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### Trade and Development Board

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## **Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020: Fourth progress report**

### **Report by the UNCTAD secretariat**

#### *Executive summary*

As with the previous sessions, the Trade and Development Board at its sixty-second session will review the UNCTAD-wide implementation of the Programme of Action for Least Developed Countries for the Decade 2011–2020 (Istanbul Programme of Action). Pursuant to section VII (paragraph 156) of the Istanbul Programme of Action and the Doha Mandate, the reviews of the Board serve as input to the mandated global review by the General Assembly of progress towards the targets and objectives of the programme.

The present report is prepared to assist the Board in its consideration of item 3 on the provisional agenda: Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020. The report provides a synthesis of UNCTAD activities carried out between subsequent reporting periods in the areas of research and policy analysis, technical cooperation for capacity-building and intergovernmental consensus-building. It also includes conclusions and the way forward.

## I. Introduction

1. The overarching goal of the Istanbul Programme of Action is “to overcome the structural challenges faced by the least developed countries in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the least developed country category”.<sup>1</sup> As stated in the Istanbul Declaration, the least developed countries (LDCs) “represent an enormous untapped human and natural resource potential, in particular their young populations, to contribute to national development, poverty eradication, and job creation, as well as global economic growth and welfare”.

2. Successfully and effectively implementing the Istanbul Programme of Action will contribute to the fulfilment of the human and economic potential of LDCs. The Istanbul Programme of Action is particularly key for the mobilization of local, regional and global actions to foster broad-based, inclusive and sustainable development in LDCs. The programme’s focus on productive capacities, agriculture, trade, commodities, social development, crisis management, financial resources and good governance are all key areas for improvement that will lead to LDCs being wealthier in both human and economic resources. To this end, progress in the implementation of the Istanbul Programme of Action should be monitored, domestic gaps and limitations assessed and opportunities for growth and development seized. In line with both the mandate outlined in paragraph 156 of the Istanbul Programme of Action, and the Doha Mandate, UNCTAD has an important role to play in contributing both to the implementation of relevant actions and commitments, and review and monitoring of progress. By summarizing UNCTAD’s activities in the implementation of the programme, this progress report contributes to the follow-up, evaluation and monitoring progress towards the objectives of the Istanbul Programme of Action.

3. With regard to attaining the growth target, the real average growth rate of the LDCs in 2013 and 2014 was 5.2 per cent, about two percentage points lower than the 7 per cent growth rate agreed in the Istanbul Programme of Action and that was also experienced during the boom period of 2002–2008. The conditions that had enabled strong growth in the LDCs changed in the aftermath of the financial crisis due to the sharp fall of commodity prices combined with a decline in global demand.

4. To undertake structural transformation, each LDC requires fixed investment of the order of 25 per cent of gross domestic product (GDP), a target included in the Brussels Programme of Action for LDCs for the Decade 2001–2010, seen as necessary to achieve a sustainable growth of 7 per cent. Although there are variations at the country level, the LDCs as a group reached a gross fixed investment rate of 25.2 per cent of GDP in 2013. With the gross domestic savings rate at 17 per cent of GDP, the external resources amount to 8.2 per cent of GDP. Even with such a remarkable progress towards the investment to GDP ratio, LDCs still need increased financial and technical support to finance their development. The external financial flows to LDCs are composed mostly of remittances and concessional official financing, which account for almost three quarters of total capital flows to LDCs.

5. The mediocre performance of the LDCs in the past two years is likely to remain unchanged in the short to medium term, given that prospects for the global economy continue to be fraught with uncertainties. Even if the downside risks do not materialize, the GDP growth rates in these countries are expected to be lower than the 7 per cent target,

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<sup>1</sup> Programme of Action for the Least Developed Countries for the Decade 2011–2020, A/CONF.219/3/Rev.1, paragraph 27.

making the challenges of structural transformation, employment generation and poverty reduction more daunting.

6. On graduation – one of the main goals of the Istanbul Programme of Action is to enable “half the number of least developed countries to meet the criteria for graduation by 2020” – the progress still remains slow. To date, only four countries have graduated from LDC status: Botswana (1994), Cabo Verde (2007), Maldives (2011) and Samoa (2014). Equatorial Guinea and Vanuatu are earmarked for graduation in 2017 and Angola in 2018. In the 2015 review of the United Nations list of LDCs, five other countries were found pre-eligible for graduation.<sup>2</sup>

## II. The United Nations Conference on Trade and Development’s contribution

7. The mandate of UNCTAD to assist LDCs and contribute to the implementation of the Istanbul Programme of Action stems from paragraph 156 of the programme, and paragraph 18(g) of the Doha Mandate. The support that UNCTAD provides to member States is organized under three broad pillars of work:

- Research and policy analysis;
- Consensus-building and intergovernmental support;
- Technical cooperation and capacity-building.

8. The rest of this report presents the activities of UNCTAD under these three broad categories.

### Research and policy analysis

9. The UNCTAD flagship reports promote the objectives of the Istanbul Programme of Action through identifying strategies for growth and human development, and the requisite evidence for implementing and evaluating those strategies:

- UNCTAD’s publication *The Least Developed Countries Report 2014 – Growth with Structural Transformation: A Post-2015 Development Agenda* shows that LDCs have enjoyed unprecedented economic growth since 2000. Nevertheless, most will not meet the majority of the Millennium Development Goals, which the report dubs the “LDC paradox”. Least developed countries are trapped in a vicious circle of economic and human underdevelopment. The “LDC paradox” is rooted in the failure of the Millennium Development Goals to recognize the need for a policy framework that generates transformative growth, and in the inability of the LDCs to achieve structural transformation. If LDCs are to meet the more ambitious sustainable development goals in a more challenging external environment, these goals will need to focus much more on ensuring structural transformation of LDCs towards becoming modern and diversified economies. This will also require concerted efforts by the international community.
- The *Economic Development in Africa Report 2014: Catalysing Investment for Transformative Growth in Africa*, underscores the need to enhance the contribution of investment to growth. It stresses the importance of strengthening linkages between local and foreign enterprises, stemming capital flight to release more resources for investment, using aid and fostering international trade to stimulate and

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<sup>2</sup> That is, countries to be reviewed for full eligibility in March 2018: Bhutan, Nepal, Sao Tome and Principe, Solomon Islands, and Timor-Leste.

boost investment. Interest in the report led to 120 press articles and various interviews. By the end of 2014, the report had been downloaded 9,700 times.

- The digital divide faced by LDCs was covered in the *Information Economy Report 2015: Unlocking the Potential of E-commerce for Developing Countries*. Online marketplaces and platforms provide opportunities for professionals in developing countries, and combined with trade facilitation measures, e-commerce can help LDCs integrate into global supply chains. A new index to assess the readiness of countries to engage in e-commerce revealed that LDCs made up the bottom 12 per cent of countries in the ranking.
- The *Review of Maritime Transport 2014* included a special chapter on the maritime transport situation in small island developing States (SIDS), many of which are LDCs. The chapter suggested that an effective way forward for transport and trade logistics in these States requires measures spanning a range of areas, including trade logistics, climate change and resilience-building, energy and the financing of sustainable and resilient transport systems.
- The *World Investment Report 2014*, UNCTAD's flagship publication on foreign direct investment, proposed an action plan to invest in the sustainable development goals. The report revealed that these goals will require a step-change in the levels of both public and private investment in all countries. At current levels of investment in sectors relevant to the sustainable development goals, developing countries alone face an annual gap of \$2.5 trillion. In LDCs, a doubling of the growth rate of private investment would be a desirable target to give it a meaningful complementary financing role next to public investment and official development assistance. In 2013, LDCs attracted a record level of foreign direct investment flows of \$28 billion, an increase of 14 per cent, despite the global foreign direct investment contraction of 8 per cent. The share of inflows to LDCs in global inflows remains small at 2 per cent. The report pointed out that the number of announced greenfield investment projects in LDCs also reached a record high.
- The *Trade and Development Report 2014: Global Governance and Policy Space for Development*, examines to what extent developing countries have effective policy instruments available, and the space to use these instruments, to advance the development agenda. The report assesses how the multilateral trading regime has dealt with the concept of special and differential treatment. It stresses that in spite of the regime's move towards a single-tier system of rights and obligations, LDCs have maintained some options for policy flexibilities, and more so than other developing countries. The report also discusses the implications for LDCs of sluggish economic growth in developed countries, with particular attention to the future development of primary commodity prices. The challenge for commodity-producing countries remains appropriating a fair share of resource rents, and using these revenues to reduce income inequality and diversify their economies.

10. Articles concerning LDCs appeared in the quarterly editions of the *Transport and Trade Facilitation Newsletter*.<sup>3</sup> In issue number 1 of 2015, one article detailed the linkages between proposed sustainable development goals and specific trade facilitation measures. There exists a close statistical correlation between the notified trade facilitation implementation capacity and the Human Development Index.

11. A report was prepared entitled *Closing the Distance: Partnerships for Sustainable and Resilient Transport Systems in SIDS*. The work was informed by an ad hoc expert

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<sup>3</sup> Available at <http://unctad.org/en/Pages/DTL/TTL/Transport-Newsletter.aspx>.

meeting held on 11 July 2014 on the theme “Addressing the transport and trade-logistics challenges of the small island developing States: Samoa Conference and beyond”.<sup>4</sup>

12. UNCTAD continued to maintain the online repository “Trade facilitation bodies around the world”, with information on over 80 national trade facilitation committees, including a large number of African countries and LDCs.<sup>5</sup> This helps improve coordination among private and public sector stakeholders involved in international trade.

13. In August 2014, UNCTAD published a two-part report focusing on the maritime piracy challenge, in particular as experienced in East and West African waters since 2005. The first part of the report entitled *Maritime Piracy Part I: An Overview of Trends, Costs and Trade-related Implications*<sup>6</sup> provides statistics describing overall trends in maritime piracy and related crimes, and highlights some of the important repercussions for the trade of States in affected regions. The second part of the report entitled *Maritime Piracy Part II: An Overview of the International Legal Framework and of Multilateral Cooperation to Combat Piracy*<sup>7</sup> provides an overview of the international legal regime for countering piracy and identifies examples of international cooperation in the area.

14. The country-level Liner Shipping Connectivity Index has been produced by UNCTAD annually since 2004.<sup>8</sup> The index provides an indicator of a country’s access to the global liner shipping network and thus to overseas markets for containerizable merchandise, that is, the most manufactured goods. Many of the countries with the lowest indices are LDCs.

#### *Gender and social issues*

15. The organization conducted research and analysis on the gender ramifications of macroeconomic policies, and specifically trade policies, in selected LDCs.<sup>9</sup> The case studies illustrate the structural, social and cultural constraints that create or perpetuate gender inequality in sectors such as agriculture, fisheries, services and manufacturing that have been or can be dynamized by trade.<sup>10</sup> The publication entitled *Looking at Trade Policy through a “Gender Lens”*, published in January 2015, summarizes the main findings of the series of country case studies on trade and gender conducted by UNCTAD.<sup>11</sup>

16. The study *Who is Benefiting from Trade Liberalization in Rwanda? A Gender Perspective*, published in November 2014, assessed the impacts of Rwanda’s trade policies on women and examined their role in the country’s economy. The modernization of agriculture and Rwanda’s increasing integration in the world economy can play a catalytic role in rural development and job creation for women, and yet also creates new challenges for women.

17. A two-volume teaching manual on trade and gender, published by UNCTAD in February 2015, provides a learning resource on trade and gender issues to all stakeholders – researchers, policymakers and civil society representatives – involved in research, policy formulation and advocacy. Volume I of the manual was translated into Nepalese by the Mid-Western University of Nepal. The concepts in the volume were “localized” by the same university and resulted in the paper, “Trade and gender in the context of Nepal”.

<sup>4</sup> See <http://unctad.org/en/pages/MeetingDetails.aspx?meetingid=586>.

<sup>5</sup> See <http://unctad.org/en/DTL/TLB/Pages/TF/Committees/default.aspx>.

<sup>6</sup> Available at <http://unctad.org/ttl/legal>.

<sup>7</sup> Available at <http://unctad.org/ttl/legal>.

<sup>8</sup> Available at <http://stats.unctad.org/lsci>.

<sup>9</sup> Angola, Bhutan, the Gambia, Lesotho and Rwanda.

<sup>10</sup> All country case studies and the synthesis report are available at <http://UNCTAD.org/gender>.

<sup>11</sup> Including Angola, Bhutan, the Gambia, Lesotho and Rwanda.

18. Within this framework, the study *The Fisheries Sector in the Gambia: Trade, Value Addition and Social Inclusiveness, with a Focus on Women* was published in February 2014 as a result of a cooperation between UNCTAD and the Enhanced Integrated Framework secretariat. The report accompanied the Diagnostic Trade Integration Study (DTIS) update for the Gambia. In addition, UNCTAD has also undertaken a series of case studies on the fisheries sectors of Bangladesh, Cambodia, the Comoros, Mozambique, Sierra Leone and Uganda in the context of its Development Account project 1415M “Building the capacities of selected least developed countries to upgrade and diversify their fish exports”.

#### *Further research*

19. External debt is targeted by section G – Mobilizing financial resources for development and capacity-building – of the Istanbul Plan of Action. The analytical and policy challenges that policymakers in LDCs face were addressed by UNCTAD via its annual report to the General Assembly Second Committee on external debt sustainability. The report provided detailed analysis on current trends and policy issues, the role of the Heavily Indebted Poor Countries Initiative in debt relief for LDCs as well as policy recommendations to further enhance debt sustainability in LDCs.

20. In February 2015, UNCTAD launched Country Profiles, a new easy-to-access database which allows users to get a statistical snap shot of every country. This tool was designed specifically with LDCs in mind, as it can be run on all browsers and with minimal Internet speeds.

21. The recent UNCTAD publication titled *Technology in Action: Good Practices in Science, Technology and Innovation Policies for Women in South Asia* showcased the interplay between science, technology and innovation and gender in Asian LDCs such as Afghanistan, Bhutan and Nepal.

22. The publication *Enhancing Backward Linkages between Tourism and Other Sectors in the Lao People’s Democratic Republic* provides key recommendations regarding tourism. It highlights that in order to maximize the benefits of tourism, tourists must be encouraged to stay in the country for longer, and the Lao People’s Democratic Republic must become a destination in itself rather than simply a transit destination.

23. The project “Identifying growth opportunities and supporting measures to facilitate investment in commodity value chains in landlocked developing countries” identifies growth opportunities and supporting measures that facilitate the participation of landlocked countries in global value chains. Zambia is one of the countries benefiting from country-specific case studies in this project.

24. The first paper in the Trade and Poverty Paper Series was launched by UNCTAD in May 2015, entitled *Transformative Regionalism, Trade and the Challenge of Poverty Reduction in Africa*. The series aims to promote policy-relevant research on issues pertaining to the impact of globalization and its effects on poverty and development.

#### **Consensus-building and intergovernmental support**

25. The fourth UNCTAD World Investment Forum 2014 was the largest one to date. Over four days and 50 events, the forum brought together 3,000 stakeholders from all corners of the investment–development community, including representatives from 39 LDCs. The ministerial round table on investing in the sustainable development goals convened investment, trade and development ministers from 29 countries and two heads of international organizations, 10 of which represented LDCs.

26. The forum provided an international platform to showcase investment opportunities; among the exhibitors were Haiti, Lesotho, Madagascar, the Sudan and Zambia.

These countries had the chance to engage with senior business executives, and interregional and international organizations. As a result of this exchange, a partnership between Lafarge and the Zambia Green Jobs programme is currently being drafted to construct sustainable residential units. This may lead to a commercial offer of 6,000 affordable houses in Zambia's copper mining area.

27. The forum featured a meeting of the UNCTAD–International Chamber of Commerce Investment Advisory Council, as well as a dialogue on the UNCTAD initiative entitled Business Schools for Impact. This initiative, launched during the forum of 2014, aims to engage with business schools to raise awareness among students of pro-poor investment opportunities and to equip students with the skills to be successful in such ventures.

28. The second United Nations Conference on Landlocked Developing Countries, 17 of which are also LDCs, was held in November 2014 in Vienna. In collaboration with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, and the Common Fund for Commodities, UNCTAD has been implementing a project titled “Identifying growth opportunities and supporting measures to facilitate investment in commodity value chains in landlocked countries”. The project assisted UNCTAD to carry out a series of country case studies to analyse how the landlocked condition affects the capacity of landlocked countries to develop their commodity sector in a sustainable way, via a series of country-specific case studies. As part of the project, UNCTAD organized a side event in New York in October 2014 and a high-level policy dialogue during the conference in Vienna. Together with the World Trade Organization (WTO), UNCTAD also contributed to a joint side event on “Harvesting the benefits of trade facilitation for landlocked developing countries”.

29. The Istanbul Programme of Action also emphasizes the importance of building productive capacities and of mainstreaming productive capacities into national development policies.<sup>12</sup> A side event was organized by UNCTAD on indicators for benchmarking productive capacities in LDCs during the Benin Ministerial Meeting on New Partnerships for Productive Capacity-building in the Least Developed Countries (July 2014). Another side event on “Productive capacities, structural transformation and a post-2015 development agenda of the United Nations” was organized during the Ministerial Meeting of Asia–Pacific LDCs on Graduation and the Post-2015 Development Agenda, held in Kathmandu (December 2014).

### **Technical cooperation and capacity-building**

#### *Graduation*

30. Supporting LDCs to meet the criteria for graduation has involved advisory services and technical assistance to countries with graduation prospects. After the Istanbul conference, one State graduated from LDC status (Samoa, January 2014), and three additional countries were found eligible for graduation.<sup>13</sup> All these graduating States received UNCTAD assistance towards a smooth transition to post-LDC status.

31. In February 2015, the second phase of the training and capacity-building workshop on structural economic transformation beyond the graduation of Angola took place in Luanda. The workshop created awareness about key issues related to graduation, as well as

<sup>12</sup> Programme of Action for the Least Developed Countries for the Decade 2011–2020, A/CONF.219/3/Rev.1, p. 11.

<sup>13</sup> Equatorial Guinea, Vanuatu, and Angola, for which graduation is planned for June 2017, December 2017 and December 2018, respectively.

opportunities and challenges. This enabled the Government of Angola to make decisions with regard to the country's graduation based on the graduation criteria and rules of the United Nations. The workshop focused on the following issues:

- Policies for the structural economic transformation of Angola;
- Building productive capacities and promoting economic diversification;
- Criteria, methodology for graduation and progress towards graduation thresholds;
- Building institutions and enhancing institutional coordination for sustained socioeconomic progress;
- Harnessing the commodities and extractive sectors and capturing the gains from such sectors to accelerate socioeconomic development;
- Lessons from other developing countries from Africa and Asia.

32. In March 2015, at the request of the Government of the Lao People's Democratic Republic, and in conjunction with the United Nations Development Programme, UNCTAD organized a national workshop on preparing for LDC graduation. The workshop included both a technical working session as well as a policy-level consultation on LDC graduation. The technical session offered the opportunity for a discussion on LDC graduation issues. The policy-level consultation informed key policymakers on the meaning of graduation. Stakeholders, including government officials, were sensitized to their roles and required actions to achieve the graduation objective.

33. At the third International Conference on Small Island Developing States, jointly with the United Nations Development Programme, UNCTAD organized a panel discussion on SIDS and graduation from LDC status. The event, co-chaired by the Secretary-General of UNCTAD and the Administrator of the United Nations Development Programme, involved the President of Kiribati, the Prime Ministers of Cabo Verde, Tuvalu and Vanuatu, the Deputy Prime Minister of Samoa, and a minister from Maldives.

#### *Diagnostic trade integration studies, rules of origin and geographical indication support*

34. The DTIS is the cornerstone of the Enhanced Integrated Framework programme in terms of mainstreaming and integrating trade into a country's national development plan. It provides analysis and recommendations on how trade can be used as an instrument for fostering inclusive growth and development. The DTIS activities of UNCTAD over the reporting period included the following:

- In Mali a workshop on trade facilitation and customs procedures was held in June 2014 in Bamako. The workshop analysed the current customs clearance and transit procedures, and identified the main limitations to and strategies for improvement of the system;
- The validation workshop of the DTIS update of Mozambique was jointly organized by UNCTAD and the Government of Mozambique in November 2014 in Maputo. The DTIS highlighted the need for an updated trade strategy and the establishment of interministerial coordination for trade mainstreaming;
- In the case of Djibouti, the DTIS shows that there are various areas of opportunity for promoting inclusive growth, such as Djibouti's port infrastructure and the possibility to develop the corridor with Ethiopia. The DTIS also examines the potential of the tourism and fisheries sector, and how supply capacity could be developed;
- In 2014, Ethiopia requested UNCTAD to carry out the update of its DTIS. A mission to Ethiopia conducted interviews and discussions with high-level officials

regarding the expectations of the Government. The concept note was validated in December in Addis Ababa. UNCTAD organized two brainstorming meetings in December to identify clusters of products that could augment aggregate value;

- In June 2014, in Banjul, UNCTAD (in collaboration with the Enhanced Integrated Framework secretariat) organized a regional event on the implications of the WTO Trade Facilitation Agreement on regional transit issues. Discussions centred on the issues of the Economic Community of West African States inter-State road transit agreement arising in the context of the DTIS updates of the Gambia, Mali, the Niger, Senegal, and with the participation of Burkina Faso.

35. UNCTAD provides policy advice and technical assistance on rules of origin to the WTO LDC group, as well as to individual countries, for better utilization of trade preferences granted by preference-giving countries. Particular activities include the following:

- In response to a request from Myanmar, in October 2014 the Division for Africa, Least Developed Countries and Special Programmes of UNCTAD carried out a workshop on market access and rules of origin and their utilization of different Generalized System of Preferences schemes;
- In November 2014, two workshops on operational procedures and training relating to the rules of origin were held in Phnom Penh;
- In April 2015, UNCTAD carried out, jointly with the European Institute, a training course on rules of origin for WTO LDC negotiators in Florence, Italy.

36. In October 2014, in collaboration with Slow Food, UNCTAD organized a regional workshop on “Voices from rural communities in least developed countries: Promoting traditional food products and the territory through “made in” initiatives and geographical indications” in Turin, Italy. Participants considered how laws on geographical indications and branding initiatives can assist rural communities in LDCs to promote their products and enter value chains, while preserving territorial integrity and biodiversity.

37. In December 2014, a workshop on “Promoting traditional products: Moving towards a geographical indication registration for the pink rice of Madagascar” was held in Amparafaravola. Representatives of UNCTAD and geographical indication experts discussed with farmers how to promote their products through geographical indication.

38. In collaboration with the Food and Agriculture Organization of the United Nations, a regional workshop was held in Phnom Penh (December 2014). The workshop, entitled “Making geographical indications work for rural communities in selected Asian countries: Identify products and drafting of disciplinary for geographical indication registration”, shared experiences among the different rural communities and government officials from selected Asian countries. Participants sought a better understanding of the constraints that rural communities are facing in promoting their products while preserving their identity. The Government of Cambodia appreciated the workshop and considered it an example of interagency coordination.

#### *Debt management and debt sustainability*

39. Between July 2014 and July 2015 the UNCTAD Debt Management and Financial Analysis System provided direct support to 10 LDCs through the implementation of technical assistance projects. Support included the delivery of 18 training and evaluation missions, covering advisory services in institutional debt management issues, and capacity-building training in debt data validation, statistics and basic debt analysis. The programme also participated in seven support missions to LDCs jointly with the World Bank, the International Monetary Fund and other partners under the Debt Management Facility.

This has contributed to improved capacities in LDCs' debt management offices, as evidenced by improved results from public expenditure and financial accountability framework assessments. Another important indicator of improved capacity is the improved quality of debt data reported to the World Bank Debtor Reporting System, with 95 per cent of the LDCs that use the Debt Management and Financial Analysis System reporting to the Debtor Reporting System.

*Human capital and capacity-building through training and advisory services*

40. In 2014, three new universities (from Burundi, the United Republic of Tanzania and Zambia) and one think tank (from the United Republic of Tanzania) joined the UNCTAD Virtual Institute (Vi). The Vi supported the development of a graduate course on global value chains management at the Makerere University Business School, Uganda. In the area of professional development, the Vi offered two online courses – on trade and poverty, and on non-tariff measures – which were completed by 17 and 14 participants from LDCs, respectively.

41. Three national professional development workshops were also organized by Vi for a total of 91 LDC academics. Two workshops requested by Vi member universities in the Gambia and the United Republic of Tanzania focused on tools for trade policy analysis, while the workshop requested by Nepal related to development policies in the post-2015 context.

42. Three LDC academics (from the Gambia, Senegal and Uganda) took part in the Vi fellowship programme in Geneva, where they advanced the development of research papers and a proposal for a new academic course with the support of UNCTAD mentors. Academics from Benin and the Democratic Republic of the Congo benefited from mentoring to develop country case studies on trade and poverty issues. The studies were published on the Vi website.

43. A number of LDCs are assisted by UNCTAD through its Development Account project on “Building capacity in regulatory and institutional sovereign debt governance”. The first workshop took place in Kathmandu on 30–31 March 2015, with participants from five LDCs.<sup>14</sup> The project promotes responsibility of the parties involved in sovereign lending, borrowing, and debt governance.

44. In February 2015, UNCTAD delivered the “Regional course on key issues on the international economic agenda” for African officials and academics, including those from 10 LDCs, hosted by the University of Mauritius. All participants provided appreciative feedback on the course content.

45. At the WTO LDC group's request, UNCTAD organized a “Least developed countries group ambassadors and experts retreat” for defining a WTO post-Bali work programme to conclude the outstanding issues in the Doha Round and prepare for the WTO tenth Ministerial Conference. Inputs that could be used by the group to prepare actual negotiating positions and understanding their development implications were discussed. Furthermore, UNCTAD assisted the LDC group in undertaking the legal review of the Trade Facilitation Agreement for LDCs in the WTO. The legal clarity provided a sense of assurance to trade negotiators on the interpretation of several provisions. It also helped the LDCs as a group in the “legal scrubbing” exercise in the Preparatory Committee of the Trade Facilitation Agreement.

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<sup>14</sup> Bangladesh, Haiti, Mauritania, Nepal and Togo.

46. To support trade and services policy formulation and implementation, UNCTAD continues to support LDCs at country level to formulate and implement trade and services policies. In this regard, UNCTAD:

- Supported Angola to prepare and validate a comprehensive trade policy framework on 29 September 2014 through a stakeholders meeting;
- Provided technical support to Zambia in updating its existing commercial, trade and industrial policy. On 9 and 10 April 2015, the trade policy suggestions were validated by stakeholders. These policy suggestions will be incorporated in the country's amended trade policy;
- Provided support for requested Services Policy Reviews, covering important sectors including financial, tourism, energy, and telecommunications, for Lesotho, Rwanda and Uganda.

47. In the area of WTO accession, UNCTAD's work involves support to all LDC acceding countries.<sup>15</sup> For instance, recent advisory services, field missions and capacity-building activities include the Comoros (advisory missions in June and December 2014), Liberia (review of initial goods offer, initial services offer and legislative plan of actions, May 2014), and the Sudan (September 2014, workshop "Doha negotiations and accession process to WTO"). Advice was also provided to Yemen, including on a review of trade-related domestic legislation to ensure compatibility with General Agreement on Tariffs and Trade and WTO provisions (2013/2014).

48. UNCTAD works with LDCs in the area of non-tariff measures by building capacity to enhance understanding and compliance. The organization's current work extends to Cambodia and the Lao People's Democratic Republic. These efforts help LDCs with measures including sanitary/phytosanitary and technical barriers to trade, and licensing, and to increase transparency.

49. Through the Development Account project "Strengthening of capacities of trade and planning ministries of selected least developed countries to develop and implement trade strategies that are conducive to poverty reduction", UNCTAD delivered national workshops in 2014 in the Lao People's Democratic Republic and Senegal. A training module, in tandem with the national workshop, was also provided in the Lao People's Democratic Republic. The workshops covered national trade policy frameworks and trade strategies, and undertook a comprehensive analysis of the economic and institutional constraints facing LDCs in their efforts to make trade an engine of growth and poverty reduction. The national workshop in Senegal discussed the opportunities and challenges faced by the country following the recent completion by UNCTAD of the DTIS update and the integration of trade into the national development plan. As part of the workshop, UNCTAD also provided policy advice in preparation for a donors' meeting in Paris in 2014. In the case of the Lao People's Democratic Republic, the workshop and training activities focused on topics such as the role of key linkage sectors for poverty reduction.

50. A regional workshop was organized by UNCTAD on mainstreaming trade into national policies to reduce poverty in LDCs in Maseru in March 2015. The workshop reviewed the national studies of the three pilot countries in Africa to understand the mainstreaming of trade measures into national policies, and the constraints facing the countries in making trade an engine of human development. Strategies to address these challenges were identified. Building productive capacities was identified as a critical element for the mainstreaming of trade policies into poverty reduction measures.

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<sup>15</sup> Afghanistan, Bhutan, the Comoros, Ethiopia, the Lao People's Democratic Republic, Liberia, Samoa, Sao Tome and Principe, the Sudan and Yemen.

*E-commerce, online consumer protection and cybercrime*

51. UNCTAD collected data about the state of e-commerce laws in the field of e-transactions, online consumer protection, and data protection/privacy across the globe. The Global Cyberlaw Tracker was launched in March 2015.<sup>16</sup> It allows countries to compare the level of adoption of e-commerce legislation and serves as a tool for member States to identify policy areas that require attention. In 2014, only 18 LDCs had legislation on e-transactions.

52. In 2014, member countries of the Economic Community of West African States (of which 11 are LDCs) continued to receive UNCTAD's support in the national implementation of the e-commerce regional legislation. Particular focus is given to e-transactions, cybercrime and data protection. Similarly, assistance was provided to East African Community partner States, of which four are LDCs, in the transposition at the national level of the regional cyberlaw frameworks I and II.

53. During the interactive debate organized on "Cutting the costs of remittances: The role of mobile money" held in Geneva in June 2014, participants discussed how the uptake of mobile phones in low-income countries has opened new possibilities for facilitating remittance flows. International remittance flows are being made more affordable by leveraging mobile money and online transfer mechanisms. Reducing the costs of remittances could enhance financial inclusion in developing countries.

54. The Expert Meeting on Cyberlaws and Regulations for Enhancing E-commerce, Including Case Studies and Lessons Learned (25–27 March 2015) included participants from 23 LDCs. The meeting focused on assessing needs for cyberlegislation, best practices in fostering cross-border online transactions, and improving security online. The meeting also covered developing relevant cyberlegislation and how assistance from international organizations and other development partners can help facilitate the enforcement of e-commerce laws.

*Trade facilitation and customs modernization*

55. The Automated System for Customs Data (ASYCUDA) programme for customs automation and modernization delivers technical assistance to developing countries and LDCs. Two new countries and one overseas territory<sup>17</sup> adopted ASYCUDA in 2014. Overall, 210 training sessions were carried out for an audience of more than 4,000 participants, including many from LDCs.

56. The ASYCUDA performance indicators module was installed in Liberia. Initial results were a reduction of manual reassignment and increased recovery of duties and taxes due to the introduction of new measures supported by evidence given by the module.

57. Three key intergovernmental meetings were organized by UNCTAD with a focus on SIDS and their transport-related challenges, including in particular climate- and weather-related threats to critical coastal transport infrastructure and operations:

- An Ad Hoc Expert Meeting on Addressing the Transport and Trade Logistics Challenges of the Small Island Developing States (SIDS): Samoa Conference and Beyond, held on 11 July 2014;
- A high-level side event held at the third International Conference on Small Island Developing States (Samoa Conference), 1–4 September 2014, on "Harnessing the

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<sup>16</sup> See <http://unctad.org/cyberlawtracker>.

<sup>17</sup> Angola, Antigua and Barbuda, and Saint Pierre and Miquelon.

oceanic wealth of small island developing States through sound trade specialization and sustainable and resilient maritime transport”.

- The third session of the Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation, held on 24–26 November 2014, focused on some of the particular transport and trade logistic challenges that SIDS face in connection with their remoteness and geographical location.<sup>18</sup>

#### *Gender and women’s empowerment*

58. Activities that supported the development of the LDCs with a focus on gender and economic issues were as follows:

- An online course was organized jointly by the Vi on trade and gender, based on a teaching manual. In its first iteration (19 January – 8 March 2015) the course was taken by 104 participants from 51 countries/territories; 27 participants from LDCs joined the course;<sup>19</sup>
- A national workshop, attended by around 50 participants, was conducted in Kigali in November 2014. This presented the findings and recommendations of a country case study to enhance the capacities of local policymakers to mainstream gender in trade policy and familiarize the relevant stakeholders with the methodologies used;
- In March 2015, UNCTAD held the event “Looking at trade policy through a gender lens”. The event presented the main findings of country case studies on trade and gender and launched the teaching package on the same theme.

59. The UNCTAD guide *Empowering Women Entrepreneurs through Information and Communications Technologies* integrates the information and communications technology dimension in a framework for assessing women’s entrepreneurship development, and provides insights from focus group discussions in the United Republic of Tanzania. Uganda and the United Republic of Tanzania implemented the new framework.

60. The work by UNCTAD on trade and gender has had effects in broad-ranging areas. The findings and policy recommendations of the studies on trade and gender inform policy formulation and influence development plans, poverty reduction strategies and the design of trade policy. A web survey has assessed the relevance of the country studies, and 64 per cent of respondents thought that the country studies were extremely or very relevant to national context. Questionnaires were organized regarding the national workshops that presented the findings of the country studies, and the online course on trade and gender, and these also received highly satisfactory responses.

#### *Trade, environment and development*

61. The National Green Export Reviews are UNCTAD’s response to support developing countries, including LDCs, in identifying green goods with strong prospects for production and export growth. For instance, Vanuatu has made significant progress in advancing a review to add value to traditional exports, including coconut, cocoa and sandalwood. Given Vanuatu’s distance from markets, national experts propose actions to boost exports in added value products by targeting efforts to market these products to the 350,000 tourists that visit the island every year.

<sup>18</sup> Doha Mandate, paragraph 56(j).

<sup>19</sup> Representing Bangladesh, Burundi, the Democratic Republic of the Congo, Ethiopia, Lesotho, Mozambique, Nepal, Rwanda, Senegal, Sierra Leone, the Sudan, Togo, the United Republic of Tanzania and Zambia.

62. The project “Enhancing sustainable tourism, clean production and export capacity in the Lao People’s Democratic Republic”, funded by the State Secretariat for Economic Affairs of Switzerland under the framework of the United Nations Cluster on Trade and Productive Capacity, implements organic agriculture development activities in the Lao People’s Democratic Republic. In 2014, UNCTAD supported the organization of the third Lao Organic Agriculture Forum (LOAF 3), held jointly with two local ministries in July in Vientiane. The forum aims to facilitate information and experience-sharing among stakeholders interested in organic agriculture development in the country. It is a platform to inform participants of the organic agriculture development situation in the Lao People’s Democratic Republic, and discuss future directions that could be undertaken by public authorities and the private sector (farmers). It also facilitates information-sharing among civil society, the public and private sectors in the country on traceability, standards, and linkages with the tourism industry.

63. At LOAF 3, the exchange of experiences included those of other countries (namely Thailand and Uganda), different agricultural sectors (for example, bioenergy), and anti-competitive issues. Participants shared ideas to develop the organic agriculture sector in the Lao People’s Democratic Republic. Stakeholders identified challenges and opportunities, and suggested ways to expand organic production. Participants called for continuing the LOAF and for the Government to institute it as a national annual event. The forum provided inputs for the Government to include in future legislation.

#### *Competition and consumer protection*

64. Benin, Burkina Faso, Guinea-Bissau and Senegal are members of the West African Economic and Monetary Union (WAEMU) and part of the WAEMU regional programme within the framework of UNCTAD’s Competition Programme for Africa since 2011. Since 2013, UNCTAD has organized several workshops and a two-week training course for case handlers and the representatives of their member States in cooperation with the Zurich School of Management and Law. Two drafting sessions were organized in Geneva in cooperation with the Competition Directorate of the WAEMU Commission. These sessions drafted guidelines to decentralize the enforcement power to member States, and thereby improve the enforcement of the community rules in WAEMU. Additional activities in Ouagadougou and in Abidjan in 2014 put forward regional amendments of the law.

65. In response to a technical assistance request from Ethiopia and in consultation with the Government, UNCTAD developed a project proposal based on the needs of the Ethiopian Trade Competition and Consumer Protection Authority. The project reinforces the authority’s capacity to implement competition and consumer protection laws. The project began in December 2014 and covers four broad areas: the policy and legal framework, the institutional framework, enforcement capacity-building, and advocacy for competition and consumer protection.

66. The pilot project “Strengthening technical competency for consumer protection in [the Association of Southeast Asian Nations] ASEAN” enhances the Lao Ministry of Industry and Commerce’s capacity to implement consumer protection laws and handle consumer complaints. The project strengthens the capacity of government agency personnel through the development and delivery of training programmes, modular components and materials. The six core areas<sup>20</sup> focused on are: product safety and labelling; phone, Internet services, and e-commerce; consumer credit and banking; environment; healthcare services; and professional services. After the field visit carried out by UNCTAD in Vientiane in

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<sup>20</sup> As identified in the ASEAN–Australia Development Cooperation Programme phase II project report “Road-mapping capacity-building needs in consumer protection in ASEAN”.

December 2014, the Ministry requested UNCTAD assistance in drafting the guidelines for preparing specific training materials for enforcers.

67. UNCTAD has continued its tripartite peer review for the United Republic of Tanzania, Zambia and Zimbabwe, relating to competition and consumer protection:

- A curriculum for a competition law and policy course for the University of Zimbabwe has been developed. A five-day training of trainer's course for 30 participants validated the curriculum materials. A follow-up training course has been requested by the university;
- Policy review for Zimbabwe: competition policy draft was finalized, ready for presentation to government legislative drafters;
- Subsidiary legislation for implementation guidelines for the United Republic of Tanzania has been drafted;
- Subsidiary legislation for Zambia has been developed in the areas of merger applications guidelines, investigative procedures administrative guidelines, guidelines on how to calculate fines for law infringements, and leniency programmes for cartels.

#### *Foreign direct investment*

68. Out of the 38 Investment Policy Reviews (IPRs) completed by UNCTAD, 16 were prepared for LDCs. During the reporting period, UNCTAD published the IPR for the Sudan and is currently finalizing the IPR for Madagascar. Around five or six years after the completion of an IPR, UNCTAD prepares a report that assesses the extent of the implemented recommendations. Implementation reports have been published for Ethiopia, Lesotho, Rwanda, Uganda, the United Republic of Tanzania and Zambia.

69. The IPR programme continues to demonstrate its quality and impact. The implementation reports for LDCs showed good to strong implementation records, increased interest by existing investors, and increased capacity for market investment opportunities. Following the review of their investment policies by UNCTAD, most beneficiary countries recorded increases in foreign direct investment inflows. The value delivered through IPRs and follow-up activities has prompted additional requests for IPRs.<sup>21</sup>

70. To improve the technical capacity of LDCs to participate effectively in international negotiations on investment treaties and implement them accordingly, UNCTAD delivered capacity-building assistance to a number of requesting countries. In total, 33 LDCs have benefited from UNCTAD national and regional technical assistance training in Africa, Asia, Latin America and Oceania during the last five years. Training is based on the UNCTAD Investment Policy Framework for Sustainable Development, taking not only a legal but also a policy approach. It fosters the sustainable development dimension of international investment agreements and the prevention and better management of investor–State dispute settlement cases. The International Investment Agreements Work Programme has delivered:

- Intensive regional training courses on the negotiation of international investment agreements and on the management of investor–State dispute settlement (and hybrids between the two);

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<sup>21</sup> Including requests from Bhutan, the Central African Republic, Chad, the Democratic Republic of the Congo, Guinea-Bissau, Haiti, Malawi and Mali.

- Targeted technical assistance at the request of member countries and/or regional organizations;
- The organization and co-organization of and/or contributions to specific international conferences, including technical assistance activities and seminars on international investment agreement and investor–State dispute settlement issues.

71. The Common Market for Eastern and Southern Africa and ASEAN prepared their respective investment reports in 2014 in the area of foreign direct investment statistics and policy analysis with the continued assistance of UNCTAD. The organization's work contributed to the capacities of the member States of the two organizations to collect data.

72. Assistance to LDCs' national investment promotion agencies is provided by UNCTAD. Each year a number of best practice agencies are rewarded for their achievements in promoting investment for sustainable development and their experiences are shared with other agencies. At the 2014 World Investment Forum, in October, the Rwanda Development Board was among the winners of the Investment Promotion Awards.

73. The eRegulations programme, an e-government system that helps countries simplify their rules and procedures for setting up a business, is operational in twelve LDCs.<sup>22</sup> The system contributes to increased transparency and greater institutional capacity, thereby facilitating business and making LDCs more attractive to foreign investment. For instance, in Mali small traders can register for free, in 15 minutes, using only one form and a copy of their identification card. In the Niger, the number of new enterprises created in the country increased by 44 per cent since the inception of the programme. In the United Republic of Tanzania, companies can be created with one form and two steps online, and it takes a maximum of 10 days through the Tanzania Investment Window. eRegulations is currently being installed in Bangladesh.

74. The UNCTAD investment guides raise awareness among the international investment community of investment opportunities and conditions in beneficiary countries. Guides are now being developed online (iGuides), and Burundi, Nepal and Rwanda were among the initial beneficiaries of this initiative. iGuides are currently being prepared for Bhutan and Uganda.

#### *Intellectual property, entrepreneurship, and private sector development*

75. In the area of intellectual property, UNCTAD provided capacity-building training to the East African Community (October 2014), South Asian countries (December 2014), and national seminars to Ethiopian and Nepalese stakeholders (November 2014).

76. The advisory report on the development dimensions of intellectual property in Nepal was completed and presented to stakeholders in Kathmandu. The report provided analysis and recommendations designed to promote innovation and technology transfer from abroad, as well as a pro-competitive and transparent domestic intellectual property system.

77. Three LDCs used policy measures and tools designed by UNCTAD to strengthen entrepreneurship: Ethiopia, the Gambia, and Zambia. The implementation of the Entrepreneurship Policy Framework identified gaps in and the appropriate prioritization of entrepreneurship objectives.

78. In Ethiopia, UNCTAD is currently supporting the Entrepreneurship Development Programme. This programme aims to unleash the growth potential of small enterprises and microenterprises through entrepreneurial skills training and provision of business advisory

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<sup>22</sup> Benin, Bhutan, Burkina Faso, the Comoros, Ethiopia, Guinea-Bissau, Mali, Niger, Rwanda, Senegal, Togo and the United Republic of Tanzania.

services. The project identifies and selects growth-oriented enterprises, as well as potential entrepreneurs, unemployed youth, and women entrepreneurs, and provides them with entrepreneurship training and an integrated range of business development services. The Empretec model developed by UNCTAD is the main methodology for entrepreneurship training in the country and is being implemented through Empretec Ghana, which has been delivering a number of workshops in the country. Local trainers will be certified under supervision of UNCTAD in 2015.

79. Assistance was provided by UNCTAD to the eight established Empretec centres in LDCs through advisory services, policy workshops and seminars based on the Entrepreneurship Policy Framework, training to entrepreneurs and SMEs, and support to regional networks and initiatives.

80. The Business Linkage Programme aims to connect large companies with dependable business partners in developing countries. In 2014, the United Republic of Tanzania and Zambia benefited from the programme. There is a growing interest from large companies, both domestic and foreign, in sourcing locally. The main UNCTAD efforts are focused on providing a portfolio of services that build the capacity of selected local suppliers to enter the companies' value chains and become enduring business partners.

81. Building on the *World Investment Report 2009*, and with the support of UNCTAD's member States, UNCTAD and other international organizations continued to work towards the full-scale operationalization of its set of Principles for Responsible Agricultural Investments for Sustainable Development. The principles were piloted in 13 countries of which seven are LDCs.<sup>23</sup> Based on these results, in 2015 UNCTAD tailored capacity-building workshops to provide policy guidance on the negotiation of contracts to officials from the Lao People's Democratic Republic, Malawi, Mozambique and the United Republic of Tanzania.

82. The Accounting Development Tool, which strengthens regulatory and institutional capacity for quality corporate reporting, is currently being implemented in the Democratic Republic of the Congo.

### III. Conclusions and the way forward

83. The contribution of UNCTAD to the implementation of the Istanbul Programme of Action in the areas of its competence formed part of the global efforts to understand specific socioeconomic conditions and challenges of LDCs and to chart policy actions for implementation at the national, regional and international levels. Technical cooperation activities also contributed to efforts to improve human and institutional capacities in LDCs in the areas of trade, investment and overall development policy formulation and implementation. On issues related to graduation from the LDC category and in the context of global summits and conferences, UNCTAD has been advocating to put productive capacities and structural economic transformation at the centre of national policies and strategies as well as in global programmes of action. These will be critically important inputs to the global mid-term review of the implementation of the Istanbul Programme of Action programmed for June 2016.

84. Given the importance of trade for its positive effects on poverty reduction, the efforts of UNCTAD to mainstream trade processes and identify bottlenecks in cooperation with LDCs are also a vital part of the implementation of the Istanbul Programme of Action. In sum, the many activities presented in this progress report characterize action towards the

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<sup>23</sup> Cambodia, Ethiopia, Liberia, the Lao People's Democratic Republic, Mozambique, the United Republic of Tanzania and Zambia.

goals of the Istanbul Programme of Action that will result in a brighter future for the millions of people living and working in LDCs.

85. As a way forward, and building on its expanded and strengthened support to LDCs, UNCTAD will continue addressing specific socioeconomic challenges facing these countries. The future work of UNCTAD on LDCs will continue to assist efforts aimed at enabling LDCs to take advantage of national, regional and global opportunities for trade, investment and sustainable development. In this context, particular attention will be given to LDCs in the forthcoming global summits and conferences, including the United Nations Summit to Adopt the Post-2015 Development Agenda, the fourteenth session of the United Nations Conference on Trade and Development and the mid-term review of the Istanbul Programme of Action.

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