



United Nations Conference on Trade and Development

Distr.: General
9 July 2012

Original: English

Trade and Development Board

Fifty-ninth session

Geneva, 17–28 September 2012

Item 5 of the provisional agenda

**UNCTAD's contribution to the implementation of
the Programme of Action for the Least Developed
Countries for the Decade 2011–2020: First progress report**

UNCTAD's contribution to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020: First progress report

Report by the UNCTAD secretariat

Executive Summary

The Trade and Development Board at its fifty-eighth session requested the secretariat “to continue to report to the Board, within UNCTAD’s mandate, at its regular sessions, on the UNCTAD-wide implementation of the relevant provisions of the Programme of Action for the Least Developed Countries (LDCs) for the Decade 2011–2020” (TD/B/58/SC.I/L2), known also as the Istanbul Programme of Action. The present report is prepared in response to the Board’s request.

Given the short time span since the adoption of the Programme of Action in May 2011, the report provides only highlights of the main activities of the secretariat in the three pillars: research and policy analysis, consensus-building and intergovernmental support, and technical cooperation and capacity-building. It includes a brief assessment of progress towards agreed goals, preliminary conclusions and lessons learned, as well as the way forward in the implementation of commitments and actions contained in the Programme of Action that are within the purview of UNCTAD

However, the report is not an assessment of impact of UNCTAD’s work on the beneficiary countries or their institutions. It should rather be viewed as an account of initial efforts to prepare a stage for secretariat-wide activities to the implementation of the Programme of Action in the years ahead.

Introduction

1. The Fourth United Nations Conference on the Least Developed Countries (LDC-IV) took place in Istanbul, Turkey, in May 2011. The Conference adopted a new programme of action – the Istanbul Programme of Action. The new Programme of Action signifies a long-standing partnership between the LDCs and their development partners. As with the previous programmes of action, the ultimate objectives of this one are to accelerate economic growth and development in LDCs, substantially improve the well-being of their population, end their marginalization and beneficially integrate them into the global economy. To that end, the Programme of Action identifies policy measures and actions in eight priority areas:

- (a) Productive capacity;
- (b) Agriculture, food security and rural development;
- (c) Trade;
- (d) Commodities;
- (e) Human and social development;
- (f) Multiple crises and other emerging challenges;
- (g) Mobilization of financial resources;
- (h) Good governance at all levels.

2. The successful implementation of actions and commitments agreed in these areas will be key in attaining the noble objectives and goals set out in the Programme of Action, building economic resilience and fulfilling, on a sustainable basis, the overall well-being and aspirations of LDCs.

I. Economic progress in the least developed countries prior to the Istanbul Conference

3. A preliminary assessment of economic performance of LDCs¹ in the period 2001–2010 shows that economic growth in these countries was not only uneven across and within countries, but it was also inconsistent across time with a high degree of vulnerability to economic, environmental and political shocks – exogenous or otherwise. Where modest growth was observed, this has not resulted in substantial poverty reduction or structural transformation in the economies of the countries concerned. As maintained by UNCTAD for several years, this situation can be explained by the weak productive capacities of economies of LDCs, their overdependence on primary commodity exports and the lack of economy-wide value addition and employment creation in those countries. For instance, during the 2002–2008 boom period, LDCs as a group registered a strong average rate of gross domestic product (GDP) growth, 7.1 per cent. This was prior to the global economic and financial crises. During the two years following the crisis – 2009 and 2010 – LDCs still grew by 4.6 and 5.7 per cent, respectively, although these rates were far below the 7.1 per

¹ For detailed information on assessment of progress, see the Least Developed Countries Reports series, *UNCTAD's Appraisal of the Implementation of the Brussels Programme of Action for LDCs for the Decade 2001–2010* (UNCTAD/ALDC/2009/2) and the UNCTAD study titled: "Enabling the Graduation of LDCs: Harnessing the Role of Commodities and Improving Agricultural Productivity" and country- or sector-specific case studies at www.unctad.org.

cent attained during 2002–2008. Overall, in the 2000s, LDCs registered a better external economic environment when compared with the preceding two decades – the 1980s and the 1990s. In value terms, the expansion in their international trade was significant, although their share of world exports is still close to a mere 1 per cent, or only 0.53 per cent, not counting oil. Their total external financial flows, including debt forgiveness and technical assistance, substantially improved, and foreign direct investment (FDI) almost quadrupled, compared with the 1980s and the 1990s. For example, according to the recent UNCTAD study *Foreign Direct Investment in LDCs: Lessons Learned from the Decade 2001–2010 and the Way Forward*, FDI was a major contributor to domestic capital formation in LDCs, accounting for roughly 25 per cent of their fixed capital formation during the decade.

4. However, such an impressive economic performance of LDCs as a group masks regional, sectoral and country variations. At the regional level, the real GDP growth rate in the African LDCs between 2005 and 2008 exceeded that of the Asian LDCs for the same period, although a country-by-country examination of the growth dynamics of LDCs shows a stark variation. For instance, the growth rate on a per capita basis was negative in 18 LDCs in 2009, whereas six further LDCs saw their economic growth in per capita terms contract in two consecutive years – 2009 and 2010. At the sectoral level, although oil - importing African LDCs have continued to improve their economic performance, oil - exporting LDCs continue to be the driving forces behind their region's improved economic performance.

5. With regard to international trade, exports of goods from LDCs in 2010 (\$156 billion) were below the 2008 level (\$176 billion). Since the global economic crisis, FDI inflows to LDCs have declined steadily, from \$26.4 billion in 2008, 20 per cent below the level of 2008. Furthermore, persistent challenges such as the uneven distribution of FDI among LDCs, its heavy concentration in export-oriented primary production and the low labour intensity of FDI projects in LDCs continue to pose policy challenges.

6. The implication of the declining trends is that, in the medium term or until 2016, the outlook for LDCs is gloomier in the present decade than it was in the 2000s. This poses a formidable challenge to them and their development partners, especially to achieve the objective of “enabling half of the LDCs to meet the graduation criteria by 2020”. This is in view of the past experience and the graduation record where only three LDCs² have graduated to date. One more country, Samoa is slated to graduate in 2014, whereas Equatorial Guinea, Kiribati, Tuvalu and Vanuatu have been found eligible for graduation. However, UNCTAD's recent assessment of progress towards the income criterion finds that 11 LDCs have already reached the threshold level,³ six of which are island LDCs, four are African LDCs and one is an Asian LDC.⁴ The challenge for this group of countries is to meet the other two criteria: the human asset index and the economic vulnerability index. A further seven LDCs would meet the income criterion by 2020 if the current annual average growth rate continues uninterrupted for the present decade, the group being comprised of four African LDCs, two Asian LDCs and one island LDC. However, 28 LDCs⁵ would not be able to reach the threshold by 2020 in this scenario, 22 of which are African LDCs, 4 are Asian LDCs, 1 is an island LDC and 1 is a Caribbean LDC.

² Botswana (1994), Cape Verde (2007) and the Maldives (2011).

³ At the 2009 triennial review of the list of LDCs, the Committee for Development Policy of the Economic and Social Council set the graduation threshold for the income criterion at \$1,086.

⁴ The 11 countries are Angola, Bhutan, Djibouti, Equatorial Guinea, Kiribati, Samoa, Sao Tome and Principe, Sudan, Timor-Leste, Tuvalu and Vanuatu.

⁵ There are no forecasts by the International Monetary Fund for two of the countries – Afghanistan and Somalia. Hence, no projection of their fulfilment of the gross national income per capita criterion could be made.

7. As with economic performance, progress towards social goals and targets is also patchy or sporadic. In some countries where urban poverty has shown a declining trend, this was offset by an alarmingly increasing incidence of poverty in rural areas. In fact, the growing concern now is that, given demographic and poverty reduction trends, LDCs will likely become the major locus of extreme poverty in the world, with their share of the total poor population in the world, having increased from 18 per cent in 1990 to 36 per cent in 2007. However, there is cautious optimism that several LDCs may be able to meet a few social goals and targets contained in the Millennium Development Goals (MDGs) by the deadline. For instance, with regard to reducing the proportion of undernourished population, 21 LDCs are on track to meet this indicator (12 African LDCs, 5 island LDCs and 4 Asian LDCs), 4 are making modest progress, 4 are making slow progress and 14 are experiencing reversal/stagnation (11 African LDCs, 2 island LDCs and 1 Asian LDC).⁶ Similarly, 20 LDCs are on track to meet the indicator relating to the net enrolment ratio in primary education (13 African LDCs, 5 island LDCs and 2 Asian LDCs), 11 are making modest progress (8 African LDCs and 3 Asian LDCs), 5 are making slow progress and 5 are experiencing reversal/stagnation.⁷

8. The Istanbul Programme of Action is expected to build on the progress to date and accelerate economic growth and development with a view to enabling LDCs to meet the threshold for graduation. To measure results and monitor progress in implementation of commitments and actions, the Programme of Action contains quantitative and qualitative goals and targets covering a wide range of social, economic and environmental issues. The goals and targets, when corroborated with data and statistical information, can serve as useful tools to track progress, benchmark performances and measure results of the implementation of agreed commitments in the priority areas. Main quantitative targets include enabling half of the current 48 LDCs to meet the graduation criteria by 2020; attaining the economic growth rate of 7 per cent that is sustainable, equitable and inclusive; striving to ensure 100 per cent Internet access by 2020; allocating 10 per cent of the national budgets of LDCs for agriculture; doubling the share of LDC exports in world export by 2020; reducing by half the proportion of people without access to safe drinking water by 2015; fulfilling the special official development assistance targets (0.15–0.20 per cent of gross national income of developed countries) to LDCs, untying of aid and alignment of development aid to national priorities; and achieving sustainable levels of debt in LDCs. Some of these goals and targets are common to the MDGs and the Brussels Programme of Action for the Decade 2001–2010. Further targets of the Istanbul Programme of Action that are common to MDGs include: significantly reducing infant, under-five and maternal mortality rates and child undernutrition by 2020; and reversing the spread of HIV/AIDS and the incidence of malaria and other major diseases.

9. Qualitative targets in the Programme of Action cover areas such as increasing the primary energy supply per capita to that of developing countries; eradication of hunger; ensuring universal access to free primary education in LDCs, as well as increasing access to secondary, tertiary and vocational education and skill development training; elimination of gender disparities; promoting full and effective participation of youth in society and in the decision-making process and ensuring equal access of women and girls to education, basic services, health care, economic opportunities and decision-making.

⁶ The 21 LDCs on track are Angola, Bangladesh, Benin, Burkina Faso, Cambodia, Chad, Djibouti, Ethiopia, Kiribati, Lao People's Democratic Republic, Malawi, Mali, Mauritania, Mozambique, Myanmar, Niger, Samoa, Sao Tome and Principe, Solomon Islands, Sudan and Vanuatu.

⁷ The 20 LDCs on track are Benin, Bhutan, Burundi, Comoros, Ethiopia, Kiribati, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Rwanda, Samoa, Sao Tome and Principe, Togo, Uganda, United Republic of Tanzania, Vanuatu and Zambia.

II. UNCTAD's contribution

10. UNCTAD, within its mandates and in collaboration with United Nations-system agencies and other international organizations, has made substantive and technical contributions to UNLDC-IV and the Istanbul Programme of Action. Some of the pre-conference and side events organized by UNCTAD addressed issues related to building productive capacities in LDCs, sustainable tourism, commodities, gender, etc. The outcome of these events combined with long-standing research and policy analysis work of the secretariat, greatly contributed to advancing the trade and development interests of LDCs and in building consensus on how to address the development challenges facing them. The conceptual underpinnings which UNCTAD has been advancing through its work on LDCs such as building productive capacities, South–South and triangular cooperation, trade, investment and commodities are among the priorities agreed in the Programme of Action. It articulated not only the nature of engagement of the United Nations and other organizations but it also provided a common platform for reshaping global development partnership in support of the LDCs

11. The role of UNCTAD in assisting LDCs and contributing to the implementation of the Istanbul Programme of Action is provided for in paragraph 156⁸ of the Programme of Action and paragraph 17(h)⁹ of the Doha Mandate. Building on the Programme of Action, the fifty-eighth session of the Trade and Development Board, requested¹⁰ the secretariat to continue to report to its regular session on the UNCTAD-wide implementation of the relevant provisions of the Istanbul Programme of Action. The following highlights indicate the UNCTAD-wide activities in the implementation of the Programme of Action along its three pillars: research and policy analysis, consensus-building and intergovernmental support, and technical cooperation and capacity-building.

A. Research and policy analysis

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

12. The UNCTAD *Least Developed Countries Report* is the only publication within the United Nations system that deals exclusively with the LDCs as a group. It provides an important channel through which key issues raised in the Istanbul Programme of Action could be elaborated further, and policy options identified and disseminated to LDCs and their development partners. For example, section V of the Programme of Action highlighted the “complementary role of South–South cooperation in the implementation of the Programme of Action” and stressed that “South–South cooperation plays an important role in least developed countries’ development through its contribution to the implementation of the Istanbul Programme of Action in areas such as human and productive capacity-building, technical assistance and the exchange of best practices, particularly on issues relating to health, education, professional training, agriculture, environment, science and technology, trade and investment. Such cooperation, including

⁸ UNCTAD should continue to address the challenges faced by LDCs by conducting intergovernmental consensus-building, especially in the Trade and Development Board, and to contribute to the implementation of the Programme of Action, also through its technical assistance to LDCs. UNCTAD’s institutional capacity in the research and analysis of LDC issues should be maintained to this end.

⁹ UNCTAD should strengthen its special focus on the special needs of the LDCs across all areas of its mandates in accordance with the Istanbul Programme of Action.

¹⁰ Agreed conclusions (TD/B/58/SC.I/L.2).

triangular approaches, should be supported by the international community” (para. 131). In line with the key provisions of the Programme of Action, the *Least Developed Countries Report 2011* addresses the important contribution and role of South–South cooperation in promoting economic growth and development in LDCs, accelerating structural transformation in their economies and ensuring sustainable and inclusive development in this group of countries.

13. The broader policy messages of the report are first that the benefit of South–South cooperation will be greatest in the LDCs when a dynamic two-way relationship is established in which policies carried out by LDCs and South–South cooperation reinforce each other in a continual process of change (transformation) and development. In such a relationship, the role of developmental States in LDCs is crucial to enhance and reshape the benefits of South–South cooperation where such cooperation supports both the building of the developmental State in the LDCs and the successful achievement of its objectives. Second, economic ties and relationships between LDCs and the Southern development partners are intensifying, which has helped LDCs withstand the impact of the recent economic crisis and buffer them from the downturn in advanced economies. In this regard, the report argues that a major new trend in the pattern of integration over the last decade or so has been the deepening and intensification of economic and political ties with more dynamic, large developing countries acting as growth poles for LDCs. For example, in 2009, the South absorbed nearly \$69 billion of exports from LDCs, while developed and transition economies bought only \$59.5 billion from these countries. In addition, Southern partners are scaling up their FDI in LDCs (now accounting for more than 40 per cent of the total, compared with only 25 per cent in 2003), including in sectors other than natural resource extraction. Moreover, two thirds of the \$26 billion of workers’ remittances to the LDCs originated in Southern countries in 2010. However, the report also cautions against the challenges that South–South cooperation might pose for LDCs, given the concentrated nature of the market in the South and the large demand for primary commodities, which increases the risk of LDCs being locked into commodity dependence. Finally, the report explores how the potential of South–South cooperation can be turned into a reality that promotes the development of productive capacities, structural transformation and decent employment in the LDCs. It particularly provides fresh perspectives and modalities to strengthen the growing interdependence between LDCs and developing countries, including by revisiting the roles of regional development banks.

14. On the policy front, while cautioning that South–South cooperation is not a panacea for LDCs’ development challenges, the report recommends ways and means of enhancing the growing economic relationship between LDCs and their Southern development partners by forging a proactive and strategic approach to the integration of LDCs with their developing countries. Such an approach should enable LDCs to maximize benefits from investment and trade flows, information and technology exchanges, and improved preferential market access to their exports. The report also underscores the crucial role of the emergence of a developmental State in LDCs if these countries are to harness the benefits from the current recalibration in the global economy. To that end, the report articulates the regional dimension of development for LDC integration into the global economy through “developmental regionalism”. This concept embraces a coordinated set of policies, greater provision of regional public goods, hard and soft infrastructures and energy and telecommunication networks, and the growth of the role of regional development banks in the area. Finally, the report proposes using a share of Southern sovereign wealth funds assets to enhance the financing capacities of regional development banks in order to boost investment in productive sectors of the LDCs.

Country and sector-specific case studies

15. Paragraph 69, section 2 (a) of the Programme of Action calls for “assisting LDCs to better mitigate and manage the risks associated with the volatility of commodity prices without distorting market behaviour by strengthening and expanding existing facilities on a mutually agreed basis”. In response to this call and as part of its ongoing work in assessing the most pressing trade and development challenges facing the LDCs, UNCTAD formulated and implemented a project titled “Economic crises and commodity-dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises”. The International Coffee Organization participated in the project as a sponsoring International Commodity Body, whereas the Common Fund for Commodities provided financial contribution to the implementation of the project.

16. The project carried out commodity-sector-focused case studies in selected countries in Africa and Asia with a view to:

(a) Understanding the role of commodities and agricultural productivity in promoting progress towards the graduation objective agreed in the Programme of Action;

(b) Assessing the structural weakness, excessive fragility and vulnerability to shocks of the economies of LDCs;

(c) Reviewing the challenges arising from the volatility of the commodities markets and the recent global economic, financial and food crises and how they affect the LDCs’ prospects of meeting internationally agreed goals, including those contained in the Programme of Action.

17. The various case studies clearly indicate that the boom-bust cycle of the 2000s showed in stark terms that natural resources play a crucial role in the economic growth, poverty reduction and food security of LDCs. After all, commodities accounted for four fifths of LDCs’ goods exports during 2007–2009, with the share of commodities exceeding 50 per cent in 38 countries. On the one hand, the boom period was primarily driven by a surging demand for commodities, particularly minerals and fuels. On the other hand, the triple-F crises (fuel, food and financial) exacerbated the vulnerability of LDCs and recalled the group’s overreliance on the export of a few primary commodities and on the vagaries of commodity prices. Furthermore, the studies and the synthesis warn against the excessive dependence of LDCs exports on a few commodities where about five product groups dominate the export earnings of these countries during 1995–2010 period. The publication, which is the final product of the project, will serve as part of the background documentation for the deliberations of the UNCTAD Trade and Development Board and other relevant forums dealing with issues related to the implementation of the Istanbul Programme of Action for LDCs.

18. With regard to international trade, UNCTAD and the Commonwealth Secretariat released a joint study, *Potential Supply Chains in the Textiles and Clothing Sector in South Asia*.¹¹ This exploratory study assessed the scope of promoting regional trade and cooperation in the sector for South Asian countries including Bangladesh. Moreover, in 2011, with a view to identifying new and dynamic sectors of exports, and formulating strategies for successfully developing such export sectors, UNCTAD published two policy-oriented country studies, for Mozambique and Zambia, entitled “Strengthening the creative industries”. The studies were the result of collaboration with the Governments of

¹¹ The study was launched in Dhaka at the fourth South Asian Economic Summit organized by the Centre for Policy Dialogue on 22–23 October 2011.

Mozambique and Zambia, and were carried out with the participation of national stakeholders.

Resource mobilization and external debt burden

19. Mobilization of financial resources for development and capacity-building of LDCs is one of the eight priorities (priority area G) agreed in the Istanbul Plan of Action (para. 109). To that end, achieving sustainable debt levels (para. 118) is among policies and measures to be pursued in support of LDCs' capacity to mobilize financial resources for development. In response to this, UNCTAD addressed challenges regarding external and domestic debt issues facing policymakers in LDCs. This includes analytical input to the annual report of the United Nations Secretary-General to the General Assembly on external debt sustainability. Long-term debt sustainability is key for LDCs, particularly given the financial resources constraints facing them in their efforts to achieve sustainable development. The report provided a detailed analysis on current debt situation and policy issues, as well as policy recommendations to further enhance debt sustainability in LDCs. By emphasizing the negative impact of the global financial crisis on the LDC economies and the obvious pressing needs of these countries, the reports also contributed to the debate on the need for increased allocation of financial resources to LDCs.

Science, technology, innovation, and information and communications technology

20. As part of its ongoing work, in the 2011 edition of the annual report on technology and innovation, UNCTAD dealt with ways and means of mitigating and adapting to the adverse impact of climate change, while at the same time promoting industrial development in developing countries, including LDCs. The report's findings and policy recommendations are directly relevant for LDCs, in particular in view of the Programme of Action's recognition of science, technology and innovation as key ingredients of building productive capacities in LDCs – the first priority area identified for action by LDCs and their development partners. The report argues that the challenges of reducing “energy poverty” and mitigating climate change impact requires a new energy paradigm. Technology and innovation capacity are critical components of such a paradigm with renewable energy technologies complementing – and gradually substituting – conventional energy sources. It further advocates that such an approach should be made an integral part of national and international efforts to alleviate energy poverty and promote industrial development in LDCs. The report particularly emphasizes the need to establish knowledge-sharing networks with the objective of promoting technological leapfrogging, facilitating access to clean technologies and enhancing renewable energy technologies-based learning in LDCs.

21. With regard to information and communication technologies (ICTs), the policy analysis work of the secretariat examined how they can serve as an enabler for private-sector development in LDCs. In this context, a 2012 study titled “Mobile Money for Business Development in the East African Community”,¹² UNCTAD compares existing platforms and regulations in the countries of the East African Community.

¹² The East African Community comprises four LDCs: Burundi, Rwanda, Uganda and the United Republic of Tanzania.

B. Building negotiating capacities and intergovernmental support for the Istanbul Programme of Action

22. Among the key objectives of the Programme of Action is the goal of enabling half of the LDCs to meet graduation criteria by 2020 (para. 28).¹³ UNCTAD currently monitors LDCs' progress towards graduation thresholds in line with General Assembly resolution 59/209, which requested the Secretary-General of UNCTAD to "prepare a vulnerability profile on the identified country" for consideration during the triennial review of LDC status by the Committee for Development Policy, and subsequently to the Economic and Social Council.

23. Full implementation of the Programme of Action, including the objective of graduation, requires a regular or periodic exchange of views on challenges, opportunities and prospects to meeting some of the goals and targets. Such an exchange of views will also assist in sharing successful experience and best practices among countries and between regions, especially when background documents are based on an assessment of progress at the sectoral, national or regional levels. In the context of the UNCTAD-Common Fund for Commodities project mentioned above, UNCTAD organized a meeting of LDC experts and trade negotiators in Addis Ababa, Ethiopia, from 27 February to 1 March 2012. The expert meeting deliberated on the role of commodities in LDCs' development with an emphasis on the challenges, opportunities and prospects for graduation. Attending the meeting were some 100 experts from LDCs and representatives of development partners, United Nations system organizations, other international and regional organizations, the private sector and civil society, including academic institutions. The outcome of the meeting, presented in the form of summary conclusions and recommendations, assisted LDCs' negotiations for the UNCTAD XIII conference. It also served as the basis for the deliberation of the LDC Ministerial Meeting held in Doha where government ministers addressed, among other things, the challenges and opportunities for meeting the graduation criteria by 2020.

24. During UNCTAD XIII, the secretariat also organized a special high-level event on the implementation of the Programme of Action with a particular focus on issues related to graduation and structural transformation. The event had the objective of drawing the attention of policymakers from LDCs and their development partners to seek ways and means of achieving the objective of the Programme of Action to enable half the LDCs to meet the graduation criteria¹⁴ by 2020.¹⁵ The deliberations on several issues of critical importance for the development of LDCs, provided policy insights into key questions: What are the major obstacles to graduation from LDC category? What are the key components of a smooth transition strategy for graduating countries? How long is "reasonable" for a smooth transition? And what will be the role of development partners including South-South and triangular cooperation? Several ministers and high-ranking government officials from LDCs and their development partners participated in the panel discussion.

¹³ Member States deliberated on the comprehensive assessment of the targets of the Programme of Action during the fifty-eighth session of the Trade and Development Board on the basis of a report by the secretariat (TD/B/58/7).

¹⁴ Graduation from the list of LDCs is based on a systematic review and assessment of socioeconomic progress of those countries based on three criteria: per capita income and two composite indices, the human asset index and the economic vulnerability index.

¹⁵ At LDC-IV, which took place in Istanbul, Turkey, in May 2011, Member States of the United Nations agreed on the target of enabling half of the current 48 countries categorized by that body as LDCs to meet the graduation criteria by 2020.

25. Further LDC-specific meetings which were held during UNCTADX III, such as that of the Investment Advisory Council, brought to light the trade, investment and development challenges, opportunities and prospects for the LDCs to meet the goals and targets of the Programme of Action. For instance, the tenth session of the Council was devoted to aid for investment in productive capacity in LDCs, and was attended by several high-level government officials as well as chief executive officers of major transnational corporations. At another ministerial round table, organized in the context of the 2102 Investment Forum, government ministers from several LDCs shared their countries' experiences in investment policymaking at the national and international levels,¹⁶ and negotiated mutually beneficial international investment agreements as well. Other topics discussed were tourism, trade and poverty reduction and the Enhanced Integrated Framework.

26. In the areas of international trade and trade negotiations, the Programme of Action calls for "supporting LDCs' efforts to strengthen their human, institutional and regulatory capacities in trade policy and trade negotiations" (para. 65, section 3a). Pursuant to this provision and as part of the ongoing work, several advisory services and training workshops were organized for trade negotiators and policymakers from LDCs on multilateral¹⁷ and regional trade issues. The workshops are aimed at building negotiating capacities of LDCs on issues such as non-agricultural market access, non-tariff barriers, trade in services, trade facilitation, the trade-related aspects of intellectual property rights, special and differential treatment, and Aid for Trade.

27. At the regional level, UNCTAD, in cooperation with the African Union, made a substantive contribution to the debate on forming a regional free trade area – the African Continental Free Trade Area. Further, with regard to negotiations on economic and partnership agreements between African, Caribbean and Pacific (ACP) States and the European Union, UNCTAD provided analytical and operational support to ACP States, including through regional and national consultative processes and technical meetings.¹⁸ Enhanced technical assistance was also provided for LDCs that are involved in the WTO accession process: Afghanistan (26–28 September 2011), Cape Verde (27–29 July 2011), Ethiopia (14 December 2011), the Lao People's Democratic Republic (16–20 May 2011) and continued support to Yemen. Furthermore, UNCTAD has formulated a project aimed at strengthening of capacities of trade and planning ministries of selected LDCs, to develop and implement trade strategies that are conducive to poverty reduction. The project will be implemented through the United Nations Development Account resources during 2012–2015 and is expected to enable beneficiary countries¹⁹ to develop and implement trade strategies that are conducive to poverty reduction.

¹⁶ Bangladesh, Republic of Djibouti, Haiti, Lao People's Democratic Republic, Mozambique, Rwanda, Uganda and Zambia.

¹⁷ Training workshops, "Doha Round and Multilateralism: Stakes for LDCs and Structurally Vulnerable Economies" and "LDCs' Preparation for the Eighth World Trade Organization (WTO) Ministerial Conference", were held in Geneva on 22 September 2011 and in November–December 2011, respectively. A further meeting – the ACP High-Level meeting on Aid for Trade was also organized in Geneva on 22 June 2011 in preparation for the WTO Global Aid for Trade Review.

¹⁸ Events included "ACP Strategic Brainstorming on Non-Tariff Trade Barriers" (3 February 2011, Geneva); a meeting of the Common Market for Eastern and Southern Africa (COMESA) Committee on Trade in Services (3–6 May 2011, Manzini, Swaziland), and the Commonwealth Secretariat's Workshop on Regional Trade Integration in the Pacific (26 September 2011, London).

¹⁹ Countries to be covered by the project will be determined on the basis of a critical assessment of domestic needs, existing support activities and geographical balance.

C. Technical cooperation and capacity-building

Debt Management and Financial Analysis System

28. Debt management was identified in the Programme of Action as a crucial component of LDCs policies and actions in the area of external debt. Paragraph 119, section 2, requests LDCs to “promote and pursue responsible borrowing and public debt management policies in order to avoid an unsustainable debt burden”. In improving the debt management capacity of LDCs, the Debt Management and Financial Analysis System continues to be one of the major technical cooperation and capacity-building activities of UNCTAD. Currently 20 LDCs²⁰ use the system for the management of their public debt. Since the adoption of the Programme of Action in 2011, one new country – the Lao People’s Democratic Republic – has also adopted the system. Between May 2011 and May 2012, several capacity-building workshops took place in 16 LDCs,²¹ contributing to efforts to build institutional and human capacities in the beneficiary countries. Specific results of the training workshops include validation of the debt database and publishing periodically reliable, comprehensive and timely information on debt. Furthermore, the capacity-building activities improved the ability of LDCs that are using the system in basic debt analysis and management techniques. In addition, the secretariat is implementing a Development Account project on strengthening capacities in effective asset-liability management in national debt management offices in Uganda and Ethiopia. The objective is to help these countries better manage their public debt and develop the ability to move from a pure liability-management approach to an integrated asset-liability management approach.

Improving data collection system and building national statistical capacity

29. In paragraph 130, section 2 (e) of the Programme of Action, member States agreed to “support LDCs to strengthen their national statistical capacity to design programmes and policies for sustainable development and effectively monitor the implementation of the Istanbul Programme of Action”. This was in recognition of the critical importance of the availability of accurate, reliable and timely data and statistical information to undertake meaningful and objective assessment of progress towards agreed goals and targets contained in the Programme of Action. This will also assist LDCs and their development partners to monitor progress in the implementation of the Programme of Action and to make informed policy decisions. Generally speaking, in LDCs, relevant data are inadequate and when available, they are incomplete or are outdated. Despite efforts to strengthen their statistical capacity, many LDCs still lack resources to regularly release data. UNCTAD devotes sufficient resources to fill in the data gaps for most of the domains covered by UNCTADstat, giving users an access to comprehensive statistics. For example, out of 48 LDCs, half were not capable to report to the United Nations Commodity Trade Statistics Database, known as COMTRADE, their 2010 data on exports and imports by product and partner. The trade matrix in UNCTADstat is a complementary tool to COMTRADE and is suited for research and analysis, offering complete repository of the trade flows for most countries of the world, including all LDCs.

²⁰ Angola, Bangladesh, Burkina Faso, Burundi, Cambodia, Central African Republic, Democratic Republic of the Congo, Djibouti, Ethiopia, Guinea Bissau, Haiti, the Lao People’s Democratic Republic, Madagascar, Mauritania, Rwanda, Sudan, Togo, Uganda, Yemen and Zambia.

²¹ Includes 13 of the 27 LDCs that are eligible for debt relief under the Enhanced Heavily Indebted Poor Countries Initiative (Burkina Faso, Burundi, Central African Republic, Democratic Republic of the Congo, Ethiopia, Guinea Bissau, Haiti, Madagascar, Mauritania, Rwanda, Togo, Uganda, and Zambia), as well as Bangladesh and Cambodia.

30. Furthermore, to address the challenges related to data collection system and availability, UNCTAD has for several years been making concerted efforts. For instance, in April 2011, a plan of action was developed to monitor and record exports and imports trends in Comoros. The plan was developed on the basis of a critical assessment of domestic needs and gaps in the country related to statistical capacity where merchandise trade statistics were identified as high priority. UNCTAD considers LDCs a priority in its inter-agency activities where the secretariat is in charge of the preparation of the LDCs merchandise trade data that are released in the Common Data Set, an initiative by WTO, UNCTAD, the United Nations Statistics Division, Eurostat and the Organization for European Cooperation and Development to reconcile time series on total merchandise trade statistics using international standards as a benchmark.

Enhanced Integrated Framework for trade-related technical assistance for LDCs

31. The Programme of Action recognized the critical importance of implementing “effective trade-related technical assistance and capacity-building in LDCs on a priority basis, including by enhancing the share of assistance to these countries for Aid for Trade and for the Enhanced Integrated Framework” (para. 66, section 3e). As regards the Framework, the activities of the secretariat focus mainly on organizing national and regional workshops, implementing technical assistance projects or programmes in several LDCs²² and updating diagnostic trade integration studies (DTISs) for the Gambia and Senegal, where UNCTAD is designated as lead agency. For the Gambia DTIS, UNCTAD contributed a chapter on the macroeconomic issues and prepared a methodological note on trade data discrepancy.

Commodities

32. Commodities constitute one of the eight priority area of the Programme of Action (priority area D, paras. 67–69) as “many LDCs continue to remain commodity dependent, with a significant number of them relying primarily on agriculture or on the extraction of very few natural resources and primary products for exports” (para. 67). In this area the secretariat organized several workshops.²³ The workshops assisted many commodity-dependent countries, including LDCs, in the following endeavours:

- (a) Understanding UNCTAD’s market information systems, namely INFOSHARE, for adoption and use at the national and regional levels;
- (b) Improving the quality and consistency of commodity-related market information and enhancing access to such information of small farmers, farmer

²² Guinea Bissau, national workshop, February 2010, DRC (regional workshop of Kinshasa, November 2010), Haiti (national workshop, 30 August–1 September 2011), Mali (Cluster regional workshop, November 2011), Chad, (Enhanced Integrated Framework national workshop, February 2012), Senegal (DTIS update – ongoing project, May 2012), Benin (technical assistance – ongoing project, April 2012).

²³ “Atelier sous-régional sur la labéllisation des produits agricoles et lancement du Portail d’Information”(subregional workshop on the labelling of agricultural products and launch of the Information Portal) (Dakar, Senegal, 24–25 May 2011), the COMESA Regional Strategy Review Workshop (held in Nairobi, Kenya, in July 2011), workshop on the establishment of a subregional agricultural market intelligence system in the Pacific (Nadi, Republic of Fiji, 17–19 August 2011), “Pacific Regional Capacity-Building Workshop on Enhancing Access to Finance for the Agricultural Sector”(Nadi, Republic of Fiji, 20–21 October 2011); and the workshop “Commodity Exchanges as Instruments for Agrifood Production and Trade in East and Southern Africa”(Dar es Salaam, United Republic of Tanzania, 21–22 November 2011).

organizations, wholesalers and exporters to facilitate their entry into and participation in the market;

(c) Initiating dialogue among key players and stakeholders on key issues of relevance for commodities, including access to finance.

33. UNCTAD, with the financial support of the European Union, has also been implementing the All ACP Agricultural Commodities Programme, or AAACP, which benefits 37 LDCs that are members of ACP. The role of UNCTAD in the implementation of the Programme includes mobilizing and facilitating actions at the regional level for addressing challenges and obstacles to increased regional trade in commodities; commodity diversification; improving ACP stakeholders' access to key commodity information, data and analysis; and building consensus on basic conditions for the successful functioning of national and regional commodity exchanges, warehouse receipt systems and supply chain finance.

34. In addition, under AAACP, the secretariat also initiated and organized a regional meeting on cotton, which took place in Cotonou, Benin on 27–29 June 2011. Some 27 cotton producing countries, 20 of which are LDCs took active part in the meeting. The main objective of the meeting was to define a 10-year road map for the African cotton sector, by building on the existing national and regional strategies for the cotton sector, and taking into account the European Union–Africa Partnership Action Framework. The Road Map is intended to increase consistency between the different initiatives and give a general direction to the development of the African cotton sector at the regional level.

Investment and enterprise development

35. Technical cooperation and capacity-building in LDCs in areas related to investment and enterprise development focus on the implementation of UNCTAD's existing programmes and projects. These include the following:

- (a) Investment policy reviews;²⁴
- (b) eRegulations systems;
- (c) Investment guides (a joint programme between the International Chamber of Commerce and UNCTAD);²⁵
- (d) International investment agreements;²⁶
- (e) Enterprise development through EMPRETEC and Business Linkages programmes;²⁷
- (f) Promoting new and advanced ideas related to investment promotion, including through the Investment Advisory Council;

²⁴ UNCTAD recently published the reviews for Burkina Faso, Burundi, Mauritania and Sierra Leone, and work is currently under way to finalize investment policy reviews for Mozambique, Bangladesh and Djibouti. The secretariat also provided technical assistance to Ethiopia, the United Republic of Tanzania and Uganda in the implementation of recommendations, arising from their respective investment policy reviews.

²⁵ Recently Burkina Faso and Rwanda have benefited, bringing the total number of beneficiary countries from Investment Guides, to date, to 15.

²⁶ Since May 2011, 21 LDCs have benefited from participation in capacity-building programmes on international investment agreements.

²⁷ Uganda, Zambia, United Republic of Tanzania and Mozambique.

(g) Promoting sustainable tourism sector through ICT infrastructure development such as Internet.²⁸

36. The overall objectives of these activities are to continuously improve the domestic environment to enable LDCs to attract and benefit from investment by taking advantage of emerging investment opportunities; to assist beneficiary LDCs to implement recommendations emanating particularly from investment policy reviews, to improve the transparency and simplicity in rules and procedures with a view to establishing a domestic investment-friendly environment, fostering entrepreneurial skills and enhancing the competitiveness of small and medium-sized enterprises through the creation and strengthening of business linkages between transnational corporations and domestic enterprises.

International trade and related issues,

37. In these areas, especially with regard to competition policy and consumer protection legislations, UNCTAD provided technical assistance for LDCs through national and regional training workshops.²⁹ The aim of such training workshops is, primarily, to create capacities in LDCs to prepare and implement national and regional competition laws and frameworks that reflect prevailing conditions for achieving domestic and international competitiveness, and dealing with anticompetitive practices. Further, with a view to ensuring coherence between overall governmental approaches to privatization and liberalization of trade and investment regimes, the secretariat initiated ad hoc voluntary peer reviews on competition law and policy and carried out preparatory work in 2011 for such reviews, including for the United Republic of Tanzania and Zambia in 2012.

38. Since the adoption of the Istanbul Programme of Action, a number of further activities have been undertaken on issues related to organic agriculture in Africa, including LDCs in the region. Such activities include UNCTAD's participation in national, regional and international forums to promote and represent the African organic perspective, especially discussions with the secretariats of GlobalGAP and the International Federation of Organic Agriculture Movements on Organic GAP. Organic GAP has become an additional module for certified organic products that would address food safety and worker health issues. UNCTAD was also actively involved in the preparations for the second African Organic Conference, held in May 2012 in Lusaka, Zambia, on the theme "Mainstreaming organic agriculture in the African development agenda. In the area of Biotrade and with the objective of gathering real, precise and comparable information to monitor the conservation and sustainable use of the species and ecosystems used, the BioTrade Impact Assessment System, developed by UNCTAD, will be of crucial help for LDCs. BioTrade partners in Latin America and Africa have started adopting this system as part of their monitoring and evaluation activities and in building their baseline information and data systems. UNCTAD also supported the organization of the third Africa Carbon Forum held in Marrakech, Morocco, from 4 to 6 July 2011 where a side event for the Portuguese-speaking countries in Africa – Cape Verde, Guinea-Bissau, Sao Tome and Principe, and Mozambique was organized on 5 July 2011. The event provided a platform to showcase the experience of Angola on the e-learning course on climate change and carbon

²⁸ In the last two years, six countries in the subregion of the West African Economic and Monetary Union: Mauritania, Burkina Faso, Guinea, Benin, Mali and Senegal have benefited from these activities.

²⁹ These include a consultation meeting with Bhutan (June 2011), the Southern African Development Community round table on competition policy in Lusaka (27–28 October 2011) and a regional workshop, held in cooperation with the West African Economic and Monetary Union (Lomé, Togo, November 2011).

markets, which focuses on seizing trade and investment opportunities arising from climate change policies.

III. Conclusions and the way forward

39. Success in achieving the goals and targets of the Programme of Action depends on several factors at the national, regional and international levels. At the national level, the key is enhancing national ownership and the capacity of LDCs to translate the agreed priorities and commitments into actions, including by mainstreaming the Programme of Action into their respective domestic policies and strategies. This includes efforts to build national institutional and policymaking capacities, as well as rebalancing the role of the State and the market. For LDCs, mobilizing domestic resources by stimulating private savings and improving the tax collection system, as well as harnessing their natural resources, are critical for their development. At the regional level, deepening regional economic integration and harnessing the role of South–South cooperation for the development of LDCs should be given due emphasis.

40. National and regional efforts alone will not suffice to enable LDCs to meet the agreed goals and targets of the Programme of Action and achieve their broader objective of sustained economic growth and development. Efforts should also be redoubled to enhance partnership in all areas (for example, official development assistance, FDI, debt relief, market access and rebalancing sectoral composition of development resources) so as to make it an effective means to substantially improve the everyday lives of poor people in LDCs. To that end, LDCs and their development partners should continue to strive to enhance the quality of growth, which should be inclusive, participatory and sustainable. This requires, *inter alia*, developing productive capacities, which in turn can contribute to the creation of productive employment opportunities. Sustained structural transformation in the economies of LDCs can be achieved only if an enabling policy framework for increased global partnership that would accelerate the process of capital accumulation, structural change and technological progress in LDCs is set up.

41. As recognized in the Programme of Action, renewed and strengthened partnership with and support for LDCs needs to go beyond aid and market access and should include efforts to enhance LDCs' trading opportunities, stronger support for domestic resource mobilization, enabling LDCs to attract and make use of private capital inflows, building technological capabilities, innovation and know-how. Effectively addressing climate change challenges, low agricultural productivity and persistent food insecurity should also be viewed as an integral part of global efforts to enable LDCs to make a significant leap forward and to meet the agreed goals and targets of the Programme of Action, including meeting the graduation criteria by 2020.

42. The UNCTAD-wide activities contained in the present report provide initial efforts of the secretariat to expand the scale and intensity of its work on LDCs. There was also a continued political and financial support for, and increasing recognition of, the work of UNCTAD on LDCs from all development partners, from developed and developing countries alike. One further practical lesson to be drawn from the analytical and operational activities undertaken during the past year is the growing inter-agency collaboration and cooperation. Joint efforts by UNCTAD and the relevant system-wide agencies of the United Nations, other international organizations, regional economic groupings, the private sector and civil society brought about concrete results in efforts to sensitize and mobilize stakeholders for the implementation of the Programme of Action. This should be sustained and further strengthened in the years ahead.

43. There is an increasing interest and demand for the support of the secretariat from beneficiary countries. Effectively responding to the growing list of mandates and the demand from member States requires concerted efforts by donors, beneficiary countries and the secretariat to enhance the substantive or developmental impacts of technical cooperation and capacity-building projects and programmes on domestic institutions and economies of LDCs. To that end, ongoing efforts aimed at enhancing ownership capacities of LDCs should be continued, while ensuring predictability and sustainability of such activities at the national levels. This will also require significant financial support by donor countries. In this regard, the UNCTAD-LDC Trust Fund continues to be an important vehicle for initiating, designing and implementing technical cooperation and capacity-building activities in LDCs. As with the previous years, the challenge for the secretariat is to mobilize extrabudgetary resources so as to regular replenish the Trust Fund. It is crucially important that those resources should be made available, including from diversified sources to sustain and strengthen the work of the secretariat in support of LDCs.

44. The ensuing work of the secretariat on LDCs in the three pillars – research and policy analysis, consensus-building and technical cooperation – will continue to address pressing priorities and needs of these countries. It will particularly focus on exploring ways and means of building productive capacities, including providing a conceptual and operational framework in this area; assisting the countries concerned in taking advantage of trade and investment opportunities, including through South–South and triangular cooperation; tackling international trade and commodity issues; building their technological capabilities and helping LDCs attract and benefit from investment, including foreign direct investment. UNCTAD will also continue addressing the priority areas of work highlighted in the Programme of Action, such as agriculture, food security, technology and innovation, climate change and the vulnerabilities of LDCs. The secretariat, in collaboration with other agencies, will also assist LDCs in integrating the Programme of Action into their national development strategies, and in ensuring complete implementation of the actions and commitments contained therein.
