technology bank”

to help LDCs access and utilize critical technologies. Consultations between the Scientific and Technical Research Council of Turkey and UNCTAD are underway on the establishment of the Centre. This reflects the adoption and implementation of a specific proposal presented in UNCTAD's *Least Developed Countries Report*

2007, and is another demonstration of the relevance and impact of UNCTAD's research and analysis work in support of the LDCs.

*To find out more about LDC-IV and the Istanbul Programme of Action, please visit:
<http://www.un.org/wcm/content/site/ldc/lang/en/home>*

“The stress on productive capacity is favoured by LDCs as a means to modernize and diversify economies, create jobs and engage sustainable means to eventually eradicate poverty. ”

*United Nations Under-Secretary-General Mr. Cheick Sidi Diarra,
High Representative for the Least Developed Countries, Landlocked Developing Countries
and Small Island Developing States*

Enhanced technical assistance to LDCs

UNCTAD has been particularly active in providing tailored technical assistance to LDCs, in particular with respect to their diversification efforts towards non-traditional exports and to a resilience build-up against external shocks. UNCTAD has been an active partner within the Enhanced Integrated Framework (EIF). In the context of its EIF activities, UNCTAD has provided a comprehensive and coherent programme that offers an UNCTAD-wide response aligned with the technical assistance needs of the countries. Specifically,

UNCTAD has continued to provide technical assistance to strengthen institutional capacities and policy ownership of the beneficiary countries.

UNCTAD has been successful in promoting the concept of trade mainstreaming into national development strategies through regional and country-specific workshops. Trade mainstreaming was, for example, a key component of the national EIF sensitization workshop in Haiti, in which more than 60 participants discussed how the country could foster its participation in the EIF programme. This workshop highly benefited from the presence of EIF implementing

agencies such as the World Bank, International Trade Centre (ITC) and UNDP among others, and most of all from the participation of Cambodia's Secretary of State for Trade, who shared his country experiences in the implementation of the EIF. The workshop succeeded in raising awareness on the process and benefits of the EIF, and reengaged key stakeholders in the EIF process, as past efforts had been hindered by the January 2010 earthquakes. It reinforced the understanding and capacities of national stakeholders, and kick-started the formulation of the first phase of the project. The Minister of Trade of Haiti stated that the

sensitization workshop provided a turning point in the EIF process in the country, and expressed his wish that UNCTAD would continue to support Haiti in the implementation of the EIF.

UNCTAD's proactive engagement in the dissemination of its research findings related to trade, growth and poverty reduction resulted in more interest on the part of LDCs for UNCTAD support for the updating of national Diagnostic Trade Integration Studies (DTIS) — the core element of the EIF. The DTIS of the Gambia is currently being updated by UNCTAD, and that of Mozambique will follow suit. Many LDCs have requested

UNCTAD's assistance for the formulation and implementation of EIF-related projects, particularly related to the support in the design of national development strategies. For instance, as requested, UNCTAD will be working with the Governments of Cambodia, Chad, Comoros, the Democratic Republic of Congo and Guinea-Bissau in 2012.

In response to the LDCs' specific requests, UNCTAD is also providing advocacy work on rules of origins in the context of (a) the Tripartite Free Trade Agreement negotiation process between the Common Market for Eastern and Southern Africa (COMESA), the

East African Community (EAC) and the Southern Africa Development Community (SADC); and (B) the LDCs Group at WTO. In this regard, with UNCTAD's support, the LDCs Group at WTO submitted a new rules of origin proposal under the Duty-Free Quota-Free initiative, which will reinvigorate negotiations to ensure that preferential rules of origin applicable to imports from LDCs contribute to facilitating their market access, in accordance with the Hong Kong Declaration.

*For more information about the Enhanced Integrated Framework, please visit:
<http://www.enhancedif.org>.*



■ Vocational training for young women at Life & Hope Association Sewing School, November 2011, Siem Reap, Cambodia

4

HELPING COUNTRIES BENEFIT FROM TRADE







Message from the Director,
Division on International Trade in Goods
and Services, and Commodities:
Mr Guillermo Valles

Since UNCTAD XII in Accra, important progress has been registered by UNCTAD in its efforts to help integrate developing countries into the international trading system in ways conducive to inclusive growth, sustainable development and prosperity for all.

We have promoted dialogue and consensus among member States on a wide spectrum of trade-related policies and strategies. This has been achieved both through several intergovernmental or expert meetings on different trade policy topics which we have organized and supported, and the support we provided to related deliberations in other United Nations forums such as LDC-IV or on crisis mitigation and economic recovery measures related to trade in the United Nations General Assembly, the Trade and Development Board and the Trade and Development Commission.

Our analytical research has shed light on a range of trade policy issues. We have produced publications on different subjects relevant to the development needs and objectives of countries – such as regional trade agreements, trade and sustainable development, competition and consumer protection issues, or participation in global supply chains. We have also continued, in cooperation with other organizations, to organize free access to databases and analytical tools which we continually seek to improve to better meet beneficiaries' needs on tariffs, trade statistics, non-tariff measures and creative industries sectors.

Our technical assistance activities have provided information, advice and training to many developing countries, especially African countries and LDCs, and to economies in transition. Such assistance has helped in (a) building and enhancing national, regional and multilateral trade-related policy and negotiations frameworks, as well as on WTO accession; (b) establishing competition and consumer policies and legislation, including at the regional level; (c) examining policies for export diversification into new and dynamic sectors of international trade; (d) promoting trade and

investment under the Clean Development Mechanism; and (e) identifying opportunities for production and trade in products that preserve and promote biodiversity and the environment.

A fundamental lesson learnt is that, given the current global situation, new development thinking is needed on how national trade policies and regional and multilateral norms could best enhance trade's role as a key engine for inclusive growth and sustainable development, as well as poverty reduction. In this regard, four key areas requiring special attention are (a) enhancing resilience to global economic crises; (b) impact of proliferating regional trade agreements, especially those involving major trading nations; (c) opportunities and challenges arising from the economic and trade dynamism of emerging countries and South-South trade, as a complement to North-South cooperation; and (d) sustainability. Further, UNCTAD's working methods in the area of competition law and policy, based upon holistic analysis and interactive debate to reach common viewpoints, encouraging regulatory reform – a "soft" approach – provides an example for other areas of trade policy formulation and negotiations. On the basis of its integrated trade and development approach and tradition of work based on analytical research, intergovernmental consensus-building, and capacity-building, UNCTAD is uniquely placed to facilitate national, regional and international efforts to address the development challenges of our times through the engine of international trade.

Going forward in 2012, we will be working towards a successful outcome of UNCTAD XIII and, in the light of its outcome, marshal our knowledge and expertise to contribute towards trade integration by all countries in a manner that enhances a process of development-led globalization.

To read more about UNCTAD's work on trade, please visit <http://www.unctad.org/trade>.

Optimizing the developmental potential of services

UNCTAD's comprehensive work on services, trade and development has explored ways to maximize developmental potential of services. Its analytical reports, as well as deliberations at the third session of the Multi-year Expert Meeting on Services, Development and Trade: the Regulatory and Institutional Dimension on 6–8 April 2011, stressed the importance of integrating the development of infrastructure services in a comprehensive, integrated and coherent strategy, which required close coordination with complementary policies. It also underlined the role of enhanced trade and regulatory cooperation, including through South–South efforts and exchange of national experiences, to expand investment and development in the sector.

National Services Policy Reviews were published for Uganda, Nepal and the Kyrgyz Republic. The re-

views provide useful guidance for multi-stakeholder consultative processes to improve policy, regulatory and institutional frameworks, strengthen supply capacities and identify new opportunities. The sharing of experiences and lessons learnt through this process also help countries identify best-fit national policies, and inform the enhancements of their regulatory and institutional frameworks that are adapted to their specific circumstances.

In 2011, UNCTAD continued to explore trade, investment and developmental links between countries of origin of migrants and their communities abroad, including remittances. It contributed to international policy deliberations within the Global Migration Group and the Global Forum on Migration and Development. UNCTAD's report on this topic, titled *Impact of Remittances on Poverty in Developing Countries*, as well as the deliberations of

a group of experts at a meeting on “Maximizing the Development Impact of Remittances”, organized in February 2011, contributed to raising awareness and enhancing understanding on measures needed to strengthen the contribution of remittances to development, such as by channelling them into productive sectors, including through financial sector development and education.

UNCTAD further supports the integration of developing countries in the global economy by helping them identify new export sectors and formulate strategies for launching them. Under this framework, in April 2011, trade policymakers, domestic fishery and fruit producers from Peru, and representatives from potential markets (e.g. the European Union (EU), Republic of Korea and the United States) met to jointly examine the export potential of specific products. UNCTAD also published, in collaboration with the Commonwealth Secretariat and the Centre for WTO Studies at the Indian Institute of Foreign Trade, a joint report on *Potential Supply Chains in the Textile and Clothing Sector in South Asia*, which assesses the potential of regional value chains in South Asia in the textiles and clothing sectors. The insights gleaned from the study will benefit other sectors and regions of the developing world, where regional integration and South–South cooperation might be important routes to trade-led development.



Panellists at the Multi-year Expert Meeting on Services, Development and Trade, 6–8 April 2011, Geneva, Switzerland.

“...Behind this scenario are women, children and young people who wake up in the morning and they need food. For that, they need jobs. And how can they have jobs if it's a globalized world and developing countries can't trade equitably? Such discussions in UNCTAD constitute a very useful complement to WTO negotiations, and can even help WTO members consider options within a wider development context.”

H.E. Dr. Tom Mboya Okeyo,
Ambassador, Permanent Representative of Kenya to the United Nations Offices and other International
Organizations in Geneva, speaking at the third session of the Trade and Development Commission,
6–10 June 2011, Geneva, Switzerland and Small Island Developing States

Supporting trade policy and trade negotiations, including WTO accession

UNCTAD's WTO accession programme assisted 22 of the 30 countries that are currently in the process of accession to the WTO, including Algeria, Azerbaijan, Bhutan, Cambodia, the Islamic Republic of Iran, the Lao People's Democratic Republic, Sao Tome and Principe, Serbia, the Syrian Arab Republic and Yemen. This support consists in building trade negotiating capacity through training and advisory support in the preparation of accession negotiations and the conduct of national sensitization events. UNCTAD's support in this area emphasizes the importance of integrating a development focus while adjusting national trade policy regimes towards compliance with WTO disciplines. UNCTAD also continued to support Geneva- and capital-based trade negotiators and policymakers from developing countries, through advisory services and analytical support, in their

preparations for multilateral trade negotiations under the WTO Doha Round. This assistance, which contributes to their greater preparedness and technical capacities, is focused on assessing the economic impact of trade negotiating proposals and the identification of practical options in specific issue areas such as agriculture, market access and services. Such support contributed to their identification of common negotiating platforms and proposals, such as in preparation for the Eighth WTO Ministerial Conference. UNCTAD also assisted developing countries, and their regional integration groupings, in strengthening and consolidating their trade and economic integration processes, such as in Africa, as well as in designing development-oriented bilateral and regional trade agreements with developed country partners. In 2011, UNCTAD provided advisory and institutional support to assist SADC and COMESA in expanding regional integration into trade in services. Furthermore, UNCTAD published in 2011 a report in col-

laboration with the African Union (AU) titled *Trade Liberalization, Investment and Economic Integration in African Regional Economic Communities Towards the African Common Market*, which examines ways to fast-track the formation of pan-African continental free trade area and common market. The report served as a background document from which policy recommendations were endorsed at the sixth ordinary session of the AU Conference of Ministers of Trade, 29 October–2 November 2010, Kigali, Rwanda. It also assisted developing countries in their engagement in North–South Regional Trade Agreements negotiations such as economic partnership agreements between the African, Caribbean and Pacific Group of States (ACP) and the EU, as well as various bilateral agreements. Finally, UNCTAD continued to support GSTP members in their implementation and follow-up discussions, following the successful conclusion of the São Paulo Round of the GSTP negotiations in December 2010.

Facilitating free access to trade information and analytical tools

Free access to data will make it easier for exporters and policymakers to meet relevant standards and requirements, and therefore prevent rejection of their exports at destination. The data will also allow for better monitoring and analysis of trade-related projects. Such analysis is essential to provide a basis for assessment of current projects and inform the development of new initiatives. In addition, access to trade information will allow governments to identify policy constraints and prioritize areas for reform and trade negotiations. To this end, in July 2011, with the aim of further increasing the transparency on country-specific trade

policies, UNCTAD, together with the World Bank, the African Development Bank, International Trade Centre, and in cooperation with the United Nations Statistics Division, launched a global programme – the Transparency in Trade Initiative (TNT).

The TNT Initiative aims to eliminate the transparency gap resulting from the lack of access to data on country-specific trade policies. Once fully developed, it will give free and easy access to a Web portal with information on trade policy instruments such as tariffs, non-tariff measures (NTMs) and services regulations. In addition, the initiative will generate new and more accurate data on NTMs and policies affecting trade in services and investment.

Strengthening creative industries for development

With the objective of working toward a comprehensive policy framework – not only to strengthen the creative industries, but also to put in place the basis for a solid and sustainable strategy for the creative economy – in 2011, UNCTAD published two policy-oriented reports: *Strengthening the Creative Industries for Development in Mozambique*, and *Strengthening the Creative Industries for Development in Zambia*. The analysis and recommendations formulated in collaboration with the respective governments provide a road map structured around reinforcing the institutional structures and policy framework, building national capacities and raising awareness of the potential of the creative industries.

Following this work, and in accordance with the recommendations formulated in the reports, both Mozambique and Zambia have since established an Inter-Ministerial Committee for the articulation of cross-cutting policies and concrete initiatives for enhancing their creative economies. Creative industries have now become target sectors and have been included in their respective National Development Strategies. Building on the positive outcomes in Zambia and Mozambique, UNCTAD will conduct similar work for Trinidad and Tobago. This report will be published in the first half of 2012.



The President of the World Bank Group, Mr Robert Zoellick, and UNCTAD's Deputy Secretary-General, Mr. Petko Draganov, signing the Transparency in Trade Initiative (TNT) agreement, 18 July 2011, Geneva, Switzerland.

Contributing to the debate on the green economy and sustainable development

In 2011, UNCTAD actively participated in the sustainable development debate in the run-up to major international conferences in 2012, with the quadrennial UNCTAD XIII 21–26 April 2012, and Rio +20 set for 4–6 June 2012. For instance, UNCTAD – in partnership with the United Nations Department of Economic and Social Affairs (DESA) and the United Nations Environment Programme (UNEP) – prepared the report *Transition to a Green Economy: Benefits, Challenges and Risks from a Sustainable Development Perspective*, which provides a range of perspec-

tives on how institutions, rules and policies that support a transition to a green economy can be designed to ensure an equitable transition, and support the sustainable development aspirations of countries. Also, an Ad Hoc Expert Meeting on the Green Economy: Trade and Sustainable Development Implications (8–10 November, Geneva, Switzerland) brought together key experts and practitioners in the field of development economics and international trade to identify and discuss the key conditions that must be taken into account for a green economy to be an engine for sustainable development.

Finally, UNCTAD and the Energy-Pact Foundation, a Swiss-based

organization which focuses on the balanced use of energy and on “energy-environment-development issues”, jointly hosted a conference at the Palais des Nations in Geneva 29–30 November on “How Emerging Economies will Green the World”, in partnership with the Asian Development Bank. The conference was followed by a special session on “The Global South Agenda for a Sustainable World”, held in the context of the 50th anniversary of the Non-aligned Movement. Participants at the meeting addressed the role of the Global South and South–South cooperation in meeting the challenges of climate change and sustainable development.



■ Panellists at the Ad Hoc Expert Meeting on the Green Economy: Trade and Sustainable Development Implications, 8–10 November 2011, Geneva, Switzerland

The Road to Rio +20: For a Development-led Green Economy

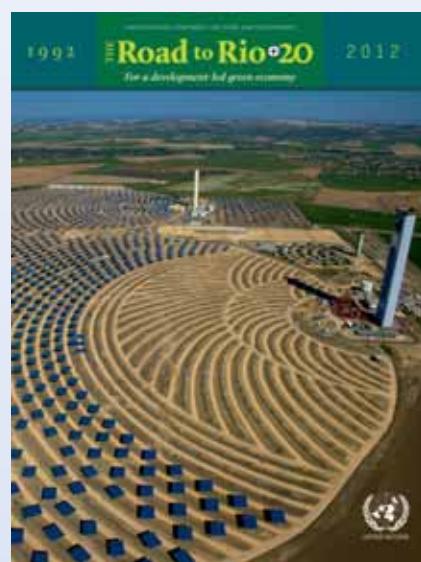
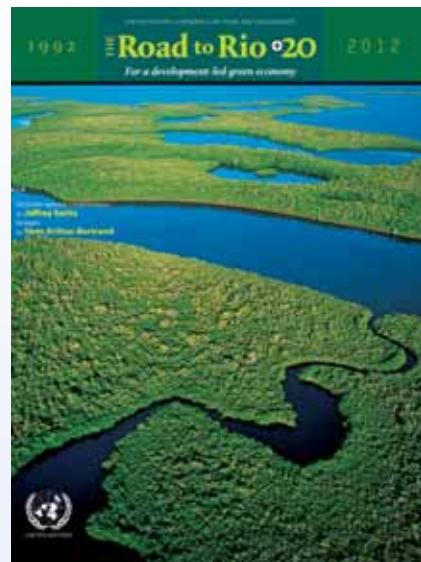
In 2011, UNCTAD released two publications that seek to prompt discussion, advance new ideas and provide inspiration on sustainable development issues in the run-up to the United Nations Conference on Sustainable Development that is scheduled to take place in Rio de Janeiro, Brazil in June 2012, two decades after the 1992 Rio "Earth Summit". The two publications of "The Road to Rio+20: For a Development-led Green Economy" series provide a collection of essays discussing conceptual foundations of a green economy, as well as critical issues in managing the transition towards a green economy. The series features 30 articles from leading experts and researchers highlighting critical topics and the different perspectives that today constitute the "green" debate.

The first volume tackles topics such as (a) how the transition to low-carbon economic growth can be financed, especially for the world's poorer countries; (b) how useful technology can be funded, developed and shared; and (c) how global trade regimes and rules can be adjusted to support and nurture developing-country exporters of green products and

services, including environmental-friendly agricultural goods and renewable energy. Further, it assesses potential outcomes and illustrates the path of Morocco towards green solutions to low carbon dependency, economic growth and employment.

The second volume provides a series of real-world references for governments, businesses and civil society in an attempt to further validate the concept of "green economy" as a motor for development. It is illustrated by national and corporate experiences, and by insights from research. This issue addresses (a) different issues such as gaps in implementation with one essay providing a "historical perspective" tracing four decades of high and low points in the green debate; (b) potential pathways for governments to enable the green economy in accordance with their development priorities; (c) the type of governance needed; (d) failures to match performance in the transition to a greener economy; and (e) the opportunity that can arise from the Rio+ 20 conference.

*To read more about
"The road to Rio +20" series,
please visit: [http://www.unctad.org/
trade_env/greenconomy/index.asp](http://www.unctad.org/trade_env/greenconomy/index.asp).*



Addressing the challenges of climate change

Through its Climate Change Programme, UNCTAD – in cooperation with UNDP, UNEP, the UNEP-Risoe Centre, the United Nations Framework Convention on Climate Change, the United Nations Institute for Training and Research, the World Bank Group, the African Development Bank and the International Emissions Trading Association – organized the third Africa Carbon Forum in July 2011 in Marrakesh, Morocco. The forum aimed at strengthening links between Clean Development Mechanism (CDM) project developers and the region's investment community, and facilitating knowledge sharing among CDM project sponsors and buyers. A side event for the Portuguese-speaking countries in Africa was also organized, during which an e-learning course on climate change and the carbon market was presented, which seeks to assist African countries in seizing trade and investment opportunities arising from climate change policies, particularly through the CDM. The course was developed-based on the specific needs voiced by

the designated national authorities and project developers in these countries.

The fashion industry can play a significant role in conserving biodiversity through innovation and new ideas. The industry makes extensive use of raw materials derived from biodiversity, such as natural fabrics and animal skins. In addition, textiles and clothing are a vital economic sector, accounting for close to 7 per cent of global trade. In this regard, UNCTAD has been forging partnerships with the fashion industry to better promote support for biodiversity and sustainable use of the environment. For instance, UNCTAD jointly created an award category within the "Fashioning the Future" awards campaign. The campaign, which is based at the Centre for Sustainable Fashion of the London College of Fashion, seeks to motivate fashion students in their last year of study, and recent graduates around the world, to pursue environmentally sustainable fashion design. The "Unique Balance" awards category invites participants to explore conceptual and creative ways in which to visualize fashion that protects biodiver-

sity. UNCTAD's BioTrade Initiative will then publicize the winning projects as examples of new thinking focused on maintaining biodiversity through innovative design and the sustainable use of natural materials.

The BioTrade Initiative programme also provides technical assistance and advisory services in (a) the implementation of biotrade concept and methodologies; (b) the formulation of biotrade projects; and (c) the area of market access and fund-raising activities. In 2011, such assistance was provided to biotrade programmes and partners in the Plurinational State of Bolivia, Colombia, Ecuador, Indonesia, Mexico, Peru and Uganda.

Additionally, UNCTAD, the International Foundation for Organic Agriculture and the Food and Agriculture Organization of the United Nations (FAO) have been working on the enhancement of Equitool, a tool enabling the identification of equivalences between the different organic standards for organic production and processing launched in 2008. The new versions currently in preparation – the Common Objectives and Requirements of Organic Standards (COROS) – is aimed at becoming the international reference for performing equivalence assessment of organic standards. This effort is a continuation of the decade-long cooperation between the three organizations to simplify the trade flow of organic products among various regulatory and private organic guarantee systems.



Participants at UNCTAD's Biotrade Initiative Value Chain Workshop for Natural Ingredients, Rattan and Ecotourism Sectors in Indonesia, 20–21 July, Jakarta, Indonesia.

Adapting competition rules to meet the development and consumer welfare objectives

The eleventh session of the Intergovernmental Group of Experts on Competition Law and Policy (IGE) in July 2011 deliberated on (a) the foundations of an effective competition agency; (b) the importance of coherence between competition and government policies; (c) experience gained on enforcement co-operation, including at the regional level; (d) consultations on the Model Law, leading to its partial revision; (e) the effectiveness of capacity-building extended to young competition agencies; and (f) the conduct of the voluntary peer review of the Serbian competition laws and policies. The relevance of the voluntary peer review process is demonstrated by the involvement and uptake of member States on its findings. This was emphasized this year by the participation of high-level officials at a regional conference on competition law and policy on 21–23 March in Yerevan, Armenia, as a follow-up to the Peer Review of Ar-

menia conducted during the tenth session of the IGE in 2010.

Additionally, the West African Economic and Monetary Union (WAEMU) provided a significant financial contribution to UNCTAD in 2011, to support the ongoing implementation of the recommendations of the peer review conducted in 2007. In particular, this will involve activities such as the adaptation of member States' rules for the implementation of the WAEMU competition rules by national authorities, a reorganization of national competition institutions, and the procedures at the national and the regional levels for the effective implementation of the community competition rules. Building on the successful implementation of these reviews, the IGE has decided to hold a tripartite peer review covering the United Republic of Tanzania, Zambia and Zimbabwe in 2012.

Through its COMPAL and AFRI-COMP programmes, UNCTAD continued to strengthen capacities in various institutions on competition and consumer protection policy and facilitate exchange of

experiences among them, and to support the development of institutional and legal structures for effective enforcement of competition and consumer law and policies for selected African and Latin American countries. The continuous support provided by UNCTAD to Latin American countries – in particular through two regional seminars organized in April 2009 and May 2010 in Caracas, Bolivarian Republic of Venezuela, and Brasilia, Brazil – initiated the establishment of the Working Group on Trade and Competition of Latin America and the Caribbean, a standing forum of trade and competition experts. Together with the Latin American and Caribbean Economic System (SELA), a first meeting of the Working Group was convened in July 2011. The Group recommended a set of measures to strengthen regional cooperation in the implementation of trade and competition policies. This demonstrates a concrete result from UNCTAD's contributions to promoting and strengthening regional cooperation in the competition area.



Participants at the eleventh session of the Intergovernmental Group of Experts on Competition Law and Policy (IGE), 19–21 July 2011, Geneva, Switzerland



Opening session of the first meeting of the Working Group on Trade and Competition of the Latin America and the Caribbean, 4–5 July 2011, Bogota, Colombia

Promoting a multi-stakeholder approach to addressing commodity problems

UNCTAD held its second Global Commodities Forum on 31 January and 1 February 2011. The Global Commodities Forum is a high-level platform that brings together stakeholders representing a wide range of interests – including civil society, industry, academia and international organizations – as well as UNCTAD's member States to discuss informally and in a holistic way, key and perennial issues of the commodity economy. The aim is to promote an exchange of views and build consensus on the main challenges facing global commodity production and trade and on what needs to be done, particularly for commodity-dependent developing countries.

The Forum's discussions highlighted a number of action areas that are crucial for equitable development. For instance, it was discussed that agricultural production will need to be fundamentally reformed, with an emphasis on small farmers, in order to ensure the world's food security, while reducing the severe impact of production on the environment. Also, the Forum noted that, for many commodity export-dependent countries, diversification of the economy remains an important objective, and policies that increase the impact of the extractive sector on development, notably through employment, need to be actively pursued. Finally, the most vulnerable populations will need to be pro-

tected from the most severe threats to their livelihoods. This will require better early warning systems and a swift response in the event of food shortages. It will also require putting in place basic safety nets for the most vulnerable members of society, and climate change mitigation policies.

UNCTAD's work in key commodity sectors includes a special focus on cotton and, under the guidance and leadership of the Secretary-General, UNCTAD continues to support developing countries' efforts to formulate strategies and policies to respond to the challenges of commodity markets. In this light, the Pan-African Cotton Meeting took place 27–29 June 2011 in Cotonou, Benin. This meeting was in response to the request for such a forum made by the African cotton-producing countries during the Multi-stakeholder Meeting on Cotton, also organized by UNCTAD's

Secretary-General in Geneva in 2008.

The main objective of the 2011 meeting was to define a 10-year Road Map for the African cotton sector, by building on the existing national and regional strategies and taking into account the EU–Africa Partnership Action Framework. In a sector often disconnected by subregional and language barriers, the Road Map intended to increase consistency between different initiatives and give direction to the development of the African cotton sector at a pan-African level. Discussions highlighted the need for a joint and concerted effort from all actors of the cotton value chain to work on increasing productivity, improve marketing of African cotton and increase focus on value addition activities, while recognizing the central role of governments in supporting the sector.



UNCTAD's Secretary-General, Mr. Supachai Panitchpakdi, and the Director-General of the World Trade Organization, Mr. Pascal Lamy, addressing the Global Commodities Forum, 31 January–1 February 2011, Geneva, Switzerland

Supporting the nutmeg sector in Grenada

Grenada was, until 2004, the world's second largest producer and exporter of nutmeg and mace, after Indonesia. It contributed 20 per cent to 25 per cent of total global exports. The nutmeg and mace industry affects the livelihoods of about one third of the population in Grenada and is essential for the country's economic growth, employment creation, and export income accumulation. However, hurricanes Ivan and Emily in 2004 and 2005 respectively devastated the nutmeg sector – nearly 90 per cent of nutmeg trees were considerably damaged and export of nutmeg and mace declined to record lows.

To revive the nutmeg industry, UNCTAD, in collaboration with ITC, FAO and the World Bank, and with funding from the European Commission, provided support in the definition of a nutmeg sector strategy in 2009. As access to finance was identified as one of the major constraints to the development of the sector, UNCTAD produced the report Enhancing Access to Finance in the Nutmeg Sector. The report put forward several recommendations aimed at facilitating access to nutmeg financing and these recommendations were validated by stakeholders during a workshop conducted in Grenada in July 2011.



Facilitating information-sharing in the natural resources sector

UNCTAD signed a Memorandum of Understanding with the International Telecommunication Union to develop the technology needed to pioneer the Natural Resources Information Exchange, which was a major recommendation from the thirteenth Africa Oil, Gas and Minerals Trade and Finance Conference in 2009.

The objective of the Natural Resources Information Exchange is to facilitate information-sharing relevant to natural resources in Africa. Openly shared and more extensive

information on mineral wealth can help African governments to better manage their natural resources, negotiate better terms for the extraction of these resources, and devise ways of channelling the benefits to work towards poverty reduction.

Six countries (Benin, Guinea, Guinea-Bissau, Mauritania, Mozambique and Nigeria) have opted to participate in the implementation phase of the Natural Resources Information Exchange and are currently undertaking diagnostic studies to identify bottlenecks in the dissemination of information in each country, with a view to revising existing systems and synchronizing them with the proposed platform.

5

ENABLING PRODUCTIVE CAPACITIES FROM INVESTMENT AND ENTERPRISE DEVELOPMENT







Message from the Director,
Division on Investment and Enterprise:
Mr. James X. Zhan

As we approach UNCTAD XIII, we can reflect not only on our achievements in 2011 but also on the implementation of our Accra Accord mandates as we prepare for Doha. As the focal point for issues on investment and enterprise development within the United Nations system, we have provided consistently high quality analysis and technical support on these issues to member States and to the investment community at large. In the implementation of our mandate, we strongly depend on the expertise of our staff, the commitment of our partners and beneficiaries, and the support provided by member States and their confidence shown in us.

The effectiveness of our response to both our existing undertakings and to emerging challenges in the areas of investment and enterprise has been significantly helped by the adoption of a new operational strategy. The strategy emphasizes three overall approaches: (a) a refocus on our core products, such as the *World Investment Report* and the *Investment Policy Reviews*, among others; (b) the increased use of IT-enhanced services such as our online investment trends and policy monitors, and the greater use of online training; and, lastly, (c) the leveraging of networks in the international investment community. This is best illustrated by the creation of our integrated global network of investment stakeholders and the biennial World Investment Forum (the WIF), dedicated to their needs and the emerging opportunities and challenges for investment and enterprise.

The year 2011 was defined by our success in putting development at the heart of several international discussions on investment and enterprise, driven by our operational slogans “mainstreaming the development dimension in global investment policymaking” and “invest in the poor, for the poor and with the poor”. Foremost among these discussions was at LDC-IV in Istanbul. We presented analytical work setting out the investment policy agenda for the poorest countries in our publication *FDI in LDCs: Lessons Learned from the Decade 2001–2011 and the Way Forward*.

External sources of finance, not least FDI, will be key to addressing the shortcomings experienced by these countries in the next 10 years, such as the building of productive capacity. We believe that these issues are central to the growth prospects of the poorest countries and we are pleased to see their inclusion in the Istanbul Programme of Action for the next decade. Our publications provide a road map towards this end.

Our involvement with several G-20 processes has successfully promoted the issue of responsible investment for sustainable development. Taking a leading role in the Development Working Group of the G-20, we helped shape a set of indicators to measure the development impact of private sector investment.

In 2012, the thirteenth UNCTAD Ministerial Conference will be one of the key events on the global economic policy calendar. In conjunction with the Conference, we will be holding our third biennial World Investment Forum (WIF), which we hope will further catalyse support for sustainable and responsible investment. Meanwhile, the Division also launched a new agenda for research in international investment for 2012. This includes an “investment policy framework for development” that aims to provide a policy guide for national and international investment policymakers, research into new thematic areas, including FDI in social sectors (education and health), FDI and the trade nexus, and taxation. We will also build on our strengths in capacity-building and in particular the successful launch of our integrated project in support of capacity-building in investment for development.

We have had to cope with a number of challenges since Accra, some of which have proved to be an opportunity for us to develop new avenues of work, such as our activities on responsible investment. As we approach UNCTAD XIII, we continue to offer cutting edge analysis and technical support on investment and enterprise, and value for money for beneficiaries and donors alike.

The World Investment Report 2011:
Non-equity Modes of International Production
and Development

The *World Investment Report 2011* reports that global foreign direct investment (FDI) inflows rose 5 per cent to \$1.24 trillion in 2010. The study says, however, that FDI flows at the end of the year were still some 15 per cent below their pre-crisis average and nearly 37 per cent below their peak in 2007. Overall, investment continues to lag behind recoveries in global industrial output and world trade, which are already back to their pre-crisis levels.

UNCTAD predicts in this report that the recovery of FDI flows will continue in 2011 and will reach a total of some \$1.4 to \$1.6 trillion, thus returning to the pre-crisis average. Thereafter, flows are forecast to rise to \$1.7 trillion in 2012 and \$1.9 trillion in 2013. The record level of cash holdings, low rates of debt financing and rising stock market valuations of transnational corporations (TNCs) should encourage them to expand overseas, the report says. On the recipients' side, ongoing corporate and industrial restructuring, privatizations resulting from fiscal rebalancing efforts and unwinding of State support programmes, and the growth of emerging economies should create new investment opportunities.

However, the post-crisis business environment is still beset by uncertainties. Risk factors such as the unpredictability of global economic governance, a possible widespread sovereign debt crisis, and fiscal and financial sector imbalances in some developed countries, as well as rising inflation and signs of overheating in major emerging market economies, may yet derail the FDI recovery.

Half of the top 20 host economies for FDI in 2010 were developing and transition economies. Their outward FDI also rose sharply in 2010, climbing by 21 per cent. These economies now account for 29 per cent of glob-

al FDI outflows. Six developing and transition economies were among the top 20 investors. De-

spite the emergence of certain developing countries, FDI flows continued to decline in some of the poorest regions of the world. Flows to Africa and South Asia – as well as to LDCs, LLDCs and SIDS – fell in 2010.

In terms of sectoral patterns, FDI in services continued its downward path in 2010. All the main service industries (business services, finance, utilities, and transport and communications) saw FDI flows fall, though at different speeds. FDI flows to the financial industry experienced one of the sharpest declines. The share of foreign investment channelled to manufacturing increased, meanwhile, and accounted for almost half of all FDI projects – cross-border mergers and acquisitions and greenfield projects, which are types of manufacturing new to a country or region. Within manufacturing, flows fell in business-cycle-sensitive industries such as metals and electronics. The chemical industry, including pharmaceuticals, remained resilient through the crisis, while industries such as food, beverages and tobacco, textile and garments, and automobiles, recovered in 2010. FDI channelled to extractive industries, a sector relatively unaffected by the crisis, declined, despite the growing demand for raw materials and energy resources.

*To read more of the *World Investment Report 2011*, please visit <http://www.unctad.org/wir>.*



"I commend this Report, with its wealth of research and analysis, to policymakers and businesses pursuing development success in a fast-changing world."

Mr. Ban Ki-moon, Secretary-General of the United Nations

Providing information on investment trends and policies

We continued to provide our quarterly e-based overview of international investment trends and policy developments at the national and international levels. The *Global Investment Trends Monitor* and the *Investment Policy Monitor* each provide essential intelligence for policymakers and other clients in the aftermath of the global economic crisis. The January issue of the *Investment Trends Monitor* alone generated more than 400 media citations and was extensively quoted in keynote speeches from lead policymakers.

We support developing countries

in the collection, dissemination and analysis of quality data on FDI and TNC activity, including through the establishment of national FDI teams to facilitate this process. As a result, a number of beneficiary countries are now able to prepare annual National FDI Reports, using internationally recognized methods. For instance, in February 2011, a national workshop on FDI Statistics and Activities of Transnational Corporations (TNCs) was organized in Guatemala City, to assist officials dealing with statistical issues related to FDI in implementing the UNCTAD Common Survey and in establishing an effective survey system to collect and disseminate data on FDI flows and stock and activities of foreign affiliates of TNCs. The workshop,

attended by around 20 officials from national agencies (such as the Banco de Guatemala, Ministry of Economy, National Statistical Office and Invest in Guatemala), prepared the ground for the next stage in the area of establishing and improving FDI and TNC statistics, including developing national strategies in the area of FDI data compilation and dissemination, and setting up the compilation and data dissemination systems for internationally comparable FDI and TNC statistics. Together with additional national workshops planned for other Central American countries, this workshop prepared the ground for a regional harmonization of FDI statistics and activities of TNCs.



Participants of the National Workshop on FDI Statistics, 22–25 February 2011, Guatemala City, Guatemala

Promoting best practice policies on investment for development

To make better policy decisions that have a beneficial impact on development, countries need high-quality data and information. Enabling developing countries' policymakers to make appropriate decisions and formulate development-oriented investment policies requires improved information on countries' FDI policies, laws and regulations, as well as in-depth analyses on the social, economic and development impacts of such policies. In accordance with its mandate, UNCTAD is already monitoring investment policy developments and their implications for development. However, further strengthening the capacity of policymakers to attract and benefit from FDI – especially in the aftermath of the current crisis – requires the establishment of a global monitoring system to support national investment policies. To this end, in 2011, UNCTAD launched a new project to develop a global monitoring system of national investment policies. The system will comprise indicators to show the impact of these policies on development, and establish an e-network to facilitate international dialogue on best practices and help developing countries benchmark their national investment policies.

Expanding our work on indicators, the Division was invited by the

G-20 to develop a number of tools for countries and for investment monitoring at the international level. We are developing indicators on the employment contribution and economic value added of private sector investment in global value chains, which will help governments and companies to better assess the effectiveness of policies and investment decisions. In preparation for the G-20 Summit in Mexico in 2012, UNCTAD, in collaboration with other members of an inter-agency working group formed for this purpose – comprising representatives from UNDP, the International Labour Organization, OECD, the World Bank and other invited organizations – is testing the indicators in up to six low-income countries, with the objective of developing specific policy recommendations for those countries, but also to use the experience to refine the indicator framework as necessary for full implementation.

*To read the report to the High-level Development Working Group of the G-20, please visit:
http://www.unctad.org/sections/dite_dir/docs//diae_G20_Indicators_Report_en.pdf.*

Making national investment policy reforms work for development

UNCTAD continues to conduct investment policy reviews (IPRs) of countries on a demand-driven basis. Three IPRs were completed

this year and a further three are ongoing. The relevance and success of the IPR process is affirmed by the waiting list of 26 countries we are in negotiations with to conduct similar reviews in 2012. Heads of States and Governments have also shown their commitment to the process through the implementation of IPR outcomes. For instance, in 2011, reports on the status of implementation of recommendations from Ethiopia's and the United Republic of Tanzania's respective IPRs were published. Both of these reports showed that good progress had been made on the implementation of the recommendations, that there is increased interest by existing investors, and that there is an increased capacity to market investment opportunities in each country. In many cases, these have been accompanied by significant increases in FDI inflows.

UNCTAD provides assistance to countries in their implementation of IPR recommendations through advisory services on investment policy, and legal and regulatory issues. By the close of 2011, 32 IPRs had been completed (12 for LDCs) and 180 recommendations stemming from these reviews had been implemented, 40 per cent of which benefited from the follow-up support of UNCTAD.

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

Supporting investment attraction in Ethiopia

An IPR of Ethiopia was published in 2002. The nature of the review, although focused on investment policy and promotion, gave special consideration to technological development and research. This was highlighted in relation to developing the potential of the agriculture sector and improving productivity. The leather and leather products sector was also emphasized as important FDI could be increased. Recommendations for this sector concentrated on technological changes that could improve product quality and production systems, developing the value chain in the production of leather goods and policies to support the sector. The development of small and medium-sized enterprises (SMEs), identified as an engine for private sector development and a priority of the Government, was also addressed in the IPR.

Investors have expressed satisfaction in general with measures taken by the Government of Ethiopia to improve the regulatory environment for foreign investment over the eight years since the IPR was published. This is reflected in annual FDI inflows, which increased from an average of \$214 million over the 1998–2002 period to \$409 million in 2003–2007. Moreover, consequently to the IPR, an Industrial Strategy was launched in August 2003 which included a number of incentives to boost the development of three main sectors where it is believed that Ethiopia has comparative advantages: (a) textile and garments; (b) meat, leather and leather products; and (c) agro-industry. In the areas detailed in the IPR, however, results are mixed with respect to progress on implementation, thus suggesting room for further growth in FDI inflows.

Ensuring a more development-friendly international investment regime

The Division continued its efforts to promote a better understanding of international investment agreements (IIAs) and their effects through its analytical work and technical cooperation. We finalized seven additions to the Series on Investment for Development and two additions to the Investment Policies Series. Building on its research work in the area, UNCTAD provided support to 10 developing countries and four regional groups through demand-driven advisory services on specific IIA negotiations, the development of model bilateral investment treaties, the drafting of investment laws, and specific services in the area of Investor–State Dispute Settlement and dispute resolution. In 2011, over 250 IIA practitioners benefited from regional training activities and national seminars on key issues related to the negotia-



Mr. Minelik Alemu Getahun, Ambassador and Permanent Representative, Permanent Mission of Ethiopia, and Mr. Supachai Panitchpakdi, UNCTAD Secretary-General, speaking at the third session of the Investment, Enterprise and Development Commission, which considered the reports on the implementation of the Investment Policy Review of Ethiopia and the United Republic of Tanzania, 2–6 May 2011, Geneva, Switzerland.

tion of IIAs, 90 per cent of whom stated that the courses would facilitate their future work.

To read more about UNCTAD's work programme on international investment agreements, please visit <http://www.unctad.org/iiia>.

Facilitating business

UNCTAD also assists countries through business facilitation, helping countries to increase administrative transparency and simplifying rules and procedures. Enhancing the efficiency of public administration to facilitate business releases productive capacities, boosts entrepreneurship and reduces companies' costs, therefore stimulating jobs and production. Our e-regulations system, now operational in over 20 countries and municipalities, fosters greater transparency, develops eGovernment and streamlines procedures for setting up a business: for example, in Viet Nam, the introduction of the sys-

tem removed seven steps from the procedure for establishing a new enterprise.

By providing accurate and up-to-date information on key emerging investment opportunities in countries, our investment guides contribute to improving the investment climate and attracting foreign investment. Four new guides were finalized in 2011, and were showcased during LDC-IV, the Annual Investment Meeting in Dubai and other national and regional events.

For more information on UNCTAD's e-Regulations system, please visit <http://www.e-regulations.org>.

Fostering private sector development

Enterprise and entrepreneurship are key drivers of development, but require coherent policies to support their growth. In 2011, the Division developed a "toolkit" for policymakers in developing countries to ena-

ble them to formulate, monitor, and evaluate national policies for entrepreneurship and innovation. The toolkit consists of four elements: (a) identification of policy areas and approaches; (b) practical step-by-step guidelines for policy implementation; (c) an online inventory of good practice entrepreneurship policies and programmes for easy reference; and (d) a set of indicators for monitoring and evaluation.

Alongside this work, our programme on entrepreneurship, Empretec – currently operational in 32 countries – is helping developing countries build practical entrepreneurial skills and capabilities "on the ground". To date, more than 200,000 entrepreneurs have been trained all over the world, of which 30 per cent are women. The eighteenth Directors' Meeting of Empretec, the entrepreneurship programme in developing countries supported by UNCTAD, took place in Pretoria, South Africa, from 18



Participants at Conference on Foreign Direct Investment: Trends and Policies and Workshop on Key Substantive Issues Relevant to the Analysis and The Negotiation of International Investment Agreements, 21–23 September 2011, Zagreb, Croatia

to 21 October 2011, and brought together entrepreneurs from across Africa, and centre directors from 22 countries, including Benin, Ethiopia, Nigeria, Mozambique and Brazil. Organized in cooperation with Em pretec's regional partner, the Small Enterprise Development Agency (SEDA), this meeting provided a platform to exchange best practices, discuss job creation through entrepreneurship and strengthen the network between the 32 Em pretec centres.

In addition to the meeting, participants took part in a one-day study tour to visit SEDA's premises and its business incubator for essential oils production (SEOBI). On this study tour, participants had the chance to explore business opportunities in South Africa and beyond. SEDA,

established in 2004 under the South African Department of Trade and Industry, provides business development and support services for small enterprises.

For more information on how UNCTAD assists developing countries in promoting the development of their enterprises, especially SMEs, please visit <http://www.unctad.org/enterprise>.

Promoting transparency and better corporate governance

At the request of the G-20, the Division prepared the substantive background work for promoting standards on responsible investment in global value chains which, along with our other work with the

G-20, will provide a valuable contribution to ongoing reforms of governance processes at the international level.

Governance and transparency are also key concerns of our programme on International Standards of Accounting and Reporting (ISAR). For more than a quarter century, ISAR has been the focal point within the United Nations system for issues of corporate transparency and accounting. ISAR works towards its objectives through an integrated programme of research, intergovernmental dialogue, consensus-building and technical cooperation. For instance, the twenty-eighth session of ISAR in 2011 brought together more than 230 government authorities, regulators, standard-set-



■ Em pretec Centres Directors during a study tour organized on the side of the eighteenth Em pretec Directors Meeting, Pretoria, South Africa, 18–21 October 2011

ters and academic representatives from 74 member States to debate the latest developments in the field of corporate reporting. They noted that consistent implementation and enforcement of global standards and codes of corporate reporting are key to promoting investment. Experts also dealt with the latest developments for integrated reporting and climate change-related disclosure, as well as presenting an overview of research and surveys on corporate governance disclosure and updates from regional and international organizations. Collectively, they are driving the adoption of voluntary standards that can improve the governance of the private sector, especially in small and vulnerable economies.

During the session, UNCTAD also presented a new guidance tool to be used by policymakers to assess and benchmark progress in building capacity for corporate reporting. Based on international benchmarks and good national practices, the UNCTAD tool covers financial and non-financial aspects of corporate reporting, including environmental issues, corporate social responsibility, and corporate governance disclosure. More than 10 member States volunteered to pilot the UNCTAD tool over the coming months.

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



Participants at the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), twenty-eighth session, 11–14 October 2011, Palais des Nations, Geneva, Switzerland.

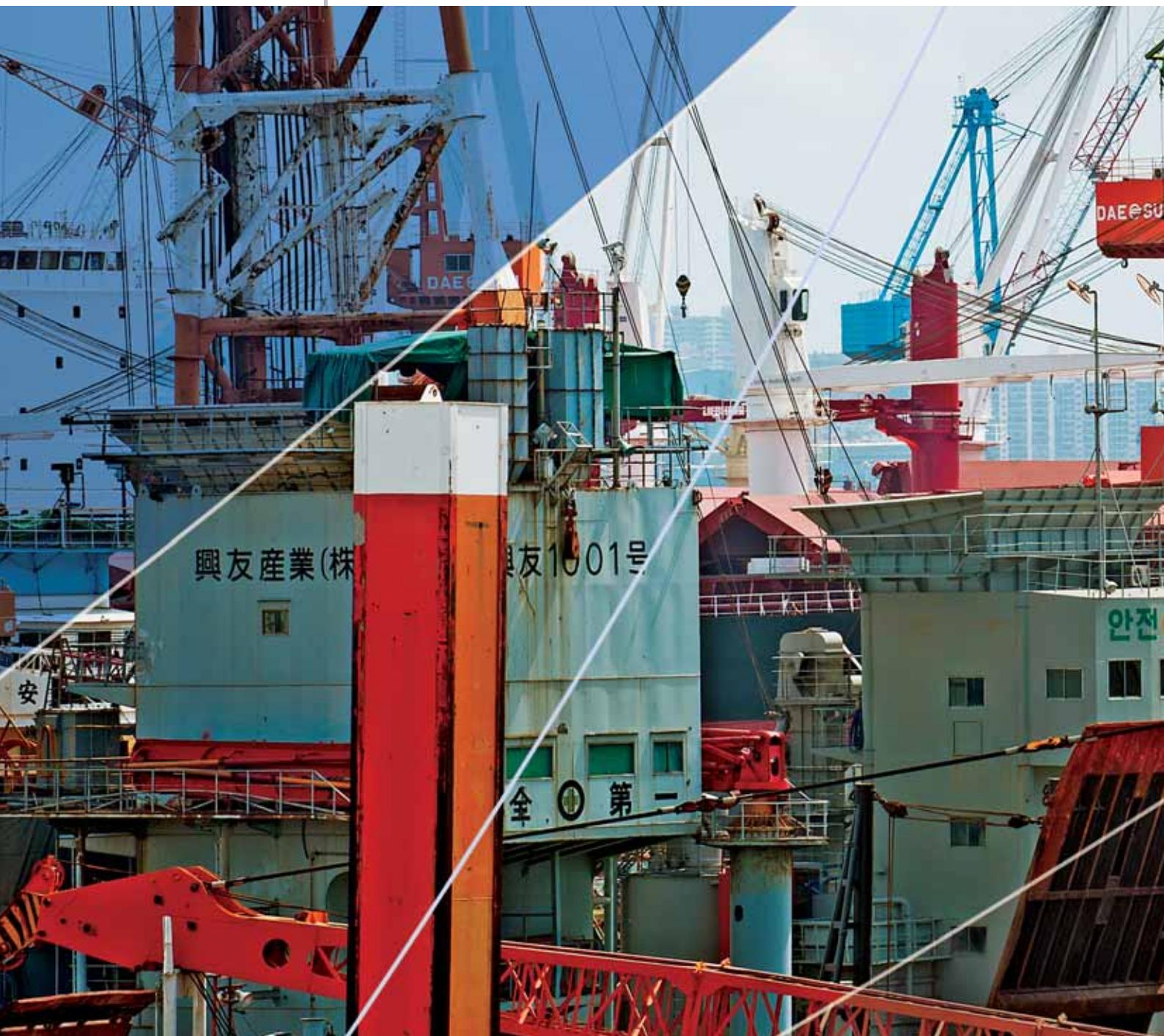
“...global financial stability relies on market confidence. Sound financial reporting becomes a critical element in mitigating systemic risk and encouraging people to invest in securities markets with the corresponding effects in economic growth.”

Mr. Greg Tanzer

Secretary General, International Organization of Securities Commissions speaking at the twenty-eighth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, 12 October 2011, Geneva, Switzerland

6

MODERNIZING ECONOMIES







**Message from the Director,
Division on Technology and Logistics:
Ms. Anne Miroux**

The year 2011 was marked by a strengthened focus on promoting a better understanding of technology and innovation, fostering efficient trade logistics and enhancing institutional and individual capacities, all of which are critical for the overall economic and social development of countries.

As we approach UNCTAD XIII, our work in 2011 focused on strengthening ongoing activities and expanding synergies between them to enhance their impact and to ensure that we are better able to respond to the needs of our beneficiaries. While doing so, particular attention was paid to analytical work and technical assistance for decision-makers in developing countries.

Expanding the flagship series on technology and innovation that was launched in 2010 – the *Technology and Innovation Report* – the 2011 edition explored the potential of renewable energy technologies to address the dual challenge of energy poverty and climate change simultaneously. We also strengthened our new series on *Current Studies on Science, Technology and Innovation*, to raise awareness on key topics related to technology and innovation for development. Synergies within our research activities such as these allow us to engage fruitfully in the lead-up to the Rio+20 Conference, for example by focusing on renewable energy technologies, food security and development in poorer countries, among others.

Technical assistance in science, technology and innovation received a new impetus in 2011: Science, Technology and Innovation Policy (STIP) reviews were completed for two Latin American countries (Peru and El Salvador) and the review for the Dominican Republic is forthcoming. In the area of information and communication technology (ICT), in addition to launching the first of UNCTAD's ICT Policy Reviews, with the presentation of the Review for Egypt, the 2011 *Information Economy Report* paid particular attention to how innovative solutions using mobile phones,

broadband and other ICTs are making development more inclusive.

In 2011, publications such as the *Review of Maritime Transport*, the *Transport Newsletter*, and a technical study on regional and multilateral trade facilitation agreements contributed to assisting developing countries in the design and implementation of efficient trade logistics policy actions. Meetings we convened helped build consensus around future challenges in trade security, transport sustainability and climate resilience of transport infrastructures to secure efficient access to global trade systems. Last year also saw our customs automation programme – ASYCUDA – intensify with many developing countries using the latest version of the system, which has become a major asset in trade facilitation reforms and a core component of trade competitiveness. A new line of work has also been launched in search of private–public partnerships solutions to finance and promote the development of sustainable transport policies. A side event on this topic will take place at the UNCTAD XIII Conference at Doha.

The “Course on Key Issues on the International Economic Agenda” (paragraph 166 course) — one of our priority programmes, was further strengthened in 2011. A system of permanent or semi-permanent venues for the regional courses, whereby countries hosting the course will continue to do so for two sessions at least, has been put in place to further strengthen the effectiveness of the programme. The TrainForTrade Programme has been further enhanced and developed through, for instance, the establishment of cooperation frameworks with port authorities worldwide for the delivery of the programme’s Port Training Programme in English, French, Spanish and Portuguese.

We are convinced that the strength built in all these core areas of work will enable countries to significantly advance their capacity in designing and implementing policies geared towards inclusive development.

Technology and Innovation Report 2011

Powering Development with Renewable Energy Technologies

The 2011 edition of the *Technology and Innovation Report* focuses on policy issues and options to address energy poverty and climate change mitigation through the greater use of renewable energy technologies (RETs). It identifies key issues in technology and innovation for the greater use of renewable energy technologies and argues that there are numerous benefits of RETs for developing countries.

The *Report* highlights that international negotiations and developments in the context of climate change and the green economy as part of the Rio+20 framework raise several important issues for developing countries. Joining forces with the work being done by other United Nations agencies in this regard, the *Report* calls for the international agenda to place a greater focus on eliminating energy poverty within the climate change discourse. As the report stresses, these are mutually compatible goals and can be achieved by placing a greater emphasis on RETs in the climate change financing architecture and the technology transfer discourse.

The diffusion of RETs in developing countries involves much more than transferring technology hardware from one location to another. The *Report*, noting the complexity of technological change in different contexts, calls for targeted international support to foster RETs-related learning. Such support could include the following elements:

- *An international innovation network for LDCs, with a RET focus:* To promote greater access to energy that would fit in directly with the currently identified key areas of work;

- *Global and regional research funds for RETs deployment and demonstration:* To act

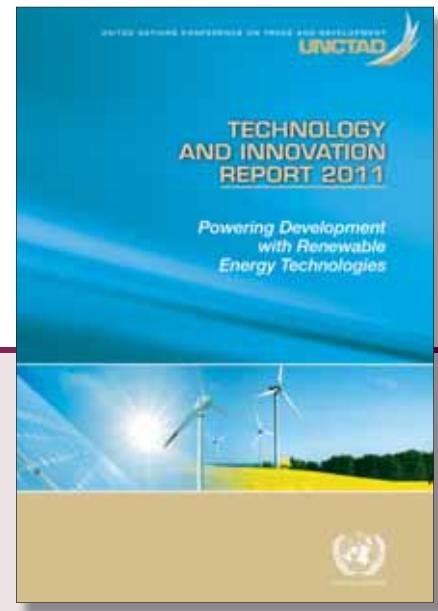
as the focal point for the coordination of ongoing research, both at the national and regional levels, and among private, public and non-profit organizations;

- *An international RETs technology transfer fund:* To address critical constraints faced by firms in developing countries in finding and accessing appropriate technologies, by acting as a licensing pool for relevant RETs;

- *An international RETs training platform:* To create a skilled staff base across developing countries for the wider use and promotion of RETs in domestic and industrial contexts.

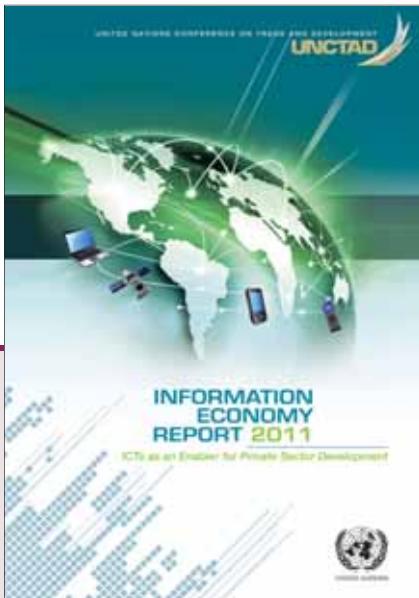
The 2010 and 2011 *Technology and Innovation Reports* have shown that, while much of the analysis in the *Technology and Innovation Report* series is applicable to developing countries, the policy findings are of relevance to the international community and globally as a whole. Indeed, feedback received on the *Reports* has shown that they have been well received by the academic and diplomatic communities as well as by policymakers.

To read more from the Technology and Innovation Report, please visit http://www.unctad.org/en/docs/tir2011_en.pdf.



"This well-written and accessible Report should serve as a handbook for every policymaker interested in bequeathing a better world to next generations. It is an excellent primer for students of international environmental diplomacy. "

Calestous Juma, Professor of the Practice of International Development - Director, Science, Technology, Globalization, Belfer Center for Science and International Affairs Harvard Kennedy School



Information Economy Report 2011: ICTs as an Enabler for Private Sector Development

UNCTAD's *Information Economy Report* is one of the few publications that monitor trends in information and

communication technology (ICTs) as they affect developing countries, and it is a valuable reference for policymakers.

In 2011, the *Information Economy Report* focused on the role of ICTs as an enabler for private sector development. The *Report* shows that the potential of leveraging ICTs to develop the private sector is far from fully

exploited. It finds that many national and donor strategies related to private sector development currently fail to take adequate account of the ICT potential, which has greatly expanded thanks to changes in the global ICT landscape. The *Report* also makes policy recommendations on how to remedy this situation.

The response to the *Report* has been highly positive. Notably, the Donor Committee for Enterprise Development has expressed interest in the UNCTAD findings and the International Labour Organization is exploring how to integrate UNCTAD's recommendations in its framework for supporting women entrepreneurs in developing countries.

UNCTAD Current Studies on Science, Technology and Innovation

This series of publications seeks to contribute to exploring current issues in science, technology and innovation, with particular emphasis on their impact on developing countries. In 2011, three issues were published:

Implementing WSIS Outcomes: Experience to Date and Prospects for the Future

This edition summarizes progress at the midpoint between the second phase of the World Summit on the Information Society (WSIS) and the comprehensive review of implementation, which is scheduled for 2015. The publication identifies areas that have registered most progress, where obstacles and constraints are encountered, as

well as innovative measures to overcome them. It also identifies some of the major changes that have taken place in the communications landscape since 2005, which affect how ICTs interact with society and how the Information Society is developing.

Water for food – Innovative Water Management for Food Security and Poverty Alleviation

This study examines the challenges related to agricultural water management in the context of climate change, increased demand for food production, and environmental sustainability, and reviews the potential role of technologies towards water productivity, resilience in agricultural water management, and sustainable livelihoods.

Applying a Gender Lens to Science, Technology and Innovation

The study highlights the need to integrate a gender perspective throughout the policymaking process – from analyses to design, implementation, monitoring and follow-up. It recommends that all STI policies and programmes undergo a gender impact assessment to ensure that they deliver equitable opportunities to men and women, and also to enhance the efficiency of STI policies for development. The study was prepared in collaboration with the Gender Advisory Board (GAB) of the Commission on Science and Technology for Development (CSTD) – a subsidiary body of the Economic and Social Council.

*To access these and other related publications, please visit:
<http://www.unctad.org/dtl>.*

“UNCTAD’s 2011 Information Economy Report is a landmark publication. It provides both theoretical analyses and detailed empirical examples of ways through which ICTs can contribute to private sector development in emerging economies, how the ICT producing sector can be leveraged to deliver wider development impacts, and how women entrepreneurs can benefit from the opportunities provided by ICTs”

Tim Unwin, CEO, Commonwealth Telecommunications Organisation

Promoting sound science, technology and innovation policies for development

Science, Technology and Innovation Policy Reviews (STIPs) are demand-driven assessments of national systems of innovation that assess the extent to which existing science, technology and innovation (STI) policies promote the operation and development of such systems. These “STIP Reviews” also stimulate a policy dialogue among stakeholders about the role of STI in national development strategies. A key goal of STIP Reviews is to identify practical actions that favour technological capacity-building. STIP Reviews are intended to support national action in the area of STI, but also to stimulate and enable the elaboration of targeted technical cooperation packages to enhance the knowledge base, improve technological capabilities and strengthen innovative performance. Over the last decade, 14 STIP Reviews have been prepared, with a special focus on Africa. In 2011, UNCTAD continued expanding the geographical scope of this Series, presenting and publishing its STIP Reviews on Peru and El Salvador. Both reports have been very well received by the respective Governments and are being used to inform the public policy and programme design process. A STIP



H.E. Dr. Mohamed Abdel Kader Mohamed Salem, Minister of Communications and Information Technology of Egypt presenting Egypt's new ICT strategy and policies during the presentation of the ICT policy review of Egypt, 26 October 2011, Geneva, Switzerland.

Review for the Dominican Republic is forthcoming in 2012.

Supporting the development of the Information Society

In 2011, UNCTAD presented its first *ICT Policy Review*. Egypt was the first country to participate in this series, with the goal of evaluating the main achievements and remaining challenges in the areas of ICT infrastructure, skills developments for the ICT sector, ICT use in the educational system, e-content development and the promotion of an export-oriented ICT sectors.

The Review – prepared in cooperation and with the support of the Ministry of Communications and Information Technology of Egypt and the United Nations Development Programme (UNDP) Office in Cairo, proposes valuable inputs as the Ministry prepares the next national ICT strategy, including best practices from other countries such as Brazil, Malaysia and India, to help the Government identify its medium-to long-term strategic ICT objectives and options available to achieve them.

“The study will serve as a basis for setting clear and measurable targets in the next national strategy... it can help to realize the untapped potential in the Egyptian ICT landscape and maximize the development impact.”

H.E. Mohamed Salem,
Minister of Communications and Information Technology of Egypt

Servicing of the Fourteenth Session of the Commission on Science and Technology for Development

In 2011, UNCTAD continued to provide substantive servicing to the CSTD.

At its fourteenth session, held in Geneva in May 2011, the CSTD recommended to the Economic and Social Council the adoption of two draft resolutions – one on “Science and Technology for Development”, and one on “Assessment of the progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society”. Both contain calls for action to national governments and the international community. These resolutions were subsequently adopted by the General Assembly. In particular, based on its deliberations, the Economic and Social Council called on UNCTAD to facilitate new STIP Reviews, disseminate the new STIP Methodology Guidelines and share outcomes and best practices resulting from their implementation, as well as to consider the establishment of an annual award in recognition of excellence for the application of ICTs in fields of science, technology and engineering that support development.

UNCTAD was also encouraged to facilitate the exchange, dissemination and diffusion of best practice examples in the area of agricultural science, technology, and innovation and on cooperation between countries.

Informing discussions on transport and trade facilitation issues

UNCTAD’s quarterly Transport Newsletter provides updates on recent and upcoming transport and trade facilitation events and publications to over 3,000 subscribers. The newsletter is also a forum for key players and other international organizations to share their views on a wide range of transport issues, which in 2011 included trends in liner shipping connectivity, transporting refrigerated cargo, international transport and climate change, public-private partnerships in transportation and trade, challenges facing LDCs, among many others. To explore the topics covered by the Transport Newsletter or to be part of its growing membership of subscribers, please visit www.unctad.org/transportnews.

Virtually every trading nation is today involved in one or more regional trade agreements (RTAs). In November 2011, UNCTAD published a study entitled Trade Facilitation in Regional Trade Agreements, which analyses customs and other

trade facilitation measures contained in 118 regional trade agreements currently in force in Africa, the Americas, Asia and Europe, as well as agreements concluded across other regions. These scrutinized provisions in RTAs refer to the publication and administration of trade-related rules, customs procedures and freedom of transit. The Report will be a useful input to the discussions at WTO, where after several years of positive progress, the negotiations have reached the stage of a draft text for a future WTO trade facilitation agreement.

Addressing the challenges and policy options for transport and trade facilitation

The fourth session of the Multi-year Expert Meeting on Transport and Trade Facilitation, entitled “Challenges and policy options for transport and trade facilitation”, took place in Geneva in December 2011. Experts at the meeting addressed two main mandated topics with important potential impacts on development: The first one refers to



Opening session of the Multi-year Expert Meeting on Transport and Trade Facilitation, “Challenges and Policy Options for Transport and Trade Facilitation”, 7–9 December 2011, Geneva, Switzerland

Review of Maritime Transport 2011



UNCTAD's annual *Review of Maritime Transport* reports on the evolution of global merchandise trade and maritime transport activities. It provides concise coverage of key issues and developments in the field, especially as they relate to developing countries.

In 2011, the *Review* highlighted the recovery of world seaborne trade volumes, the reduction of international transport costs, the record deliveries of new tonnage, as well as the highest indicators of maritime transport connectivity of Asian developing countries.

In addition, in its special chapter, the *Review* focused on developing countries' participation in the maritime business. Developing countries are not only users of shipping services but increasingly participants in the provision of these services, through the operation of seaports, the construction of ships, containers, and in the transport of equipment. In shipbuilding (China and the Republic of Korea), scrapping (Bangladesh), and the provision of seafarers (Philippines), developing countries now account for more than three quarters of the world's supply. Moreover, companies from Dubai, Hong Kong (China), and Singapore operate container terminals in many ports of the world, both in developing and in developed countries.

However, many LDCs still do not have the ability to participate fully in the maritime businesses, which increasingly requires advanced technological capacities and the existence of industrial or service

clusters. These countries are confronted with the double challenge of having to upgrade seaport facilities to accommodate larger ships while seeing competition being reduced with fewer regular shipping services calling at their ports.

The *Report* also highlights the entry into force, in September of 2011, of the International Convention on Arrest of Ships, which was developed under the auspices of UNCTAD, during the United Nations International Maritime Organization (IMO) high-level conference in 1999. Moreover, during 2010 and the first half of 2011, important discussions continued at IMO regarding the scope and content of a possible international regime to control greenhouse gas emissions from international shipping.

Such coverage of these important legal and regulatory developments, as well as developments affecting world seaborne trade and maritime transport activities, have consistently rendered this publication one of UNCTAD's highest rated reports among our readers.

To read more of the Review of Maritime

Transport 2011, please visit

http://www.unctad.org/en/docs/rmt2011_en.pdf.

measures and actions to optimize the contribution of investment, in particular private sector investment, in trade facilitation, with a particular focus on its impact on international transport networks and on the efficiency of transport ser-

vices and their contribution to trade facilitation. The second topic refers to support to the implementation process of the Almaty Programme of Action, including the analysis of bottlenecks between landlocked and transit developing countries,

and possible appropriate solutions to address them, including best practices in the development and use of transport infrastructure, as well as the adoption of common standards, in landlocked and transit developing countries.

Improving customs management

ASYCUDA is a customs management system designed for international trade and transport operations in a modern automated environment. Advanced software applications are developed which enable customs administrations and the trade community to comply with international standards when fulfilling import, export and transit-related procedures. The system includes advanced risk-management/selectivity capabilities and very strong anti-corruption features.

The ASYCUDA Programme is the largest technical cooperation programme within UNCTAD – it is present in over 90 countries, among which 38 are LDCs.

In 2011, the ASYCUDA central team continued to provide both in-country and remote technical assistance and support for system maintenance. More than 400 advisory missions were undertaken by staff or consultants in the beneficiary countries. In the spirit of

South–South cooperation, experts from ASYCUDA user countries carried out more than 60 per cent of these missions.

For further information on the ASYCUDA programme, please visit www.asycuda.org.

Strengthening human and institutional capacities for trade and investment

The TrainForTrade programme contributes to capacity development through the transfer of international trade-related knowledge in developing countries, especially LDCs. In 2011, it delivered 14 face-to-face and e-learning courses in cooperation with other UNCTAD programmes. A total of 911 trade operators (of whom 285 were women) from 37 developing countries, including 10 least developed countries, participated in these courses. Some examples of the delivery of courses are the collaboration between the TrainForTrade programme and the Latin American and Caribbean Economic System (SELCA) leading to the delivery of a

distance learning course on legal aspects of e-commerce for 192 trainees from 17 Latin American and Caribbean countries. The course was highly successful and a follow-up to this event will be organized in 2012. In addition, four “Train-the-Trainer” courses, including on distance-learning techniques, were organized for 94 African, Asian and Latin American trade operators (including 14 women).

The TrainForTrade programme continued developing and updating training packages to respond to the specific needs of beneficiary countries according to their local environment. Face-to-face and e-learning packages have been developed on international investment dispute prevention policies, sustainable tourism for development and trade policies for economic diversification. Furthermore, several other courses have been updated and some elements were adapted – such as the Modern Port Management training package, which was updated in English, French, Spanish and Portuguese – and e-learning components were added.



Customs officer using ASYCUDA in Port of Spain, Republic of Trinidad and Tobago



Training of Trainers Workshop for Senior Managers of the English-speaking Network of the Port Training Programme 18–28 October 2011, Dublin, Ireland.

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

The Training Course on Key Issues on the International Economic Agenda, or Paragraph 166 of the Bangkok Plan of Action as it is also known, is a unique platform for addressing many of the challenges that developing countries face. The course provides an integrated treatment of international trade, finance, investment and technology, and of the links between these and development.

In 2011, two three-week regional courses were organized: one for Latin American and Caribbean countries, held in Medellin, Colombia; and one for Asia, held in Singapore. A total of 48 participants attended these courses, of which 23 were women. The participants in the regional course are predominantly government officials who work on specialized tasks in trade ministries, investment agencies or central banks. A majority of the participants indicated that the courses significantly contributed to their understanding of the role of development in the globalization process and consequently a better understanding of those key issues on the international economic agenda that affect the process of development. Many also indicated their increased

capacity to build more effective and integrated policy responses to the changing global economy, including in strengthened capacity in preparing position papers, formulating negotiating positions, and drafting of trade and investment laws.

As part of its programme for Geneva-based policymakers, UNCTAD offered different courses throughout the year. Each course was attended on average by 43 diplomats from developing, transition and developed countries. The objective of these courses is to update Geneva-based policymakers 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>.

Strengthening research and teaching capacities

The Virtual Institute (Vi) continued to work with academia in developing and transition countries to strengthen their teaching and research capacities on trade and development, and enhance the policy relevance of their work. In 2011, a total of nine universities from eight countries joined the Vi, expanding the university network to 64 universities from

36 countries, of which 8 are LDCs. In cooperation with UNCTAD's programmes on investment, trade, and Africa and LDCs, the Vi also held national workshops on international investment law, industrial policy, and trade policy analysis, for a total of 212 academics in African LDCs (Ethiopia, the United Republic of Tanzania and Uganda).

During the year, the Vi also provided curricular advice to its member universities in Colombia on the development of their joint graduate programme in international trade, and assisted academics from member universities in Uganda and the United Republic of Tanzania in the adaptation of generic Vi teaching materials to their countries' local conditions. The Vi also continued using its networking capacity to facilitate cooperation projects among Vi member universities. These included North-South cooperation between Vi members in Germany, Spain, Switzerland and 10 Vi members from developing and transition countries, and also South-South teaching cooperation on Intellectual Property Rights between the members in Ethiopia and the United Republic of Tanzania.

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



Participants at the twenty-third UNCTAD Regional Course on Key Issues on the International Economic Agenda, 14 November–2 December 2011, Singapore



Training participants at the Virtual Institute Workshop on Tools and Methods for Trade and Trade Policy Analysis, 10–14 October 2011, Geneva, Switzerland

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ANNEXES





Annex A. Objectives, expected accomplishments and indicators of achievement for the 2010–2011 biennium

Executive direction and management				
Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Increased recognition by member States of the relevance of the work of UNCTAD	Number of member States represented at the annual sessions of the Trade and Development Board	125 member States	104 member States	⬇
Mandates are effectively implemented	(a) Full implementation of recommendations arising from evaluations endorsed by UNCTAD intergovernmental bodies within established deadlines	100 per cent implementation	75 per cent implementation	⬇
	(b) Percentage of Accra Accord mandates implemented or under implementation	100 per cent implementation	100 per cent implementation	✓
Improvement in the mainstreaming of gender perspective in the work of UNCTAD	(a) Increased number of initiatives mainstreaming a gender perspective in the work of UNCTAD	10 initiatives	18 initiatives	⬆
	(b) Increased percentage of women benefiting from UNCTAD activities	40 per cent of participants at UNCTAD training courses, seminars and workshops are female	30 per cent of participants at UNCTAD training courses, seminars and workshops are female	⬇
Programme of work is effectively managed	(a) Efficient and effective utilization of resources in accordance with United Nations policies and procedures	98 per cent expenditure compared to funds available	100 per cent expenditure compared to funds available	✓
	(b) Timely delivery of output and services	91 per cent of the planned outputs delivered	93 per cent of the planned outputs delivered	⬆
Timely recruitment and placement of staff	Reduction in average number of days that a Professional post remains vacant	120 days	Average of 264 days	⬇
Improved geographical representation and gender balance of staff	(a) Increased percentage of staff recruited from un- and under-represented member States in UNCTAD	8 per cent	52 per cent	⬆
	(b) Increased percentage of women at the Professional level and above for appointments of one year or more	50 per cent	31.7 per cent	⬇
Increased timeliness of submission of documentation	Increased percentage of pre-session documents submitted in accordance with the required deadline	90 per cent submitted on time	95.2 per cent submitted on time	⬆

Legend: ⬆ above target; ⬇ below target; ✓ on target

Subprogramme 1 – Globalization and Development Strategies

Objective: To promote economic policies and strategies at the national, regional and international levels that are supportive of sustained growth, inclusive and sustainable development, employment creation, and hunger and poverty eradication in developing countries, especially the least developed countries, based on increased gains from globalization, against a background of the increasing interdependence of international trade, investment and financial policies and arrangements and national development strategies

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Contribute, within its mandate, to increased understanding of the global economic environment and of policy choices at the national and international levels, including with respect to South-South cooperation, as a complement to North-South trade and economic cooperation, as a result of policy advocacy	(a) Increased number of responses from member States to readership surveys	70 responses	77 responses	↑
	(b) Increased number of member States reporting a better understanding of policy choices at the national and international levels based on UNCTAD research	40 member States	45 member States	↑
Progress towards a durable solution to the debt problems of developing countries by fostering better understanding at all levels of the interplay between successful development finance strategies and effective debt management	(a) Number of institutions/countries using the capacity-building services of the Debt Management and Financial Analysis System (DMFAS) programme	103 institutions, 66 countries	105 institutions, 69 countries	↑
	(b) Number of international and national policy positions and initiatives in the area of debt and development finance incorporating contributions from UNCTAD and number of countries assisted by UNCTAD through the DMFAS having improved external debt positions as measured by stable or decreasing external debt to gross national product ratio, recognizing that many factors have an impact on this indicator	23 international and national policy positions and initiatives; 19 countries	23 international and national policy positions and initiatives; 39 countries	↑
Improved empirical, reliable and timely statistics for decision-making at the national and international levels on economic policies and development strategies, including on South-South cooperation	(a) Number of increased statistical variables and derived indicators developed and maintained by UNCTAD Central Statistical Service	240 increased statistical variables and derived indicators	250 statistical variables and derived indicators	↑
	(b) Number of institutions using UNCTAD statistical data on trade, financial and economic policies	1,700 institutions	2,200 institutions	↑
Improved policy and institutional capacities, and enhanced international cooperation for the recovery and sustained development of the Palestinian economy	Number of Palestinian development initiatives and institutions benefiting from UNCTAD research findings, recommendations and technical cooperation activities	10 initiatives/institutions	12 initiatives/institutions	↑

Legend: ↑ above target; ↓ below target; ✓ on target

Subprogramme 2 – Investment and Enterprise Development

Objective: To assure developmental gains from increased international investment flows to all developing countries, in particular those in Africa and the least developed countries, as well as landlocked developing countries, small island developing States and other structurally weak, vulnerable and small economies, and from an enhanced enterprise sector and increased international competitiveness in those economies

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Increased understanding of various key public and private investment issues and of the impact of foreign direct investment (FDI) on development, as well as of related policies that could promote development gains from FDI	(a) Increased number of policymakers and other stakeholders responding to evaluation surveys and reporting a better understanding of public and private investment issues (b) Increased number of policymakers reporting that they have implemented policy recommendations and utilized methodology provided by UNCTAD in the area of international investment	160 stakeholders 25 policymakers	243 stakeholders 28 policymakers	↑ ↑
Increased ability to create an environment conducive to attracting and benefiting from investment for development	(a) Number of countries that have benefited from UNCTAD assistance, including investment policy reviews, reporting increased FDI and increased benefits from it, with the recognition that many factors have an impact on this indicator (b) Number and percentage of developing countries that have benefited from UNCTAD assistance recording improved performance based on benchmark indicators	25 countries 20 countries; 60 per cent	25 countries 17 countries; 65 per cent	✓ ✓
Increased understanding of key and emerging issues related to international investment agreements and their development dimension and enhanced capacity in negotiating and implementing investment treaties and managing investor-State disputes	(a) Improved understanding of key and emerging issues related to international investment agreements and their development dimension and examination of the effects of those agreements, as reflected in various types of feedback from policymakers and negotiators (b) Enhanced capacity of member States to participate in negotiating and implementing investment treaties and managing investor-State disputes, as reflected in various types of feedback from policymakers and negotiators	120 stakeholders reporting improved understanding 40 communications*	180 stakeholders reporting improved understanding 42 communications	↑ ↑
Enhanced understanding and capacity to develop policies aimed at: (a) stimulating enterprise development and business facilitation; (b) establishing a sound and internationally recognized accounting and reporting framework; (c) establishing competitive and well-regulated insurance markets; and (d) increased understanding of instruments and practices regarding corporate social responsibility	(a) Increased number of countries indicating that UNCTAD policy measures and tools are useful and effective in the design of policies aimed at strengthening the competitiveness of their firms (b) Increased number of policymakers and practitioners using guidance and tools developed by UNCTAD in the areas of accounting, insurance, business facilitation and corporate reporting	25 official communications/statements received from beneficiary countries 100 policymakers and practitioners	32 official communications/statements received from beneficiary countries 135 policymakers and practitioners	↑ ↑

Legend: ↑ above target; ↓ below target; ✓ on target

Subprogramme 3 – International Trade in Goods and Services, and Commodities

Objective: To ensure the effective, qualitative and beneficial participation of all countries, in particular developing countries, with enhanced work on the special problems of Africa, the least developed countries, landlocked developing countries, small island developing States and other structurally weak, vulnerable and small economies, in international trade and the trading system and to strengthen the contribution of the commodity economy to development in order to make trade a positive force for all

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Strengthened capacity of developing countries and countries with economies in transition to integrate beneficially into the global economy and the international trading system, including trade in services, and to design and implement trade policies and participate effectively and coherently in bilateral, regional (including South-South) and multilateral trade negotiations, placing greater emphasis on practical solutions	(a) Number of countries increasing their participation in trade negotiations through the submission of trade negotiating proposals in bilateral, regional and multilateral trade negotiations, including South-South trade negotiations and WTO accession processes, and the number of countries with which UNCTAD has worked that have built relevant institutional and human resources capacities	40 countries	40 countries	✓
	(b) Number and percentage of developing countries that have benefited from UNCTAD assistance recording improved performance based on benchmark indicators	15 countries; 15 per cent	15 countries; 14 per cent	✓
Further improve and disseminate analytical tools, such as the Trade and Development Index, and databases and software, such as the Trade Analysis and Information System (TRAINS) or the World Integrated Trade Solution (WITS), contributing to trade and trade-related decision-making, including in addressing the trade and development impact of non-tariff barriers	(a) Number of active users of TRAINS, either through the Internet or WITS, and of the Agriculture Trade Policy Simulation Model, non-tariff measures, dynamic sector database	40,000 users	40,000 users	✓
	(b) Increased number of specific actions/initiatives taken by member States to reduce or eliminate the use of non-tariff barriers in international trade	5 actions/initiatives	5 actions/initiatives	✓
	(c) Number of countries whose performance is measured by the Trade and Development Index and its analytical/diagnostic framework	130 countries	130 countries	✓

Legend: ↑ above target; ↓ below target; ✓ on target

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Improved capacity of commodity-dependent developing countries to harness development gains from the current boom in commodity prices and enhanced international cooperation within the mandate of UNCTAD to address trade and development problems associated with the commodity economy, including the food crisis and poverty reduction	(a) Number of commodity-dependent countries adopting specific policy measures at all levels, and all participants in the commodity sector promoting and improving transparency and accountability and harnessing development gains from the current boom in commodity prices, with the recognition that many factors have an impact on this indicator	10 countries	27 countries	↗
	(b) Number of commodity-dependent countries which UNCTAD has assisted in their efforts to integrate commodity strategies into their national development plans; number of studies, technical cooperation activities and consensus-building meetings undertaken by UNCTAD to promote international cooperation in addressing trade and development opportunities and challenges associated with the commodity economy	5 countries; 61 studies, technical cooperation activities and consensus-building meetings	8 countries; 59 studies, technical cooperation activities and consensus-building meetings	✓
Created capacities of developing countries and countries with economies in transition to prepare and implement national and regional (including South-South) competition laws and frameworks that reflect prevailing conditions for achieving domestic and international competitiveness, and enhanced international cooperation for better implementation of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, in particular section F	(a) Number of countries establishing or revising, and implementing national and/or regional (including South-South) competition laws and institutional frameworks	13 countries	14 countries	↗
	(b) Number of voluntary consultations as envisaged in section F of the United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices	4 voluntary consultations	5 voluntary consultations	↗
Strengthened capacity of developing countries to formulate and implement mutually supportive trade, environment and sustainable development objectives and to integrate sustainable development objectives in development strategies at all levels	(a) Number of countries that are developing and implementing policies, plans, programmes and normative initiatives, and setting up inter-agency mechanisms with a view to taking advantage of trade and investment opportunities while promoting their sustainable development objectives as a result of UNCTAD policy analysis and advice	40 countries	40 countries	✓
	(b) Increased participation of developing countries in the BioTrade and Biofuels initiatives	20 developing countries participating in UNCTAD BioTrade and Biofuels initiatives	20 developing countries participating in UNCTAD BioTrade and Biofuels initiatives	✓

Legend: ↑ above target; ↓ below target; ✓ on target

Subprogramme 4 – Technology and Logistics

Objective: To enhance the economic development and competitiveness of developing countries, in particular the least developed countries, landlocked developing countries and countries with economies in transition, through efficient trade logistics services, transit transport systems, strengthened capacity to develop, increased access to and sustainable utilization of technology and knowledge, including information and communications technology, and training and capacity-building programmes for local institutions

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Improved efficiency of trade logistics of developing countries through, inter alia, strengthening of management of transport operations, coherent transit systems and trade facilitation, development and implementation of appropriate institutional and legal frameworks, and active participation of developing countries in transport and trade facilitation negotiations	(a) Increased number of specific actions taken by developing countries to cut transport and transaction costs, improve effective transit systems, transport efficiency and connectivity, establish a supportive legal framework and promote efficient trade facilitation measures	20 new actions	20 new actions	✓
	(b) Increased number of countries using ASYCUDA and reporting on consequent improvements in the management of their Customs administration	10 new countries	10 new countries	✓
	(c) Number and percentage of developing countries that have benefited from UNCTAD assistance recording improved performance on benchmark indicators, with the recognition that many factors have an impact on this indicator	10 new countries; 20 per cent of new ASYCUDA users reporting improved Customs transaction costs and times	10 new countries; 20 per cent of new ASYCUDA users reporting improved Customs transaction costs and times	✓
Improved awareness and adoption of national and international policies in the area of science, technology and innovation, as well as information and communications technologies, notably to respond to technological changes, implement effective domestic innovation policy, support transfer and diffusion of technology, and strengthen North–South and South–South cooperation in harnessing knowledge and technology for development, including through capacity-building, as agreed in the outcomes of major United Nations conferences and summits	(a) Increased number of specific actions or policy measures taken by developing countries to implement programmes to enhance the contribution to development of science, technology and innovation, and information and communications technology, as a result of policy advice and assistance by UNCTAD, including in the context of policy reviews	28 new actions/ measures	28 new actions/ measures	✓
	(b) Increased number of cooperation initiatives at the subregional, regional and international levels, in the area of science and technology and information and communications technology	20 new initiatives	20 new initiatives	✓
Enhanced support to the Economic and Social Council Commission on Science and Technology for Development to fulfil its mandates, including the follow-up to the outcomes of the World Summit on the Information Society	High-level participation in sessions of the Commission on Science and Technology for Development and adoption of national and international measures on science and technology arising from Economic and Social Council resolutions	10 new actions adopted	10 new actions adopted	✓

Legend: ↑ above target; ↓ below target; ✓ on target

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Enhanced knowledge and capacities in developing countries in the areas of trade and investment and interrelated issues, through cross-divisional capacity-building programmes providing research, teaching and training to local institutions in developing countries	Increased number of specific actions taken by developing countries to strengthen capacities of human resources and local institutions in the areas of trade and investment, and interrelated issues, as a result of UNCTAD assistance	15 new actions	15 new actions	✓
Capacity-building in e-tourism	Number of countries that have benefited from UNCTAD assistance on e-tourism reporting improvement in the management and promotion of the tourism sector	5 official communications/ statements received from beneficiary countries indicating an improvement in the management and promotion of their tourism sector	5 official communications/ statements	✓

Subprogramme 5 – Africa, Least Developed Countries and Special Programmes

Objective: To promote economic development and poverty reduction in Africa, the least developed countries and other groups of countries in special situations (landlocked developing countries, small island developing States and other structurally weak, vulnerable and small economies), and their progressive and beneficial integration into the global economy, in particular through national policies and international support measures which build productive capacities, including by assisting them in integrating trade into the United Nations Development Assistance Frameworks. UNCTAD will also contribute, within its mandate, to the implementation and follow-up to the outcomes of relevant global conferences and to the achievement of internationally agreed development goals, including those contained in the Programme of Action for the Least Developed Countries for the Decade 2001–2010. In order to identify policy options at the national and international levels on the use of trade as a more effective tool for poverty eradication, UNCTAD will undertake research activities on the interlinkages between trade and poverty and training and capacity-building programmes for local institutions

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Increased range of national and international policy choices to promote African development in the areas of expertise of UNCTAD	(a) Number and percentage of member States that have endorsed policy recommendations put forward by UNCTAD, as demonstrated by statements at various UNCTAD intergovernmental meetings	55 endorsements; 35 per cent	54 endorsements; 25.8 per cent	⬇
	(b) Increased number of policymakers reporting that they have adopted policy recommendations and utilized methodology provided by UNCTAD in the area of African development	7 reports of adoption of policy recommendations and/or utilization of methodology provided by UNCTAD	Approximately 3 reports of adoption of policy recommendations and/or utilization of methodology provided by UNCTAD	⬇

Legend: ↑ above target; ↓ below target; ✓ on target

Expected accomplishments	Indicators of achievement	Performance targets	Actual performance in 2010-2011	
Increased analytical understanding and consensus in the global economy of the development problems of the least developed countries	(a) Number and percentage of member States that have endorsed policy recommendations put forward by UNCTAD, as demonstrated by statements at various UNCTAD intergovernmental meetings	55 endorsements; 35 per cent	159 endorsements; 82 per cent	↑
	(b) Increased number of policymakers reporting that they have adopted policy recommendations and utilized methodology provided by UNCTAD in the area of least developed country development	7 reports of adoption of policy recommendations and/or utilization of methodology provided by UNCTAD	159 reports of adoption of policy recommendations and/or utilization of methodology provided by UNCTAD	↑
Better integration of trade policies and priorities in the national development plans through, inter alia, the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries	Number of least developed countries that have made progress in mainstreaming trade policies and priorities in their national development plans, and have implemented the action matrices of the Enhanced Integrated Framework, with the recognition that many factors have an impact on this indicator	12 countries	9 countries	↓
Greater resilience, through action, to reduce handicaps and enhance the diversification of structurally weak, vulnerable and small economies, in particular small island developing States, within the framework of the 2005 Mauritius Strategy	Number of countries (small island developing States and other structurally weak, vulnerable and small economies) in which or for which measures aimed at achieving greater resilience have been taken by policymakers and/or development partners, in part or entirely as a result of UNCTAD actions	5 countries	4 countries	↓
Improvement in the effective participation of landlocked developing countries in the global trading system and foreign direct investment flows owing to analytical work, advisory services and technical cooperation undertaken within the framework of the Almaty Programme of Action	Number of landlocked developing countries that have achieved some progress in their trade patterns and in attracting foreign direct investment flows, in part or entirely as a result of UNCTAD actions	8 countries	3 countries	↓

Legend: ↑ above target; ↓ below target; ✓ on target

Annex B. Supporting capacity-building in 2011

In 2011, UNCTAD implemented some 240 projects in more than 75 countries, with annual expenditures of just over \$39 million, a slight decrease of 2.7 per cent over 2010. These included interregional, regional and country-specific projects. LDCs accounted for 36 per cent of these expenditures. Contributions by developing countries accounted for 33 per cent of total contribution to trust funds, a slight increase over 2010. ASYCUDA continued to be UNCTAD's largest technical assistance activity, followed by DMFAS. These two programmes account for 63.7 per cent of UNCTAD's total technical cooperation delivery in 2011.

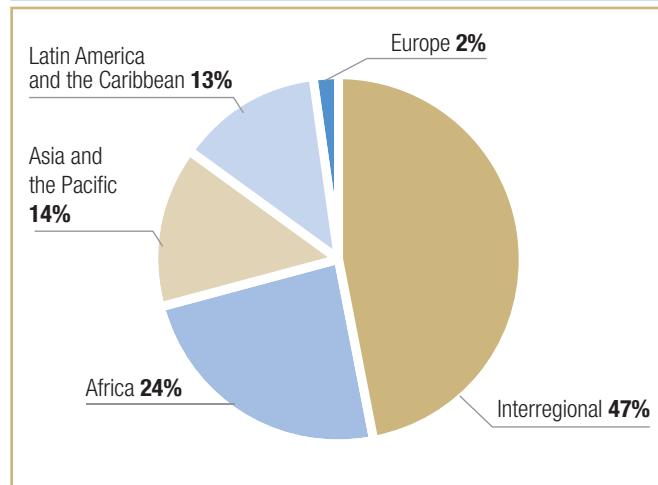
Actions in support of implementation of the Accra Accord and the decisions of the Trade and Development Board continued with a view to enhancing the impact of UNCTAD's operational activities. This included the process of consolidation and rationalization of its project-based trust funds, in consultations with major donors, within the 17 established thematic clusters, corresponding to UNCTAD's main areas of work. Also, activities in support of system-wide coherence continued to increase. In 2011, UNCTAD received about \$695,000 from funding mechanisms (multi-donor trust funds and One United Nations Funds) at the country level.

Voluntary contributions to UNCTAD technical cooperation trust funds (member States, public donations and financing from United Nations organizations) 2011 ^a (thousands of dollars)	
DEVELOPED COUNTRIES	
Norway	2,530
Luxembourg	2,346
Switzerland	2,309
Sweden	1,555
Finland	1,428
Netherlands	1,391
Other developed countries	2,889
DEVELOPING COUNTRIES AND ECONOMIES IN TRANSITION ^b	
Philippines	3,626
Rwanda	1,244
Republic of the Congo	1,130
Lao People's Democratic Republic	950
Djibouti	700
Democratic Republic of the Congo	630
Other developing countries and economies in transition ^b	6,885
European Commission	6,591
International organizations	6,573
Contributions from other sources	1,604
TOTAL	44,377

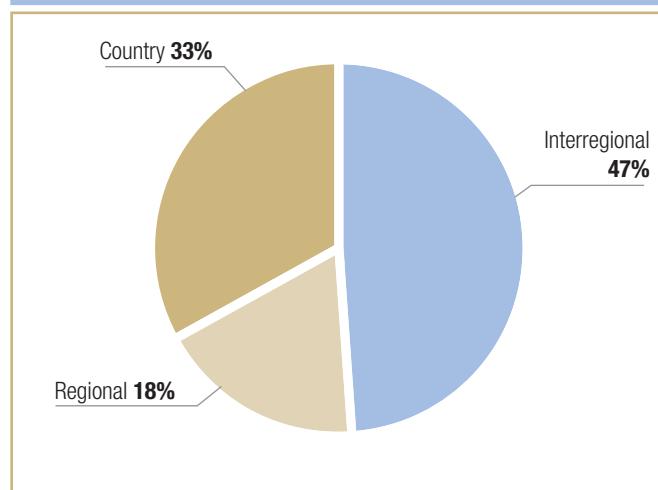
^a Provisional data.

^b The major part of contributions from developing countries is made up of self-financed projects for ASYCUDA and DMFAS programmes, financed from proceeds of loans, credits or grants from international financial institutions.

Distribution of project expenditures by region, 2011
(per cent of yearly expenditure)



Distribution of project expenditures by project, 2011
(per cent of yearly expenditure)



Annex C. Map of selected UNCTAD technical cooperation programmes implemented in 2011

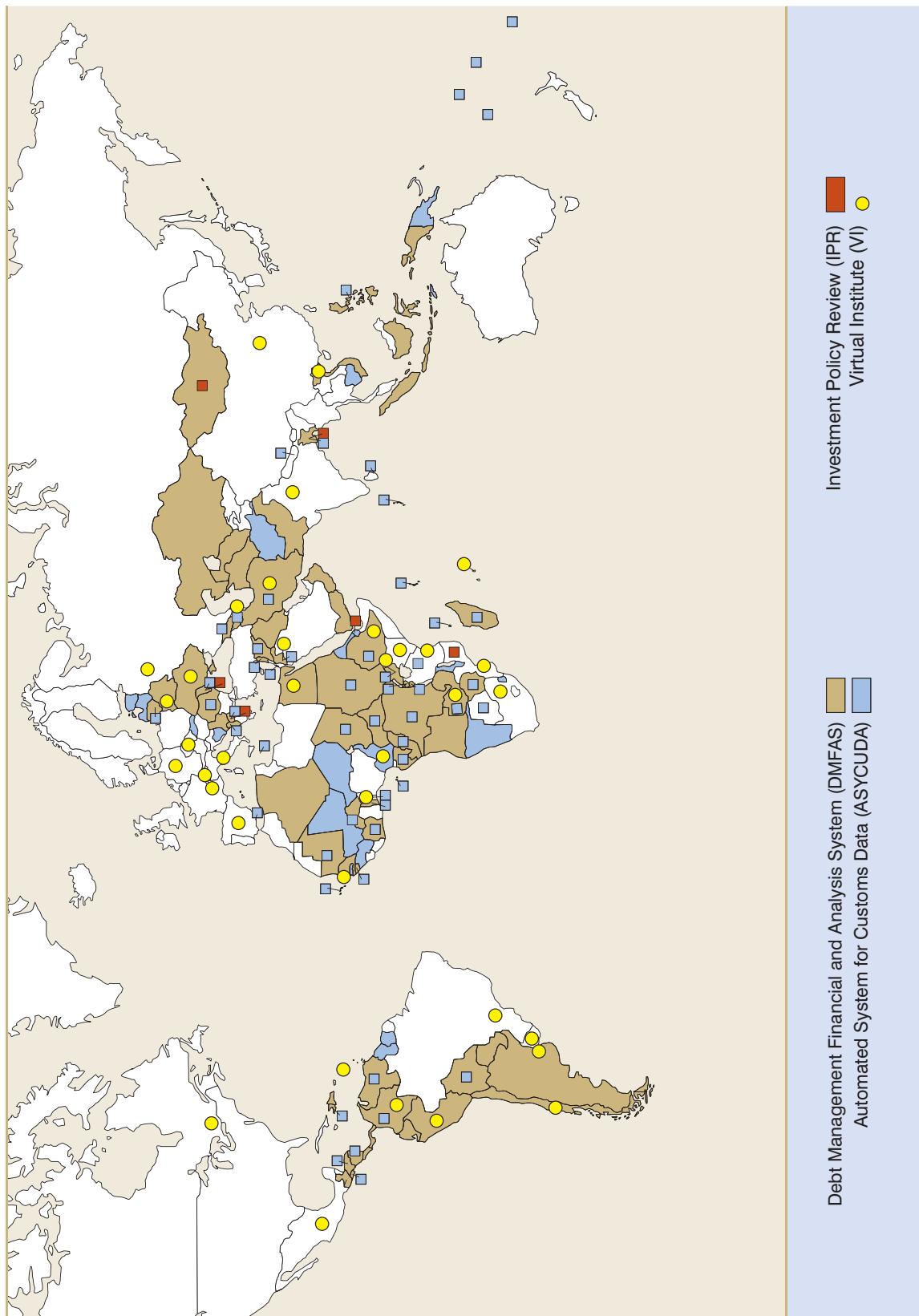


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