Notes

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UNCTAD/EDM/2005/1
Contents

Message from the Officer-in-charge of UNCTAD ................................................................. vii

Part One
OVERVIEW

1. UNCTAD XI, São Paulo, Brazil (14-18 June 2004) ................................................................. 1
2. UNCTAD 1964-2004 ................................................................................................................. 4
3. UNCTAD at work ....................................................................................................................... 4

Part Two
RESULTS AND ACCOMPLISHMENTS

1. Development strategies in a globalizing world economy ......................................................... 7
   A. Better understanding of the process of globalization and its consequences for development ................................................................................................................................. 7
   B. Contributing to solving the debt problems of developing countries ..................................... 8
   C. Support for the economic development of the Palestinian people ....................................... 9
   D. Statistics and information for decision-making ..................................................................... 10

2. Increased understanding of Africa’s development problems to promote action for the development of Africa .................................................................................. 11

3. Building productive capacities and international competitiveness ...................................... 13
   A. UNCTAD’s analysis of FDI issues is now the international standard .................................. 13
   B. Support for investment-related policy-making and capacity-building ............................... 14
   C. Promoting science and the transfer of technology ............................................................. 16
   D. Linking enterprise development to investment and technology ......................................... 17
   E. Enhancing corporate governance and transparency ......................................................... 17

4. Assuring development gains from the international trading system and trade negotiations 19
   A. Stronger analytical work as a basis for consensus building ............................................. 19
   B. Providing modern tools ........................................................................................................ 20
   C. Assisting countries build capacities .................................................................................. 20
D. Commodities ........................................................................................................................................... 22
E. Competition law and policy ..................................................................................................................... 22
F. Trade, environment and development .................................................................................................. 23
G. Cooperation with partner organizations .............................................................................................. 24

5. Improving competitiveness through efficient trade supporting services, expanded use of ICT and training .................................................................................................................. 26
   A. Improved trade logistics ..................................................................................................................... 26
   B. More effective training, human resource development and capacity-building .................................. 27
   C. Greater awareness of e-commerce and other business applications of ICTs .................................. 29

6. Addressing special needs of least developed countries, small island developing States and landlocked developing countries, and the related special problems and challenges faced by transit developing countries .......................................................................................... 31
   A. Contributing to the implementation of the Brussels Programme of Action for LDCs .................... 31
   B. Seeking to reduce the vulnerability of the small islands .................................................................. 33
   C. Improving the efficiency of transit-transport cooperation for landlocked developing countries and addressing the special problems and challenges faced by transit developing countries .................................................. 33

Part Three
MEASURES TO IMPROVE THE OVERALL IMPACT OF UNCTAD’S WORK

1. Strategic management in UNCTAD ........................................................................................................ 35
2. More effective and coherent technical cooperation for capacity-building ........................................... 36
3. Follow-up to major United Nations conferences and summits ............................................................. 36
4. The redesigned website attracts renewed interest in UNCTAD .......................................................... 37
5. Several initiatives to mainstream the gender dimension ...................................................................... 37
6. The servicing of UNCTAD meetings ..................................................................................................... 38

Annex: Indicators of achievement ............................................................................................................. 39
Maps: Selected UNCTAD programmes, by country/region ................................................................. 42
Notes ......................................................................................................................................................... 44
## List of Boxes

<table>
<thead>
<tr>
<th>Box</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Statements on the outcome of the UNCTAD XI</td>
<td>2</td>
</tr>
<tr>
<td>2. UNCTAD XI’s contribution to the Millennium Development Goal 8: “Develop a Global Partnership for Development”</td>
<td>3</td>
</tr>
<tr>
<td>3. UNCTAD’s strategic framework for 2006-2007</td>
<td>4</td>
</tr>
<tr>
<td>4. The UNCTAD Debt Management and Financial Analysis Programme</td>
<td>9</td>
</tr>
<tr>
<td>5. Programme of Assistance to the Palestinian People</td>
<td>9</td>
</tr>
<tr>
<td>6. Development strategies in a globalizing world economy: A summary of results and overall assessment</td>
<td>10</td>
</tr>
<tr>
<td>7. Interest in UNCTAD’s proposals for a way out of Africa’s debt problem</td>
<td>11</td>
</tr>
<tr>
<td>8. Action for the development of Africa</td>
<td>12</td>
</tr>
<tr>
<td>9. UNCTAD’s analytical work on investment</td>
<td>13</td>
</tr>
<tr>
<td>10. Investment Policy Reviews</td>
<td>14</td>
</tr>
<tr>
<td>11. Investment Guides for LDCs</td>
<td>15</td>
</tr>
<tr>
<td>12. Technical cooperation for international investment agreements</td>
<td>16</td>
</tr>
<tr>
<td>13. Building productive capacities and international competitiveness: Summary of results and overall assessment</td>
<td>18</td>
</tr>
<tr>
<td>14. UNCTAD XI and international trade and commodities</td>
<td>19</td>
</tr>
<tr>
<td>15. Research on selected trade-related issues</td>
<td>20</td>
</tr>
<tr>
<td>16. Strategies and preparedness for trade and globalization in India</td>
<td>21</td>
</tr>
<tr>
<td>17. Competition law and policy: Development of capacities in Latin America</td>
<td>23</td>
</tr>
<tr>
<td>18. Highlights of 2004 Biotrade activities in Latin America</td>
<td>24</td>
</tr>
<tr>
<td>19. Assuring development gains from international trade and trade negotiations: Summary of results and overall assessment</td>
<td>25</td>
</tr>
<tr>
<td>20. Safety and security in international transportation</td>
<td>26</td>
</tr>
<tr>
<td>21. ASYCUDA World</td>
<td>27</td>
</tr>
<tr>
<td>22. UNCTAD’s distance learning activities</td>
<td>28</td>
</tr>
<tr>
<td>23. The UNCTAD Virtual Institute (VI) for Trade and Development</td>
<td>28</td>
</tr>
<tr>
<td>24. Measuring ICT for development</td>
<td>29</td>
</tr>
<tr>
<td>25. Improving competitiveness through efficient trade supporting services, expanding use of ICTs and training: Summary of results and overall assessment</td>
<td>30</td>
</tr>
<tr>
<td>27. Impact of the LDC Report on linking trade with poverty reduction</td>
<td>32</td>
</tr>
<tr>
<td>28. Special needs of least developed countries, small island developing States and landlocked developing countries, and the related special problems and challenges faced by transit developing countries: Summary of results and overall assessment</td>
<td>34</td>
</tr>
<tr>
<td>29. Demand for UNCTAD’s technical co-operation</td>
<td>36</td>
</tr>
<tr>
<td>30. UNCTAD XI Round Table on Trade and Gender: Recommendations on gender-sensitive trade policies</td>
<td>37</td>
</tr>
</tbody>
</table>
The year 2004 was an important one in the life of the organization. UNCTAD celebrated its fortieth anniversary and received a new impetus in its work through the substantive outcomes of the eleventh session of the Conference, held in Brazil. The Spirit of São Paulo and the São Paulo Consensus provided new policy directions aimed at enhancing the role of UNCTAD in key economic areas and at better anchoring its activities in the mainstream processes of the global development agenda. UNCTAD’s contribution to the implementation of the outcomes of major United Nations conferences and summits and to the preparations for the 2005 review of the Millennium Declaration was reinforced.

The practical dimension of the work of the organization was strengthened by a sharpened focus of its activities on issues of real interest to developing countries, by enhanced integration of its research and policy analysis with the delivery of technical cooperation on the ground, and by effective involvement of all development actors—member States, non-governmental organizations, the private sector and parliamentarians. Assuring development gains from multilateral trade negotiations and assisting developing countries in developing their productive capacities and enhancing their export competitiveness so as to take full benefit of the concessions arising from the Doha Round was part of the same result-oriented approach. Other major inroads were made in the areas of investment, ICTs for development, trade-related infrastructure and trade facilitation, and by the launching of multi-stakeholder partnerships.

The Conference also brought a fresh look at development issues against the background of the current state of the global economy by emphasizing the emergence of a new geography of international economic relations. Countries in special situations, in particular LDCs and African countries, received special consideration. Cross-cutting issues, such as trade and poverty and trade and gender, were integrated into the regular activities of the organization. Overall, this gave a new sense of direction to the work of UNCTAD as a forum for advancing the interrelationship between trade and development, from both a national and an international perspective.

The implementation of the outcomes of the Conference began almost immediately with the preparation of the Strategic Framework for the period 2006-2007 and the holding of the 2004 regular session of the Trade of Development Board, which addressed key issues relating to the new geography of international relations, the problematique of Africa as well as that of LDCs, interdependence and developments in the WTO negotiations of interest to developing countries.

It is now my pleasure to present the annual report for 2004 with a new format that came out of the Conference. It highlights the emphasis on tackling the pressing development issues of concern to the developing countries, which is an essential part of UNCTAD’s mandate and mission.

Carlos Fortin
Officer-in-Charge of UNCTAD
Part One: Overview

Overview

By rallying member States around the issue of trade and development, UNCTAD XI reinvigorated the organization. The two key texts of UNCTAD XI — the Spirit of São Paulo and the São Paulo Consensus — reconfirmed the mandates of the 2000 Bangkok Plan of Action from UNCTAD X and laid out the policy direction for the next four years. UNCTAD’s analytical initiatives on trade and poverty, on dynamic sectors in world trade and on the new geography of trade have caught the imagination of development policy makers. UNCTAD flagship reports on trade and development, investment, least developed countries and e-commerce — as well as the special research on the history of UNCTAD — have all helped to underpin the case for development-friendly policies in support of developing and transition economies. UNCTAD’s wide expertise in capacity building for trade and investment negotiations, in managing debt and supporting debt restructuring, and in enhancing efficiency in trade, is tapped by more and more member States and is highly appreciated by other UN development agencies.

1. UNCTAD XI, São Paulo, Brazil, 14-18 June 2004

The objectives set by the Secretary-General of UNCTAD for UNCTAD XI were:

- To be as action and result oriented as possible;
- To focus on real issues of interest to developing countries; and
- To contribute to strengthening multilateralism and to the reform process of the United Nations by promoting the achievement of the Millennium Development Goals (MDGs), and by contributing to the implementation of commitments reached at recent major international conferences.

The preparatory process for the Conference was launched in late 2003 with the establishment of the intergovernmental preparatory committee chaired by Ambassador Sha of China. Several months of intensive work resulted in a considerably shorter draft text for the consideration of the Conference. Representatives of NGOs, the private sector and parliamentarians were formally involved for the first time in the Conference preparations. The secretariat itself organized a series of workshops and meetings to help advance understanding on key issues.

Conference themes. Within its overall theme of “Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries”, the Conference addressed specific issues on four interrelated sub-themes, namely Development strategies in a globalizing world economy; Building productive capacity and international competitiveness; Assuring development gains from the international trading system and trade negotiations; and Partnership for development. The major objective was to ensure that trade and development strategies forge close links between, on the one hand, trade negotiations and, on the other hand, policies aimed at enhancing productive capacity and competitiveness, i.e. in the field of investment, technology and ICTs, enterprise development and entrepreneurship, trade logistic and trade facilitation, and capacity building.

The objectives indicated above were largely achieved. UNCTAD XI — chaired by Celso Amorin, Foreign Minister of the host country Brazil — concluded with the adoption of a political declaration, entitled the Spirit of São Paulo, and an analytical and programmatic statement, the São Paulo Consensus. These outcomes were strongly supported by member States (see box I).

The key results of the Conference broadly define the parameters of the future work of UNCTAD:

- First, the Conference agreed that better coherence is needed between national development strategies on the one hand and international obligations and commitments on the other, with a view to the creation of an enabling environment for development. It is also required in terms of the links between the monetary, financial and trading systems and global economic governance.
- Second, the Conference fully agreed that trade is not an end in itself but a means to growth and development. Developing countries should integrate into the international trading system in a manner beneficial to and supportive of their development.
Box 1. Statements on the outcome of UNCTAD XI

The Secretary-General of UNCTAD: The Conference was a great moment for everybody without exclusions, without distinctions, without separation between North and South, between developed and developing countries...

The United States of America: The outcome of the Conference reflected the consensus of months of intense and fruitful discussion...the declaration embodied the positive spirit that had guided delegations in São Paulo...[The US felt] that all the evidence pointed to better economic governance as the key to achieving sustainable development...though that crucial point was to some extent reflected in the texts, it should have been given far more emphasis...the United States looked forward to working closely with UNCTAD in the years ahead....

Jamaica on behalf of the Group of 77 and China: The São Paulo consensus was another important milestone on the historic journey that began at UNCTAD I in 1964...the consensus was even more noteworthy as recent events had shown that multilateral agreement on trade and development was not by any means assured...UNCTAD XI had affirmed the potential and relevance of multilateralism...the final text was not an ideal one...the Group of 77 and China deeply regretted that the treatment of some key issues of primary interest to its members diverged significantly from [their original] position...the Group of 77 and China was satisfied that the basis for ensuring UNCTAD's strengthening had been laid down in the São Paulo Consensus.

Ireland, on behalf of the European Union: Welcomed the...comprehensive document that would guide UNCTAD over the coming four years...UNCTAD could make a substantial contribution to helping countries use trade to reduce poverty and promote development...the European Union believed strongly that UNCTAD should give high priority in its work to addressing the needs of LDCs...and focus on results and work in partnership, within its mandate, with other international organizations...the EU welcomed the statement in the consensus text on the fundamental importance, at the national level, of good governance for poverty reduction and sustainable development.

Benin, on behalf of the least developed countries: The recommendations and decisions agreed upon at the Conference would be decisive for future activities of UNCTAD, countries and partner institutions in favour of LDCs...It was now time to act...the LDCs requested the help of development partners in publishing the Least Developed Countries Report annually as from 2006.

The Focus on the Global South on behalf of the Civil Society Forum: Civil society attached great importance to the fact that UNCTAD XI had produced a consensus document when it had been difficult to achieve the same thing in WTO.

In order to achieve such beneficial integration, the Conference recognized that the “scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations”. The Conference agreed on the need for “appropriate balance between national policy space and international disciplines and commitments”.

- Third, the outcome of the Conference brought its contribution to the achievement of the MDGs. As one example, box 2 indicates progress towards target 12 of MDG 8.

- Fourth, and as a corollary of the first three points, enhancing the productive capacity in developing countries is required so that they can take full advantage of the opportunities arising from the liberalization of world trade. This would involve, for UNCTAD, linking activities in the area of trade policies and trade negotiations with those relating to strengthening productive capacities and competitiveness, i.e. investment, technology, ICTs, enterprise development, trade logistics and capacity-building.

- Fifth, in agreeing on the continuing relevance of the Bangkok Plan of Action adopted at UNCTAD X, the Conference also identified new areas of work that focus on building productive capacities in developing countries and ensuring development gains from trade, including:
  - Analysing the policy options for developing-country participation in new and dynamic sectors in goods, services and commodities;
  - Establishing trade and development benchmarks to help assess the extent to which trade liberalization, trade negotiations and the international trading system are fulfilling their development promise;
  - Monitoring and supporting the trend towards what has been called a “new geography of international trade”, notably by servicing the third round of GSTP negotiations;
  - Studying the impact of the security measures on the trade of developing countries, with a view to helping the latter adjust; and
  - Analytical work that would enhance positive corporate contributions to the economic and social development of host developing countries.

- Lastly, the focus was placed on action and results, including through the launching of multistakeholder
partnerships. Building on the experience of the 2002 World Summit for Sustainable Development and the 1998 Lyon Summit on Partnerships for Development, UNCTAD XI launched partnerships in four areas (information and communication technologies for development; investment; commodities; and capacity-building) expected to support the implementation of the substantive outcome of the Conference.

At the Conference, a total of 154 member States and one observer (slightly less than the target of 160 countries), 27 intergovernmental organizations, 22 United Nations organs and programmes, 9 specialized agencies and related bodies, and 97 NGOs were present in São Paulo. There was a unique architecture to the Conference in its organization and management, combining the intergovernmental pillar, parallel and side events, and the Civil Society Forum, together with exhibitions and fairs with a thematic content linked to the Conference.

The rich menu of parallel and side events was organized in such a manner as to feed into the Conference process, enrich the debate and impact on its final outcome. FAO, the Global Compact, the GSTP, ICC, ITC, ITTO, the UNICT Task Force, UNDESA, UNDP, UNIDO and the UN regional commissions partnered with UNCTAD in organizing the round tables and workshops. Three cross-cutting issues in trade and development going beyond purely economic concerns to address social and human values central to the Millennium Declaration, such as trade and poverty, and trade and gender, were addressed at the Conference.

Follow-up action started immediately after the Conference. UNCTAD member States met in July 2004 to finalize the “strategic framework” for UNCTAD for the period 2006-2007. As approved by the United Nations General Assembly in December 2004, the main focus for UNCTAD’s work in the coming years will build on the outcome of UNCTAD XI (see box 3). At the October 2004 meeting of the Trade and Development Board, members picked up on the “Spirit of Sao Paulo”. The high-level segment of the Board, which was devoted to the new geography of international economic relations, highlighted the implications for some countries of the South moving progressively from the periphery to the centre of world trade (see Section 4). The Board also devoted attention to LDCs and to economic developments in Africa (see Sections 2 and 5 B and C).
Box 3. UNCTAD’s strategic framework for 2006-2007 will focus on:

- The promotion of economic policies and strategies supportive of sustained growth and poverty reduction, based on faster capital accumulation, increased gains from globalization and the need for coherence between the international trading and financial systems and national development strategies.
- The promotion of African economic development and the successful integration of African countries in the world economy.
- Assuring developmental gains from increased international investment flows and technology transfer and from enhanced international competitiveness of domestic enterprises.
- Assuring developmental gains from international trade, the trading system and trade negotiations and enhancing the commodity sector’s contribution to the development process.
- Improving the competitiveness in international trade of developing countries and countries in transition through efficient and secure trade supporting services, increased utilization of information technology and development of training capacity.
- The promotion of beneficial integration into the global economy of LDCs and the response to the special needs of small vulnerable economies, small island developing States and landlocked developing countries within a new global framework for transit transport cooperation.

2. UNCTAD 1964–2004

To mark 40 years in the life of UNCTAD, the fifth Secretary-General of UNCTAD, Rubens Ricupero (Brazil) gave — on his last day in office, 14 September — the 12th Raul Prebisch Lecture. In reflecting on UNCTAD past and present, Mr. Ricupero highlighted how four decades of economic, political, social and technological changes were influencing the mandate and workings of UNCTAD. He emphasized the lasting legacy of Raul Prebisch, UNCTAD’s first Secretary-General, and his passionate commitment to genuine development that would lift out of poverty the world’s marginalized and excluded masses. And he concluded with his own personal reflections on the essence of the development process: “The central concern of UNCTAD must be with the ethical and human dimensions of development”.

On the same day, Beyond Conventional Wisdom in Development Policy: An Intellectual History of UNCTAD 1964-2004 was published. The volume identifies UNCTAD’s major analytical contributions and policy proposals on the core issues of trade, finance and development and as regards the specific topics that have at different times dominated the work of the organization, namely commodities, shipping, technology, competition, LDCs and other countries in special situations, services and investment. A CD-ROM provides access to all major UNCTAD documents and publications of the past 40 years.

3. UNCTAD at work

In countries and regions

The present report includes information on specific UNCTAD activities in individual developing countries, in countries with economies in transition and with regional groupings. Such activities generally take the form of studies of particular development issues in particular countries; advisory missions on selected technical issues; conduct of training programmes; and execution of technical cooperation projects. Whatever their form, the activities contribute in one way or another to the capacity-building efforts of developing countries both individually and collectively.

Building consensus through collective intergovernmental action

- The Trade and Development Board met in October for its annual two week session. During 2004, it also met three times in executive session and once in a pre-UNCTAD XI special session.
- The three Commissions of the board met in early 2004: their discussions contributed significantly to clarifying issues on the UNCTAD XI agenda and in advancing understanding on some key points.
- The Working Party on the Medium-term Plan and the Programme Budget met on two occasions in
In July, it finalized UNCTAD’s strategic framework for the period 2006-2007 (see box 3 above) and in September it reviewed UNCTAD’s technical cooperation programme (see part three below).

Early in the preparatory process for UNCTAD XI, Governments agreed to maintain UNCTAD’s mandate and role, as well as its methods of work, as decided in particular at the two previous sessions, namely the tenth session in Bangkok, Thailand, in February 2000 and the ninth session in Midrand, South Africa, in May 1996. These Conferences had introduced significant reforms, including the streamlining of UNCTAD’s intergovernmental machinery by reducing the number of permanent bodies from 16 to 3.

In partnership with other international organizations, civil society and the private sector

As indicated elsewhere in this report, UNCTAD’s work, particularly as regards technical cooperation, has for many years been based on a range of partnerships with other trade-related international, regional and national organizations. However, 2004 saw significant developments in UNCTAD’s cooperation with other international organizations and with non-state actors, including civil society, in particular NGOs, academia and the private sector:

• UNCTAD XI agreed that cooperation with civil society should be made more systematic and better integrated with the UNCTAD intergovernmental processes. Accordingly, on 4 October 2004, a first hearing took place in the Board attended by member States, civil society organisations and private business. More than 20 NGOs attended the hearings and 8 civil society representatives made presentations on the full range of issues before the Board, including trade liberalization, the participation of LDCs and Africa in international trade, policy space, trade and gender, the WTO July package, commodities and the future of UNCTAD. Member States said the presentations enriched their own deliberations.

• The UNCTAD XI partnerships were launched in the areas of commodities, ICT, investment and research and training which, together with the intensification of ongoing partnerships described elsewhere in this report, will mark a major stage in UNCTAD’s overall cooperation with non-state actors.

In the media

In 2004 UNCTAD issued 46 press releases, including 10 in São Paulo at UNCTAD XI, 24 information notes and 13 E-Briefs. It organized 15 press conferences in Geneva and 104 press conferences elsewhere, all of the latter for the purposes of promoting UNCTAD’s flagship reports. At least 5,080 articles — possibly more — were published on UNCTAD during the course of the year by media from around the world.
Part Two: Results and Accomplishments

1. Development strategies in a globalizing world economy

A. Better understanding of the process of globalization and its consequences for development

The challenge of globalization is to become the source of improved living standards for all the peoples of the world. As the São Paulo Consensus puts it: “Experience of the past two decades with development policies that have centred around greater openness to market forces and competition and a reduced role for the state has shown that there is no automatic convergence of open economies, and that there can be no “one-size-fits-all” approach to development …Development strategies should be tailored to countries’ specific needs and circumstances”.

Central to this task is the need to enhance coherence between, on the one hand, national development strategies and international obligations and commitments and, on the other hand, the international financial, monetary and trading systems. UNCTAD’s work in 2004, designed to contribute to these objectives and thus strengthen the enabling international environment for development, focused in particular on the following:

The practical implications of the need for coherence

UNCTAD research has shown that income growth in the poorest countries is insufficient to achieve the internationally agreed goals for poverty reduction. Greater openness to international trade and finance has not enabled developing countries to establish a virtuous interaction between external financing, domestic investment and export growth. Changes in exchange rates resulting from monetary and financial imbalances affect international trade just as much as tariffs and subsidies. The result of this work was published in the 2004 Trade and Development Report on “Policy Coherence, Development Strategies and Integration in the World Economy”.

- The TDR 2004 — launched in Beijing at the invitation of the Government of China — argues that, to achieve the MDGs, a feasible development agenda has to be built around the concept of policy coherence in global economic governance among the financial, monetary and trading systems. The Report sets out some of the measures required to attain such coherence. By so doing, TDR 2004 contributed to the policy debate through the wide coverage it received in the international press.

UNCTAD’s approach to the need for greater coherence was articulated and promoted in a series of activities throughout the year:

- The very different policy stances of successful Asian countries that relied on domestic savings to generate domestic investment, employment creation and sustained growth were contrasted — at UNCTAD XI workshops — with those of Latin American countries that followed the “Washington consensus” of growth with foreign savings. The debates identified the shortcomings of past development policies in Latin America and helped develop consensus in the Conference itself around development strategies that mitigated the risk of excessive reliance on external financing of development and that took due account of the need for special attention to the specific circumstances of each country.

- Members of the Trade and Development Board, in its annual debate on coherence, recognized UNCTAD’s contribution to the debate on achieving greater policy coherence as complementary to the policy-making functions of WTO, the World Bank and IMF in their respective areas of competence. The debate attracted a larger number of interventions than anticipated. By focusing on the specific issue of the impact of exchange rate adjustments on trade, the debate helped to broaden an understanding of the challenges of managing globalization at the national and international levels.

- The WTO Working Group on Trade, Debt and Finance requested a presentation of the main findings contained in the TDR 2004, which triggered a lively debate with 14 interventions by delegations of developed and developing countries. The
representative of Brazil stated that it was “welcome and important that UNCTAD through its TDR publishes alternative views on international economic policies”.

- Under the rubric of advice on national policies, (i) a programme of cooperation was initiated by the Chinese Government to provide concrete policy advice on macro-economic issues to senior officials in China; (ii) at the request of the Brazilian Government, a seminar was held in cooperation with UNDP to advise senior Government officials on exchange rate policies and the international competitiveness of Brazilian exporters; and (iii) participants in more than 30 seminars and workshops appreciated staff presentations on practical policy options in achieving greater coherence at the national level. These events included the courses offered on key international economic issues (see Section 5).

- The Intergovernmental Group of Twenty-Four on International Monetary Affairs appreciated the technical support of UNCTAD in helping to inculcate the development dimension in discussions on global economic governance and to design coherent financial, monetary and trade policies at the national level. The International Development Research Centre of Canada, after an in-depth evaluation of the project, has now agreed to a further three year extension of financial support. All nine studies prepared by the project in 2004 were published in the G-24 Discussion Paper Series.

- Nine papers were issued in the UNCTAD Discussion Paper Series — a series of scholarly articles dealing with selected aspects of international trade, finance, investment, technology and macroeconomics in the context of development.

B. Contributing to solving the debt problems of developing countries

- Notwithstanding some progress in the implementation of international and bilateral debt relief measures, achieving long-term debt sustainability and simultaneously a reduction in poverty remains a major problem for many low-income countries. Sustained debt reduction is essential for faster income growth and the achievement of the MDGs. UNCTAD XI agreed that increased and concerted efforts are necessary by the international community and debtor countries to reach a lasting solution to the overall external debt problems of developing countries. In 2004:

  - UNCTAD continued to assist developing countries, upon their request, in the preparation of their debt negotiations with bilateral creditors in the framework of the Paris Club. In 2004, 12 countries (Burundi, Dominican Republic, Ethiopia, Gabon, Georgia, Guyana, Iraq, Nicaragua, Niger, Madagascar, Republic of the Congo, and Senegal) were provided with technical support in their preparations for these negotiations. This support helps facilitate the mutual efforts of creditor and debtor countries to find lasting solutions to debt problems.

  - UNCTAD assisted debtor countries to enhance their debt management capabilities. The number of debtor countries benefiting from the UNCTAD “debt management and financial analysis programme” rose to 64 in 2004 and the number of user institutions to 91 (both ministries of finance and central banks, sometimes in the same country), surpassing the target set for the end of the biennium of 90 institutions (box 4). In particular, in 2004:

    ▪ The new version of the DMFAS software was installed in 13 countries and 14 institutions;

    ▪ Training on debt strategies was provided in 16 countries;

    ▪ The successful approach to the extrabudgetary financing of the programme was consolidated through increased contributions from both beneficiary and donor countries. Agreement by beneficiary countries to finance both a one-time DMFAS development contribution and a yearly maintenance fee indicates the high value placed by user institutions on the DMFAS system and the related capacity-building and training services;

    ▪ The constituency of DMFAS users, and more generally, the World Association of Debt Management Offices, met to exchange experiences and lessons learnt in debt management.
Box 4. The UNCTAD Debt Management and Financial Analysis Programme

Project activities cover the provision of specialized debt management software, the Debt Management Financial and Analysis System (DMFAS), as well as installation, training and assistance in its effective use, in particular to enable debt officers to establish a complete and up-to-date debt database and to provide timely and accurate debt statistics. Project activities also include maintenance and system support, advice on institutional and procedural issues, and assistance in debt analysis and in the development of debt management strategies.

The programme works directly with over 60 low- and middle-income countries, whose economies account for more than $500 billion of outstanding public and publicly guaranteed long-term debt, an amount that represents approximately 40 per cent of the total long-term debt of all developing countries (see www.r0.unctad.org/dmfas/).

UNCTAD also undertook a major review of the African debt situation, including a critique of the criteria utilized in debt sustainability analysis in the context of the HIPC Initiative. The report, and its impact, is discussed below in the next section.

C. Support for the economic development of the Palestinian People

UNCTAD’s long-standing programme of assistance to the Palestinian people continued in 2004, under very difficult circumstances. During the year:

- Two technical papers were researched and published, on Transit trade and maritime transport facilitation for the rehabilitation and development of the Palestinian economy and on Palestinian small and medium enterprises: dynamics and contribution to development. Reports indicate the studies were greatly appreciated by Palestinian officials in both the public and private sectors and by aid officials.
- UNCTAD promoted a better understanding of the economic factors affecting the rehabilitation and development of the Palestinian economy:
  - UNCTAD further enhanced its data base on the Palestinian economy, which is recognized as a major source of information;
  - Discussions at the October 2004 Board, on the report on assistance to the Palestinian people, echoed the need for urgent measures to link relief to development;
  - UNCTAD contributed to UNRWA and ESCWA meetings on the rehabilitation and development of the Palestinian economy.
- Six technical cooperation projects and several advisory services/workshops were implemented (see box 5).

Box 5. Programme of Assistance to the Palestinian People

The following major activities in support of the rehabilitation and development of the Palestinian economy were carried out in 2004, with the donors and results indicated:

- Macroeconomic policy-making (supported by IDRC, Canada)
- Customs automation (EC)
- Entrepreneurial training (EMPRETEC, funding from ILO)
- Debt management (Norway)
- Preparatory work for the establishment of a Shippers Council (EC)
- Investment promotion (Norway)

In the context of the EMPRETEC Palestine programme, on Entrepreneurship Training Workshops involving 45 top entrepreneurs gave birth to 9 new enterprises and resulted in the expansion of 7 existing operations and the re-opening of 2 more. Palestinian enterprises were helped to form joint ventures with foreign companies and the Palestinian Investment Promotion Agency was assisted in establishing strategic alliances with the OPEC Fund.

In the area of trade facilitation and logistics, a Palestinian ASYCUDA++ prototype version for the General Directorate for Customs and Excise of the Palestinian Authority was developed. A core team of IT and functional expertise (previously non-existent in Palestinian Customs) was established, and pilot sites in Jericho and Bethlehem were prepared.
D. Statistics and information for decision making

Improved empirical and statistical information enhances the quality of decision-making at national and international levels. UNCTAD’s statistics and information are used by national and international officials and organizations, by researchers the world over and by the interested public. In 2004, UNCTAD continued its efforts to respond to user needs through a variety of measures that increased the range, quality and relevance of its statistical data-bases.

- “Development and Globalization: Facts and Figures” was published in June 2004, also in celebration of the fortieth anniversary. The statistical booklet developed for quick reference provides in hard copy and electronic version basic statistical information in forty subject areas in the purview of UNCTAD on country groups and major developments in the world economy over the past 40 years, accompanied by short analytical texts on each topic.

- The coverage of the UNCTAD Handbook of Statistics was broadened and extended. Historical time-series have been introduced in the e-version of the Handbook, which also now includes data on the world merchant fleet. Handbook downloads of the PDF version doubled in 2004, and the new user-friendly browser is much appreciated by users, 75% of whom rate the Handbook of Statistics Online as “above average”.

- Significant improvements were made to the Internet dissemination of information, documents and publications in several languages through regular updates and revisions in the architecture and design of the website (see Part Three below).

- Users were provided with a powerful search engine to consult specialized collections related to UNCTAD’s areas of research activity. The online reference library registered an average of 4,480 visits per month.

Box 6. Development strategies in a globalizing world economy

A summary of results and overall assessment

- The Trade and Development Report is the main vehicle to disseminate results of UNCTAD’s work on development strategies and on the challenges of globalization. The overall impact of this work has so far remained limited to a small group of specialists. The analytical work underlying the TDR — and other related activities — would benefit from a sharper focus so as to contribute in particular to the achievement of greater coherence in global economic governance among the international financial, monetary and trading systems.

- There has been some progress in introducing measures for debt sustainability. The report on debt for the General Assembly has served to strengthen the links between debt policies, development strategies and poverty reduction. This work will need to be continued and enhanced.

- The impact and successful use of DMFAS is considerable. The programme responds well to the needs of debtor countries and to the interests of donors.

- UNCTAD’s programme of assistance to the Palestinian people has proven its usefulness and relevance by contributing to the strengthening of the capacity of the Palestinian Authority in several key areas. The impact and effectiveness of this modest programme would be enhanced through further efforts to mobilize funding for operational activities.

- There is considerable public interest in key statistics with basic analytical content, as evidenced by the success of UNCTAD’s Development and Globalization: Facts and Figures, issued at UNCTAD XI. The challenge set in 2002-2003 to progressively offer users more comprehensive statistics on-line was met in 2004. Further improvements will be made to the collection and dissemination of data and information, especially through the Internet.
2. Increased understanding of Africa’s development problems to promote action for the development of Africa

A reversal of the deteriorating standards of living in many African countries calls for determined action by African countries and their development partners over a sustained period of time. Within the framework of UNCTAD’s mandate, and guided by the provisions of the New Partnership for African Development (NEPAD), UNCTAD in the past year focused in particular on a key issue facing Africa, namely the pervasive debt burden.

A way out of Africa’s debt problems

In the context of the Millennium Development Goals (MDGs), the international community has set itself a target of reducing poverty by half by the year 2015. Many observers have now come to the conclusion that, on present trends, there is very little likelihood that this objective can be achieved at any time close to that date in the poorer countries, including in Africa. The capacity of African countries to generate capital accumulation and growth is inextricably linked to the continent’s debt problems and resource requirements.

As part of its series “Economic Development in Africa”, UNCTAD issued “Debt Sustainability: Oasis or Mirage?” in which the issue of debt sustainability was placed in the context of achieving the UN Millennium Development Goals (MDGs). The analysis showed that notwithstanding progress in the implementation of the enhanced HIPC Initiative, indebted African countries do not find themselves in a sustainable debt situation. The report suggested a debt write-off for the poorest countries or the application of alternative criteria in order to ensure a permanent exit solution to the debt overhang.

An independent panel of experts would assess the sustainability of debt based on a realistic and comprehensive set of criteria, including those of meeting the MDGs. However, even a full debt write-off would be only a first step towards restoring growth and meeting the MDGs. The report also estimated such a write-off would represent less than half those countries’ resource requirements. The gap would need to be filled by increased official development assistance (ODA) grants as a prelude to Africa increasing the level of domestic savings and investment required for robust and sustainable growth.

The report attracted considerable interest in the media as well as in civil society, the academic community and among parliamentarians (see box 7).

Member States, at the October 2004 session of the Trade and Development Board, welcomed the report as a contribution to the debate on debt sustainability. However, the outcome of the debate, in the form of “agreed conclusions”, fell short of calling for a debt write-off. It nevertheless went a long way in its critique of the criteria for debt sustainability analysis and called for a widening of the criteria to “incorporate a comprehensive set of variables including country-specific factors as well as vulnerabilities”.

This decision will impact on international reviews of the debt sustainability and eligibility criteria. The agreed conclusions also, inter alia, recognized the principle of shared responsibility between debtors and creditors and the need for appropriate balance between national development priorities and international disciplines and commitments. UNCTAD member States also noted the report’s suggestions for the establishment of an independent panel to determine debt sustainability.

Box 7. Interest in UNCTAD’s proposals for a way out of Africa’s debt problem

“Debt Sustainability: Oasis or Mirage?” was widely covered in the international press and media. Some 140 articles and stories were published, more than five times the anticipated level. Interviews were carried by BBC TV, BBC World Service and CNN. Civil society organizations arranged for special briefings in the US and in Europe. UNCTAD is contributing to the work of Prime Minister Blair’s special Commission on Africa, at the request of the Chair of the Commission. In addition to an increasing number of requests for briefings, the Report has been downloaded 33,520 times since publication on 30 September 2004, more than twice the anticipated level.

UNCTAD’s contribution to national and international action for Africa

UNCTAD continued its programme of research and analysis with regard to African development as well as advisory services and technical cooperation, as described elsewhere in this report. In accordance with an earlier Board decision, UNCTAD has continued to support African countries in their endeavours to meet the aims and objectives of NEPAD.
Activities are regarded as generally consonant with the requirements arising from NEPAD in both the overall macro-economic context of NEPAD ("development and poverty reduction") and in the different sectors of UNCTAD’s mandate described elsewhere in this report. These include in particular infrastructure and transportation; “bridging the digital divide” through enhanced access to and use of ICTs; market access issues; and capital flows, including investment.

As regards cross-sectoral activities in support of NEPAD, in 2004 UNCTAD provided much appreciated inputs to the NEPAD Steering Committee on Trade and Market Access issues and to the NEPAD inter-agency cluster on agricultural trade and diversification.

Box 8. Action for the development of Africa

The report on Africa’s debt situation clearly attained the objective of creating a better awareness and understanding of the African development problematique. The report and the subsequent impact and discussions point the way forward which will facilitate concrete follow-up. The experiences in preparing, launching and disseminating the report provide very helpful guidance for the next report in 2005. Workshops in Africa to disseminate the findings of future reports and to collect feedback from policy-makers and academics would enhance the impact of the sub-programme. UNCTAD has already taken steps to enhance its support for NEPAD and other programmes for the development of Africa.
3. Building productive capacities and international competitiveness

A supportive enabling environment for investment, technology and enterprise development is essential for building productive capacities, so as to take advantage of the opportunities arising from the opening of global markets. Improving competitiveness requires deliberate national and international policies and measures in a range of areas. UNCTAD’s objective in this regard is to promote the integrated treatment of, inter alia, investment, technology transfer, enterprise development, corporate responsibility and business facilitation.13

Foremost among such issues is UNCTAD’s continuing work on investment and related issues. This includes research and policy analysis; helping host countries attract FDI; and promoting consensus on international investment policies and measures.

A. UNCTAD’s analysis of FDI issues is now the international standard

UNCTAD provides regularly updated and accurate information to policymakers to improve their understanding of emerging FDI-related issues and policy options for development. The reports and data are recognized as authoritative statements on international investment flows, trends and developments.

Box 9. UNCTAD’s analytical work on investment

The usefulness and relevance of the analytical work and policy advice were supported by readership survey results. Among 293 responses from 76 economies, 90 per cent rated the Division’s publications as “very useful” in their work. The same survey also shows that 73% and 23% of readers assessed UNCTAD’s publications on investment as “excellent” and “good”, respectively, above the official target of 90% for 2004. The number of downloads of the World Investment Report 2004 from UNCTAD’s Website reached 191,067 in September alone (c.f. monthly average of 138,262 downloads for World Investment Report 2003).

The usefulness and relevance of the World Investment Report is appreciated. “Every year UNCTAD produces…the best source for international trends in investment....We still think of trade and investment as shipping goods around, whereas it is increasingly one of shipping ideas around ... the UNCTAD study is helpful in explaining the nature of this shift” (The Independent (UK), 23 September 2004). “The [report], providing the latest and most comprehensive analysis of global and regional trends in foreign direct investment, is a useful guide and reference to the work of the Second Committee.” (State-ment of the Ambassador of Thailand to the United Nations, New York).

- The 2004 World Investment Report analysed the shift of FDI towards the services sector. UNCTAD reported that the services sector accounts for an increasing share of the global inward FDI stock (about 60% in 2003, equivalent to an estimated $4.4 trillion, compared to less than 50% a decade earlier). While services FDI has traditionally been concentrated in trade and finance, FDI in electricity, telecommunications, water, business and other service sectors has shown dynamic growth since 1990. The shift of FDI towards services is driven by a variety of factors, reflecting the ascendancy of services as economies grow.

The Report focused in particular on the rapidly increasing trend of the off-shoring of corporate services thanks to recent advances in information and communication technologies. In the view of the Report, off-shoring is still in its infancy. It represents the cutting edge of a global shift in production activity that is creating a new international division of labour in the production of services. When managed creatively and constructively off-shoring is a win-win situation for all sides.

- In its role as the lead source of FDI and TNC data, UNCTAD regularly updates its FDI databases. A further volume in the World Investment Directory series was published, on Latin America and the Caribbean (Vol. IX), with detailed country level FDI and TNC information disaggregated by industry, investor and sector. These data, as well as those in the World Investment Report, form part of the overall UNCTAD FDI database launched for the first time in 2004 on the UNCTAD website, comprising both time-series data of FDI statistics as well as operational data of
transnational corporations by industry and by host/home country. Custom-made information on FDI and TNCs is also available on request.

In response to interest and requests, UNCTAD began in 2004 to provide training on FDI statistics through the organization with ESCWA of three training workshops on FDI statistics.

B. Support for investment-related policy-making and capacity-building continues to expand

UNCTAD provides (i) an analysis of investment policies in individual countries through Investment Policy Reviews, to familiarize public and private investors with a country’s environment and policies; (ii) services aimed at increasing the capacity of developing countries to attract and benefit from investments through demand-driven advisory services and training projects; (iii) investment guides for selected LDCs; and (iv) assistance to government officials in participating in international discussions and negotiations on investment. Policy makers, experts, diplomats, investment promotion agencies and government officials in developing countries and countries in transition are thus end-users of this programme.

These UNCTAD products and services continue to be greatly appreciated by beneficiary Governments and institutions. The secretariat estimates that up to 90 per cent of recommendations stemming from investment policy reviews and other advisory missions were put into practice in 2004. Governments, in over 15 communications or in statements for the record, have positively assessed the relevance and usefulness of the policy advice and technical assistance in the area of investment.

Investment Policy Reviews provide a concise assessment with recommendations of a country’s performance in attracting FDI, conveying in practical terms the means by which countries can apply best international practices in their own undertakings. In 2004:

- IPRs were completed for Algeria, Benin and Sri Lanka and presented to intergovernmental sessions (see box 10).
- National IPR workshops were held in Benin, Brazil, and Sri Lanka. Special briefings and follow-up activities were organized in Algeria, Benin, Botswana (for example, draft FDI legislation), Egypt, Ghana, Lesotho (for example, an investor benchmarking study on business immigration procedures), Peru (for example, an FDI promotion strategy), Sri Lanka, Tanzania, and Uganda. Evidence available on follow-up activities indicates that a large number of IPR recommendations are put into practice, largely because of the successful participatory nature of the IPR process.

Box 10. Investment Policy Reviews

IPRs involve dialogue among the major national stakeholders, a peer review at the intergovernmental level and follow-up in the form of implementation of its recommendations. By end 2003, IPRs had been conducted and completed for Botswana, Ecuador, Egypt, Ghana, Lesotho, Mauritius, Nepal, Peru, Tanzania, Uganda and Uzbekistan.

Reviews for Algeria, Benin and Sri Lanka were completed in 2004:

- The IPR for Algeria offers the Government concrete recommendations for modernizing the legal and institutional framework, setting up proactive investment strategies, and reinforcing the national private sector, in particular through linkages to foreign investors. It should also reinforce the dialogue between private and public actors.
- The review for Benin makes recommendations to update national policies for attracting investment, to strengthen the institutional framework and to modernize the Port of Cotonou.
- The Sri Lanka IPR includes recommendations to increase the role of foreign and domestic investment in achieving long-term growth. The country will have to be proactive by improving the investment climate through regulatory and tax reforms and more effective investment generation through institutional reforms.

The peer review on Algeria was considered very productive and constructive. The session successfully engaged the Government of Algeria in a policy dialogue with the international community and the private sector. The review process was endorsed as a useful mechanism in experience sharing. The representative of Algeria was appreciative of the open and constructive views given by delegates and private sectors representatives…Representatives of Botswana, Egypt, Ghana, Lesotho, Peru and Uganda…all appreciated the IPRs for providing a strategic perspective of FDI in development…” the reviews, in addition to a frank assessment of current practice and performance, provide insights on required improvements in policy and physical infrastructure which are key elements in the choice of an investment decision”. Report of the eighth session of the Commission on Investment, Technology and related Financial Issue (TD/B/COM.2.60).

By end 2004, reviews were under way for Brazil, Colombia, Kenya and Zambia.
In other IPR-related activities:

• The interactive database “Investment Compass” is a benchmarking tool for regulatory frameworks on investment and fiscal regimes used by policymakers, investment promotion agencies and other stakeholders to compare cross-country performance. The Investment Compass was expanded in 2004 to cover 52 countries with 1,200 registered users with an average of 10,000 hits a month. Organization for Economic Co-operation and Development (OECD) and other independent evaluators identified its key advantage over other scoreboards as the way in which the Investment Compass permits meaningful comparability between developing countries and their country’s strengths and weaknesses. The tool also reflects the diverse reasons why FDI may go to a developing country.

• More than 70 officials from 30 countries were trained in benchmarking investment policies.

• The Investment Advisory Council for LDCs continues to support UNCTAD’s work on best investment practices. Action plans in a “blue book” on Best Practices in Investment Promotion and Facilitation prepared for Cambodia and Lao PDR have also been endorsed by the Governments.

Developing countries and economies in transition were assisted in creating and managing their policy frameworks for attracting FDI through UNCTAD’s Advisory Services on Investment and Training:

• During 2004, about 20 countries benefited from the demand-based programmes of ASIT, including Bosnia and Herzegovina, Botswana, Brazil, Costa Rica, Jordan, Lesotho, Morocco, Nicaragua, Peru, Russian Federation, countries of the Andean Community of Nations and CEMAC countries in such subjects as investor targeting, cluster development strategies, and benchmarking.

• Investment promotion agencies and other institutions in Bolivia, Costa Rica, Ecuador, Morocco, Nicaragua, and Peru received advisory services and training programmes.

• The Programme on Good Governance in Investment Promotion and Facilitation aims to assist LDCs in identifying governance-related obstacles to foreign investment and in introducing instruments and practices that promote accountability and transparency in the successive stages of the investment process. Advice and training was provided to Ethiopia, Lesotho, Maldives and Tanzania. These activities helped to prepare the November 2004 Expert Meeting on Good Governance in Investment Promotion that, inter alia, evaluated the programme and recommended its extension.

• The Internet-based interactive platform for investment promotion — Investment Gateway — provides companies and government officials with readily available country-based information on investment opportunities and practical information on legal and regulatory frameworks, contact data on potential investors and market intelligence. Activities under this programme, which also include a training component, have been implemented in Bolivia, Djibouti, Colombia, Ecuador and Mexico and are now under way in Bulgaria.

• Cooperation with the World Association of Investment Promotion Agencies (WAIPA) continued in 2004, including in its training programmes and with the organization of its annual conference in Sao Paulo on the occasion of UNCTAD XI.

Prepared in collaboration with the International Chamber of Commerce (ICC), the “Investment Guides and Capacity-Building for LDCs” are intended to help individual least developed countries attract FDI and stimulate a public/private sector dialogue. Guides were launched in 2004 for Ethiopia, Mali, Mauritania and Uganda in regional hubs in cooperation with major business organizations (see box 11).

Box 11. Investment Guides for LDCs

“The first obstacle for a businessman, when it comes to developing countries, is a simple lack of information. What are the opportunities? What is the business environment like? It’s not easy to find the answers — especially reliable answers. So these UNCTAD-ICC investment guides are a great blessing to business and a real service to the countries. They tell investors what they need to know. And they carry the credibility of the outsider. I note that both foreign and domestic companies are involved in helping put the guides together. The last chapter, which tells you what they think, is probably the best introduction to the country for a businessman. I commend this practical series and recommend it to all investors looking for opportunities.” Mr Peter Brabeck-Letmathe, Vice-Chairman & CEO, Nestlé S.A.

UNCTAD’s work programme on international investment agreements (IIAs) seeks to help developing countries participate as effectively as possible in international rule-setting for investment. Activities and results in 2004 include:

• Signature of 17 bilateral investment treaties (BITs) involving 13 Francophone countries (conducted in cooperation with La Francophonie), and of 6 BITs involving 7 countries at UNCTAD XI in June 2004;
and further negotiations among Lusophone countries in November 2004;

- Nine dialogues on intellectual property rights and related issues in cooperation with ICTSD for about 200 participants who evaluated positively the high quality of the presentations and discussions.

- Six further new monographs, in the *Issues in International Investment Agreements* series. Over 90% of participants in the IIA training programme found the training materials, which includes the IIA Series, to be useful for their professional work. Furthermore, given the numerous written statements received, the BITs database, now available on CD-ROM and Internet, is seen as a very useful tool by the users.

- The establishment, as part of the IIA website, of an interactive database of BITs containing 1,800 compiled texts. The IIA Compendium was launched in an electronic format on the same website. The membership in the on-line network of IIA experts now exceeds 500 members. Negotiators and experts have stated that the network has enabled them to keep abreast of the latest developments in the areas of investment negotiations and dispute settlement.

- Technical cooperation and training programmes (see box 12).

**Box 12. Technical cooperation for international investment agreements**

- Four regional intensive training sessions (South Africa, China, Egypt, and Peru) undertaken for 123 IIA negotiators from 67 countries. Each training session was preceded by a preparatory distance-learning course on the core issues in IIAs.

- Five ad hoc seminars and/or advisory services for requesting countries (China on RTA negotiations; Pakistan on BITs [twice]; Peru (Mincetur) on Dispute settlement; and Saudi Arabia (SAGIA) on BITs).

- Seven ad hoc seminars and/or advisory services for regional organizations, including TrainForTrade conference on “International Trade, Investment and Human Resources Development: the Role of Regional Organizations”; COMESA on CCIA [twice]; SADC on EPAs; SACU on investment chapters in FTAs; Andean Community on investment and services; UMA on technical assistance in IIAs).

Around 80 developing and transition economies (39 African, 16 Latin American, 17 Asian and 5 transition economies, of which 29 are LDCs) benefited from these activities. Participants reported that the technical assistance activities, and in particular the IIA training programme, have increased the ability of participating countries to understand international investment rule-making, and helped them to participate effectively in discussions and negotiations on international investment agreements. Seventy-six per cent of the participants of the four intensive training sessions rated their effectiveness and usefulness as excellent.

**C. Promoting science and the transfer of technology**

Strengthening the ability of developing countries and countries in transition to formulate and implement sound science and technology policies is a vital component of national development strategies. UNCTAD in this regard seeks to provide relevant policy advice to member States by undertaking research and disseminating information on the role of science, technology and innovation in economic and social development. The principal forum for this work is the ECOSOC Commission on Science and Technology for Development (CSTD) serviced by UNCTAD.

- The STDev is an on-line electronic gateway to information on science and technology for development. In 2004, the gateway was expanded by linking S & T networks at the regional, subregional and interregional levels. In addition, a powerful search engine has been developed to allow users direct access to dynamically generated information on science and technology issues within and outside the UN system. Furthermore, the gateway has been restructured to make the navigation and interface more user-friendly. The gateway receives an average of 2,800 visits per month;

- The ICT Benchmarker was launched as a flexible web-based product developed to provide policymakers in developing countries with an interactive tool to assess their countries’ ICT capabilities in terms of connectivity and ease of access and to compare them with those of other countries. It received favourable comments from academia and interest from developing countries: the total number of hits for the period February - November 2004 amounted to 105,135. Work also progressed on an update of ICT Development Indices initially published in 2003. In collaboration with the United Nations ICT Task Force and CSTD, UNCTAD prepared an update of “Knowledge Societies: Information Technologies for Sustainable Development”. Drawing on a wide range of examples from different continents, the booklet...
includes concrete policy options designed to facilitate the formulation of national ICT strategies.

- Twenty-four national “Science and Technology Policy Reviews” were processed for the CSTD and subsequently posted in STDev. The reviews constitute a series of reports designed to share national experiences in the problems in establishing policy and institutions for promoting science and technology in developing countries.

- A greater awareness of S & T issues was promoted through seminars on technology transfer and six papers on selected topics in the UNCTAD-ICTSD series on technology transfer. In addition, UNCTAD hosted the inter-agency network on biotechnology and reported on selected aspects of the biotechnology potential for developing countries.

D. Linking enterprise development to investment and technology

Best practices that improve the competitiveness of SMEs are often built around positive links between investment flows and programmes for technology development. Enterprise development can be stimulated through the promotion of clusters, global value chains and other business linkages. In 2004, commissioning of background studies, the organisation of training workshops in Guyana, Jordan and Romania and participation in international seminars and working groups all helped to promote this approach. Exposure to specific examples of successful internationalization of enterprises contributed to the preparation of the December 2004 Expert Meeting on the Export Competitiveness of SMEs.

Since its inception in 1988, the EMPRETEC programme has overseen the training of 70,000 entrepreneurs in 27 countries. During 2004, about 10 new requests for EMPRETEC installations were received, including at the regional level for the Caribbean and in the Middle East. Activities were started in Angola and Paraguay. Impact assessment forms collected from 285 empretecos in Chile, Uganda and Uruguay clearly demonstrate the high returns in terms of business performance and profitability from EMPRETEC training programmes. The newly developed training methodology for women entrepreneurs was standardized and transferred to EMPRETEC Centres. A new promotional English/Spanish video was disseminated. The sustainability rate of existing EMPRETEC centres increased to 60% with the assistance of UNCTAD, through improved professional behaviour, implementation of business plans, increased market share and improved product quality as reported by surveyed centres.

E. Enhancing corporate governance and transparency

Corporate social responsibility contributes to the advancement of development goals. In 2004:

- The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), serviced by UNCTAD, assists developing countries and transition economies in implementing best international practices in corporate reporting and disclosure to facilitate investment flows and economic development. The 2004 meeting was attended by 190 participants from 57 countries, including policy-makers, regulators, educators, experts on corporate governance, corporate responsibility, accounting and auditing and various national, regional and international accountancy organizations.

- During 2004, the number of cases of the use of ISAR guidelines increased by 5. These guidelines include the ISAR manual on eco-efficiency indicators (by, for example, CIBA Specialty Chemicals Company of Switzerland), ISAR recommendations on corporate governance disclosures, ISAR guidelines on accounting by SMEs, and the ISAR Model Curriculum on accounting education. In particular, reference is made to the ISAR guidance on corporate governance disclosures in the Annual Reporting Guidelines of the Commonwealth Association of Corporate Governance; this guidance is also used by the Russian Institute of Directors for their assessment of corporate governance disclosures in Russia. The ISAR Model curriculum on accounting education is used by USAID-funded activities in Ukraine, Russia and Central Asia countries and in Brazil.

- The October workshop on the challenges of the practical implementation of the International Financial Reporting Standards (IFRS) attracted close to 100 participants from about 40 countries. The workshop highlighted various challenges posed by the unprecedented and massive transition to IFRS by January 2005 and the need for assisting developing countries and countries with economies in transition in understanding and implementing IFRS.
The International Federation of Accountants (IFAC) is the global organization of the accountancy profession. It works with 158 member organizations in 118 countries and economies. IFAC members represent 2.5 million accountants employed in public practice, industry and commerce, government and academia. In 2004, on the occasion of UNCTAD XI, UNCTAD and IFAC agreed to work together to promote the education and training of accountants and to raise awareness of the importance of transparency and good governance practices for sustainable economic growth: “IFAC recognises that it cannot achieve these goals alone. Working with UNCTAD...will enable both organisations to more effectively and efficiently influence developing economies...” (Mr. René Ricol, President IFAC, at UNCTAD XI, June 2004).

Box 13. Building productive capacities and international competitiveness
Summary of results and overall assessment

UNCTAD’s work on investment and related issues is highly appreciated as a source of information, analysis and practical guidance to policy-makers, governmental officials and businessmen. The technical cooperation and capacity-building work is strongly supported by beneficiaries and by donors. The World Investment Report, IPRs, investment guides and other tools and services provide useful information, policy advice and operational recommendations. In further enhancing the impact of the work, particular attention needs to be given to:

- More effective dissemination of the main results of FDI-related policy analysis through wider use of the Internet, more national seminars and training workshops, and greater recourse to CD-ROMs.
- Additional efforts are needed to widen the coverage and to ensure timely delivery of UNCTAD statistics on FDI and TNCs.
- There is need for more systematic feedback from Governments on the implementation of recommendations arising out of IPRs and other technical cooperation activities. More reliable data is also needed to judge the impact and use of online and other web-based products.
- Activities in the area of science and technology support developing countries, especially LDCs, in formulating and implementing sound technology policies, through more effective exchanges of information and best practices and increased use of the tools and initiatives already prepared.
- A new approach to entrepreneurship development, with better coordination with ILO and ITC, is required to support new packages for creating interest and awareness among entrepreneurs, member States and donors.
- Regional workshops on corporate governance and transparency would help to bring on board more representative views of developing countries in intergovernmental deliberations on international accounting standards and reporting.
4. Assuring development gains from the international trading system and trade negotiations

The formal outcome of the Conference, and its associated events, marked a paradigm shift in emphasizing the need for the qualitative integration of developing countries into the international trading system. UNCTAD XI took a number of actions designed to ensure “development gains” from trade (box 14). UNCTAD also gave top priority to the trade-related capacity-building needs of developing countries both in their own right and as regards their participation in the now resumed WTO trade negotiations. In all these activities, UNCTAD strengthened its cooperation with a range of partners dealing with similar sets of issues.

Box 14. UNCTAD XI and international trade and commodities

- Sustaining the emergence of a new trade geography of the South, by the South, for the South and the international community through regional economic groupings and interregionally, especially through support for the third round of GSTP negotiations launched at the Conference;
- A network of regional trade agreements of the South and North-South agreements to foster mutual cooperation; and regular reviews of RTAs and issues of interface between regionalism and multilateralism;
- Launching and enlarging sectoral reviews of new and dynamic sectors in international trade to foster increased participation by developing countries in these sectors, and focusing on the positive links between supply capacities, export competitiveness and market access;
- Refining and reporting on trade and development benchmarks to help assess whether trade negotiations are fulfilling the development promise;
- Extending the BioTrade Initiative to African countries;
- Setting up a global partnership - the International Task Force on Commodities - to address the different range of problems affecting this sector such as prices, value chains, and marketing;
- Launching national services assessments aimed at strengthening developing countries’ participation in global trade services; and
- Promoting competition policy as a key instrument in enhancing productivity, investment and export competitiveness, while promoting equity, consumer protection and poverty reduction.

A. Stronger analytical work as a basis for consensus building

A number of analytical studies published in 2004 that underpin the new trade initiatives of UNCTAD XI commanded appreciation from member States, other organizations and civil society. Survey responses indicate a high level of satisfaction with the studies.

- In October 2004, at its regular session, the Trade and Development Board continued its annual review of developments in the Doha Round of particular concern to developing countries. The Board reviewed the negotiating situation in light of the July 2004 package re-launching the WTO trade negotiations and the outcome of UNCTAD XI.

The President of the Board (Ambassador Whelan of Ireland) made clear the appreciation of member States for the positive and constructive contribution by UNCTAD to the confidence building and consensus making measures necessary for the successful outcome of the Doha round of WTO trade negotiations. There was wide recognition that the Board provides a unique opportunity for all Governments to discuss sensitive and difficult issues outside a formal negotiating setting. In pointing to the mutually supportive relationship between UNCTAD and WTO, the Board encouraged the two organizations to strengthen their cooperation to help countries obtain development gains from multilateral trade agreements.

- The increased economic weight of developing countries in world trade, reflected also both in their effective participation in trade negotiations and the growing trade among them, was highlighted at UNCTAD XI under the caption “a new trade geography of the south”. Member States, in the Board debate on the subject, welcomed the expansion of developing country trade, albeit with some caution, as many African countries and LDCs were in fact losing market shares as a result of the otherwise positive trend. They agreed on practical measures for further augmenting South-South trade, namely to encourage tariff preferences or trade liberalization in the context of regional trade agreements.
Members also welcomed the positive decision, on the occasion of UNCTAD XI, to launch the Third Round of GSTP negotiations.

- Export competitiveness and developing country participation in new and dynamic sectors of world trade was the subject in 2004 of significant analytical work in support of consensus building and capacity development, following on discussions in the Commission on Trade in Goods and Services, and Commodities in February 2004. At the “Rio Trade Week” held just before UNCTAD XI, and at the Conference itself, three key policy issues were considered relevant to increased export competitiveness, namely how to overcome supply constraints, how to improve market access and entry conditions in large overseas markets and how to enhance developing country participation in dynamic and new sectors of world trade.

- Several technical studies and outcomes of research were published during the year (see box 15), including on issues in the Doha round. These publications have been requested and disseminated to government officials, including through advisory missions and training courses; to Permanent Missions in Geneva; to universities and research institutions in developed and developing countries; and throughout the UN system, including through UNDP office libraries. The official target of 75 requests for documents is thereby routinely exceeded.

**Box 15. Research on selected trade-related issues**

Through technical work, including statistical simulations, the notes and studies aim to clarify issues in the negotiations from a development perspective and share the results of the research with a wider audience, particularly in developing countries.

In 2004, UNCTAD issued the results of its studies on such subjects as:

- The implications of the termination of the Agreement on Textiles and Clothing on 31 December 2004 (TD/B/51/CRP.1);
- Issues in the trade negotiations on agriculture (UNCTAD/ITCD/TAB/23, 24 and 25; CREDIT Research Paper no 04/02);
- WTO negotiations on industrial tariffs (CREDIT Research Papers no 04/03 and 04/04).

**B. Providing modern tools**

Drawing on its analytical work, over the years UNCTAD has developed a series of specific trade-related tools to assist the work of policy-makers, academics and business executives:

- Designed to increase market transparency, the Trade Analysis and Information System (TRAiNS) is an information system on tariff schedules, para- and non-tariff measures and import statistics at tariff line by origin. The World Integrated Trade Solution, developed jointly by UNCTAD and the World Bank, allows users to access the entire TRAiNS time series database. TRAiNS, which is extensively used by many organizations including the IMF, OECD, the World Bank and WTO, will probably exceed in 2004 the official target of 30,000 users per month set for the period 2004-5 as a whole. Over 1000 new licenses were issued in 2004 to access TRAiNS through the Internet. More than 50 Governments, international organizations and research institutions received tailor-made tabulations.

- The Agricultural Trade Policy Stimulation Model (ATPSM), developed jointly with FAO, is a comprehensive database and simulation-modelling software for use by agricultural trade policy-makers. With the support from DFID/UK, improvements are being introduced to enable the model to handle the complex nature of blended formulas being used in WTO agriculture negotiations and to disseminate the model as widely as possible.

- The Agricultural Market Access Database (AMAD) is the most comprehensive collection of available public data on WTO market access in agriculture. It is the result of a collective effort by the Governments of Canada and the United States, the European Commission, FAO, OECD, UNCTAD and WTO. Updated annually, it contains detailed data for over 50 countries — more are being added — on WTO tariffs and Tariff Rate Quotas (TRQ) schedules, import data, applied tariffs, production and consumption.

**C. Assisting countries build capacities**

Much of the analytical work, the technical studies and the specific tools and products are also central elements in an extensive programme of trade-related technical advice, training and capacity building.
Commercial diplomacy, trade negotiations and trade analysis

- Some 120 advisory and technical missions to developing countries were undertaken in LDCs and Africa and their regional organizations on the WTO work programme; ACP-EU trade negotiations; regional trade negotiations among developing countries; and the GSP and other trade preferences.

- Over 100 training courses, seminars and workshops took place with the participation of some 2,000 government officials, business executives and civil society activists, on a similar range of issues. There was particular interest from developing countries in knowing more about trade preferences, as regards both utilization of the GSP and rules of origin and the relationship between regional trade arrangements and multilateral trade negotiations.

- Several developing countries were directly assisted in developing their national trade-related capacities. Bangladesh was supported in its efforts to build up its newly established WTO focal point. The Democratic Republic of the Congo was helped in reviewing trade policies legislation that needs adaptation to WTO rules. Assistance to Viet Nam focused on its post WTO-accession needs, including upgrading of its trade-related training institutions. The project in India continued to break new ground (see box 16).

- Support was provided to the ACP in addressing development issues arising from negotiations with the EU on economic partnerships agreements. Sixteen developing countries and economies in transition (including 8 LDCs) in accession to WTO were supported through technical advice on both substantive issues and negotiating tactics. Other countries received the benefit of UNCTAD’s advice on issues involved in the negotiations on trade in services and how they might increase their participation in the negotiations in order to expand their market shares.

- A new UK-DFID/UNCTAD project began to assess the possible implications of the non-agricultural market access (NAMA) negotiations and to share the results with WTO trade negotiators, policy-makers, the business community and civil society.

- Many of these activities used the training modules on commercial diplomacy, including on sanitary and phytosanitary measures, anti-dumping and trade in textiles and clothing in the post ATC environment. In particular, and in cooperation with the UNCTAD TRAINFORTRADE programme, distance learning material is being incorporated as a regular feature in training programmes on commercial diplomacy. Trade officials from Benin, Cambodia, Guinea, Mali, Togo and Viet Nam participated in a distance learning course on the WTO negotiations on trade in services complemented subsequently by face-to-face seminars.

Sixty-six such technical cooperation events took place compared to the 2004 target of 40 such events.

Box 16. Strategies and preparedness for trade and globalization in India

The Ministry of Commerce of India, with the financial support of the UK Department for International Development and the technical experts of UNCTAD, is undertaking a project to help Indian trade negotiators, policy makers and other stakeholders understand more fully the development dimension of key trade issues, particularly as they relate to the current WTO trade agenda. The project is helping to strengthen India’s human and institutional capacities for analysis of globalization-related issues. The outcome will hopefully be a more sustained and equitable development process that underpins India’s integration into the globalization process whilst positively impacting the lives of millions of poor people.

Joint Integrated Technical Assistance Programme to selected least developed and other African countries (JITAP)

Under this important and effective tripartite inter-agency programme with ITC and WTO, UNCTAD:

- Provided advice and training on trade negotiation simulation exercises, on MTS/regional integration issues, and on using the UNCTAD toolkit on “institutional capacity-building” through workshops organized in Senegal, Uganda, Zambia and Geneva;

- Strengthened the national JITAP reference centres in Kenya for official, business and academic use, including with relevant UN and UNCTAD documentation.
There is much appreciation for UNCTAD’s commodity market information used by Governments, international organizations, international commodity bodies, commodity exchanges and businesses engaged in the production, marketing and distribution of commodities.

- The International Commodity Information Electronic Portal (INFOCOMM), supported by France, promotes market transparency and provides up-to-date information on 30 different commodities; improves the understanding of commodity structures; and facilitates access to information and analysis vital to the formulation of pertinent policies for commodity production, marketing, processing and financing. There were 4.4 million hits on the website in November 2004, well in excess of the end-2005 target of 3.5 million a month.

- The biennial World Commodity Survey, the Monthly Commodity Price Bulletin, the annual Handbook of World Trade Mineral Statistics and the annual Iron Ore Market Report also contain highly relevant information for the functioning of commodity markets.

- The Commodity Atlas — prepared jointly by UNCTAD and the Common Fund for Commodities for launching at UNCTAD XI — presents basic facts on commodity production and trade in an easily accessible form to Governments, industry, media, civil society and the public at large. It complements the detailed statistical information provided regularly by UNCTAD. Readers have commented on its usefulness as an analytical tool.

D. Commodities

In the area of commodity risk management and finance, a commodity exchange was launched in India with UNCTAD’s substantive assistance. The exchange soon reached a peak daily turnover of more than US$ 800 million. It was identified by the African Union as one of the prime pillars of economic integration, and UNCTAD is helping develop plans for a similar commodity exchange in Africa. The 8th African Oil and Gas Trade and Finance Conference took place in Morocco with more than 650 participants, particularly from the major African corporations and business community. Two training sessions in innovative financing techniques in commodities were provided to African bankers. An Indian collateral management company became operational in 2004, following UNCTAD’s advice.

By building and supporting a broad-based policy-oriented network of academic and development expertise, UNCTAD seeks to enhance the capacity of developing countries dependent on non-renewable natural resources to sustain a viable development path over the long-term. Workshops for local authorities were organized in mining areas in Peru and Indonesia. Also, another web-based system for promoting best practices and related policies was launched in 2004 with the cooperation of the International Council on Mining and Metals, UNEP and UK-DFID.

In an experimental approach, Migros, a major Swiss-based supermarket company, joined hands with UNCTAD to enable small African producers of fruits and vegetables penetrate Swiss markets. UNCTAD helped in ensuring “total quality management”.

E. Competition law and policy

UNCTAD promoted its vision of a “competition culture” by assisting 25 beneficiary countries and 8 regional groupings in the preparation, revision and implementation of competition legislation. In 2004, five developing countries and transition economies requested such assistance in legislative processes, on target for meeting the official 2004/5 target of 10 countries seeking UNCTAD’s support in this regard:

- Twenty-two countries in Africa, Asia and Latin America, including eight LDCs, had a better understanding of competition issues and were assisted in building national capacities to enforce competition legislation, as a result of national workshops;

- The economic groups of COMESA, SACU and UEMOA were assisted in drafting regional competition legislation. Training courses and seminars were held in Africa and Latin America for judges and public prosecutors on the enforcement of competition law and on issues related to competition and competitiveness in the context of development. There was a programme with focus on building capacities in Latin America (see box 17),

- An ad hoc expert meeting reviewed the implications of a “peer review” of competition policies and practices as a tool for cooperation and exchanges of experiences.

- The annual meeting of competition experts, the Intergovernmental Group of Experts on Competition Law and Policy — the only truly global meeting of its kind — expressed great appreciation for UNCTAD’s competition-related capacity-building programme. The experts, at their November 2004 meeting, discussed such issues as the interface between competition policy and industrial policy and possible dispute mediation mechanisms. The preparation for and the high
Box 17. Competition law and policy: Development of capacities in Latin America

Latin American countries are building capacities for competition and consumer protection policies, with the financial support of Switzerland and the technical expertise of UNCTAD. Implemented by national coordinators from each beneficiary country, the programme seeks to establish and/or strengthen capacities for competition and consumer protection policy. Exchanges of experiences among beneficiary countries will maximize the benefits resulting from the planned activities.

Under the first phase of the programme, initiated in September 2003, surveys of competition law and policy were commissioned for two sub-regions of the continent. In the second, three-year phase launched in November 2004, Nicaragua, Costa Rica, El Salvador, Peru and Bolivia will receive targeted assistance in building the necessary institutions and in administering competition legislation.

The sustainability of the Programme will be primarily based on the transfer of skills to key programme partners in beneficiary countries, who, in turn, will be expected to disseminate their knowledge to others and hence multiply the effects of the programme over time.

technical quality of the expert contributions provide a strong analytical content to UNCTAD’s technical cooperation. This and the important series of publications on competition issues explains the widespread appreciation of this important complement to UNCTAD’s trade-related programmes. Over 80% of responses to publications indicate reader satisfaction as excellent or very good, compared to the 2004 target of 75% of such responses.

F. Trade, environment and development

The new Trade and Environment Review — published in April 2004 — addresses issues at the interface of trade and environment from a development perspective. It focuses on the relationship between specific trade obligations set out in multilateral environmental agreements and WTO rules and the reduction and elimination of tariff and non-tariff barriers to environmental goods and services. Readers were also invited to post comments and ask questions through the on-line “reader’s forum” at the associated UNCTAD website.

Under the rubric “trade and sustainable development”, developing countries were assisted in responding to environmental challenges, in understanding better the trade-environment relationship and in the technical preparations for international deliberations on the matter, in particular in the context of WTO. Subjects included, for example, environmental requirements and market access for: exports of electrical and electronic products (sub-regional, in the Philippines); services (sub-regional, in the Dominican Republic); horticultural products (sub-regional, in Thailand and national in Bangladesh, Cambodia and the Philippines); leather and footwear (national, in Viet Nam); and EU chemical regulation.

The biotrade programme was particularly active in 2004 (see box 18).

On trade and investment implications of multilateral environmental agreements:

• UNCTAD contributed to the intense international discussions on climate mechanism market opportunities, including the trade and investment opportunities arising from the Kyoto Protocol (Argentina, at the 10th Conference of the Parties of the Climate Convention) and on the potential synergies between trade rules and the Protocol; and

• Together with Norway, the EC and the FCCC, UNCTAD offered a capacity-building e-learning course in Tanzania on the clean development mechanism.

Several countries were helped in assessing environmental requirements and in implementing multilateral environment agreements containing trade-related measures, under the auspices of the UNEP-UNCTAD capacity-building trust fund. Workshops were organized in Kenya for Anglophone countries, in Angola for Lusophone countries and in Cambodia.

UNCTAD findings and recommendations in the area of trade and environment are often cited in WTO meetings (in the Committee on Trade and the Environment and the Committee on Technical Barriers to Trade) and in sessions of the relevant multilateral agreements such as CBD, CITES (Convention on International Trade in Endangered Species), Climate Change and RAMSAR. It is estimated that there were 40 such citations in 2004, significantly above the official target of 30 references. UNCTAD was also invited to submit to WTO reports on liberalization in environmental goods and services and on environmental requirements and market access.
Box 18. Highlights of 2004 Biotrade activities in Latin America

- The three partnerships launched at the World Summit on Sustainable Development, namely the Biotrade Facilitation programme, the Andean Amazonian Investor Forum and the Andean Trade Programme, all forged ahead, bringing important policy analysis and capacity-building gains to the beneficiary countries.
- New national biotrade programmes were launched in Bolivia, Costa Rica, Uganda and Venezuela; and new activities with fresh funds were initiated in existing programmes in Brazil, Colombia, Ecuador and Peru.
- As a result, and in collaboration with a wide range of other parties, the UNCTAD biotrade programme has succeeded in enhancing the value-added of products and services derived from biodiversity in five Andean countries, working with CAN and CAF, and in the eight Amazon countries in cooperation with the Amazonian Cooperation Treaty Organization. In cooperation with ITC, the Dutch Centre for the Promotion of Imports (CBI) and the Swiss Import Promotion Programme (SIPPO), UNCTAD has helped 14 countries from Latin America and Africa in biotrade-related market creation, market information and trade promotion.
- Biotrade activities will intensify in Africa in 2005, following discussions at UNCTAD XI.

G. Cooperation with partner organizations

The Working Group on Trade under the UN Executive Committee for Economic and Social Affairs seeks to coordinate work programmes and promote synergies among those UN secretariat entities which work on trade issues, namely DESA, the UN regional commissions, UNEP and UNCTAD. Convened regularly by UNCTAD, the Group was particularly active in 2004 in helping to prepare for UNCTAD XI and in ensuring a coordinated submission on trade-related activities for the 2006-2007 United Nations programme budget.

In addition to its continuing cooperation on trade-related issues with a wide range of organisations, two partnership-related initiatives were launched in 2004:

- The International Task Force on Commodities, launched at UNCTAD XI, will provide an informal and voluntary framework to enable all relevant stakeholders (commodity-dependent developing countries, their development partners, international organizations engaged in commodity issues, commodity-specific bodies, the business community engaged in the production, marketing and distribution of commodities, NGOs, and the academic community researching into commodity problems) to share information. It is in the process of being constituted and starting its work.
- UNCTAD has promoted the establishment of a Consultative Task Force on Environmental Requirements and Market Access, as an open-ended multi-stakeholder forum of government, private sector and NGO representatives.
Box 19. Assuring development gains from international trade and trade negotiations

Summary of results and overall assessment

- In the area of trade negotiations and trade analysis:
  - First, the Board’s annual review of developments in the post-Doha work programme confirms the value of intergovernmental discussions on key trade and development issues outside a negotiating setting. This is UNCTAD’s consensus-building function at work in a practical and constructive manner.
  - Second, partly as a result of UNCTAD’s analytical work and capacity building programmes, developing countries are participating more actively in the trade negotiations and in articulating their priorities and concerns. They are finding increasingly useful UNCTAD’s analysis of development implications of various options in the Doha Round. All this is impacting on ownership and leadership in the negotiations. It is also an important example of the symbiosis between analytical work and capacity-building.
  - Third, the analytical work has also led to clear advances in intergovernmental debate and decisions, for example the work on dynamic and new sectors — leading to the launching of sectoral trade reviews — or on trade and development benchmarks.
  - Fourth, objective evidence suggests growing interest in UNCTAD’s research work — for example in an increasing number of requests for speakers and/or for cooperation in research. But there are difficulties. Factors hindering the rapid dissemination of research studies need to be overcome, especially in those countries and institutions without satisfactory recourse to the Internet. It is often difficult to ascertain precisely how the research work is actually deployed for policy-making and other purposes by the diverse range of users. And most important of all, growing diversity of trade interests/policies and trade negotiating objectives warrants an increasingly disaggregated treatment of issues.
  - Finally, the results of analytical work and support for capacity-building are often only perceived over the medium to long term. There is need for an evaluation approach that goes beyond the biennial time-frame of the United Nations programme budget.

- Work in the area of commodities would benefit from a more innovative approach developed in close consultation with interested stakeholders and member states: this in turn would help generate the necessary extrabudgetary resources essential to apply the special UNCTAD expertise in various areas of commodity-linked development. The proposed ITFC should help in this regard.

- UNCTAD’s capacity-building activities in the area of competition law and policy are much appreciated. However, the increase in the range and extent of activities has highlighted the need for more effective mechanisms to assess impact and results, particularly through feedback from beneficiaries. This will be addressed in 2005, in order to adjust the assistance provided to make it as close as possible to real demand.

- The main lessons learnt in the area of trade, environment and development are first, the need for more concerted action at the international level, based on sector and country-focused analysis, in order to promote a more pro-active strategy on trade and environment reflecting overall development priorities of developing countries; and second, the implications for developing countries of the growing frequency of environmental requirements in their major export markets. This in turn calls for greater awareness and understanding by developing countries, better exchanges of information and capacity-building. UNCTAD’s recently created Consultative Task Force on Environmental Requirements and Market Access addresses these issues.
5. Improving competitiveness through efficient trade supporting services, expanded use of ICTs and training

A. Improved trade logistics

In many developing countries, and especially for landlocked developing countries, the costs of trading - or trade transaction costs — are a more significant barrier to increased exports than tariffs. Efficient transport and trade facilitation arrangements, by reducing such costs, help to improve the international competitiveness of enterprises. A comprehensive national approach is required, in collaboration with neighbouring countries as needed and supported by the necessary international policies and measures. In 2004, UNCTAD worked to increase the efficiency of trade facilitation, customs, and transportation arrangements in a variety of ways.

- Cooperation with other partners. Efficient transport and trade requires close cooperation among many public and private bodies involved in moving goods and services using divergent modes of transport. Hence the Global Facilitation Partnership for Trade and Transport that works with Governments, enterprises, traders and transport service providers to improve transport services in developing countries. Established in 1999, the GFP is led by the World Bank. In 2004, UNCTAD was invited to join the steering committee (the other members being ICC, UNECE, UNIDO and WCO) in recognition of its contribution and practical work for trade facilitation.

- The WTO 2004 July package agreed the framework for negotiations on trade facilitation. The package contains an innovative approach to linking negotiations and negotiated commitments with technical assistance to developing countries. UNCTAD has briefed negotiators and participated in related seminars prior to commencement of the negotiations. In addition to supporting the work of the WTO Negotiating Group on Trade Facilitation, UNCTAD is expected to play a major role in the provision of technical assistance and capacity-building measures contributing to the successful conclusion of the negotiation process and the implementation of commitments.

Box 20. Safety and security in international transportation

Recently introduced security-related measures have changed the environment for the international transport of goods. A variety of different unilateral and multilateral security measures and legislative initiatives have been developed or are under consideration. UNCTAD issued a report in 2004 “Container security: Major initiatives and related international developments” which analysed various maritime security initiatives, including their potential impact, particularly for developing countries. UNCTAD XI agreed that when putting in place the procedures and equipment required to comply with security regulations, countries should combine them with trade facilitation measures to provide both a more secure and a more efficient environment for all international trading partners. UNCTAD XI also agreed that special consideration will need to be given to the impact of security measures on developing countries’ trade and to the support that their implementation will require.

- The world’s first ever e-customs system – ASYCUDAWorld — was launched in 2004 and provided a significant boost to UNCTAD’s highly regarded programme to improve efficiency of customs through automation (box 21). ASYCUDA is now in use in customs administrations in over 80 countries in all parts of the world, processing over 16 million customs declarations a year with a total trade of nearly $500 million.

- Customs clearance times are reduced significantly with the use of ASYCUDA. For example, Albania reported reductions in clearance time from 204 minutes to 70 minutes, Zambia from 8 days to one day and Zimbabwe from 15 days to one day. ASYCUDA also improves efficiency and reduces corruption, and thereby generates additional customs revenue assuming unchanged duties.


- The French Cour des Comptes, member of the United Nations Board of Auditors, concluded in its independent evaluation of the ASYCUDA regional project in Asia and the Pacific, based in Kuala Lumpur, Malaysia, that the “project is a success on many counts...[it has] demonstrated its efficiency ...[and]...sustainability ...and that it needs to gather the necessary information to monitor reductions in cargo clearance time by its ASYCUDA customer base...”
Part Two: Results and Accomplishments

Box 21. ASYCUDA World

- The development of ASYCUDA World is the latest result of a process that began when UNCTAD identified the first signs of the commercial potential of the World Wide Web. ASYCUDA represents a unique opportunity for using the Internet to make international trade simpler and cheaper, while also making international markets more accessible to enterprises from developing countries. The first ASYCUDA World project started successfully in Moldova in March 2004.

- The web-based version of UNCTAD's Automated SYstem for CUstoms DAta (ASYCUDA) will allow customs administrations and traders to handle most of their transactions — from cargo manifests and transit documents to declarations — via the Internet. It covers the Customs functionality that was already available in previous releases of the system whilst also exploiting new technologies to include additional features such as biometrics and images management to increase security and improve customs controls while facilitating trade.

- UNCTAD’s substantive and analytical outputs on transport and trade logistics are designed to both help officials in developing countries appreciate various policy and technical options, and to provide information on trade logistics used by transport service providers, research institutes and international organizations:
  - Landlocked developing countries are particularly disadvantaged by their geographical situation. African landlocked countries on average pay four times as much for the international transport leg of their imports as do developed market economies. The November 2004 Expert Meeting on transit transport arrangements focused on the need for efficient transit corridor management and for a consultative mechanism to consider transit issues in support of the WTO negotiations on trade facilitation.
  - By providing essential statistics and analysis of the latest developments in maritime transport, the annual Review of Maritime Transport is considered to be an authoritative source of maritime information by users in both developed and developing countries. Ninety-two per cent of readers rated the 2004 Review as “excellent” or “good”. The quarterly Transport Newsletter is now distributed electronically.
  - UNCTAD’s technical cooperation to help countries manage their trade logistics and improve trade facilitation is greatly appreciated, in part because of the comprehensive and coherent approach adopted to specific national trade facilitation measures, in part because the advisory services and training are based on solid analytical foundations, and in part because the secretariat’s extensive experience is fed directly into the design of new projects. In 2004, in addition to the continuing trade facilitation-related projects in Laos, Pakistan and the ECO region, UNCTAD:
    - Co-operated in the launching of the Emergency Customs Modernization and Trade Facilitation project in Afghanistan. Financed by the World Bank, UNCTAD will install ASYCUDA and will help introduce a range of trade facilitation measures designed to strengthen the regulatory, physical and commercial environment for increased trade.
    - Initiated work supported by Norway and the United Nations Development Account designed to develop practical tools to assess trade facilitation needs and priorities and to support trade facilitation platforms in developing countries.
  - The UNCTAD Advance Cargo Information System (ACIS) — designed to monitor the movement of cargo along transport corridors and to generate reliable data on the efficiency of transport modes — is used by ports and railway administrations in a number of African and Asian countries which report significant savings and increased revenue resulting from reductions in average consignment transit time and in railway wagon hire charges.

B. More effective training, human resource development and capacity-building

UNCTAD’s approach to its training and related capacity-building programmes — based on collaboration between the programmes responsible for substantive content and a core group that provides pedagogical direction and coordination — focused in 2004 on:

- The sustainability and maintenance of national training capacities in developing countries supported by the TRAINFORTRADE programme that utilizes the “training of trainers” methodology to create a cascade effect that facilitates sustainability at the national level, and distance learning (DL) tools:
  - In 2004, the TRAINFORTRADE programme organized 17 national and sub-regional training seminars for 500 participants from 60 countries (of which 22 were LDCs) on commercial diplomacy, competition law and policy,
international investment agreements and port management. Course evaluations conducted by participants, which showed general satisfaction with the courses, are being used to further improve presentations and modify course content and delivery.

- Training materials were developed on five subjects, namely, international investment agreements; multilateral negotiations on trade in services; multilateral negotiations on trade in agriculture; legal aspects of e-commerce; and ICT in ports. Much of the material on the first three courses is also available in DL format.
- The distance learning (DL) platform has been redesigned and new functionalities added (see box 22).

**Box 22. UNCTAD’s distance learning activities**

The UNCTAD open source application for distance learning (DL) includes chat and forum functions, an improved tool for managing distance learning sessions, automatic creation of online tests and a content management function allowing for the direct upload of documents and course updates. DL activities conducted in several LDCs (Benin, Cambodia, Guinea, Lao PDR, Mali and Togo) showed that the use of the new technologies can successfully prepare participants for more advanced traditional training; DL also reduces the total length of training in the field, thus reducing overall costs per trainee. The DL project supported by Belgium was evaluated in 2004. The innovative nature of the project was welcomed. Experience to date has validated the use of DL. The independent evaluation recommended the extension of the DL approach.

- With the support of France, TRAINFORTRADE activities were extended to Cambodia and Lao PDR.
- **Courses on the key issues on the international economic agenda** focus on the links between trade, investment and development, especially in the context of the current multilateral trade negotiations. The courses are directed towards middle-senior level officials from the ministries responsible for trade, economic affairs, finance and development.
- Three regional courses were conducted in 2004 for 63 participants (17 of whom were from LDCs) in Africa (Mauritius, January-February), transition economies (Czech Republic, July) and Asia-Pacific (Viet Nam, November). The courses were always over-subscribed. Participants, when responding to questionnaires six months after the courses, indicated noticeable substantive improvement in their knowledge. Supervisors reported high value-added in terms of job performance by participants and a very high rate of information and knowledge sharing within departments. For the first time, a “short” course was organized in September 2004 for 61 Geneva-based delegates on selected issues on international trade.
- A website and CD-ROMs provide course material for participants and others interested. There will be an in-depth independent evaluation of the training programme in 2005.
- **A new initiative for collaboration with universities** supports the key role they play in building capacities to formulate and implement home-grown trade and development policies by educating future decision-makers and by providing expertise to Governments on current issues. Launched at UNCTAD XI, the UNCTAD Virtual Institute is designed to help participating universities enhance their capacities to develop and offer graduate courses and conduct research on international economic and development issues (see box 23).

**Box 23. The UNCTAD Virtual Institute (VI) for Trade and Development**

- In its first few months of existence, the VI established a core membership of six universities from several regions of the world (University of Campinas, Brazil; Jawaharlal Nehru University, India; University of Jordan; University of Mauritius; University of Dar-es-Salaam, Tanzania; and the University of Grenoble, France). There is now a website through which member universities access UNCTAD teaching and research materials and exchange relevant teaching material of their own. The Virtual Institute is working with participating universities to develop approaches to the teaching of international trade issues relevant to their countries’ needs.
- After the initial phase in establishing the VI and its core membership, the VI will identify ways of working with a broader range of universities consistent with present UNCTAD capacities. The Institute has benefited from support from Canada and the work of a UN Fulbright Fellow.
C. Greater awareness of e-commerce and other business applications of ICTs

Information and communication technologies (ICTs) are becoming increasingly important for improving the competitiveness of enterprises, for enhancing the efficiency of the public sector and for facilitating the delivery of services. But large disparities exist among countries in their ability to access and use ICTs.

- Increasing awareness of e-commerce and ICT applications is a top priority. In this regard, UNCTAD focused on:
  - Analysing developments in e-commerce and ICT applications for the annual E-Commerce and Development Report (ECDR). Previous reports have attracted significant interest: the ECDR 2003 was downloaded over 200,000 times and was rated excellent or good by over 80% of respondents to the readership survey. The report for 2004, issued in mid-December, reviewed trends in e-commerce and e-business, the impact of ICTs on SMEs’ competitiveness and the effects of the Internet on the music industry and higher education. The report also reviewed such issues as the management of the domain name system, and the advantages and disadvantages of alternative Internet governance models.
  - The Expert Meeting in September 2004 on “Free and open source software (FOSS) for development” concluded that ICT policy-makers need to include FOSS to enrich their choice of software and to realize competitive offers.
  - UNCTAD XI emphasised that ICT applications for improving the economic competitiveness of developing countries, including for e-commerce, requires the close cooperation of public sector institutions with the business community and other interested parties. Accordingly, at the Conference, partnerships were launched on:
    - Free and open source software (FOSS), whereby interested IT companies would seek to expeditiously promote knowledge of FOSS as a key factor in the spread of ICT opportunities.
  - E-tourism. Tourism can be enormously facilitated through targeted ICT applications on the business environment and consumer behaviour. In cooperation with other organizations, the UNCTAD e-tourism initiative is designed to help small islands, LDCs and other developing countries otherwise constrained by limited economic opportunities market their own distinctive brand.
  - The design of national e-strategies and polices. In 2004, UNCTAD became an active member of e-POLNET, established by a number of Governments and international organisations.
  - E-measurement and ICT indicators (see box 24).
  - E-finance, designed to explore opportunities arising from innovative Internet-based electronic finance.

- In addition to its work on ICT indicators, UNCTAD is guided by the Plan of Action adopted at the World Summit on the Information Society in supporting the efforts of developing countries to use e-business in those sectors of economic importance with export potential. It also, with the support of Japan, strengthened the capacity of trade information officers of seven Asian LDCs and five other Asian countries in applying ICTs to business and trade. The publication “Use of Internet for Efficient International Trade – Guide for SME Managers”, issued in April, was widely circulated and appreciated.

One of the pending issues with development implications unresolved at WSIS-I concerns arrangements for Internet governance. The results of UNCTAD’s review of the developmental aspects of the matter were published in ECDR 2004.

During 2004, UNCTAD continued to provide technical advice to the World Trade Point Federation. Born out of the UNCTAD trade point programme designed to strengthen the export capacity of SMEs, the web-based network of over 130 Trade Points is now active in more than 80 countries.

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Box 24. Measuring ICT for development

There is a clear need for internationally comparable indicator systems to measure the impact and effect of ICTs for development, as an instrument both for policy-making and to facilitate follow-up of the WSIS Plan of Action and the Millennium Development Goals. Building on the pioneering work of OECD, UNCTAD with the active collaboration of ITU, OECD, UNESCO, the UN regional commissions and the UN ICT Task Force is pioneering a partnership to enhance statistical information on e-commerce, e-business and other economic aspects of ICT use in developing countries. A donors’ meeting was held in Geneva on 18 October 2004 to seek the necessary support to:

- Identify a set of core indicators collected by all countries and harmonized in a shared global database at the international level; and
- Assist developing countries build capacity to monitor national ICT impact.
Box 25. Improving competitiveness through efficient trade supporting services, expanded use of ICTs and training

Summary of results and overall assessment

- The impact of UNCTAD’s work has been clearly enhanced through its participation and promotion of various partnerships and other networking arrangements. Special mention should be made of the global trade facilitation partnership, the ICT for Development partnerships, and the more structured approach to networking with academia such as through the UNCTAD Virtual Institute. This approach will be further built upon in 2005.

- Issues relating to trade facilitation, and UNCTAD’s comprehensive approach to capacity-building, will become more important as the implications of the WTO negotiations on the subject intensify in 2005. The ASYCUDA programme has achieved notable results in expanding the number of user countries and in the successful launch of ASYCUDAWorld, the world’s first ever e-customs service.

- The success of the menu-based approach to training and human resources development (TRAINFORTRADE, the training courses on key issues of international economic agenda, and the Virtual Institute) will require active collaboration within the secretariat.

- UNCTAD activities as regards distance learning are beginning to show good results with modest investment. Rigorous selection of participants for all training activities along the model of the courses on key issues of economic agenda is essential.

- UNCTAD has a good track record in analysing the development benefits of ICT usage for e-business and e-commerce. However, there is still a huge and urgent demand for assistance in developing countries in these areas.
Part Two: Results and Accomplishments 31

6. Addressing special needs of least developed countries, small island developing States and landlocked developing countries, and the related special problems and challenges faced by transit developing countries

A. Contributing to the implementation of the Brussels Programme of Action for LDCs

The 50 least developed countries share three common criteria: very low incomes per capita, weak human assets and a high degree of economic vulnerability. The majority of their populations live at income levels insufficient to meet their basic needs. As reflected in the Third United Nations Conference on LDCs (Brussels, May 2001), efforts by least developed countries to reverse their marginalization require the support of all development partners in addressing key development tasks over sustained periods of time. In 2004, UNCTAD contributed to this task in a variety of ways.

Linking international trade with poverty reduction...

- International trade is vital for poverty reduction. But the links between trade expansion and poverty reduction are neither simple nor automatic. The 2004 Least Developed Countries report, released for UNCTAD XI, clarified the links and thereby promoted a better understanding of the national and international policies that can render international trade an effective mechanism for poverty reduction in LDCs (see box 26).

Box 26. Linking International trade with poverty reduction

The Least Developed Countries Report 2004

The Report argues that international trade can play a major positive role in reducing poverty in the LDCs. However, in practice this is not happening in many of them. In some this is due to a weak trade performance. But most of the LDCs achieved much higher rates of export growth in the 1990s than in the 1980s. The failure of trade expansion to lead to poverty reduction has been related to weaker linkages between trade and economic growth than in the more advanced developing countries. Moreover, there is a tendency for export expansion in very poor economies with mass poverty and few surplus financial resources to be associated with an exclusionary rather than inclusive form of economic growth. Civil conflicts in some of the LDCs have also been associated with immiserizing trade.

The Report shows that most LDCs undertook deep trade liberalization in the 1990s. They also received some degree of preferential market access from developed and developing countries. But trade liberalization plus enhanced market access do not necessarily equal poverty reduction. Many LDCs are in the paradoxical situation that they are the ones needing the multilateral trading system the most, but they find it harder to derive benefits from the application of its central general systemic principles: liberalization and equal treatment for all its members.

Action is required now on three fronts to generate more effective linkages between international trade and poverty reduction: a two-way mainstreaming of both trade and development within national poverty reduction strategies; increased and effective international financial and technical assistance for developing domestic production and trade capacities; and an enabling international trade regime, which includes (i) phasing out by OECD countries of agricultural support measures that adversely affect LDCs, (ii) new international policies to reduce vulnerability to negative commodity price shocks and to address the special challenges facing mineral economies, (iii) more effective market access preferences for the LDCs complemented by new supply-side preferences, and (iv) enhanced South-South cooperation in the field of trade and investment.

- The report had an immediate impact. It received exceptional coverage in the mass media, with over 150 articles and interviews — far exceeding the official target of 35 such articles. There was appreciation for the relevance of the findings of the report from decision-makers, representatives of Governments and regional groups at UNCTAD XI and in the session of the Trade and Development Board (see box 27).

...helping countries benefit from their status as least developed ...

- UNCTAD has continued to analyse the specific action taken by the international community in favour of LDCs in the areas of trade policy, development finance and technical cooperation, especially as regards the extent to which LDCs have been actually using preferential market access opportunities. The issue of preference erosion is one
of the key aspects of a forthcoming study, which will offer proposals on how LDCs could make better use of remaining preferences and on alternative modalities of special treatment for LDCs in the context of trade liberalization. As part of this work, UNCTAD will conduct a detailed assessment at country level of the benefits effectively received and used by individual LDCs because of the special treatment in their favour.

... mainstreaming trade policies into their development strategies, including through the further extension of the Integrated Framework for Trade-Related Technical Assistance to least developed countries (IF) ...

- During the year 2004, UNCTAD assisted a number of LDCs in their efforts to mainstream trade in national development strategies, using the joint IMF/ITC/UNCTAD/UNDP/World Bank/WTO IF for Trade-related Technical Assistance to LDCs as the principal framework and management tool. By so doing, UNCTAD helped implement the 2003 decisions to expand the Integrated Framework (IF). 48
  - With the support of the Government of Finland, UNCTAD organized the IF regional workshop on Pre-DTIS (diagnostic trade integration studies support) for incoming LDCs, held in Rwanda in October 2004. Twelve LDCs participated, of which three (Cambodia, Guinea, and Yemen) have already mainstreamed their trade policies into national development strategies and the remaining nine countries (Angola, Chad, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia) are participating in the IF. Belgium, Finland, Netherlands, the United Kingdom, the United States and the EC participated as donors in the workshop.
  - UNCTAD prepared chapters on investment for the joint DTISs for Benin, Chad and Djibouti; on customs and investment for Lao PDR and Rwanda. It participated at the November 2004 national validation workshop of the DTIS for Mali, another new IF country, with advice on relevant trade and development strategies.
  - With the collaboration of ITC and WTO, UNCTAD assisted Djibouti, Guinea and Madagascar in enhancing their ownership of the IF process.
  - In addition to Cambodia, Guinea, and Yemen, Lesotho and Senegal also mainstreamed their trade policies into national development strategies in 2004, bringing the total number of countries so doing to five.

... and making progress on graduating LDCs

- An inventory of smooth transition modalities that could be envisaged for countries graduating from LDC status in the multilateral trading system and in the areas of development financing and technical assistance was carried out in 2004 for the Committee for Development Policy (CDP), in accordance with the decision of the General Assembly. The inventory indicated the impact on the development process of losing concessionary treatment.
  - UNCTAD brought to the attention of the CDP and ECOSOC the likely negative impact of graduation for Cape Verde and Maldives, considering the high dependence of these two countries on aid and Maldives’ need for continued EBA treatment for its tuna on the EU market. The General Assembly decided in December to formally envisage eventual graduation of both countries three years later. However, the devastating tsunami has reminded the international community of the importance of the vulnerability criterion, and revealed the problems associated with graduation in countries that have not been able to demonstrate structural progress toward greater resilience to external shocks.
B. Seeking to reduce the vulnerability of the small islands

Small island developing States (SIDS), with small populations, often long maritime and air transportation routes and mono-crop cultures, are particularly vulnerable to the impact of both economic trends in the rest of the world and to natural phenomena. In 2004:

- Throughout the preparatory process for the International Meeting for the Review of the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (Barbados + 10), UNCTAD made the case to relevant development financing institutions to extend to least developed SIDS that have risen above low-income level the “small island exception” that makes retention of maximum concessionary treatment possible for small island developing countries. In this regard, UNCTAD recalled “the small island exception permitting continued access to IDA treatment for relevant countries that became lower middle-income economies”.
- UNCTAD provided assistance to the Alliance of Small Island States and its members in the preparation for Barbados + 10 Meetings.
- UNCTAD reviewed the consequences for small islands of liberalization in agricultural trade.

C. Improving the efficiency of transit-transport cooperation for landlocked developing countries and addressing the special problems and challenges faced by transit developing countries

Landlocked developing countries incur significant additional transportation costs for their exports and imports arising from the inefficient transportation arrangements directly linked to their geographically-disadvantaged status. For example, UNCTAD figures show that the international transport costs for imports of African landlocked countries account for an average of 20.7 per cent of the value of the imports, as compared to a world average of 5.1 per cent and the average for African countries of 12.7 per cent.

In 2004, UNCTAD continued to assist in the mitigation of such costs and to address the special needs of transit developing countries as part of its contribution to the implementation of the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing countries and the Donor Community. In particular:

- The December 2004 Geneva meeting of experts from China, Mongolia and the Russian Federation paved the way for full agreement on their Transit Traffic Framework Agreement designed to render transit operations in North-East Asia more efficient and cost-effective among the three participating countries.
- Extrabudgetary contributions were sought to assist African landlocked and transit developing countries improve the efficiency of their mutual transit transport operations and thereby reduce trade transactions costs and enhance the competitiveness of exports from landlocked countries.
- The Expert Meeting on Transit Transport Arrangements benefited from specific experience in implementing the Global Transit Transport Cooperation Framework.
- The target of reducing transit time by 65 per cent in 2004 — compared to the base year of 1999 — for goods in transit from and to landlocked developing countries was not verifiable. Several LDCs, however, implemented measures to increase the efficiency of transit transport operations. For example, both the port and the railway line of the Nacala Corridor, the quickest and cheapest outlet to the Mozambican coast for Malawi and large parts of Zambia, improved their efficiency as a result of a public-private partnership involving foreign capital. In December, the rehabilitated Benguela railway branch of 145 km between Lobito and Cubal in central Angola was opened — increasing transport capacity on this leg significantly — following the 2004 launch by Angola of a US$4 billion programme to resuscitate its transport networks with links to the copper belt of the Democratic Republic of the Congo and Zambia. Uganda and Kenya agreed on measures for the uninterrupted operation of train services between Mombasa and Kampala that will be facilitated by the UNCTAD-ACIS programme.
Box 28. Special needs of least developed countries, small island developing States and landlocked developing countries, and the related special problems and challenges faced by transit developing countries

Summary of results and overall assessment

• The impact of the LDC programme was particularly pronounced as regards the much appreciated work on linking international trade with poverty reduction. Building on the success of the 2004 Least Developed Countries Report, there is a need for further improvements by all relevant parties to the planning, marketing and dissemination of the Report, especially as it will be published annually as from 2006.

• UNCTAD’s contribution to the Integrated Framework for trade-related technical assistance was appreciated by both beneficiaries and other partner agencies. Yet much remains to be done by the LDC Governments and their partners to “mainstream” trade issues in their development strategies at the national level.

• Greater attention is likewise needed at the international level to ensure smooth transition policies for graduating LDCs.

• There remains scope for ensuring a more systematic and coherent approach to LDC issues across the UNCTAD secretariat as a whole.

• UNCTAD’s work on landlocked developing countries, including the special challenges faced by transit developing countries, has been severely constrained by the lack of extrabudgetary resources for practical programmes of assistance to improve the efficiency of transit-transport arrangements.

• Further work on the recognition of specific vulnerability criteria would advance understanding on the necessary international measures required to promote the economies of small islands.

• UNCTAD cooperated with the Office of the High Representative for LDCs, SIDs and LLDCs at United Nations Headquarters.
Part Three: Measures to improve the overall impact of UNCTAD’s work

Several actions under way in 2004 for the institution as a whole sought to improve the impact and outreach of UNCTAD’s activities. This part of the report presents some key features of this aspect of the work of UNCTAD.

1. Strategic management in UNCTAD

The coherence of the management process in UNCTAD encompassing the substantive, political and administrative dimensions has been pursued. In this respect:

**Key management instruments continued throughout 2004…**

- The Strategic and Policy Planning Group chaired by the Secretary-General of UNCTAD met once a week to provide executive guidance to the divisions and the institution; a summary of the discussions is posted on the UNCTAD intranet page for all UNCTAD staff.

- The Planning System for intergovernmental meetings sets out the substantive and logistical preparations, followed by an assessment of results. It also serves to integrate internal processes of UNCTAD with those taking place outside the institution.

- There is an annual self-assessment of each substantive programme by managers using the logical framework approach.

- A detailed biennial programme assessment was distributed to all UNCTAD member states.

- There are regular readership surveys of UNCTAD publications. These, however, are characterized by poor feedback from the readers.

- The concept of result-based budgeting (RBB) continued to be applied to the preparation of management instruments of UNCTAD, i.e. the Strategic Framework and the Programme Budget for 2006–2007. As an institution that had made a head-start to this process through its own logical framework, it is recalled that UNCTAD was used as a prototype by the General Assembly.

- The re-establishment of the division of management brought all programme support functions together in a single entity.

...with an emphasis on performance and results achieved.

The annex to this report contains a list of all the expected accomplishments and indicators of achievement set out in the current 2004-2005 programme budget. Of the 35 performance measures for the two-year period, UNCTAD is on target to achieve 29 in the first year of the biennium. It has already surpassed five targets for the biennium as a whole. It fell short of three targets. Whilst this is a satisfactory achievement — particularly in a Conference year — the institution should strive for continuous improvement of its performance.

**Evaluation** of performance is a key elements in the management of UNCTAD. In addition to the regular assessment of performance, each year the Working Party on the Medium-term Plan and the Programme Budget reviews an in-depth independent evaluation of a technical cooperation programme conducted through a participatory approach involving both donors and beneficiaries. There was no such evaluation in 2004, being a Conference year, but the Working Party did as usual review the implementation of recommendations of earlier evaluations endorsed by the Board. By its resolution 59/269, the General Assembly requested that the evaluation activity be strengthened and the self-evaluation plan be embodied in the Programme Budget for 2006-2007.
2. More effective and coherent technical cooperation for capacity-building

*Implementation of the UNCTAD technical cooperation strategy continues* ... 

The strategy, designed to enhance UNCTAD’s technical cooperation in the context of the Millennium Development Goals, aims at making UNCTAD’s operational activities more responsive to beneficiary needs and donor concerns. UNCTAD XI reinforced this message. A full report on UNCTAD’s technical cooperation was presented to the September session of the Working Party on the Medium-term Plan and the Programme Budget.

... based on transparent ownership by developing countries ...

The concepts of national ownership and demand-driven assistance are central to UNCTAD’s technical cooperation, which as a result is becoming increasingly customized. National and regional needs and stakeholders, as identified by beneficiaries, are put at the centre of project design and implementation.

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**Box 29. Demand for UNCTAD’s technical co-operation**

There was strong demand for capacity-building assistance as regards:

- Programmes in the area of economic governance such as customs automation (ASYCUDA) and debt management (DMFAS);
- Regional and bilateral issues in the areas of trade and investment policies and negotiations;
- National institutional and legislative capacities for the design and implementation of trade and development issues;
- Training on specialized as well as multithematic issues; academic partnerships to address research and training needs;
- Post-accession issues for new WTO members; trade facilitation and trade logistics needs;
- Competitiveness, technology and regulatory policies; and
- Support for the formulation of comprehensive national trade, industrialization and poverty reduction strategies.

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3. Follow-up to major United Nations conferences and summits

In its resolution 57/270B, “Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields,” the General Assembly, in paragraph 27, stressed the need to make maximum use of existing United Nations mechanisms for the purpose of reviewing the implementation of commitments made within the UN system in key areas of development. It invited:

- The Trade and Development Board to contribute, within its mandate, to the implementation and to the review of progress made in the implementation of the outcomes of the major UN conferences and summits, under its relevant agenda items.
- The President of the Board to present the outcomes of such reviews to ECOSOC.

The São Paulo Consensus indicated that UNCTAD is expected to make substantial contributions to the implementation of the outcomes of recent global conferences and that UNCTAD has a special responsibility to contribute to the achievement of the international development goals, including those contained in the Millennium Declaration.

A document prepared by the secretariat (TD/B/51/5) summarized undertakings by UNCTAD intergovernmental bodies relevant to the follow-up to major UN conferences and summits and related actions by the secretariat. It also contained a brief review by the secretariat of progress made in the implementation...
of the outcomes of the major UN conferences and
summits, so as to assist the Board in its consideration,
and provided a special cross-cutting reference to the
decisions made at major conferences that explicitly
cornern the special needs of least developed countries
(LDCs), small island developing States, landlocked
developing countries and transit developing countries,
with mention of some of the relevant actions taken in
relation to these decisions. The document was also
relevant for the 2005 comprehensive review of the
implementation of the international development goals,
including those contained in the Millennium
Declaration, during the High-Level Meeting of the
General Assembly on this issue.

4. The redesigned website attracts renewed interest in UNCTAD

The dissemination of UNCTAD information,
documents and publications and their multilingual
presentation on the Internet had been significantly
improved through:

• Regular updates and revisions of the architecture
  and design of the website.

• "Web flyers" — a new kind of web page — have
  been created to provide a brief overview of all major
  UNCTAD publications, accompanied by abstracts
  in Arabic, English, French and Spanish and links to
  the electronic version.

• The database on UNCTAD meetings – with access
to documents in six languages, calendars and
  agendas — has improved the visibility of UNCTAD's substantive work.

• All this has attracted more visitors to the website:
  their number rose by 95% from 0.9 million in 2001-2 to 1.9 million in 2003-2004. As a consequence,
  downloads of PDF versions of UNCTAD documents also rose considerably, from 3.0 million

• A special website was created for, and maintained
during, UNCTAD XI.

5. Several initiatives to mainstream the gender dimension

UNCTAD's work on gender equality focused mainly
on the interrelationship between trade and gender, and
UNCTAD acted as the Task Manager of the UN Inter-
Agency Task Force on Gender and Trade (see box 30).

At UNCTAD XI, a Round Table on the theme of Trade
and Gender provided a forum for policy makers,
representatives of academia, international organizations
and civil society to debate four main policy issues:

• Government policies to reduce the gender gap and
  enhance gender equality in the context of trade
  liberalization;

• Multilateral commitments and the development
  objective of gender equality;

• The contribution of international trade to poverty
  alleviation and gender equality; and

• Capacity building for trade and enterprise
development.

A number of recommendations were made on
measures to address gender inequality in the context
of international trade, as well as on trade policies in the
context of multilateral trade negotiations. Recommendations were also addressed to international
agencies. The UN Inter-Agency Task Force on Gender
and Trade launched the book on “Trade and Gender,
Opportunities and Challenges for Developing
Countries”.

Box 30. UNCTAD XI Round Table on Trade and Gender

Recommendations on gender-sensitive trade policies

• Developing countries should draw up a common list of gender-sensitive products and prioritize demands for reduction
of developed country subsidies and market access restrictions on this basis;

• Reduction of developed country agricultural subsidies would result in improvements in domestic market prospects for
  many women's crops;

• Reduction of tariff escalation would result in the creation of jobs for women in food-processing industries;

• Reduction of barriers to trade in services, and in particular to the movement of services providers, would greatly enhance
  female employment opportunities;

• Continued improvements in non-agricultural market access would result in further employment opportunities for women;

• Ever-increasing product standards (SPS and TBTs) are especially problematic for women, whose farms are often small
  and under-resourced.
6. The servicing of UNCTAD meetings

UNCTAD’s intergovernmental machinery was supported by the secretariat in the preparation, management and servicing of its meetings. These included: the eleventh Conference (UNCTAD XI); seven meetings of the preparatory Committee for UNCTAD XI; three hearings with civil society and the private sector in the preparatory process for UNCTAD XI; the regular and two executive sessions of the Trade and Development Board; two sessions of the Working Party on the Medium-term Plan and the Programme Budget; the annual sessions of the Commission on Trade in Goods and Services, and Commodities, the Commission on Investment, Technology and Related Financial Issues, and the Commission on Enterprise, Business Facilitation and Development; 10 expert meetings of the Commissions; and the first part of the UN Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement. The service to UNCTAD XI also included logistical support and the coordination of various support services provided by outside entities, and the preparation and management of a number of side and parallel events that took place on the occasion of the Conference.
## Annex: Indicators of Achievement

<table>
<thead>
<tr>
<th>Objective</th>
<th>Expected accomplishment</th>
<th>Indicator of performance</th>
<th>Performance measures</th>
<th>Achieve ment 2004</th>
<th>Above/ below Mid-point target</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide leadership and management to enable UNCTAD to be of further service to its member States and to implement the mandates provided (EDM)</td>
<td>a Increased recognition by member States of the relevance of UNCTAD work</td>
<td>Number of member States represented at the Conference UNCTAD XI</td>
<td>160 countries</td>
<td>155 countries present</td>
<td>Below</td>
</tr>
<tr>
<td></td>
<td>b Management provided to effectively implement the mandates</td>
<td>Number of recommendations arising from evaluations endorsed by UNCTAD intergovernmental bodies</td>
<td>15 recommendations</td>
<td>No evaluation for 2004</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>c Improvement in the mainstreaming of a gender perspective in the work of UNCTAD</td>
<td>Increase in the number of initiatives and cooperation activities incorporating a gender perspective</td>
<td>12 initiatives</td>
<td>7 initiatives</td>
<td>On target</td>
</tr>
</tbody>
</table>

### Sub-programme 1A (GDS)

| | a Increased understanding of problems related to the evolution and management of globalization and to global interdependence and their implications for development policies and prospects | Interventions and other forms of feedback from member States and direct beneficiaries that reflect their views on practical value and impact of analysis and policy recommendations on the development prospects of developing countries | 30 interventions and comments | 17 interventions | Above |
| | b Increased understanding by member States and the international community of the resource requirements of the developing countries, causes and trends of their external indebtedness, and possible options to solve their debt problems | Member States’ views on the practical value and impact on the development prospects of developing countries | 20 interventions and comments | 25 interventions | Above |
| | c Improvement in the ability of policy makers to design appropriate policies: efficient management of debt through utilization of the DMFAS in developing countries, and strengthened capacity of developing countries to record, monitor and analyse their external and domestic debt | Satisfaction by users as measured by the number of institutions using DMFAS | 90 institutions | 91 institutions | Above |
| | d Improved understanding by public and private institutions of issues related to Palestinian development in the context of the multilateral trading system, increased public awareness of UNCTAD technical assistance to the Palestinian people, and its research and analysis on Palestinian economic development | The rate of positive response to survey | 70 per cent positive response | 80 per cent | Above |
| | e Improvement in the ability of policy makers to design appropriate policies: strengthened institutional and managerial capacity at senior and middle levels of the Palestinian Authority in planning, policy-making and implementation in areas related to trade policy and strategies, competition, trade facilitation, financial and debt management, development planning, investment promotion and enterprise development | Policies and measures taken by the Palestinian Authority, drawing on UNCTAD recommendations and the use of UNCTAD technical cooperation projects | 10 policies and measures | 6 policies and measures | Above |

### Sub-programme 1B (Africa)

<p>| | a Increased understanding of the problems faced by Africa in the areas of trade, financial flows, debt, structural adjustment and supply capacity and contribution to national and international policy choices to promote African development in the areas of expertise of UNCTAD | (i) Increase in the number of articles and interviews in the media | 50 articles and interviews | 140 articles and interviews | Above |
| | b Improved inter-agency cooperation and coordination on various intergovernmental and inter-agency initiatives with regard to Africa | (ii) Requests for documentation by outside users, including sales and downloads from the website | 26,000 copies sold or times downloaded | 33,520 copies sold or times downloaded | Above |
| | | Increased number of cross-sectoral activities and contributions in the form of studies and technical papers through inter-agency activities in support of NEPAD | 6 activities and outputs | 2 activities and outputs | Below |</p>
<table>
<thead>
<tr>
<th>Objective</th>
<th>Expected accomplishment</th>
<th>Indicator of achievement</th>
<th>Performance measures Target 2004-2005</th>
<th>Achieve- ment 2004</th>
<th>Above/ below Mid-point target</th>
</tr>
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<tbody>
<tr>
<td><strong>Subprogramme 2 (DITE)</strong></td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>a</td>
<td>Improved ability of policy makers to design appropriate policies and strategies in order to attract and benefit from foreign investment</td>
<td>(i) Usefulness and relevance of investment-related analysis assessed by readers of publications through readership surveys (ii) Positive assessment by experts of the usefulness and relevance of investment-related analysis and policy advice</td>
<td>90 per cent of survey replies</td>
<td>90% excellent or good</td>
<td>Above</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) The extent to which policy recommendations were put into practice by developing countries</td>
<td>90 per cent of recommendations</td>
<td>90 per cent</td>
<td>Above</td>
</tr>
<tr>
<td>b</td>
<td>Improved ability of policy-makers to design appropriate policies and strategies to attract and benefit from foreign direct investment, and to understand the development dimension of international investment agreements</td>
<td>(i) The quality, usefulness and timeliness of research and analysis that is directly relevant to multilateral trade negotiations, as assessed by participants in intergovernmental meetings, measured by the percentage of ratings as “excellent” and “good”</td>
<td>86 per cent of survey replies</td>
<td>88 per cent</td>
<td>Above</td>
</tr>
<tr>
<td>c</td>
<td>Improved ability of developing and transition countries to design appropriate policies and strategies; to deepen linkages between domestic and foreign firms with a view to maximizing the positive impact of foreign direct investment; to improve corporate governance and corporate social responsibility; to set international standards or guidelines; and to increase benefits from technology transfer</td>
<td>(i) The number of cases of foreign direct investment from UNCTAD work have been applied, used for formulation of policies and programmes or agreed to by expert/professional bodies</td>
<td>30,000 times</td>
<td>30,000</td>
<td>On target</td>
</tr>
<tr>
<td><strong>Subprogramme 3 (DITC)</strong></td>
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<tr>
<td>a</td>
<td>Strengthened capacities of developing countries and countries with economies in transition to formulate, articulate, and implement appropriate policies and strategies to participate effectively in, and derive maximum benefit from, international trade and, in particular, multilateral trade negotiations as well as in achieving progress in the process of accession to WTO</td>
<td>(i) Usefulness and relevance of investment-related analysis assessed by readers of publications through readership surveys (ii) Positive assessment by experts of the usefulness and relevance of investment-related analysis and policy advice</td>
<td>86 per cent of survey replies</td>
<td>88 per cent</td>
<td>Above</td>
</tr>
<tr>
<td>b</td>
<td>Increased awareness of factors underlying developments in international trade and of the impact of trade policies and increased capacity to implement trade policy tools that make development policies more effective</td>
<td>(ii) The impact and usefulness of technical cooperation activities in this area, as measured by the number of events assessed positively by the direct beneficiaries</td>
<td>80 events</td>
<td>66 events</td>
<td>Above</td>
</tr>
<tr>
<td>c</td>
<td>Strengthened capacity of developing countries to enhance the contribution of their commodity production and trade to sustainable development and economic diversification, to apply modern commodity price risk management and financial instruments and to promote greater participation in value-added chains</td>
<td>(i) Interest in and usage of analytical work and information on commodities expressed by the number of hits per month on the Infocomm website</td>
<td>350,000 visits per month</td>
<td>Estimated 400,000 visits per month</td>
<td>Above</td>
</tr>
<tr>
<td>d</td>
<td>Increased understanding of developing countries and countries with economies in transition for dealing with competition and consumer protection issues, with due attention also to gender dimension</td>
<td>(ii) Increase in the percentage of beneficiaries responses indicating advice was “very useful” or “useful” on the quality and usefulness of technical advice</td>
<td>85 per cent of survey replies</td>
<td>85 per cent</td>
<td>On target</td>
</tr>
<tr>
<td>e</td>
<td>Increased awareness and ability of developing countries to develop mutually supportive trade, environment and development policies at the national and multilateral levels, with due consideration to gender equality in discussions and decision-making</td>
<td>(i) Increase in the percentage of countries in which progress is made in preparation or adoption of competition legislation through UNCTAD technical assistance</td>
<td>75 per cent of survey results</td>
<td>80 per cent</td>
<td>Above</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) The number of countries in which recommendations from UNCTAD intergovernmental meetings in WTO, WIPO and multilateral environmental agreements</td>
<td>10 countries</td>
<td>5 countries</td>
<td>On target</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>60 references</td>
<td>40 references</td>
<td>Above</td>
</tr>
</tbody>
</table>
### Annex: Indicators of Achievement

<table>
<thead>
<tr>
<th>Objective</th>
<th>Expected accomplishment</th>
<th>Indicator of achievement</th>
<th>Performance measures Target 2004-2005</th>
<th>Achievements 2004</th>
<th>Above/below Mid-point target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subprogramme 4 (SITE)</strong></td>
<td></td>
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<tr>
<td>a</td>
<td>Improved trade logistics, by strengthening of transport efficiency, trade facilitation, customs and legal framework in developing countries and an improved understanding of policy and strategy options through research, technical cooperation and human resource development</td>
<td>(i) Satisfaction with the usefulness and quality of research and analysis for improving the understanding of policy and strategy options, as measured by the percentage of readers' feedback rating the review of maritime transport as &quot;good&quot; or &quot;excellent&quot;</td>
<td>90 per cent of survey replies</td>
<td>92 per cent of survey replies</td>
<td>Above</td>
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<td></td>
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<td>(ii) The degree of implementation, effectiveness and impact of technical cooperation activities, as assessed by the average improvement in cargo clearance times after ASYCUDA is installed (measurement relates to pre and post installation of the system)</td>
<td>50 per cent improvement in cargo clearance times</td>
<td>82 per cent (average of Zimbabwe 93%, Zambia 88%, Albania 66%)</td>
<td>Above</td>
</tr>
<tr>
<td></td>
<td>b</td>
<td>More effective human resource development and capacity-building and an improved understanding of policy options and strategies in the areas of trade, trade-supporting services and investment, taking into consideration the gender dimension of the access to and use of trade-supporting services in beneficiary countries, through extended training networks and the use of modern information and communication technologies tools</td>
<td>The timeliness, usefulness, degree of implementation and quality of the subprogramme’s training programme, as measured by the percentage of participants and their governmental departments that have indicated that the course had a substantial positive impact on their work</td>
<td>65 per cent of survey replies</td>
<td>74 per cent</td>
</tr>
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<td></td>
<td>c</td>
<td>An improved awareness of the implications for developing countries of the growing importance of electronic commerce and other business applications of ICTs, as well as better understanding in developing countries of the policy and strategy options with regard to these issues</td>
<td>Satisfaction with the usefulness and quality of research and analysis for increasing awareness of the implications, as measured by the percentage of readers’ feedback rating the E-Commerce and Development Report as “good” or “excellent”</td>
<td>80 per cent of survey replies</td>
<td>93% for 2003 report (“2004 report issued in Dec. 2004”)</td>
</tr>
<tr>
<td><strong>Subprogramme 5 (LDCs)</strong></td>
<td></td>
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<tr>
<td>a</td>
<td>Effective implementation of various programmes of action for the least developed, landlocked developing and small island developing States</td>
<td>(i) Relevance of findings to the achievement of the goals of various programmes for LDCs, LLDCs and SIDS, as captured through the number of countries making positive statements during the relevant Board sessions</td>
<td>40 countries</td>
<td>18 countries, including group statements</td>
<td>On target</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) Relevance of findings resulting from policy analysis and research activities on LDCs, LLDCs and SIDS as captured through the coverage of statements by the mass media</td>
<td>70 articles</td>
<td>150 articles</td>
<td>Above</td>
</tr>
<tr>
<td>b</td>
<td>Application of the subprogramme’s policy advice, capacity-building and technical cooperation activities on LDCs</td>
<td>(i) The number of countries that benefited from and used in their policy formulation UNCTAD assessment of effective benefits from their LDC status</td>
<td>15 countries</td>
<td>Information available in 2005</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) The number of countries having mainstreamed their trade policies and priorities into their national development strategies</td>
<td>6 countries</td>
<td>3 countries</td>
<td>On target</td>
</tr>
<tr>
<td>c</td>
<td>Effective implementation of the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community by the Member States, in light of the outcomes of the International Ministerial Meeting of Landlocked and Transit Developing Countries and International Financial and Development Institutions on Transit Transport Cooperation, in Kazakhstan in 2003</td>
<td>Reduction in transit times for goods in transit to and from landlocked developing countries, as compared to the base year of 1999</td>
<td>65 percent</td>
<td>Several cases show reductions in transit time; others show worsening of transit-transport arrangements</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Notes


3. UNCTAD XI radically changed the traditional pattern of the general debate. In São Paulo, the general debate was broadcast live on the web. Several years ago, UNCTAD pioneered the now common UN practice of screen editing to facilitate the collective drafting of agreed outcomes.

4. For the agreed text, see A/59/6 (Prog.10)/Rev.1, 1 October 2004.


6. See the maps at the end of this report. UNCTAD website (www.unctad.org) also provides comprehensive information on UNCTAD activities in countries and regions.


   Region II (Latin America and the Caribbean): Argentina, Brazil, Colombia, Guatemala, Mexico, Peru, Trinidad and Tobago and Venezuela.
   Region III (Asia and developing countries of Europe): India, Islamic Republic of Iran, Lebanon, Pakistan, Philippines, Sri Lanka and Syrian Arab Republic.


15. UNCTAD/GDS/CSIR/2004/1, Sales No. E.04.II.D.16.

16. UNCTAD/GDS/Africa/2004/1, 30 September 2004, Sales No. E.04.II.D.37

17. See also TD/B/EX(35)/2 on “Activities undertaken by UNCTAD in favour of Africa”, 13 July 2004.

18. Issues related to transportation, trade logistics and ICT are covered in Part Two, chapter 5.


24. See TD/B/51/4, August 2004: “Review of developments and issues in the post-Doha work programme of particular concern to developing countries – a post UNCTAD XI perspective”.


27. http://r0.unctad.org/trains/


29. The software is free and downloadable from the UNCTAD website or available on CD-ROM, of which more than 400 versions were distributed in 2004. There is extensive country coverage (161, plus EU as a region), commodity coverage (36, including many tropical items) and tariff line data.

Notes

31. For a full list of activities, see http://www.unctad.org/comm dip.
32. http://www.jitap.org and the map at the end of this report.
33. http://r0.unctad.org/infocomm/
36. UNCTAD/DITC/TED/22003/4, Sales No. E.04.II.D.2.
38. For example, customs duties on Latin American and Caribbean exports to the United States are now, on average 1.86 per cent of their value, compared to the 4.45 per cent share accounted for by international transport costs (Development of Multimodal Transport and Logistics Services, TD/B/COM.3/EM.20/2, 15 July 2003).
40. Fifteen training packages are now available in the TRAINFORTRADE programme, 10 of which have a distance learning component.
41. http://learn.unctad-org/train4trade/
44. UNCTAD/SDTE/ECB/2004/1, December 2004, Sales No. E.04.II.D.42.
45. http://etourism.unctad.org
47. UNCTAD/LDC/2004, Sales No. E.04.II.D.27.