



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
GENERAL

TD/B/50/2/Add.1  
TD/B/WP/163/Add.1  
11 August 2003

ENGLISH ONLY

TRADE AND DEVELOPMENT BOARD

Working Party on the Medium-term Plan  
and the Programme Budget

Forty-first session

Geneva, 15-19 September 2003

Item 3 of the provisional agenda

**REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD**

*Report by the Secretary-General of UNCTAD*

**Annex I: REVIEW OF ACTIVITIES UNDERTAKEN IN 2002**

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All references to dollars (\$) are to United States dollars.

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Amounts in brackets indicate a negative value.

IALA means "Inter-Agency Letter of Agreement".

OPC means "operationally but not financially completed".

Details and percentages do not necessarily add up to totals, owing to rounding.

The financial data in the tables on projects reflect the situation as at 31 December 2002. Occasionally, total expenditures exceed total budget. Early in 2003, budget figures were corrected to reflect exact income. The negative amounts in the 2002 expenditures column pertain to the adjustments of prior year accounts and/or savings on the liquidation of prior years' obligations.

### *Abbreviations*

<b>ABARE</b>	Australian Bureau of Agricultural and Resource Economics
<b>ACIS</b>	Advance Cargo Information System
<b>ACP</b>	African, Caribbean and Pacific (group of States)
<b>ADB</b>	Asian Development Bank
<b>AGOA</b>	African Growth and Opportunity Act
<b>AIA</b>	ASEAN Investment Area
<b>AIO</b>	African Insurance Organization
<b>AITIC</b>	Agency for International Trade Information and Cooperation
<b>ALADI</b>	Latin American Integration Association
<b>AMAD</b>	Agricultural Market Access Database
<b>ANIH</b>	Albanian investment promotion agency
<b>APEC</b>	Asia-Pacific Economic Cooperation Forum
<b>ASEAN</b>	Association of South-East Asian Nations
<b>ASIT</b>	Advisory Service on Investment and Technology
<b>ASYCUDA</b>	Automated System for Customs Data (UNCTAD)
<b>ATPSM</b>	Agriculture Trade Policy Simulation Measures
<b>BIT</b>	bilateral investment treaty
<b>BNDES</b>	Brazilian National Bank for Economic and Social Development
<b>BSEC</b>	Black Sea Economic Cooperation
<b>BTFP</b>	BioTrade Facilitation Programme
<b>CAF</b>	Andean Development Corporation
<b>CAN</b>	Andean Community
<b>CARICOM</b>	Caribbean Community
<b>CBD</b>	Convention on Biodiversity
<b>CBI</b>	Dutch Center for the Promotion of Imports from Developing Countries
<b>CBTF</b>	Capacity Building Task Force on Trade, Environment and Development
<b>CDM</b>	clean development mechanism
<b>CDSR</b>	Sub-regional Development Centre for North Africa
<b>CEMAC</b>	Central African Economic and Monetary Community
<b>CEPROBOL</b>	Bolivian Promotion Centre
<b>CGAP</b>	Consultative Group to Assist the Poorest
<b>CIS</b>	Commonwealth of Independent States
<b>CMEC</b>	Carbon Market eLearning Center
<b>CNPI</b>	Centre National de Promotion des Investissements
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COP</b>	Conference of the Parties
<b>COTS</b>	Commercial Off-the-Shelf Systems
<b>DFID</b>	Department for International Development
<b>DMFAS</b>	Debt Management and Financial Analysis System
<b>Dtis</b>	Diagnostic Trade Integration Studies
<b>ECA</b>	Economic Commission for Africa
<b>ECDR</b>	Electronic Commerce and Development Report

*Abbreviations (continued)*

<b>ECLAC</b>	Economic Commission for Latin America and the Caribbean
<b>ECO</b>	Economic Cooperation Organization
<b>ECOSOC</b>	United Nations Economic and Social Council
<b>ECOWAS</b>	Economic Community of West African States
<b>EDIFACT</b>	electronic data interchange for administration, commerce and transport
<b>EMPRETEC</b>	Entrepreneurship Development Programme, also empreteco
<b>ENCs</b>	electronic navigational charts
<b>EPA</b>	economic partnership agreements
<b>ESCAP</b>	Economic and Social Commission for Asia and the Pacific
<b>ESCWA</b>	United Nations Economic and Social Commission for Western Asia
<b>ETO</b>	electronic trade opportunities
<b>ETW</b>	entrepreneurship training workshops
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FDI</b>	foreign direct investment
<b>FIAS</b>	Foreign Investment Advisory Service
<b>FICCI</b>	Federation of Indian Chambers of Commerce and Industry
<b>FTAA</b>	Free Trade Area of the Americas
<b>G-24</b>	Group of Twenty-four on International Monetary Affairs
<b>GATS</b>	General Agreement on Trade in Services
<b>GHG</b>	greenhouse gas
<b>GoP</b>	Government of Pakistan
<b>GSP</b>	Generalized System of Preferences
<b>GSTP</b>	Global System of Trade Preferences among Developing Countries
<b>GTAP</b>	Global Trade Analysis Project
<b>GTZ</b>	German Technical Assistance Corporation
<b>HMG</b>	His/Her Majesty's Government
<b>HRD</b>	human resources development
<b>IAC</b>	Interagency Committee on Accounting
<b>IADB</b>	Inter-American Development Bank
<b>IAIS</b>	International Association of Insurance Supervisors
<b>IAS</b>	international accounting Standards
<b>ICC</b>	International Chamber of Commerce
<b>ICD</b>	Inland Clearance Depot
<b>ICIEC</b>	Islamic Corporation for the Insurance of Investment and Export Credit
<b>ICT</b>	information and communication technology
<b>ICTSD</b>	International Centre for Trade and Sustainable Development
<b>IDAL</b>	Investment Development Authority of Lebanon
<b>IF</b>	Integrated Framework
<b>IFOAM</b>	International Federation of Organic Agriculture Movements
<b>IIA</b>	international investment agreement
<b>IICs</b>	inter-institutional committees
<b>ILO</b>	International Labour Organization

*Abbreviations (continued)*

<b>IMF</b>	International Monetary Fund
<b>IRDA</b>	Insurance Regulation and Development Authority of India
<b>ISO</b>	International Organization for Standardization
<b>ITC</b>	International Trade Centre UNCTAD/WTO
<b>ITD</b>	Trade and Development Centre
<b>ITPGRFA</b>	International Treaty on Plant Genetic Resources for Food and Agriculture
<b>JITAP</b>	UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries
<b>JLGC</b>	Jordan Loan Guarantee Corporation
<b>LDC</b>	least developed country
<b>LEI</b>	Agricultural Economics Research Institute
<b>LLDCs</b>	landlocked developing countries
<b>MERCOSUR</b>	Southern Common Market (Mercado Común del Sur)
<b>MFI</b>	micro-finance institutions
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>MII</b>	Malaysian Insurance Institute
<b>MIS</b>	Management Information System
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NGO</b>	non-governmental organization
<b>NIE</b>	newly industrializing economy
<b>OAS</b>	Organization of American States
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OGIS</b>	Offshore Group of Insurance Supervisors
<b>OLADE</b>	Latin American Energy Organization
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>PA</b>	Palestinian Authority
<b>PGD</b>	Pakistan Goods Declaration
<b>PRAL</b>	Pakistan Revenue Automation Ltd
<b>PRSP</b>	Poverty Reduction Strategy Papers
<b>RDBMS</b>	Relational Data Base Management System
<b>RSIS</b>	Rolling Stock Information System
<b>S&amp;DT</b>	special and differential treatment for developing countries
<b>SAARC</b>	South Asian Association for Regional Cooperation
<b>SADC</b>	Southern African Development Community
<b>SAGIA</b>	Saudi Arabian General Investment Authority
<b>SANProTA</b>	Southern Natural Product Trade Association
<b>SARA</b>	Southern African Railway Association
<b>SATRN</b>	Southern African Trade and Research Network
<b>SECO</b>	Swiss State Secretariat for Economic Affairs
<b>SIDS</b>	small island developing States
<b>SIECA</b>	Permanent Secretariat of the General Treaty on Central American Economic Integration
<b>SIMBA</b>	Market Information System for Bolsa Amazonia
<b>SIPPO</b>	Swiss Import Promotion Programme
<b>SITCD</b>	SADC Industry and Trade Coordination Division

*Abbreviations (concluded)*

<b>SME</b>	small and medium-sized enterprise
<b>SPS</b>	sanitary and phytosanitary
<b>STI</b>	science, technology and innovation
<b>TICA</b>	Turkish International Cooperation Agency
<b>TMC</b>	Terminal Management Company
<b>TNF</b>	Trade Negotiating Forum
<b>TOT</b>	EMPRETEC Training of Trainers
<b>TPPR</b>	Trade Point Palestine Ramallah
<b>TRAINS</b>	Trade Analysis and Information System
<b>TrainForTrade</b>	Training Development in the Field of Foreign Trade
<b>TRIPS</b>	Agreement on Trade-related Aspects of Intellectual Property Rights
<b>TTFP</b>	Trade and Transport Facilitation Project
<b>UEMOA</b>	West African Economic and Monetary Union
<b>UIA</b>	Uganda Investment Authority
<b>UNCSTD</b>	United Nations Commission on Science and Technology for Development
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNOPS</b>	United Nations Office for Project Services
<b>UNSFIR</b>	United Nations Support Facility for Indonesian Recovery
<b>USAID</b>	United States Agency for International Development
<b>VMM</b>	Virtual Microfinance Market
<b>WAIPA</b>	World Association of Investment Promotion Agencies
<b>WEF</b>	World Economy Forum
<b>WIPO</b>	World Intellectual Property Organization
<b>WMU</b>	World Maritime University
<b>WRI</b>	World Resources Institute
<b>WSIS</b>	World Summit on the Information Society
<b>WSSD</b>	World Summit for Sustainable Development
<b>WTO</b>	World Trade Organization
<b>WTPF</b>	World Trade Point Federation

### Country/territory/region codes

AFG	Afghanistan	DJI	Djibouti
ALB	Albania	DMI	Dominica
ALG	Algeria	DOM	Dominican Republic
ANG	Angola	DRK	Democratic People's Republic of Korea
ANL	Anguilla		
ANT	Antigua and Barbuda	ECU	Ecuador
ARG	Argentina	EGY	Egypt
ARM	Armenia	ELS	El Salvador
ARU	Aruba	EQG	Equatorial Guinea
AZE	Azerbaijan	ERI	Eritrea
		EST	Estonia
BAH	Bahrain	ETH	Ethiopia
BAL	Baltic States		
BAR	Barbados	FIJ	Fiji
BDI	Burundi		
BEN	Benin	GAB	Gabon
BER	Bermuda	GAM	Gambia
BGD	Bangladesh	GBS	Guinea-Bissau
BHA	Bahamas	GEO	Georgia
BHU	Bhutan	GHA	Ghana
BIH	Bosnia and Herzegovina	GRN	Grenada
BKF	Burkina Faso	GUA	Guatemala
BOL	Bolivia	GUI	Guinea
BOT	Botswana	GUY	Guyana
BRA	Brazil		
BRU	Brunei Darussalam	HAI	Haiti
BUL	Bulgaria	HON	Honduras
BVI	British Virgin Islands	HUN	Hungary
BYE	Belarus		
BZE	Belize	IND	India
		INS	Indonesia
CAF	Central African Republic	IRA	Iran (Islamic Republic of)
CAM	Central America (regional)	IRQ	Iraq
CAR	Caribbean (regional)	IVC	Côte d'Ivoire
CAY	Cayman Islands		
CHD	Chad	JAM	Jamaica
CHI	Chile	JOR	Jordan
CIS	Commonwealth of Independent States		
CKI	Cook Islands	KAZ	Kazakhstan
CMB	Cambodia	KEN	Kenya
CMR	Cameroon	KIR	Kiribati
COI	Comoros	KUW	Kuwait
COL	Colombia	KYR	Kyrgyzstan
COS	Costa Rica		
CPR	China	LAO	Lao People's Democratic Republic
CRO	Croatia	LAT	Latvia
CUB	Cuba	LEB	Lebanon
CVI	Cape Verde	LES	Lesotho
CYP	Cyprus	LIB	Libyan Arab Jamahiriya
CZE	Czech Republic	LIR	Liberia
		LIT	Lithuania

MAG	Madagascar	SAF	South Africa
MAL	Malaysia	SAM	Samoa
MAR	Mauritius	SAU	Saudi Arabia
MAT	Malta	SEN	Senegal
MAU	Mauritania	SEY	Seychelles
MCD	The former Yugoslav Republic of Macedonia	SIL	Sierra Leone
MDV	Maldives	SIN	Singapore
MEX	Mexico	SLO	Slovakia
MOL	Republic of Moldova	SOI	Solomon Islands
MON	Mongolia	SOM	Somalia
MOR	Morocco	SRL	Sri Lanka
MOT	Montserrat	STH	Saint Helena
MOZ	Mozambique	STK	Saint Kitts and Nevis
MYA	Myanmar	STL	Saint Lucia
MLI	Mali	STV	Saint Vincent and the Grenadines
MLW	Malawi	STP	Sao Tome and Principe
		SUD	Sudan
NAM	Namibia	SUR	Suriname
NAN	Netherlands Antilles	SVN	Slovenia
NEP	Nepal	SYR	Syrian Arab Republic
NER	Niger	SWA	Swaziland
NIC	Nicaragua		
NIR	Nigeria	TAI	Taiwan Province of China
NIU	Niue	TAJ	Tajikistan
		TCI	Turks and Caicos Islands
OMA	Oman	THA	Thailand
		TOG	Togo
PAK	Pakistan	TOK	Tokelau
PAL	Palestinian Authority	TON	Tonga
PAN	Panama	TRI	Trinidad and Tobago
PAR	Paraguay	TUK	Turkmenistan
PER	Peru	TUN	Tunisia
PHI	Philippines	TUR	Turkey
PNG	Papua New Guinea	TUV	Tuvalu
POL	Poland		
PRC	Republic of the Congo	UAE	United Arab Emirates
PUE	Puerto Rico	UGA	Uganda
		UKR	Ukraine
QAT	Qatar	URT	United Republic of Tanzania
		URU	Uruguay
RAF	Africa	UZB	Uzbekistan
RAS	Asia and the Pacific		
RER	Europe	VAN	Vanuatu
RLA	Latin America and the Caribbean	VEN	Venezuela
ROK	Republic of Korea	VIE	Viet Nam
ROM	Romania		
RUS	Russian Federation	YEM	Yemen
RWA	Rwanda	YUG	Yugoslavia
		ZAI	Democratic Republic of the Congo
		ZAM	Zambia
		ZIM	Zimbabwe

## Introduction

1. This annex provides a description of the main technical cooperation projects and programmes undertaken by UNCTAD in 2002. It is presented, as far as possible, in accordance with the structure of the divisions/branches of the secretariat responsible for backstopping the projects or programmes concerned. A list of individual projects implemented by each organizational unit follows the corresponding narrative.

### Review of activities by programme area

#### A. Division on Globalization and Development Strategies

##### 1. Macroeconomic and development policies

###### (a) Technical support to the Intergovernmental Group of 24

2. **Development context:** The Final Outcome of the International Conference on Financing for Development (Monterrey, March 2002) underlined the need to enhance coherence, governance and consistency of the international monetary, financial and trading systems in order to complement national development efforts, and to meet the Millennium Declaration development goals. The G-24 plays an important role in achieving policy coherence and enhancing governance, through its influence mainly on the decision-making process in the international financial institutions, but also on policy formulation in individual countries.

3. **Objectives/features:** The project aims at strengthening the G-24 in its effort to build the necessary capacity in developing countries to make meaningful contributions to the debate on the reform of the international monetary and financial system, to enhance their ability to cope with the consequences of increasing global interdependence, and to improve their capacity to deal with international financial instability.

4. **Output/description of activities:** The G-24 was provided with technical studies by internationally renowned experts for the preparation of discussions and negotiations in the International Monetary Fund's (IMF) International Monetary and Financial Committee, the Joint IMF/World Bank Development Committee and other bodies. Seven studies were presented at the meeting of the Technical Group of the G-24 in February 2002, and the results of that meeting were discussed further at the meetings of G-24 Ministers and their Deputies. The topics covered were: rethinking the development agenda; institutional convergence versus experimentation in development; implications of international public goods for the World Bank and the IMF; policy adjustment and restructuring in Indonesia, Thailand and Malaysia; management of capital account regimes in Malaysia and India; financial crises and distributional issues; and competition and competition policies in emerging markets. The meetings of the Group benefited not only from the participation of the consultants preparing research papers under the project, but also from presentations by, and discussions with, independent experts and senior staff of other international organizations. In 2002, four earlier studies were co-published with the Center for International Development at Harvard University in the *G-24 Discussion Paper Series*.

5. **Results:** The project has contributed significantly to strengthening the policy-making capacity of the G-24 and its members. The research has improved the basis for understanding the development dimension of current financial and monetary issues and has enabled policy makers to consider alternative options for macroeconomic, financial and development policies. An evaluation undertaken in 2002 by the project's principal donor came to the conclusion that the project had been the main pillar on which the G-24 is built, although its influence on policy had been largely indirect and in many cases had taken considerable time to unfold, given the nature of the project itself and the decision-making processes in

which the G-24 is involved. The evaluation revealed that the project has had influence on policy at various levels of decision-making as well as on the policy debate among policy makers, staff of international institutions and academia preceding significant institutional and policy changes. The activities under the project have also been of benefit for the analytical work in the Division; the latter, in turn, has broadened the scope and enriched the quality of the technical assistance provided.

**(b) Economic development and regional dynamics in Africa:  
Lessons from the East Asian experience**

6. **Development context:** Before the financial crisis of 1997/1998, several economies in East Asia were considered success stories of development. The crisis then generated a debate on the appropriateness of the development strategy of the region's newly industrializing economies (NIEs), particularly with regard to financial policies (including liberalizing the capital account regime) and structural adjustment after the crisis. A thorough analysis of the East Asian experience before, during and after the crisis can contribute to the design of appropriate policies in other developing countries.

7. **Objectives/features:** The project has aimed at enhancing the understanding of policy makers in developing countries of the factors that have contributed to successful development in East and South-East Asia, but also of the remaining weaknesses and newly emerging problems in the NIEs. Given the increasing importance of capital inflows in Africa, and the particular needs in the region for building an institutional and administrative capacity to cope with such inflows, lessons from experience with capital account regimes in East Asia and other regions are of particular value for African policy makers.

8. **Outcome/description of activities:** Following the Cairo workshop that was organized in 2001, the papers presented at the workshop were revised in the light of the discussions with policy makers from low- and middle-income African, and further updated in 2002. The papers were prepared for publication in a compendium that will be issued in 2003.

9. **Results:** The technical cooperation activities under this project have contributed to capacity building in African countries to formulate and implement coherent development strategies in the light of the complex relationships between external financing, capital-account regimes, macroeconomic policies, trade and development. They have also promoted a dialogue between researchers from both developed and developing countries, thereby strengthening the policy relevance of economic research for African growth and development, and helped the orientation of the Division's research on African development. The publication of the compendium will give these findings wider circulation.

**2. The DMFAS Programme**

10. **Development context:** The scant attention paid by many developing countries to the basic functions of debt management was one of the factors contributing to the debt crisis of the 1980s. These basic functions include: (a) the compilation of accurate and up-to-date records on all external loans; (b) full awareness of the timing and amounts of debt-servicing obligations; and (c) the possibility of projecting the impact of foreign borrowing decisions of various entities on the overall debt profile and balance of payments.

11. As indicated in the Monterrey Consensus (paragraph 47): "Sustainable debt financing is an important element for mobilizing resources for public and private investment. National comprehensive strategies to monitor and manage external liabilities, embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities. Debtors and creditors must share the responsibility for preventing and resolving unsustainable debt situations. Technical assistance for external debt management and debt tracking can play an important role and should be strengthened."

12. **Objectives:** The objectives of the Debt Management and Financial Analysis System (DMFAS) Programme are: to help developing countries and countries in transition to develop appropriate

administrative, institutional and legal structures for effective debt management; to establish an adequate information system, with detailed and aggregated data on loan contracts, past and future disbursements, and past and future debt service payments; to improve national capacity to define and select appropriate debt strategies; and to increase national capacity to record grants and projects financed from external resources, thereby contributing to aid management.

13. **Features:** The core of the DMFAS technical cooperation package is the provision of a computer-based debt management system. This system is usually installed in central banks or ministries of finance within the framework of a technical cooperation country project, funded by the United Nations Development Programme (UNDP), other multilateral or bilateral donors, or sometimes Governments themselves.

14. The assistance given under the Programme has three main features: (a) advisory services, including needs assessments and advice on technical, administrative, legal and institutional debt management issues, and assistance in software installation and maintenance; (b) software designed to meet the operational, statistical and analytical needs of debt managers and bodies involved in elaborating external debt strategies; and (c) training in the use of the software and in capacity-building debt management issues in general.

15. With around 50 active country projects and total yearly extrabudgetary expenditure of about \$2.2 million per year, the DMFAS Programme is one of the main technical cooperation programmes of UNCTAD. The DMFAS, which encompasses more than 18 years of cumulative experience in the area of debt management, is a state-of-the-art debt management system, and is currently the most widely used standard system in the world. Over the last seven years, the DMFAS Programme has more than doubled its client base to 61 countries.

16. **Output:** Major activities in 2002 included further implementation of the system in the requesting countries, DSM+ activities and a debt data validation seminar.

17. Since the beginning of 2002, the DMFAS Programme has collaborated with more than 60 developing countries and economies in transition. There remain three countries that are still using the older version, 4.1Plus. It is expected that they will convert to the latest version during 2003. After the installation of the latest version 5.2 in another two countries and in three Argentine provinces during 2002, versions 5.0/5.1/5.2 are now installed in 79 institutions in 57 countries.

18. Negotiations and project preparations were under way in order to start new country projects and to install the system in three new countries: Algeria, Chile and Congo. Chile signed a project document in early 2003.

19. Plans for system development were formulated during the year in response to user requirements. Instead of releasing DMFAS 5.2.1, a version update to the present system, as originally planned, it was decided to extend the scope of the present system even further and work on a major version upgrade, to be called DMFAS version 5.3, for release in 2003. Consequently, system development work during 2002 concentrated mainly on defining and analysing the user requirements for this upgraded version.

20. One of the major enhancements of version 5.3 is the addition of a new module for handling domestic debt. Other functional and technological improvements include a support facility for reorganization (in particular for the Paris Club), new functionalities for handling revolving credit and local government loans, and new facilities for statistics and reporting. It is also compatible with the latest versions of database management systems, development tools and operating systems.

21. By the end of the year, programming of the enhancements was already well under way, the new functionalities for handling revolving credit and local government loans were being finalized and a pre-release of the new bonds module had been installed for testing in Bolivia, an existing DMFAS user-country.

22. The programme's longer-term plan is to develop a major new version of DMFAS version 6, which will be the first web version of the system and will involve a complete redesign. Development of this version is planned to start after the release of DMFAS 5.3 and will thus represent a major leap forward in debt management system functionality and technology.

23. In many countries the system is installed in both the ministry of finance and the central bank. The trend whereby these two institutions are linked electronically through DMFAS (on a wide-area-network) is expected to continue. The number of institutions where the system is currently installed will increase even more than the number of countries.

24. The DMFAS Programme has continued its capacity-building efforts to strengthen the analytical capabilities of debt management in the countries. Most importantly, it has enhanced its technical assistance programme to support the activities of debt managers, mainly in the preparation of debt sustainability analysis in the context of the countries' debt strategies, in order to improve the national decision-making process.

25. In 2002, discussions with the World Bank continued to incorporate amendments to the original Partnership Agreement,<sup>1</sup> including co-ownership of the DSM+ (a debt analysis module), in principle accepted by the Bank. This new relationship, whereby UNCTAD is considered co-owner of the software, will strengthen the position of the DMFAS Programme vis-à-vis technical cooperation with its partner institutions, as well as in its capacity-building activities in debt analysis. Thus, it will consolidate the DSM+ as the analytical tool of the DMFAS, and enhance the overall performance of the system.

26. The DMFAS Advisory Group held its third meeting<sup>2</sup> in Geneva on 12 September 2002. While some 70 delegates had attended the second meeting, over 90 delegates attended the third one, representing country debt offices from all regions of the world, as well as regional and international organizations and bilateral donors.

27. The main agenda items included a summary of DMFAS programme activities during 2001; a presentation of the programme's new strategy for capacity building in debt management, an exchange of feedback from DMFAS beneficiary countries and from regional partners; and a presentation on the programme's plans for the three DMFAS versions currently being worked on by the programme (versions 5.2, 5.3 and 6). Furthermore, the World Bank and the IMF were invited to also give a presentation on their debt-management-related activities.

28. The UNCTAD secretariat informed participants that the DMFAS Trust Fund, the final draft of which had been presented during the previous meeting, had now finally been established. The Trust Fund's main features are its multi-donor capacity, the fact that it is replenishable upfront, thus allowing funds to be co-mingled, and that it contains an element for cost sharing. The aim of the Fund is to cover costs of the DMFAS central programme over the period from 2002 to 2005.

29. **Results:** The gains obtained from the DMFAS Programme by user countries are difficult to quantify, as the benefits of better information, analysis, negotiations and policy-making cannot easily be measured. However, it is generally accepted that these gains far exceed the cost of DMFAS country projects. The cost of these projects ranges from \$60,000 to \$1 million, depending on the activities to be undertaken, the size of the debt database to be computerized, and the equipment and staff included in the project. At the very least, DMFAS pays for itself by making debt-servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies. Substantial savings can also be made by

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<sup>1</sup> In 1998, for the purpose of providing DMFAS users, and in particular the heavily indebted poor countries (HIPC) with an analytical tool for debt sustainability analysis, UNCTAD concluded a partnership agreement with the World Bank and the Commonwealth Secretariat. It outlines the modalities for development and dissemination of, and training in, DSM+.

<sup>2</sup> The Minutes of this meeting can be found at [www.unctad.org/dmfas](http://www.unctad.org/dmfas).

avoiding unnecessary costs such as overpayments to creditors or penalty interests due to poor bookkeeping. In Argentina, for example, where the DMFAS project cost around \$1 million, the direct savings made during the three-year implementation phase of the project amounted to around \$25 million.

### 3. Special programmes

#### (a) UNCTAD's assistance to the Palestinian people

30. **Development context:** UNCTAD's assistance to the Palestinian people seeks to respond to the Palestinian Authority (PA) developmental goal, which since its establishment in 1994 continues to be focused on building the institutional capacity and the infrastructure required for a viable market-based economy capable of generating sustained growth. With the support of the international community and specific UNCTAD interventions in its areas of competence, the PA took substantial steps towards achieving this goal. However, the crisis of the last 30 months, and the severe economic difficulties it caused the Palestinian people, have imposed a new reality on the ground which requires that dynamic synergies be promoted between rehabilitation, reconstruction and strategic development needs. This framework guided UNCTAD's short- and medium-term technical assistance programme in 2002.

31. **Objectives:** In line with the provisions of the United Nations Medium-term Plan for 2002-2005, paragraph 167 of the Bangkok Plan of Action, and General Assembly resolutions 56/111 (paragraphs 6 and 7) and 43/178 (paragraph 9), UNCTAD continued its work in assisting the Palestinian people to develop capacities for effective economic policy-making and management, in accordance with its mandate in the areas of international trade, finance and related services. The secretariat's programme of technical cooperation in these areas aims to provide concrete assistance with a view to bolstering public institutional development and strengthening the enabling environment for the private sector. In this context, and in close coordination with other international agencies, the secretariat has responded positively to PA requests for assistance since 1995.

32. **Features/output:** The intensification of the conflict in the occupied Palestinian territory in 2002 has interrupted the development process and rendered the provision of technical assistance increasingly difficult, especially in view of the restrictions on the mobility of Palestinian trainees and project staff and on the access of UNCTAD experts. Despite the extremely difficult field conditions, UNCTAD was able, through a selective, innovative and flexible mode of operations, to achieve concrete progress in the following five capacity-building projects.

- Support of small- and medium-sized enterprise development (EMPRETEC);
- Strengthening capacities in debt monitoring and financial analysis (DMFAS);
- Strengthening trade efficiency: Trade Point Palestine Ramallah (TPPR);
- Strengthening trade policies and strategies: transit trade and transport studies; and
- Strengthening technical capacities in customs administration (ASYCUDA-Phase I) – completed.

33. In response to requests from the PA Ministry of Economy, Trade and Industry, the secretariat continued research on a "Palestinian master plan for developing trade in services within a multilateral context", and initiated activities to support the Palestinian olive oil industry through international trade and targeted market access. In the course of 2002, at the request of the PA, the secretariat also provided advisory services in several areas of economic policy and trade. Specifically, the following advisory services were provided:

- Observations on "Israeli economic facilitation measures" draft proposals submitted by the PA as part of confidence-building measures;

- Observations on a World Bank study on long-term policy options for the Palestinian economy;
- Observations on drafts of trade and development policy studies under way at the Palestinian Economic Policy Research Institute (MAS); and
- Strengthening Trade Point Palestine Ramallah (TPPR) and PALTRADE services.

34. However, continued deterioration in field conditions has resulted in the suspension of requested advisory services and training activities under two projects:

- Promoting the subregional cooperation of the Palestinian Authority with Egypt and Jordan – Phase II; and
- Institutional capacities for Gaza Seaport.

35. Owing to lack of resources and switching priority attention to urgent economic needs arising from the recent crisis, proposed project activities requested by the PA in the following areas remain unfunded:

- Regional trade arrangements: Palestine's accession to the Arab free trade area;
- Strengthening investment promotion capacities;
- Strengthening capacities of the domestic insurance sector; and
- Strengthening Palestinian food security through international commodity trade.

36. **Results:** UNCTAD's technical assistance activities in this programme continue to be useful in meeting the short- and medium-term needs of the PA and other governmental and non-governmental institutions, especially under the present crisis circumstances. These activities have proved to help the PA to maintain the focus on work in key institution-building projects, while at the same time addressing the urgent relief needs generated by the present ongoing crisis. The selective and flexible mode of operations adopted by the secretariat in the past two years has effectively produced tangible results, as reflected in the completion of Phase I of the ASYCUDA project and the concrete progress achieved in the implementation of DMFAS, TPPR and EMPRETEC projects. Furthermore, UNCTAD's advisory services featured in the relevant policy and research documents produced by the Palestinian counterparts. The activities in this programme are closely coordinated with UNDP and other organizations, and directly build on UNCTAD's competences in debt management, economic management, trade policies and facilitation, custom management and investment promotion. The analytical component and technical comparative advantages that UNCTAD maintains in this programme continue to feature as an essential prerequisite to effective design and sound implementation of technical assistance.

#### (b) Trust Fund on Iron Ore

37. **Development context:** Following the cessation of the activities of the Association of Iron Ore Exporting Countries as from 1 June 1989, the Governments of certain countries decided to establish a trust fund on iron ore information to be administered by UNCTAD.

38. **Output/results:** The *Market Report on Iron Ore* is an annual publication (usually issued in May) containing updated data on iron ore production, trade and prices, and the short-term outlook, as well as a market analysis. *Iron Ore Statistics*, a statistical report published annually around August, continues a series that started in 1989. It contains tables with worldwide and country-specific data for iron ore production, exports, imports and prices, as well as pellet production, exports and production capacity and other data relevant to the world iron ore market. The sales income from these reports as a proportion of the total expenditures of the fund has increased from around 25 per cent in the early 1990s to around 60 per cent in recent years.

**A. DIVISION ON GLOBALIZATION AND DEVELOPMENT STRATEGIES**

(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
<b>Macro-economic and Development Policies</b>						
INT/89/A15	Studies for the G-24 .....	1990-	Multidonors	577 028	571 209	24 230
INT/93/A30	Technical support to the G-24 .....	1993-	Denmark	161 638	152 425	10 579
INT/0T/OAL	G-24 Technical Support Service, Phase IV (IDRC) .....	2001-	Canada	266 000	244 995	66 496
RAF/97/A28	International Conference on Economic Development and Regional Dynamics in Africa: Lessons from the East Asian experience .....	1997-	Japan	346 760	316 005	10 143
<b>Total Macro-economic and Development Policies .....</b>				<b>1 351 426</b>	<b>1 284 634</b>	<b>111 448</b>
<b>DMFAS Programme</b>						
ALB/97/010	Strengthening the debt management capacity of the Government .....	1998-	UNDP	257 500	194 524	169
ANG/99/A55	Implementation of DMFAS 5.2 .....	1999-	Angola	477 312	360 945	62 647
ARG/00/002	Fortalecimiento de la capacidad de gestión de la deuda pública .....	2001-	UNDP	185 000	145 370	93 642
BDI/0T/0AN	Renforcement des capacités de gestion de la dette .....	2000-	Burundi	68 000	37 651	20 600
BGD/00/A26	Elaboration of a Debt Management Project for the Finance Ministry .....	2001-	Norway	26 461	21 424	21 424
BGD/0T/0BP	Capacity building for management of foreign aid in Bangladesh .....	2001-	Norway	206 112	129 489	83 938
BOL/0T/0AK	Integración de la gestión de la deuda en Bolivia .....	2000-	Bolivia	217 232	158 673	55 186
CAF/95/A42	Information de la gestion de la dette extérieure .....	1995-	Central African Republic	60 000	51 613	3 512
CHD/0T/0AB	Renforcement des capacités de gestion de la dette .....	2000-	Chad	99 700	65 936	28 475
COL/01/014	Implantación del Sistema de Gestión de la Deuda (SIGADE) .....	2001-	UNDP	562 270	280 274	177 472
DOM/95/A05	Control y administración del endeudamiento público ....	1996-	Dominican Republic	178 540	123 597	6 682
GAB/0T/1AZ	Renforcement des capacités de gestion de la dette .....	2001-	Gabon	265 000	146 785	109 659
GEO/98/008	Strengthening the external debt management capacity ...	1998-	UNDP	181 057	171 549	6 215
GUA/98/017	Sistema integrado de la administración financiera .....	1999-	UNDP	229 200	198 982	-210
INS/98/A38	Implementation of DMFAS 5.1 .....	2000-	Australia	239 210	186 200	23 490
MAG/97/007	Debt Management Services to the Republic of Madagascar .....	2001-	UNDP/OPS	170 413	95 748	16 695
MOL/98/005	International financial markets and debt management....	1998-	UNDP	60 800	56 774	-601
MON/0T/1BI	Supply, installation and support of a Debt Recording System (DRMIS) .....	2001-	Mongolia	434 937	360 373	254 323
PAL/0T/0AH	Capacity building in debt and financial management ....	2000-	Norway	262 618	145 630	95 319
PAR/95/003	Control y administración del endeudamiento público ....	1995-	UNDP	247 727	194 341	27 838
ROM/94/A46	Registration and control of external debt .....	1994-	Japan, World Bank	382 262	351 094	6 403
RWA/98/021	Renforcement des capacités du gouvernement en gestion de la dette .....	1999-	UNDP	154 200	150 558	-557
SYR/00/002	Improvement of debt management in Syria .....	2000-	UNDP	289 137	221 347	209 522
TOG/98/005	Renforcement des capacités de gestion de la dette publique .....	1999-	UNDP	150 000	138 224	58 920
TUK/00/003	Assistance to the Central Bank of Turkmenistan .....	2001-	UNDP	101 500	49 368	20 749

**A. DIVISION ON GLOBALIZATION AND DEVELOPMENT STRATEGIES (concluded)**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
VEN/99/A70	Gestión de la deuda en Venezuela .....	2000-	Venezuela	89 262	79 182	3 908
VIE/01/010	Capacity Development for Effective and Sustainable External Debt .....	2002-	UNDP, Australia, Switzerland	44 700	38 980	38 980
INT/95/A11	Strengthening the debt management capacity of developing countries .....	1995-	Switzerland	2 964 327	2 514 515	38 091
INT/95/A66	Strengthening the debt management capacity of developing countries .....	1995-	Netherlands	2 545 061	2 220 676	324 140
INT/95/A85	Strengthening the debt management capacity of developing countries .....	1995-	Sweden	559 450	528 893	-1 491
INT/95/A89	Strengthening the debt management capacity of developing countries .....	1995-	Norway	2 186 109	1 757 977	515 779
INT/96/A58	Strengthening the debt management capacity of developing countries .....	1996-	Belgium	188 911	176 642	4 991
INT/99/A30	Strengthening the debt management capacity of developing countries .....	1999-	Sweden	623 794	520 359	178 221
INT/99/A53	Strengthening the debt management capacity of developing countries .....	2000-	Finland	343 672	325 097	19 622
INT/01/X23	Debt Management and Financial Analysis .....	2002-	Germany	27 263 <sup>a</sup>	27 263	27 263
INT/0T/2AO	Strengthening the debt management capacity of developing countries .....	2002-	Multidonors	1 484 145	11 704	11 704
ROA-2064(O)	Debt sustainability analysis .....	2000-	Development Account	525 000	378 648	87 893
<b>Total DMFAS Programme .....</b>				<b>16 562 882</b>	<b>12 237 757</b>	<b>2 630 613</b>
<i>Special Programmes</i>						
INT/94/A37	Collection and dissemination of iron ore statistics .....	1994-	Multidonors	626 491	535 202	29 727
INT/00/X60	Palestinian Authority .....	2002-	Netherlands	45 730 <sup>a</sup>	45 730	45 730
<b>Total Special Programmes .....</b>				<b>672 221</b>	<b>580 932</b>	<b>75 457</b>
<b>DIVISION TOTAL .....</b>				<b>18 586 529</b>	<b>14 103 323</b>	<b>2 817 518</b>

<sup>a</sup> Annual budget.

## B. Division on International Trade in Goods and Services, and Commodities

### 1. Trade analysis

#### (a) Agricultural Trade Policy Simulation Model (ATPSM)

39. **Development context:** ATPSM was initially developed by UNCTAD and the Food and Agriculture Organization of the United Nations (FAO) in 1988 in response to the need for developing countries to be able to undertake analysis of agricultural impacts of any negotiated outcomes from the Uruguay Round. Given the emphasis placed on developing countries in the Doha Development Agenda, the importance of such analysis has increased. More recently, DFID has funded model development and dissemination.

40. **Objectives:** ATPSM is a comprehensive database and simulation modelling software intended for use by agricultural trade policymakers who may not have a knowledge of economics, modelling or programming. The model is available on CD-ROM and can be downloaded from UNCTAD's website. It is self-installing, easy to use and largely self-explanatory. The objective in developing and disseminating this software is to increase the capacity of developing countries to effectively negotiate in the ongoing multilateral trade talks.

41. **Features:** The model has the following features:

- Distributed free to developing countries and others;
- Detailed country coverage, including 161 countries plus the European Union as a region;
- Detailed commodity coverage, with 36 commodities including many tropical items; and
- Detailed policy coverage, including tariff rate quotas, export subsidies, domestic support, applied and bound tariffs and quotas rents.

42. **Outputs/results/impact:** Around 250 CDs have been distributed to potential users. UNCTAD has demonstrated the model to numerous groups in Geneva and at various regional meetings in places as diverse as Vancouver, Kiel, Beirut, Buenos Aires, Bangkok and Addis Ababa. Many of the requests for the software have come from developed countries, as well as from the Organisation for Economic Co-operation and Development (OECD), the World Bank, LEI, GTAP, ABARE, and many ministries of agriculture. However, there is less evidence of widespread use in developing countries. Several users have said that the database itself is particularly useful and accessible, and it could be that the software is used to access the database rather than the simulation tools. Nonetheless, the software has proved relatively easy to use. The most prominent user among the developing countries has been Argentina, which based two major reports on the model. UNCTAD has also used the model for analysis. Several papers illustrating applications of the model have been distributed to developing countries.

#### (b) Trade Analysis and Information System (TRAINS)

43. **Development context:** Following a decision by the Trade and Development Board calling on the UNCTAD secretariat to provide, on request, information from its Database on Trade Control Measures under its own responsibility (decision 354, taken at the thirty-fourth session of the Board), UNCTAD developed the Trade Analysis and Information System (TRAINS) and its corresponding dissemination tool, the TRAINS CD-ROM.

44. **Objectives:** TRAINS is an information system intended to increase transparency in international trading conditions. It is intended more specifically to provide a comprehensive information system for use by policy makers and economic operators engaged in exporting. It is also a powerful tool that can be used in trade negotiations (e.g. to monitor an integration process) and for general research on international trade. One component of the system relates to the Generalized System of Preferences (GSP) in that it

includes information on tariffs, preferential margins, rules of origin and other regulations affecting the export interests of developing countries vis-à-vis the preference-giving countries.

45. **Features:** The TRAINS CD-ROM (to be issued in 2003) can be compared to a specialized library containing books on trade-related topics. It currently contains:

- 148 volumes of tariff schedules, 85 of which are for 2002;
- 51 volumes with para-tariff measures;
- 95 publications on non-tariff measures, produced by UNCTAD;
- 70 volumes on detailed import statistics at tariff line level by origin.

46. In addition, users will soon be able to access the entire time series of TRAINS database through the Internet.

47. A subsystem (TRAINS for the Americas) has been developed in collaboration with the Inter-American Development Bank for extension of the database with information on bilateral preferential trade agreements, as well as extended coverage of the non-tariff measures.

48. For dissemination purposes, UNCTAD has invited member States and subregional institutions to designate TRAINS focal points which, in addition to being supplied with updated information on trade control measures, serve as a channel through which UNCTAD obtains recent information on countries or regions, particularly computerized information on tariffs and trade, as well as documentation on para-tariff and non-tariff measures. Among the regional secretariats actively collaborating with UNCTAD are those of the Latin American Integration Association (ALADI), the South Asian Association for Regional Cooperation (SAARC), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Central African Economic and Monetary Community (CEMAC) and the South African Development Committee (SADC) Industry and Trade Coordination Division (SITCD). The TRAINS CD-ROM is available to other parties that make a minimum contribution to the UNCTAD trust fund created for this purpose.

49. **Outputs/results/impact:** The widespread use of TRAINS database, particularly in the publications of such organizations as the OECD, the World Bank and the IMF, as well as UNCTAD itself, attests to the recognition of its usefulness. In addition, the TRAINS database serves as the primary source of data for other databases such as the Agricultural Market Access Database (AMAD), which in turn is often referenced as an information source in many publications on trade in agricultures. That a number of universities and private organizations have made voluntary contributions to the TRAINS trust fund is a good indication of the value of the system. Requests for the TRAINS CD-ROM have also come from government ministries and international organizations engaged in trade negotiations under the Asia-Pacific Economic Cooperation Forum (APEC) and the Free Trade Area of the Americas (FTAA).

## **2. Trade negotiations and commercial diplomacy**

### **(a) Development of trade capacities**

#### **(i) *Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries (JITAP)***

50. **Development context:** JITAP is the integrated response of ITC, UNCTAD and WTO, in collaboration with interested international donors, to assist in the effective integration of beneficiary African countries into the international trading system. It aims at building human, institutional, policy and export strategy capacities in African countries to better understand and manage their integration into

the multilateral trading system. The present beneficiaries are Benin, Burkina Faso, the United Republic of Tanzania and Uganda (LDCs), and Côte d'Ivoire, Ghana, Kenya and Tunisia.

51. **Objectives:** Implementation of a series of interconnected activities to build national institutional and human resources capacity to understand the WTO Agreements and their development implications for each beneficiary country; enhance preparations for effective participation in regional and multilateral trade negotiations; adapt the policy and regulatory framework to the WTO Agreements; and enhance the country's capacity to take advantage of the WTO Agreements through improved export readiness. JITAP provides one of the most comprehensive frameworks for trade-related technical assistance at the country level.

52. **Outputs:** The year 2002 was the final year of joint implementation by ITC, UNCTAD and WTO of JITAP. Thus, emphasis was placed on evaluating the programme and completing planned outstanding capacity-building activities. A summative evaluation of the programme was conducted between February and May 2002 by external evaluators. Significantly, the evaluation recommended continuation of JITAP through a successor programme. A series of consultations were organized in this respect, culminating in an agreement reached in December 2002 by beneficiary and donor countries, together with the three executing agencies, to launch a Phase II of JITAP from 2003 to 2006 with total financing of \$12.6 million. The programme will cover 16 countries, including the current eight beneficiary countries, and eight new countries, namely Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia. As regards capacity-building activities under JITAP, with few exceptions, all were completed by the end of the year with key results in information dissemination, reference centres and national inquiry points, inter-institutional committees, human resource training and export sector strategies.

53. UNCTAD (with support from WTO and ITC) had the lead responsibility for institutional capacity building for trade negotiations and policy formulation, primarily through strengthening of inter-institutional committees (IICs) on WTO and their affiliated bodies. The IICs are fully operational in all JITAP countries and have acquired credibility, as many of them are now acting as advisory bodies to the Governments on trade policy and negotiation issues. They have become established as a cornerstone of the national consultative process on multilateral trade issues and multilateral trade negotiations, among government ministries/departments and stakeholders from the private sector, academia and civil society. The IICs received technical advice, financial support and documentation from UNCTAD, WTO and ITC and, in some countries, were supported by national consultants. They met regularly to develop national consensus on trade policy and negotiations issues. Specialized thematic workshops were conducted in some countries on agriculture and services, in particular with support from Geneva agencies. In the United Republic of Tanzania and Uganda, JITAP support was reinforced with additional support under the Integrated Framework. To capitalize on national experiences and share experiences, a regional meeting of all the IICs was convened in Arusha, United Republic of Tanzania, in December 2002. It enabled sensitization of key national policy makers and trade negotiators on the latest developments on the Doha work programme, the evolving objectives and concerns of African countries in general and JITAP countries in particular, and national experiences in respect of improving substantive and strategic preparations for the negotiations, as well as enabling them to learn from each other so as to improve their *modus operandi*.

54. **Results:** The summative evaluation of JITAP by external evaluators concluded that JITAP has clearly made an impact on and a difference to the countries participating in it, enabling them to be more actively involved in the multilateral trading system. Important achievements included building improved human resource capacities; better trade infrastructure (reference centres, national inquiry points); raising awareness of export-sector strategy issues; a better appreciation of the value of the multilateral trading system at the country level; stimulation of connections and linkages between Government, the private sector and civil society; the emergence of a vision of a holistic approach to trade issues that could benefit the development process; and better appreciation of the new role of the Ministry of Trade at the country level. Notwithstanding these significant achievements, there are also shortcomings that would have to be

addressed in a successor programme. In conclusion, "JITAP was an experiment and as an experiment, its results are highly satisfactory. Improvements are required for the future".<sup>3</sup>

**(ii) Technical assistance to countries acceding to WTO**

55. In 2002, the UNCTAD secretariat pursued the implementation of its intergovernmental mandate agreed at UNCTAD IX and X, aimed at assisting countries in the process of accession to the WTO as part of their integration into the world economy and international trading system.

56. In providing technical assistance to the WTO acceding countries, UNCTAD maintained close contact and developed further cooperation with the WTO secretariat. The latter, in its technical note on the accession process, acknowledged that "cooperation with UNCTAD in the provision and tailoring of technical assistance has been particularly close and complementary".<sup>4</sup>

57. **Objectives:** UNCTAD's technical cooperation with the Governments of acceding countries has the following general objectives:

- (a) To assist national officials in elaborating optimal policy approaches in the WTO accession process, particularly in making an inventory of relevant problems to be solved, both of an internal and of an external nature, including those related to the adaptation of existing and new trade-related legislation to the WTO rules and disciplines;
- (b) Training of national officials to strengthen their knowledge of multilateral trade negotiation techniques and tactics in order to improve their negotiating capacity;
- (c) To provide advice on trade policy formulation, particularly relating to the WTO accession negotiations; and
- (d) To strengthen the capacities of trade-supporting national institutional structures (including the private sector and the academic community) through training and joint analysis of the relevant problem areas.

58. **Features:** Technical assistance is delivered by UNCTAD through:

- (a) Undertaking advisory missions and working directly with the national negotiating team;
- (b) Assistance in preparing documentation required by the WTO accession negotiations;
- (c) Preparation of analytical papers and briefings for national policy-makers;
- (d) Training of national trade negotiators on specific issues under the accession process;
- (e) Organization of brainstorming meetings and seminars; and
- (f) Diffusion of trade policy information to sensitize civil society and the private sector in acceding countries about the challenges and benefits of WTO membership.

59. **Outputs/results/impact:** In 2002, the outputs and results described below were achieved in the implementation of the main projects, depending on the specific situation of individual acceding countries.

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<sup>3</sup> Report of the Summative Evaluation of the Joint Integrated Technical Assistance Programme (JITAP) by Anne Weston and Leelanan de Silva, 6 June 2002, paragraph 62.

<sup>4</sup> See WTO document WT/ACC/10, Technical Note on the Accession Process, 21 December 2001.

60. Assistance to Algeria, Belarus, Bhutan (LDC), Cambodia (LDC), Cape Verde (LDC), Kazakhstan, the Lao People's Democratic Republic (LDC), Lebanon, Nepal (LDC), the Russian Federation, Samoa (LDC), Sudan (LDC), The former Yugoslav Republic of Macedonia,<sup>5</sup> Uzbekistan, Viet Nam, Yemen and Yugoslavia.<sup>6</sup> Activities focused on: (a) supporting the preparations of national negotiating teams for the meetings of the WTO Working Parties on Accessions, including definition of negotiating strategy and tactics, preparation of the Memorandum on the Foreign Trade Regime and written questions from WTO members; (b) assisting Governments in the preparation of offers on market access in goods and services and commitments on agricultural support measures sectors; (c) preparing reports and background papers on policies of acceding countries' trading partners members of the WTO with regard to accession and scenarios of accession negotiations; (d) providing expertise and advice on strengthening capacity building in the area of trade policy; and (e) training of trade officials in specific trade policy issues. The impact of the technical assistance provided resulted in more effective participation by these countries' negotiating teams in the WTO accession negotiations through improved understanding of the WTO rules and disciplines and their implications for national policy options.

61. **Results:**

- (a) Six seminars and workshops on WTO accession were conducted in 2002 in acceding countries –four in least developed countries, one in a developing country and one in a country with a transition economy. About 600 officials, business representatives and academics took part in these events. The seminars and workshops were demand-driven and often depended on the timing of the meetings of the relevant WTO working groups on accession. In line with the evolution of needs and the level of knowledge achieved in the acceding countries, the activities were, whenever possible, moving away from simple lecturing and taking more often the form of brainstorming meetings and simulation of negotiations. Seven UNCTAD advisory missions were undertaken, most of which were to least developed countries.
- (b) Eight trade negotiators from acceding countries, including six from LDCs, were trained by UNCTAD secretariat members on specific issues in the WTO accession negotiations (customs tariffs, services sectors, agriculture and several WTO rule-making agreements).
- (c) Five international consultants were recruited to undertake sectoral analyses and provide policy advice for a number of WTO-acceding Governments in such areas as agricultural subsidies, services sectors and legislation on services, sanitary and phytosanitary measures and customs valuation.
- (d) A UNCTAD publication entitled "WTO Accessions and Development Policies"<sup>7</sup> was prepared and released in October 2002. This publication, which in particular summarizes analytically UNCTAD's experience in providing technical assistance to acceding countries and describes national experiences of individual acceding countries, received a positive reaction from member States, the WTO secretariat and the academic community.

(iii) **Support to developing countries on multilateral trade negotiations**

62. **Development context:** During the Uruguay Round of Multilateral Trade Negotiations, developing countries felt at a disadvantage, in that they did not have an agenda of their own, but were merely reacting to the proposals of their trading partners. Having recognized this weakness, they approached UNCTAD to assist them in the preparatory work relevant to their formulating their negotiation objectives for future

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<sup>5</sup> Completed accession in October 2002; accession terms are subject to ratification.

<sup>6</sup> Serbia and Montenegro since 2003.

<sup>7</sup> UNCTAD/DITC/TNCD/11.

trade negotiations, based on their specific trade and development interests, and taking into account ongoing work in WTO, including negotiations.

63. **Objectives:** Assist developing countries in assessing and identifying their strategic trade and development interests within trade negotiation issues in multilateral forums, in particular in the context of the WTO, as well as at the subregional and interregional levels.

64. **Outputs: Support to Africa:** With financial support from the UNDP-Regional Bureau for Africa/UNOPS, and in collaboration with UN-ECA, the African Union, the African Economic Research Consortium, the Southern African Trade Research Network and the Third World Network (Africa), UNCTAD provided analytical and advisory support to African countries in assessing negotiation objectives and policy responses to the Doha agenda. Advisory missions, upon request, were conducted in several African countries. A workshop on services issues in the GATS negotiations was organized in Geneva in September 2002 for the Geneva-based trade negotiators on the identification of areas of interest for African countries in the request-offer phase.

65. **Support to African, Caribbean and Pacific (ACP) States:** Advisory services and technical papers were provided, upon request, to the ACP Group of States in Geneva and in Brussels in addressing development issues arising from their consideration of approaches to the negotiations with the EU on economic partnership agreements, and the multilateral dimension of such partnerships under the Doha agenda. Two technical reports respectively on trade and investment were prepared for the Third Summit of ACP States.<sup>8</sup>

66. **Country- or group-specific support:** Advisory services on multilateral trade negotiations and trade policy formulation were provided, upon request, to several developing countries or groups of developing countries, including the NEPAD secretariat in preparing an action plan on market access priorities; the Caribbean Regional Negotiating Machinery; and ESCWA member States and business community. UNCTAD, in collaboration with the Forum Secretariat, is contributing to the preparation of a new trade policy framework for Papua New Guinea that would respond to the changing international trade policy environment and serve national development objectives. A fact-finding mission was undertaken in 2002. A national workshop was organized in Bujumbura (Burundi) on the country's interests in the Doha negotiations. With financial support from the UNDP, UNCTAD is assisting the Government of the Democratic Republic of the Congo in reviewing the trade policies and legislation that would need to be adapted to respond to the WTO system of rights and obligations. A fact-finding mission was undertaken to Kinshasa in July 2002.

67. **Results:** Contribution to enhanced understanding and preparations by developing country trade negotiators for the Doha agenda negotiations and work, based on identification of country-specific trade and development interests. Strengthening of efforts to review and revise trade policies to promote development by exploiting beneficial aspects of the changing trading environment at the bilateral, regional, multilateral and international levels.

**(iv) Strengthening Capacities for Promoting Arab Economic Growth under Globalization**

68. **Development context:** The interface between multilateral trade rules, trade in energy goods and services and domestic energy policies is a complex issue. To get a full understanding of all its implications represents a challenge for developing countries, especially energy-exporters and net energy-importers. More specifically, trade rules may affect trade in energy goods and services, as well as the ability of energy-producing developing countries to put in place domestically sound energy policies that could contribute to their development. The ongoing multilateral trade negotiations will likely bring about

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<sup>8</sup> Participation of the African, Caribbean and Pacific Group of States in International Trade (UNCTAD/DITC/TNCD/Misc.27), and FDI in ACP States: Recent Trends and Development (UNCTAD/ITE/IIA/Misc.2).

a new scenario for international trade as well as define the policy space that countries will have in the future to set up domestic policies. The complexity and the relevance of the issues at stake having been recognized, a project was initiated in 2002 by UNCTAD, in collaboration with OPEC and with the financial support of UNOPS-Division for Arab States (RAB/02/005, Strengthening Capacities for Promoting Arab Economic Growth under Globalization).

69. **Objectives:** The project is aimed at strengthening Arab countries'/OPEC members' understanding of the interlinkages between multilateral trade rules, trade in energy goods and services and domestic policies, helping them to identify their strategic trade and development interests, and supporting their participation in the ongoing multilateral trade negotiations, as well as in the negotiations on accession to the WTO.

70. **Outputs:** UNCTAD and OPEC jointly convened a meeting in November 2002 to discuss the terms of reference of four studies to be carried out under the project and the organization of the related work. The studies will address the following topics: (a) trade and development implications of further liberalization of the energy services markets; (b) trade and investment and trade and competition policies and their impact on the energy sector; (c) the relevance of intellectual property rights and transfer of technology in the energy sector; and (d) the implications of the Kyoto Protocol and the trade/environment negotiations in the energy sector. It was also agreed that a fifth study on the development implications of the WTO agreements for oil-exporting countries, including accession-related issues, would be carried out at a later stage on the basis of findings of the above-mentioned studies.

71. **Results:** The workshop organized in November 2002 was the first step towards strengthening Arab countries'/OPEC members' understanding of the issues at stake and supporting them in preparations for the trade negotiations.

## **(b) Preferential arrangements**

### **(i) Market access, trade laws and preferences**

72. **Development context:** During the period 2002/2003, other initiatives materialized in the context of the Generalized System of Preferences (GSP) and other trade laws programme to provide better market access to products from developing countries, in particular the LDCs, as well as sub-Saharan African countries. The Trade Act of 2002 re-authorized the US-GSP programme until 31 December 2006. The same act provides for some amendments to AGOA legislation introducing certain amendments to apparel and textile provisions, and grants LDC status to Botswana and Namibia. In January 2003, the Canadian Government enlarged the product coverage of its GSP scheme to allow textile and clothing as well as other products originating in LDCs to enter its market duty-free subject to rules of origin. For the review of the GSP scheme of Japan, as of 1 April 2003, an additional list of products originating in LDC beneficiaries is expected to be granted duty-/quota-free entry.

73. In spite of all these initiatives, recent analysis carried out by UNCTAD shows that there is a persistent low utilization rate of preferential arrangements. To accompany and support these ongoing developments, there is a need to increase utilization of preferences by beneficiary countries granted either through multilateral (GSP) or bilateral/regional arrangements. Requests from developing countries for technical assistance are also increasingly addressing the other trade laws aspect of the programme. Training activities on anti-dumping, subsidies and countervailing duties have been organized utilizing training modules. A training module on subsidies and safeguards is currently in preparation. There is also a need to enable developing country exporters and officials to negotiate on a more equal footing with their developed country counterparts and among themselves through enhanced knowledge of the laws, and administrative and customs procedures relating to products of export interest to them, and thereby to overcome insufficient familiarity with, or misunderstanding of, the operation of such laws and regulations.

74. **Objectives:** The project aims at helping developing countries to:

- Increase utilization of the trading opportunities and preferences under existing preferential arrangements, such as the GSP, the Cotonou trade regime and other bilateral arrangements, through increased understanding and familiarization of government officials and the business community; and
- Increase the understanding in developing countries of the trade laws and regulations governing market access conditions in the international trading system, so as to enable developing country officials and exporters to improve their capacity to respond to the challenges and opportunities arising from trade negotiations at bilateral, regional and multilateral levels, and trade disputes, and in utilizing preferential trade arrangements.

75. **Outputs of the GSP programme:** In 2002, workshops on GSP and other trade laws were carried out in Guyana, Indonesia, Panama, the Philippines and Thailand. The programme participated in a number of intergovernmental meetings organized by institutions such as the Asian Development Bank (ADB), for example a seminar in Cairo. Technical cooperation activities were mainly directed at providing exporters and government officials with the expertise necessary for resolving difficulties encountered in GSP utilization, with special attention to the technicalities related to the applicable rules-of-origin requirements. In the same year, the following publications were prepared and/or initiated:

- GSP – Handbook on the Scheme of Japan, 2002/2003;
- GSP – Handbook on the Scheme of Bulgaria;
- GSP – Handbook on the European Community; and
- GSP – Handbook on the Scheme of the United States.

76. Negotiating in the area of anti-dumping and setting priorities among outstanding implementation issues in the post-Doha scenario: a first examination in the light of recent practice and DSU jurisprudence.

77. **Results:** A possible benchmark to be utilized in assessing the effectiveness of the programme is an increased utilization of trade preferences and a better understanding on the part of government officials of the implications and operational rules governing rules of origin and other trade laws such as anti-dumping, countervailing duties and other contingency protection measures. However, utilization of trade preferences is also largely guided by the supply capacity of the beneficiary countries and, as such, could not be used as a valid benchmark in isolation. Judging from the number of continuing requests and hits to the GSP website, the programme has been successful in providing information on GSP schemes.

**(ii) Support to regional integration**

*(a) Assistance to Southern African Development Community (SADC)*

78. **Development context:** UNCTAD has been assisting the negotiations on the establishment of a free trade area in the SADC region since 1997 on the basis of comparable experiences of other regional groupings. Such assistance was specifically requested by SADC Trade Ministers, and it has been delivered through the direct participation of UNCTAD experts in the negotiating process (together with the SADC secretariat) and through preparation of papers and other analytical work on, among other areas, rules of origin, dismantling of tariffs and offers evaluation, and trade in services. On rules of origin the expertise of UNCTAD has contributed to explaining the implications of the different rules-of-origin systems. Technical assistance to SADC was extended to WTO issues to facilitate a common SADC position for the Seattle and Doha WTO Ministerial Conferences. UNCTAD participated in, and provided background papers for, the SADC Ministerial Meeting in preparation for those two events.

79. Following a decision by SADC Ministers, during 2002 UNCTAD technical assistance to SADC began concentrating mainly on trade in services to help the region liberalize trade in services at sub-regional level and participate in the WTO negotiations. The UNCTAD secretariat has also continued to provide policy advice to SADC, participating in:

- SADC Trade Negotiating Forum (TNF) meeting;
- SADC TNF trade in services;
- Advisory mission to hold consultations with Mozambican authorities;
- Advisory mission to hold consultations with Zimbabwean authorities;
- Mozambique national seminar on economic partnership agreements (EPAs) and the Southern African Trade and Research Network (SATRN) workshop;
- SADC TNF meeting on trade in services, senior officials' meetings and Ministerial meetings;
- Lectures at the SADC Trade Negotiating Forum.

80. **Objectives:** To increase regionalization efforts and foster intraregional trade by supporting and enabling government officials to conduct negotiations in the area of goods and services at regional, sub-regional and multilateral levels, carefully assessing the impact of rules-of-origin regulations on trade among the partner countries of the region.

81. **Features:** Technical assistance to SADC is delivered by UNCTAD through:

- Participation and provision of substantive support to the SADC secretariat in addressing technical issues during the negotiations;
- Preparation of relevant papers to facilitate consensus-building and dialogue among member States on the outstanding issues;
- Establishment and maintenance of working relations and exchange of information with and among SADC delegations (Geneva-based and capital-based); and
- Providing the SADC secretariat with assistance in the management of the meetings.

82. **Outputs/results:** The following studies and ad hoc lectures were prepared/updated during the negotiations to facilitate discussions on outstanding issues:

- Draft annex on trade in services (endorsed by the SADC ministers);
- Templates on measures affecting trade in services for each SADC country; and
- Presentations on SADC countries' measures affecting trade in services.

*(b) Expansion of technical assistance to other regional integration initiatives*

83. The programme has actively supported the SADC secretariat and SADC member States with technical advice and analytical support. A possible benchmark is the progress made in liberalizing trade at the subregional level and the removal of or solution to outstanding issues regarding the implementation of the SADC Trade Protocol.

84. At present, the programme is elaborating forms of cooperation and financing with the SADC secretariat and the EU.

*(iii) The Global System of Trade Preferences among developing countries (GSTP)*

85. **Development context/objectives:** The agreement on the GSTP was established in 1988 as a framework for the exchange of trade preferences among developing countries with a view to promoting mutual trade. Since its entry into force in 1989, 44 countries have become participants. In accordance with a basic principle of the GSTP, namely that it shall be negotiated step by step and improved in successive stages, the participating countries concluded the second round of negotiations in December 1998. UNCTAD's GSTP project provides substantive and administrative support to the GSTP Committee of Participants in furthering the objectives of the Agreement.

86. At its 14<sup>th</sup> session held in 2001, the GSTP Committee of Participants undertook a comprehensive review of the operations of the GSTP Agreement since its entry into force in 1989 as a basis for developing its programme of work. The review was conducted in response to several declarations at high-level meetings of the Group of 77, among others, regarding the role of the GSTP Agreement as an instrument for promoting South-South trade cooperation.<sup>9</sup>

87. On the basis of a background paper prepared by the secretariat, the Committee of Participants identified a number of issues and concerns to improve the operations of the GSTP Agreement. The Committee accordingly launched a programme of work to address these issues. In essence, the programme of work is aimed at consolidating and evaluating the gains of the GSTP and remedying its weaknesses. At its 15<sup>th</sup> session in November 2002, the Committee approved several recommendations and other technical inputs for implementation in 2003.

88. Among these issues, which the Committee of Participants considered crucial to furthering the objectives of the GSTP, is the status of the preferential tariff concessions negotiated in Belgrade in 1988. Because of changes in international classification and coding of international trade transactions, the preferential tariff commitments of GSTP members required updating and adjustments to replace the legal texts of their commitments.

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<sup>9</sup> UNCTAD X, held in Thailand, referred to the GSTP as follows: "It would be worthwhile considering the further deepening and expansion of the GSTP in order to enhance its effects. In that context, it would, however, be useful to examine possible ways of rationalizing the process of negotiations for a third round".

The Heads of State and Government of the Group of 77 at their South Summit meeting in Havana in April 2000 decided to: (a) "Consider further deepening and expansion of the GSTP in order to enhance its effects, through examination of possible ways of rationalizing the process of negotiations for a third round of GSTP negotiations."; and (b) "Review the implementation and the performance and the impact of the Global System of Trade Preferences (GSTP) among developing countries with a view to deepening and expanding the GSTP...".

The Joint Communiqué of the Eleventh Summit of the Heads of State and Government of the Group of Fifteen, held in Jakarta in May 2001, declared the following: "We stress the importance of sub-regional and regional economic arrangements among developing countries in order to achieve higher levels of development and to enhance South-South cooperation. In this respect, we reaffirm our support for the Global System of Trade Preferences (GSTP) process and call for early implementation of the results of the Second Round of negotiations".

The Tenth Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation Among Developing Countries (IFCC-X) held in Teheran in August 2001 recommended the following: "Reinvigorate the Global System of Trade Preferences Among Developing Countries (GSTP) to promote further South-South trade: (a) expedite the domestic process of ratifying tariff commitments of GSTP participants; (b) rationalize the process of negotiations for a third round of GSTP negotiations; and (c) invites the GSTP Sub-Committee to update the schedules of tariff concessions and develop proposals for a framework aimed at negotiations in a third round. UNCTAD is also invited to contribute to this process".

89. Other technical issues affecting the practical utilization of GSTP benefits have been addressed by the secretariat. In particular, the system of certification of origin has been improved so as to minimize technical obstacles to GSTP trade.

90. **Outputs:**

- First round of negotiations: Pursuant to the decisions of the high-level meetings referred to above, the secretariat has provided technical inputs to the Committee of Participants for simplifying negotiations in a third round of GSTP negotiations. The negotiating approaches would enlarge and deepen the scope of GSTP preferential tariff concessions in line with the trade and development needs of GSTP participants, with special treatment of the least developed countries members of the GSTP.

The Committee of Participants has considered the technical inputs of the secretariat. In principle, GSTP participants supported a third round of GSTP negotiations. However, they considered it premature to convene such a round for the following reasons:

- (a) The results of the second round of GSTP negotiations concluded in 1998 must first be implemented; and
- (b) Updating of their existing preferential tariff concessions would facilitate technical preparations for future negotiations.

At the 15<sup>th</sup> session last year, the secretariat further developed ideas for enlarging and deepening GSTP preferential tariffs in view of multilateral trade negotiations taking place elsewhere. The idea is centred on the notion of “open-season” negotiations to progressively enlarge GSTP tariff commitments.

- Results of Second Round of GSTP Negotiations: Concluded in 1998, the second round of GSTP negotiations saw 24 out of the 44 GSTP Participants accord preferential tariff concessions. The 1998 Protocol embodying the results of the negotiations provided for acceptances by 15 out of the 24 participants for the concessions to take effect. As of the time of writing, only one participant (Morocco) has communicated its acceptance of the 1998 Protocol. According to information provided by GSTP participants, they need the approval of their national legislatures before they can implement their second round tariff concessions.
- Accession of MERCOSUR to the GSTP Agreement. MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) has accepted its protocol of accession to the GSTP Agreement, subject to ratification by the respective legislatures. They expect approval of their accession protocol shortly.

91. The secretariat is in the process of carrying out the decisions taken in November 2002 by the Committee of Participants. Among the priority activities are the updating of GSTP preferential tariff commitments, the implementation of the results of the second round of negotiations, and widespread dissemination of the trade opportunities under the GSTP to the trading community.

(c) **Commercial Diplomacy Programme**

92. **Development context:** The work programme adopted by the 4<sup>th</sup> WTO Ministerial Conference in November 2001 increased the demands of developing countries, LDCs and economies in transition regarding training and capacity building on the Doha mandates as well as on the broader multilateral and regional trade agendas that are having deep impacts on their development strategies. The consultations and requests of developing countries in terms of assistance highlighted two main needs: first, the immediate support to the negotiating capacity regarding the understanding of the new Doha mandates and

the formulation of national or regional positions; secondly, the long-term needs related to the capacity required to insert the various negotiating processes into the overall trade and development policies.

93. During 2002, as the negotiations evolved from the organizational stages (definition of the scope of the mandates, working agendas, timetables) to the formulation of modalities, these short- and long-term needs evolved accordingly. The more the negotiating process becomes precise and technically sophisticated, the more the developing countries request ad hoc training agendas.

94. Another aspect of the changing needs that appeared in 2002 refers to differences in the training needs of the Geneva-based Missions as compared with those conveyed by the capitals: while the latter usually requested training and capacity building for several topics of the Doha agenda simultaneously, or for the articulation of the WTO negotiations with regional and bilateral trade processes, the Geneva-based requests for training were increasingly matching the pace of the WTO meetings, with a very strong focus on specific agriculture, services and market access issues.

95. Finally, in 2002 there was a significant increase in the demand for training and capacity building from the non-governmental entities of developing countries interested in trade and development policies and in understanding the implications of the Doha mandates. In this context, the academic community of the developing countries and LDCs significantly increased the requests for training delivered by UNCTAD staff on trade issues or organized in cooperation with UNCTAD and other institutions.

96. **Objectives/features:** In the light of the above, in 2002, the modalities of the training activities organized by the Commercial Diplomacy Programme also evolved in order to be increasingly tailor-made and topic-specific so as to address the individual needs of the recipient countries. Two main features deserve to be highlighted in this regard: first, the need to customize at the national level the instruments used for each training activity, sometimes at the sectoral level when the training targets, for instance, the business community; secondly, as mentioned above, in view of the increasing interest of the academic community of the developing countries, the Programme evolved towards the preparation of "model" training courses and other training materials or methodologies that are helpful to the local trainers of these countries. Similarly, the training of trainers in the area of trade negotiations, with different modalities (including internships of faculty members of developing countries' universities), was also increasingly used.

97. In terms of topics, the training materials of the Programme concentrated on agriculture, services, market access and some trade rules issues, in the light of the increasing demand for these negotiating areas.

98. **Outputs:** The number of training and capacity-building events organized in 2002 almost doubled compared with the activities of 2001. The list of activities (shown in the website [www.unctad.org/Commdip](http://www.unctad.org/Commdip)) reveals a wide variety of formats, countries and regions, topics and levels of training or capacity building, according to the demands and to the various extrabudgetary resources available for the Programme.

99. Some activities, delivered in Geneva, were particularly original and innovative, such as the training internship to prepare for the WTO accession of Algeria. This exercise included a number of modalities: brainstorming, traditional training sessions, small and wide training groups on different topics, and a simulation game. It is also worth noting that the trainees included officials from all the governmental entities involved in the accession process as well as some parliamentarians that attended some of the sessions. Other WTO acceding countries, such as Bhutan, Cape Verde and Viet Nam, also requested short Commercial Diplomacy seminars to enhance the understanding of the ongoing Doha negotiations from the point of view of the implications on the negotiations on accession, and to clarify the research and training needs in the post-accession phase.

100. From the point of view of the long-term capacity-building initiatives of the Commercial Diplomacy Programme, the most relevant activity was the one-month internship of a senior faculty member of the University of Campinas (São Paulo, Brazil), who prepared, with the UNCTAD trade experts and staff of

other Divisions, the adaptation of the UNCTAD syllabus of the course on the “Key Issues of the International Economic Agenda” (paragraph 166 of the Bangkok Plan of Action) for the delivery of the new postgraduate regular course on the “International Economic Diplomacy” at that University. This one-month internship at UNCTAD was complemented by the participation of the same professor in the paragraph 166 course in June-July 2002.

101. The Workshop on Anti-dumping, co-organized with the Agency for International Trade Information and Cooperation (AITIC) and with the participation of the WTO, also had a new format: it included training on the legal and negotiating aspects of the WTO Agreement on Anti-dumping together with the training on the WTO disputes related to anti-dumping. Several negotiators from developed and developing countries presented their practical experiences in this regard. The UNCTAD Dispute Settlement training programme was responsible for the aspects of the workshop related to the dispute cases. Geneva-based as well as several self-financed capital-based participants attended the workshop.

102. Several events dealt with the issue of services, such as the regional workshop of researchers and policy-makers held in Johannesburg in cooperation with two important research networks of the region. An increasing number of training events on services are national-based because of the need for specific training of the sectoral government officials and the businessmen corresponding to the concerned services sectors (such as the workshop organized in Senegal in April).

103. The support to subregional integration processes among developing countries was also present in the training and capacity-building activities of this year. One of the most successful in terms of dissemination as well as in-depth analysis of the issues was the Regional ECOWAS Workshop on Agriculture and Food Security, held in Conakry, Guinea, with the participation of the WTO.

104. Another innovation in the Programme was the integration, on several occasions, of training sessions on market access negotiations regarding agriculture and commodities (particularly in two regional seminars for Central American countries, in Panama, and for the CARICOM countries, in Guyana, September 2003). In those cases, the training focused on the specific commodity issues that are relevant for the subregion as well as on the market entry conditions that accompany the market access conditions for these commodities.

105. Finally, as in 2001, the modules on trade that are part of the UNCTAD Course on the “Key Issues of the International Economic Agenda” were designed and coordinated by the Commercial Diplomacy Programme, including the design and the delivery of the simulation exercises included in the modules on trade.

106. **Results:** In general, the evaluation of these training events by the participants, and the overall feedback, were higher than in 2001 and 2000, as shown by an increasing demand from all regions. Unfortunately, the uneven availability of extrabudgetary resources among the regions (Latin America and the Caribbean being the region where no specific projects were available) does not allow all the demands to be addressed.

107. From the point of view of the effectiveness of the training, the best results were obtained through the simulation exercise and other practical exercises on negotiating issues. From the point of view of capacity building, the most relevant instrument was the internship of the professor of the University of Campinas for the launching of an UNCTAD-based postgraduate syllabus.

108. The activities implemented in 2002 provided valuable support to the negotiating capacity of both the Geneva-based Missions and the capital-based trade policy makers. The increasing quality of the developing countries' negotiators is visible in all the areas of the WTO agenda.

### 3. Commodities

#### (a) Capacity building for diversification and commodity-based development

109. **Development context:** World trade in high-value commodities and, in particular, foodstuffs is growing rapidly. These could easily supply many of these commodities, which are currently exported by commodity-dependent developing countries in an unprocessed form, as value-added. However, most developing countries, particularly LDCs and African countries, were not successful in diversifying their commodity economies for exploiting these dynamic and lucrative markets. The enterprise sector has been unable to adapt itself to the liberalized and more demanding trading environment, and its support needs are not effectively prioritized. Government policies need to be reviewed in the current trading framework and government support needs to be more selective and focused. Civil society and institutions also have a crucial facilitating role in the diversification process. There is, therefore, a need in commodity-dependent developing countries for capacity building in enterprises to adapt export diversification strategies and business practices to modern market exigencies; improving effective partnerships between enterprises and finance providers; capacity building for Governments to design and implement focused and sequenced policies and measures that tackle the most important problems; increasing the effectiveness of local institutions and civil society in ensuring that the disadvantaged segments of the population are involved in the diversification process with a view to reducing poverty; and increasing national and regional food security and food self-sufficiency, and regional trade.

110. **Objectives/features:** To promote the horizontal, vertical and geographical diversification of production and trade structures; to improve government's capacities to formulate focused, effective and sequenced policies in this respect; to increase the competence of enterprises in adapting their business strategies and supplies to the Post-Uruguay Round trading framework; and to strengthen positive linkages between the commodity sector and the rest of the economy.

111. **Outputs:** Five national workshops were held in 2002: Links between artisanal fisheries and world markets (Banjul, Gambia, April); Horticulture for national development (Abuja, Nigeria, April); Certification and marketing of organic products (Lima, Peru, April); Horticultural diversification (Mauritius, May); and Diversification in agricultural sector, international trade and development (Tashkent, Uzbekistan, September). In all, 38 policy-oriented studies and training notes were prepared in 2002. A special effort was made to involve consultants and resource persons from developing countries and countries in transition (28 of the total 30 consultants who were engaged in 2002 for the project).

112. **Results:** The results of this capacity-building programme are expected to be observed in the implementation, by Governments and enterprises, of the recommendations made at the workshops and the use made of the training that was provided. One of the impacts of the workshops was requests for specific follow-up activities/national workshops from three countries (Mongolia, Belarus and Republic of Moldova) in 2002. The high proportion of developing countries' consultants is a positive externality of the project in terms of capacity building in developing countries. With a view to promoting transparency, making available all the materials prepared for the workshops as well as the results thereof, and facilitating interaction among a wide audience, a dedicated window has been opened in the portal INFOCOMM. This service has been greatly appreciated by workshops' participants and has also generated considerable outside interest. It is expected that the use of the website will contribute to generating significant multiplier effects within developing countries, facilitate interaction among a wide audience and foster wide dissemination of benefits.

#### (b) Commodity risk management, finance and energy

113. **Development context:** Governments that liberalize their commodity sectors risk leaving a vacuum behind. In agriculture, if they no longer set prices, how will prices be determined? How will farmers, processors, traders and consumers cope with the price fluctuations to which they become exposed – and will farmers, who tend to be highly risk-averse, have to give up a large share of their income in order to

reduce their risk exposure if they have no access to proper tools to manage these risks. How can banks lend into the commodity sector in a liberalized environment? All these issues are becoming even more relevant in the face of the globalization of the commodity economy: in order to be competitive, developing countries need highly efficient commodity sectors in which the above issues have been resolved. The work of the Commodities Branch in the area of commodity risk management, finance and energy aims to assist in finding such solutions, using modern financial tools such as commodity exchanges and a warehouse receipt system to fill the vacuum left by liberalization.

114. **Objective/features:** Since in an environment of continuing liberalization and international exposure poor access by developing countries to modern financial instruments makes it difficult for them to become competitive, the main objective of work in this area is to improve the use of modern risk management and financing techniques in the commodity sector of developing countries. This not only makes important cost savings possible, but also allows Governments, parastatals and private sector entities to plan and manage more efficiently. The programme has focused on raising awareness and understanding of modern financial techniques through the publication of technical reports and training materials, as well as through seminars and workshops. Financial support to this programme has come entirely from private sector donors, and a lack of official aid funding made it impossible to meet many demands from developing countries.

115. Work in the area of commodity risk management, finance and energy has as its main objective the improvement of the use made of modern marketing, risk management and financing possibilities in commodity production and trade: not only does this enable important cost savings to be made, but it also allows more efficient planning and management for Governments, parastatals and private sector entities. The programme features the publication of analytical studies and manuals, policy advice, awareness-raising activities and training.

116. **Outputs:** In 2002, the largest activity in this area was the Sixth African Oil and Gas Trade and Finance Conference, held in Yaoundé, Cameroon, from 24 to 27 September 2002. This conference (organized with the National Oil Company of Cameroon and, for the first time, a private sector conference organizer, ITE Ltd.) attracted some 650 participants from over 40 countries, mostly high-level decision makers from the African oil and finance sectors (including 18 Ministers and presidential advisers, and some 70 company presidents, CEOs and the like). The conference was fully funded by private sector sponsoring, including from African companies. It was deemed very successful by participants, and demand for UNCTAD's follow-up work in this area is strong. Several countries offered to host the seventh and eighth African Oil Trade Conferences; it was decided to organize the 2003 Conference, again to be entirely funded by private sector sponsorship, in Angola, and the 2004 conference in Morocco.

117. Support to the development of new commodity exchanges continued – this is a very important issue in many countries, as Governments are withdrawing from their agricultural marketing and price-setting roles, and there is a need for new marketing and price discovery mechanisms. UNCTAD again co-organized an emerging markets workshop back to back with one of the world's major future industries conferences (in Burgenstock, Switzerland, 5-7 September 2002), which attracted several dozen participants. Policy advice and training workshops, all paid for by the beneficiaries, were conducted in India, Nigeria and Sri Lanka, with the three Sri Lankan meetings attracting over 250 participants.

118. In the area of warehouse receipt finance, UNCTAD co-organized two major conferences, both attracting over 200 participants, in Mumbai (India) and Jakarta (Indonesia); both were financed through private sector sponsoring. UNCTAD also provided training to African bankers on the occasion of a workshop organized by the African Export-Import Bank in Cairo, Egypt, and for Egyptian bankers, in Lausanne, Switzerland.

119. **Results:** These activities led to a better understanding of modern financial techniques relevant for the commodity sector among, in particular, private sector decision makers. Given limited funding, no effort could be made to further evaluate impact, but it should be noted that as most of this work is funded

by the private sector, a lack of impact would rapidly lead to a drying up of this funding – which so far has not happened. In India, UNCTAD's work over the past decade culminated in the approval, by the Government of India, of four major new commodity exchange initiatives, which will bring, for the first time, major corporate players into the sector. The resulting strengthening of India's commodity market infrastructure will help the country to compete in global trade.

**(c) Commodity information – INFOCOMM**

120. *Development context:* While the impact of liberalization on prices and commodity trade concentration were traditionally well covered by the international community in terms of analysis and technical cooperation supports, the issue of asymmetry in commodity-related information was surprisingly often neglected. However, this area is of utmost importance since the liberalization of commodity trade markets created an increasingly important imbalance in accessing strategic, relevant and updated information. Indeed, the removal of public institutions administering commodity sectors created an important asymmetry in commodity-related information since a large number of traditional reservoirs of information have now disappeared.

121. Furthermore, long-established commodity-related sources of information are quite dispersed and are not always well structured. Above all, there is nowadays a massive flow of electronic news and information, usually quite heterogeneous and not always accurate. It is thus costly, time-consuming and rather difficult to identify the relevant set of unbiased specialized information in a specific commodity sector.

122. In such a context, policy makers and commodity operators do not always have proper analytical tools to assess the rapid changes in commodity market structures, to adjust their policies accordingly and to be able to increase the competitiveness of their country.

123. *Objectives/features:* The main objective of this project is to improve transparency in commodity markets, in order to offer greater market intelligence and understanding to actors within the sector. The aim of the project is to consult, to adapt and to disseminate, in a new way, a product that proves useful for the different strategic, informational, organizational and economic aspects of the commodity sectors.

124. In particular, the INFOCOMM project seeks to promote market transparency, to improve the understanding of commodity structures and to provide access to the analysis vital to the formulation of pertinent policies for commodity production, marketing, processing and financing.

125. *Outputs:*

- The development of an international extranet electronic portal, <http://www.unctad.org/infocomm> (the most visited UNCTAD joint site for nearly two years). The main goal of this scheme is to monitor and analyse the evolution of the world market for major commodities as well as to manage, organize and develop, in a practical and original manner, a knowledge management and sharing instrument for assisting the decision-making process in both the public and private sectors. This e-portal consists of a balanced mix of macro and micro analysis tools with the ultimate aim of pooling UNCTAD's efforts both with selected authoritative sources of information and organizations having a specific skill and expertise, and with national coordinating agencies (e.g. governmental bodies and civil society) to be used as partners to relay the information. In addition to the substantive parts developed by UNCTAD, an active network of contacts is built up with actors having expertise in world commodity markets, including universities, research institutes, international commodity bodies and study groups, commodity experts and so forth in order to jointly update and disseminate specialized and selected information. In this context, UNCTAD can be seen as a substantive reservoir of commodity-related information as well as a facilitator in this field.
- The preparation – in collaboration with Cyclope – of the “World Commodity Survey”, an authoritative book discussing over 80 commodities and key commodities industry sectors.

Cyclope (which is a specialized centre of research operating in France since 1985) agreed to provide UNCTAD with all information and articles (in French) of its well-known authors, free of charge, and under this technical assistance project, UNCTAD agreed to adapt, revise and translate this material as well as to complement it with in-house contributions with the aim of publishing an English issue called the "World Commodity Survey". A new issue of this publication, the "World Commodity Survey 2003-2004", is in preparation and will be ready shortly.

126. **Results:** The above-mentioned activities result in a significant improvement in the basic market information available at no cost to developing countries, thus improving their possibilities to position themselves on world commodity markets. The INFOCOMM portal is the most visited of all UNCTAD websites, a fact which illustrates the demand for this type of information and also demonstrates the number of ad hoc requests for publications such as the "World Commodity Survey" that are regularly addressed to the secretariat.

#### **4. Trade, environment and development**

127. **Development context:** UNCTAD X stressed the need to identify policies to address major constraints faced by many developing countries in responding to environmental challenges, such as lack of technical, financial, institutional and supply capacities, taking into account the environmental and developmental conditions of each country. It called upon UNCTAD to identify specific capacity-building needs of developing countries and to promote a broad programme of capacity building on trade, environment and development (paragraph 146), as well as to identify issues that could yield potential benefits for developing countries, including with regard to the link between public health and development (paragraph 147). The programme was adjusted and strengthened to support developing countries in their participation in the WTO Doha work programme as well as to take into account recommendations in the area of technical cooperation and capacity building adopted at the World Summit on Sustainable Development and by the Commission on Trade in Goods and Services and Commodities.

128. **Objectives:** The programme aimed to:

- Facilitate dialogue between trade, environment and development communities; strengthen capacities for policy analysis and trade and environment policy coordination in developing countries;
- Identify policies to address major constraints faced by many developing countries in responding to environmental challenges as well as to identify issues that could yield potential benefits to developing countries, including with regard to the link between public health and development; and
- Support the effective participation of developing countries in international deliberations on trade and environment.

129. **Features:** Important features of the programme included:

- Close interaction with the intergovernmental work programme and secretariat research;
- Broad geographical coverage;
- Special attention to LDCs;
- Broad coverage of issues, including trade and environment issues in the Doha work programme and long-term sustainable development issues;
- Participatory approaches using local research and the capacity of non-governmental organizations;

- Close cooperation with other intergovernmental organizations, in particular UNEP, WTO and UN regional economic and social commissions; and
- Use of the website as a tool to disseminate information.

130. **Outputs/results:** A number of activities were carried out to assist developing countries in their participation in the Doha work programme and discussions and negotiations in other forums. For example, a seminar was organized in cooperation with the Ministry of Foreign Trade of Costa Rica to discuss trade and environment issues in the Doha work programme (San José, 13 July 2002). The seminar was attended by officials from both trade and environment ministries of Cuba, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama, the WTO secretariat, regional organizations and civil society.

131. The Ministry of Industry and Commerce of India and the UNCTAD secretariat jointly organized an *International Seminar on Systems for Protecting and Commercializing Traditional Knowledge* in New Delhi, 3 to 5 April 2002. Experts from Brazil, Cambodia, Chile, China, Colombia, Cuba, India, Kenya, the Philippines, Peru, Sri Lanka, Thailand and Venezuela attended the meeting.

132. A meeting on *The International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA): Implications for Geneva-based Negotiations and National Legislation* was organized in September 2002 by the UNCTAD secretariat, in cooperation with the Quakers' United Nations Office and Action Aid. Addressed to Geneva-based delegations, this meeting provided information on the ITPGRFA, discussed its possible implications in relation to TRIPS Article 27.3b and the WIPO Intergovernmental Committee, and balancing farmers' and breeders' rights in national legislation for plant variety protection.

133. The International Federation of Organic Agriculture Movements organized a Conference on International Harmonization and Equivalence in Organic Agriculture for Organic Agriculture Movements (IFOAM), in cooperation with UNCTAD and FAO in Nuremberg, Germany, 18 to 19 February 2002. The main outcome of this conference was the creation of the joint UNCTAD/FAO/IFOAM *Task Force on Harmonization and Equivalence in Organic Agriculture*, which will serve as an open-ended platform for dialogue between public bodies and agencies and private sector institutions/companies involved in trade and regulatory activities in the organic agriculture sector, in order to facilitate international trade and access of developing countries to international markets. The Task Force held its first meeting on 18 February 2003 in Nuremberg, Germany.

134. A project on Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues was launched as a follow-up to the project on Strengthening Research and Policy-Making Capacity on Trade and Environment, completed in 2001. In the planning phase, which was completed in December 2002, a comprehensive needs assessment and extensive consultations on sub-regional approaches for project implementation were carried out. During the planning phase, meetings were held in Geneva (30 September-1 October 2002), Nairobi (18-20 November 2002), Guatemala City (21-22 November 2002) and Bangkok (3-4 December 2003). In this process, beneficiary countries identified priority issues for project implementation, in particular (a) adjustment to environmental requirements in key export markets and (b) environmental goods and services. The implementation phase started in early 2003 in Latin America and Asia involving Bangladesh, Cambodia, Costa Rica, Cuba, the Dominican Republic, Guatemala, Honduras, Nicaragua, the Philippines Thailand and Viet Nam. The objectives of the project are to assist interested developing countries in (a) improving policy co-ordination; (b) participating effectively in negotiations and discussions on trade and environment in the WTO Doha work programme; (c) developing and implementing practical and meaningful legal and policy initiatives in specific trade and environment area; and (d) exploring possibilities for regional cooperation.

135. The project on *Standards and Trade* was completed in mid-2002. It helped to identify policies that can address constraints faced by developing countries, in particular the least developed countries (LDCs), in responding to sanitary and phytosanitary (SPS) measures and environmental requirements in

international markets. The following countries participated in the project: Bangladesh, Costa Rica, India, Kenya, Mozambique, Nepal, Sri Lanka, Uganda and the United Republic of Tanzania. Studies were undertaken in three developing regions – South Asia, Eastern and Southern Africa, and Central America. A workshop was held on 16 and 17 May 2002 in Geneva to discuss the results of the project and recommend follow-up activities. A publication is in preparation.

136. UNCTAD further strengthened its cooperation with WTO, UNEP and other institutions, for example in the context of the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF).

137. The UNCTAD and UNEP secretariats launched in 2000 a Capacity-Building Task Force for Trade, Environment and Development (CBTF). The objective is to help developing countries enhance understanding of trade, environment linkages, address trade-related environmental and environment-related trade problems and participate effectively in international negotiations.

138. A CBTF workshop was held in Brussels (21-22 February 2002) to discuss policy options to promote production and trading opportunities for organic agricultural products from developing countries. The workshop, which was funded by a grant from the European Commission,<sup>10</sup> was hosted by the ACP secretariat and, allowed for a very informative and constructive dialogue that involved more than 50 policy makers and representatives of certification bodies, intergovernmental organizations, aid agencies, organic farmers' associations, civil society, academics and other stakeholders from developing and developed countries. Experts from 16 developing countries – Argentina, Bolivia, Cambodia, Chile, Costa Rica, Ethiopia, Haiti, India, Kenya, Mozambique, Peru, Senegal, South Africa, Tunisia, Uganda and Zambia – as well as around 35 representatives from ACP missions in Brussels attended the meeting.

139. One thematic project, designed and implemented in close cooperation with the secretariat of the Basel Convention, aims to support some 10 countries in Central America and the Caribbean in building capacity on sound management of used vehicle batteries, including through regional cooperation.<sup>11</sup>

140. The UNCTAD and UNEP secretariats prepared a concept note describing approaches to CBTF and plans for the future.<sup>12</sup> Building on the experience gained in the first two years of implementation and growing interest by beneficiary and donor countries, CBTF is now well placed to initiate new and larger initiatives, in particular at the regional level. It will also respond to new needs for capacity building in support of developing countries' participation in the WTO Doha work programme.

141. The secretariats of UNCTAD and UNEP, in cooperation with the Common Fund for Commodities (CFC), organized a side event on *Capacity Building on Trade and Sustainable Development* at the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa, on 3 September 2002.<sup>13</sup> CBTF phase II was recognized as a Type-2 Partnership in the WSSD context.

142. Cooperation between the UNCTAD, UNEP and WTO secretariats has been strengthened, including through CBTF workshops organized back to back with WTO Regional Seminars on Trade and

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<sup>10</sup> In addition, the UNCTAD Trust Fund for the Least Developed Countries provided support to enable experts from selected LDCs to attend this meeting as well as the *Conference on International Harmonization and Equivalence in Organic Agriculture*.

<sup>11</sup> CBTF funded two studies (in Costa Rica and Venezuela) on suitable collection and recycling policies, including options for regional cooperation. It also contributed to two regional workshops in this regard. The preliminary results of the project were presented to the 6<sup>th</sup> Conference of the Parties to the Basel Convention in December 2002 and a decision was adopted to continue work and extend capacity-building activities to interested countries in South America.

<sup>12</sup> Available on the CBTF website: [www.unep-unctad.org/cbtf](http://www.unep-unctad.org/cbtf).

<sup>13</sup> Information on the side event is available at [www.unep-unctad.org/cbtf](http://www.unep-unctad.org/cbtf).

Environment. During 2002 the UNCTAD secretariat provided resource persons for WTO regional seminars on trade and environment in Saint Lucia (January); Bogotá, Colombia (March), Singapore (May), Windhoek, Namibia (July), Latvia (September) and Tunis, Tunisia (October). CBTF organized a workshop on *Post-Doha Negotiating Issues on Trade and Environment in Paragraph 31* (of the Doha Ministerial Declaration) in Singapore, on 16 May 2002, back to back with a WTO regional seminar for East and South-East Asian developing countries. At a CBTF workshop on post-Doha issues on trade and environment, organized back to back with the WTO regional seminar for Pacific Island countries in Fiji, on 29 November 2002, participants (from the Cook Islands, Fiji, Marshall Islands, Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) made *Recommendations on the Focus of Future CBTF Activities for Pacific Island Countries*. These recommendations will be taken into account when implementing the second phase of CBTF.

143. The secretariat continued its training activities in the area of trade, environment and development, in cooperation with the TrainForTrade programme. A training workshop was held in Cotonou, Benin, from 22 to 26 April 2002. The UNCTAD secretariat provided resource persons and prepared materials for training seminars organized by ECLAC (ECLAC-World Bank training workshop on *Multilateral Negotiations, International Trade and Sustainable Development: Current Challenges for Latin America and the Caribbean*, Mexico City, 25-29 November 2002), ESCWA (Training workshops in Beirut, Lebanon, 23-25 October 2002, and Rabat, Morocco, 11-14 November 2002) and other institutions.

**(a) Climate Change Programme**

*(i) Launching a Plurilateral Greenhouse Gas Emissions Trading System*

144. **Development context:** This project aims to provide support to interested Governments, corporations and non-governmental organizations for the development of a plurilateral market for trading in greenhouse gas emission allowances and certified emission reduction credits, in accordance with the Kyoto Protocol, and the decisions of the fourth session of the Conference of the Parties (COP4). The project organizes an annual policy forum that brings together high-level representatives from the public and private sectors to share experiences, promote dialogue and establish working relations conducive to the design and implementation of a system for the trading of greenhouse gas (GHG) emission allowances and credits.

145. **Objectives:** The main objective of this project is to help interested Governments, corporations and non-governmental organizations to design and implement a plurilateral greenhouse gas emissions market, in accordance to the Kyoto Protocol. Specifically this included:

- Support for the development of an international legal framework to accommodate international transactions in greenhouse gas allowances and credits;
- Effective domestic regulatory and supervisory frameworks;
- Adequate market rules;
- Measures to ensure coherence and consistency between national and regional emissions trading systems and the international emissions trading system; and
- Technical assistance, training, and institution and capacity building in developing countries and economies in transition.

146. **Features/outputs/results:** The project, which was successfully concluded and externally evaluated in December 2002, played a major role in the development of the emerging GHG market, including the rules, guidelines and policy, and legislative and regulatory frameworks that have emerged. Through its policy forums and capacity-building workshops, training and publications, the project has played a

significant role in assisting the development of this market and in engaging a wide range of stakeholders, including Governments, NGOs and the private sector, in this process.

147. Major achievements in 2002 include:

- Partnership with the Earth Council to establish the Carbon Market Programme to assist developing countries in the implementation of the Clean Development Mechanism under the Kyoto Protocol;
- Development of the Carbon Market eLearning Center (CMEC) and launching of on-line training courses on the clean development mechanism and on emissions trading. The CMEC provides complementary learning opportunities to a global audience on the use of economic instruments to implement the UNFCCC and the Kyoto Protocol;
- Market Forum in countries with economies in transition to develop their capacities in participating effectively in emerging GHG markets, Zagreb, Croatia, May 2002;
- Production and release of a CD-ROM containing all project publications, newsletters and outcomes of policy forums; and
- Publication and wide distribution of the following publications:
  - The Kyoto Protocol and the Emerging Carbon Market, February 2002;
  - Global Greenhouse Emissions Trader, Issue 11, June 2002 (wrap-up issue);
  - A Layperson's Guide to the Clean Development Mechanism: The Rules from Marrakech, July 2002;
  - Discussion paper No. 164 - "Domestic Climate Change Policies and the WTO", November 2002; and
  - An Emerging Market for the Environment: A Guide to Emissions Trading, December 2002, with UNEP-Risoe.

(ii) *Engaging the Private Sector in Clean Development Activities (CDM) Project activities under the UNFCCC/Kyoto Protocol*

148. **Development context:** This inter-agency UNFIP-funded project aims to promote CDM in developing countries by engaging the private sector in initially developing a pipeline of CDM projects and learning by doing CDM. In maximizing its impact, the UNCTAD project component focuses on Brazil. In cooperation with the Banco Nacional de Desenvolvimento Economico e Social (BNDES – Brazilian National Bank for Economic and Social Development) the project has provided technical assistance to the Inter-Ministerial Commission on Climate Change, the national focal point for climate policy-making, to promote and facilitate CDM investment projects in Brazil as part of the implementation of the Kyoto Protocol.

149. **Objectives:** The project aims to strengthen the capacity of investment promotion agencies and private sector institutions for the implementation of CDM in Brazil. Specifically, it has supported the preparation of basic documentation on the rules adopted for the CDM under the Kyoto Protocol to the UNFCCC. It includes the appropriate adaptation of such CDM rules to the legal circumstances and current practices related to foreign direct investment in Brazil as well as its wide dissemination through a practical guide for CDM implementation in the country.

150. **Features/outputs/results:** A CDM Implementation Workshop was organized by UNCTAD, BNDES and the Ministry of Science and Technology in December 2002 during which UNCTAD/BNDES launched the National CDM Implementing Guide in two languages. Since then, requests for similar

technical assistance have been received from other countries such as Argentina, Bolivia, South Africa, and the United Republic of Tanzania.

151. **Other activities:** As a result of the implementation of this project and the currently analytical capacity on the climate change issue at DITC, other project activities were initiated in 2002 and will actually be completed in 2003. These include:

- **Getting Started with CDM in Least Developed Countries (LDCs)** – The project will support the efforts of LDCs, in particular the United Republic of Tanzania, to develop their capacity to engage in CDM projects and participate in the emerging global GHG market, taking into account the unique circumstances, challenges and opportunities of LDCs;
- **OPEC Study** – At the request of OPEC, UNCTAD is preparing a number of studies on the impacts of globalization on trade and investment in OPEC countries. One of the studies being considered would examine the possible impact of climate change responses on OPEC countries. “The Trade/Energy Interface and the Doha Round of Trade Negotiations” and “The Kyoto Protocol and OPEC” are some of the items being considered in formulating the terms of reference for the study that the Carbon Market Programme will carry out;
- **Workshops/Forum**
  - Participation in the Interagency SE Asia Forum on Greenhouse Gas Emissions, Philippines, April 2002;
  - Workshop to launch the national CDM Implementing Guide, the United Republic of Tanzania, March-April 2003;
  - Participation in the UNCTAD African Oil & Gas Conference, Angola, May 2003 (to address the CDM opportunities, especially in the gas and oil sector, for LDCs).

**(b) BIOTRADE Initiative**

*(i) BIOTRADE Initiative*

152. **Development context:** Many developing countries are endowed with rich and diverse biological resources, which provide a basis for a wide range of products and services. These resources are mainly used by local populations to make a living, while others have served as an important source of innovation for the pharmaceutical, biotechnology or cosmetic industries. Unfortunately, countries are losing their biodiversity at alarming rates and the challenge is to find ways and means to use biodiversity as a basis for sustainable development by fostering long-term livelihoods for local populations and provide alternatives to short-term depletion of natural resources. In this context, and in line with the objectives of the Convention on Biodiversity (CBD) in linking trade, biodiversity conservation and sustainable development in a mutually beneficial way, the BIOTRADE Initiative was launched in November 1996 during the third Conference of the Parties (COP3).

153. **Objectives:** The BIOTRADE Initiative aims at stimulating trade and investment in biological resources to promote sustainable development in line with the three objectives of the CBD: (a) conservation of biological diversity; (b) sustainable use of its components; and (c) fair and equitable sharing of the benefits arising from the utilization of genetic resources.

154. **Features:** The Initiative collaborates closely with various actors, including government, the private sector, NGOs, local and indigenous communities and the academic sector, set up programmes that enhance the capability of developing countries to produce value-added products and services derived from biodiversity, for both domestic and international markets. The country programmes address issues related to legal and policy frameworks, bio-business development and trade promotion, and development of sustainability criteria, information systems and financial tools.

155. **Outputs:** During the World Summit on Sustainable Development, three new partnerships were signed in support of the BIOTRADE Initiative:

- *Andean BIOTRADE Programme* – In partnership with UNCTAD, the Andean Development Corporation (CAF) and the Andean Community (CAN), this five-year joint programme aims at promoting investment and trade in biological resources in the Andean region so as to support the objectives of the Andean biodiversity strategy and contribute to sustainable development in the region. This programme complements the national BIOTRADE programmes in Bolivia, Colombia, Ecuador, Peru and Venezuela;
- *New Ventures Andean Amazonian Investor Forum* – The World Resources Institute (WRI), CAF and UNCTAD have entered into a partnership to organize a regional Investor Forum for businesses working with products and services derived from biodiversity in the Andean and Amazonian regions. This project will generate new investment opportunities for the sustainable use of biological resources with the aim of contributing to biodiversity conservation and poverty alleviation;
- *BioTrade Facilitation Programme (BTFFP)* – This programme was developed jointly with the International Trade Centre UNCTAD/WTO/ITC, and will facilitate sustainable trade in biodiversity products and services through innovative collaborative arrangements that will enhance sustainable bio-resources management, product development, value-added processing and marketing. It will also support developing countries in accessing new markets.

156. **Other results include:**

- Cooperation with the Southern Natural Product Trade Association (SANProTA) in Southern Africa to support the commercialization of natural products in Botswana, Malawi, Namibia, Zambia and Zimbabwe. Regional and national meetings have taken place that enhance south-south cooperation, sharing of experiences and knowledge, while fostering joint initiatives. In addition, studies on legal issues related to biotrade, market studies, product chains and so forth have been developed.
- The BIOTRADE Initiative is being successfully implemented in Colombia, Ecuador and Peru. At the request of countries concerned, new BIOTRADE country programmes are being initiated in Bolivia, Brazil, Indonesia, Southern Africa, Uganda and Venezuela.
- *Programme Bolsa Amazonia* – The project has achieved important outputs including: (i) launch of the Market Information System for Bolsa Amazonia (SIMBA); (ii) organization of specialization courses on “Sustainable Management of Natural Resources and Commercialization Opportunities for Rural Communities of the Amazonian Region” for participants from all over the Amazonian Region; (iii) promotion of sustainable businesses; and (iv) expansion of Bolsa Amazonia within the Brazilian Amazon, through focal points in collaboration with local organizations in the States of Amapa, Rondonia and Acre. At the regional level, focal points for Bolsa Amazonia were designated in Bolivia, Colombia and Ecuador.
- The joint programme of the Andean Community of Nations (CAN), Andean Development Corporation (CAF) and UNCTAD has further supported the Andean country programmes and enhanced regional coordination. BIOTRADE counterparts have also: (i) actively supported the formulation of the Regional Biodiversity Strategy for the Andean Region, which includes biotrade as one of its priority areas; and (ii) fostered the development of bio-businesses in the Andean region.

(ii) *BioTrade Facilitation Programme (BTFP)*

157. **Development context:** The issue of linking nature conservation and development has gained increased international attention following the adoption of the CBD in 1992. The CBD encourages policy makers to focus on the use of market mechanisms and financial incentives to capture the numerous external benefits provided by biologically diverse eco-systems in support of biodiversity conservation. In most instances, the lack of capacity in several or all of these areas will result in the provision of low-value-added products and services, which only marginally benefit the country, its biodiversity and local populations. Without the creation of an appropriate framework of innovative mechanisms and economic incentives, the agenda for conservation and sustainable use will therefore be difficult to realize.

158. **Objectives:** The objective of the Biotrade Facilitation Programme is to facilitate sustainable trade in biodiversity products and services through innovative collaborative arrangements that will enhance sustainable bio-resources management, product development, value-added processing and marketing. The BTFP is expected to support developing countries in accessing new markets, thereby diversifying their production base in a sustainable manner.

159. **Features/outputs/results:** On the occasion of the World Summit 2002, UNCTAD BIOTRADE Initiative and the International Trade Centre (ITC) launched the BTFP programme through a partnership agreement between these organizations and the following donors – the Dutch Center for the Promotion of Imports from Developing Countries (CBI), the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Import Promotion Programme (SIPPO).

## 5. Competition law and policy and consumer protection

160. **Development context:** Strengthened competition enhances overall economic efficiency and significantly improves prospects for sustained economic growth and development. The worldwide implementation of fundamental market-oriented economic reforms has unleashed considerable competitive forces, which play a key role in ensuring the success of the reforms and need to be supported by the appropriate rules of the game. However, despite a general widespread trend towards the adoption, reformulation or better implementation of competition laws and policies in developing countries and economies in transition, many of these countries still do not have up-to-date competition legislation and policies or do not apply them with full effectiveness and request technical assistance in this area. In this connection, the UN Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices calls for the provision of technical assistance, advisory and training programmes, particularly to developing countries. Furthermore, at UNCTAD X, UNCTAD was given a mandate to continue and to expand its help to interested countries in developing their national regulatory and institutional framework in the area of competition law and policy.

161. **Objectives:** The programme aims at assisting developing countries, including the LDCs as well as economies in transition, in formulating or reviewing competition policies and legislations, at contributing to the building of national institutional capacity in this area, at providing government officials and private entrepreneurs with a better understanding of competition laws and policies, and at assisting the above-mentioned countries to better evaluate the implications of closer multilateral cooperation.

162. **Features:** Assistance is provided in accordance with requests received, needs of countries concerned and resources available. The main types of technical cooperation activities can be described as follows:

- Provision of information about anticompetitive practices, their existence and possible adverse effects on the economy. This may involve a study on these practices in a specific country;
- Introductory seminars directed at a wide audience, including government officials and academics, as well as business and consumer-oriented circles;

- Assistance to States which are in the process of drafting competition legislation in the form of provision of information on such legislation in other countries or advice on drafting;
- Advisory services for the setting up of a competition authority, which usually includes training of officials responsible for the actual control of anticompetitive practices and may involve training workshops and/or on-the-job training with competition authorities in countries having experience in the field of competition;
- Organization of seminars for States which have already adopted competition legislation, have experience in the control of anticompetitive practices and wish to consult each other on specific cases and exchange information;
- Assistance to States which wish to revise their competition legislation and seek expert advice from competition authorities in other States, so as to amend their laws in the most effective manner possible; and
- Assistance to developing countries, including the LDCs as well as economies in transition, so that they may better evaluate the implications of closer multilateral cooperation in the competition area for their development.

163. **Outputs/results:**

**(a) National activities**

164. In 2002, technical assistance related to preparation, drafting or revision of national competition policies and legislation was provided to Viet Nam, Lesotho, Botswana, Swaziland, Malaysia, the Central African Republic, Mauritania, China, the Lao People's Democratic Republic, Kenya, Burkina Faso, Senegal, Madagascar, Mauritius, Thailand, Pakistan, Zimbabwe and Uruguay. Furthermore, a number of national seminars organized by UNCTAD contributed to capacity-building in the field of competition and consumer protection as well as in the area of consensus building in closer multilateral cooperation on competition policy, including the work mandated to UNCTAD by the WTO Doha declaration in paragraphs 23-25.

165. A national seminar on competition law and policy within the framework of globalization was held by UNCTAD in cooperation with the Government of *Mauritania* in Nouakchott from 20 to 22 January 2002. A Reference Group on Competition Policy Meeting was co-organized by UNCTAD and the Government of *Botswana* (23-25 January 2002) in Gaborone with a view to furthering the work on the finalization of the economic mapping, legislative inventory and formulation of competition legislation of this country. A workshop on the Swaziland competition bill was held in Mbabane, *Swaziland*, on 28 and 29 January 2002 within the framework of the work on the completion of the draft national competition bill. UNCTAD and the Ministry of Domestic Trade and Consumer Affairs of Malaysia organized a national workshop on competition law and policy jointly on 7 and 8 May 2002 in Kuala Lumpur. A "National Seminar on Competition Law and Policy" was held by UNCTAD in cooperation with the Ministry of Foreign Trade and the Ministry of Economy and Finance of *Uruguay* on 9 and 10 September 2002 in Montevideo to discuss various competition policy and consumer protection issues. A seminar on the implementation of competition legislation was held by UNCTAD in cooperation with the Government of *Gabon* from 14 to 18 October 2002 in Libreville with the purpose of training national experts working in the competition area. The Government of Thailand's, International Institute held a national seminar on competition issues and policy enforcement for Trade and Development (ITD) and UNCTAD on 11 and 12 November 2002 in Bangkok to consider various issues related to implementation of Thai competition legislation. A "National Training Workshop on Competition Law and Policy" was held by UNCTAD in cooperation with the Government of *Zimbabwe* from 25 to 27 November 2002 in Kariba. National competition seminars were also organized by UNCTAD in cooperation with respective national Governments: (a) on 2 and 3 December in Livingston (*Zambia*) to strengthen the capacity of the Zambia Competition Commission in the area of competition law and policy enforcement; and (b) from 17 to 19

December 2002 in Maseru (*Lesotho*) to build the awareness of the Government on competition and consumer protection issues.

**(b) Regional and subregional activities**

166. Together with assisting in the drafting and revision of competition legislation by member States of the Common Market for Eastern and Southern Africa (COMESA) and of the West African Economic and Monetary Union (UEMOA), UNCTAD organized a number of conferences, seminars and workshops which contributed to capacity-building and multilateral cooperation in competition and consumer protection area.

167. In line with the Doha Ministerial Declaration related to competition issues, UNCTAD organized a first round of four regional meetings for developing countries and economies in transition. The meetings had a similar agenda and their aim, as indicated in paragraph 24 of the Doha Declaration, was to assist these countries "...to better evaluate the implications of closer multilateral cooperation" in the field of competition. The WTO secretariat and relevant international organizations took part in all four meetings, the first of which was entitled "Regional Conference on Competition Law and Policy for the Latin America and the Caribbean" and held in *Panama* from 21 to 23 March 2002. It was followed by a "Regional Seminar on Competition Policy and Multilateral Negotiations" for Africa and Arab countries held in *Tunis*, on 28 and 29 March, a "Regional Seminar on Competition Policy and Multilateral Negotiations" for Asia and the Pacific (*Hong Kong*, China, 16-18 April 2002) and a "International Competition Seminar for CIS and Black Sea Economic Cooperation (BSEC) countries", held in *Odessa (Ukraine)* on 25 and 26 April 2002. A number of other regional and subregional seminars and conferences were held in other countries.

168. An Expert Group Meeting on identification of common grounds on competition law and policies in the ESCWA region was held from 27 to 30 January 2002 in *Abu Dhabi*. It was co-organized by UNCTAD, ESCWA, FIAS-World Bank, the Friedrich Naumann Foundation, the Abu Dhabi Chamber of Commerce and the Emirates Society for Consumer Protection. Within the framework of the TrainForTrade project a regional seminar on the application of competition legislation was held from 6 to 13 March 2002 in Ouagadougou (*Burkina Faso*) for high-level officials and competition experts competition from Benin, Burkina Faso and Mali. An intensive training session for negotiators of international investment and competition agreements from francophone developing countries was organized by UNCTAD and WTO in cooperation with the universities of Alexandria, Tunis and Yaoundé from 27 May to 7 June 2002 in *Alexandria (Egypt)*. In cooperation with the Government of Argentina, UNCTAD organized a regional meeting entitled "The Role of Competition Policy in Consumer Protection and in Enhancing the Competitiveness of Small and Medium Enterprises" in Buenos Aires (Argentina) from 12 to 14 September 2002. Together with the Korea Fair Trade Commission and OECD, UNCTAD co-organized from 6 to 8 November 2002 in *Seoul (Republic of Korea)*, the "Seoul Forum on Competition 2002", which was followed by an international workshop on competition. A regional seminar on competition law and policy was held by UNCTAD in cooperation with the Government of Zambia on 2 to 3 December 2002 in *Livingstone (Zambia)* with a view to providing experts from COMESA member countries with the opportunity to deepen their understanding of the application of a regional competition regime as well as to discuss other competition-related issues.

**(c) Participation in seminars and conferences**

169. In 2002, UNCTAD staff members took part in a number of seminars, workshops and conferences related to issues of competition law and policy and consumer protection. In total, UNCTAD secretariat actively participated in 20 such meetings.

**B. DIVISION ON INTERNATIONAL TRADE IN GOODS  
 AND SERVICES, AND COMMODITIES**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
<b>Trade Analysis</b>						
ALG/98/001	Elaboration d'un programme d'appui à l'adhésion de l'Algérie à l'OMC et à son association à l'Union européenne .....	1998-	UNDP	245 000	118 885	16 497
MAG/98/A10	Appui au développement du commerce extérieur.....	1998-	France	84 459	49 574	3 167
SAU/00/007	Support for Saudi Arabia in developing commercial diplomacy within its efforts to accede to WTO.....	2000-	UNDP	10 000	1 917	-1 751
INT/90/A07	TRAINS: Development and dissemination of selected computerized trade data .....	1991-	Multidonors	392 938	301 712	35 068
INT/90/A19	Negotiations for a GSTP among developing countries ...	1990-	Multidonors	2 155 604	1 578 312	172 864
INT/98/A60	Agricultural Trade Policy Simulation Model .....	1998-	United Kingdom	178 680	138 696	24 994
INT/0T/0AU	Formation au commerce international et développement des entreprises .....	2000-	Agence Intergouvernementale de la Francophonie	66 724	56 228	-1 358
INT/0T/1AB	High Level Meeting on Tourism and Development in LDCs .....	2001-	Spain	154 989	98 975	-14 404
INT/0T/1AT	Increasing the developing country representation in the Agricultural Market Access Database (AMAD) .....	2001-	Ireland	57 088	49 181	15 921
RAB/96/001	Support to the Arab States in their pursuit of economic and social reform and multilateral economic cooperation .....	1997-	UNDP	3 047 517	3 051 929	4 240
	<b>Total Trade Analysis .....</b>			<b>6 392 999</b>	<b>5 445 409</b>	<b>255 238</b>
<b>Trade Negotiations and Commercial Diplomacy</b>						
BEN/98/A51	Suivi des accords de l'OMC et amélioration des débouchés internationaux pour les entreprises exportatrices du Bénin .....	1998	ITC	194 030	164 887	54 035
BKF/98/A52	Suivi des accords de l'OMC et évaluation des débouchés internationaux pour les entreprises du Burkina Faso .....	1998-	ITC	219 532	190 275	80 946
GHA/98/A54	Follow-up to the WTO Agreements and exploitation of business opportunities by Ghanaian enterprises .....	1998-	ITC	225 664	191 187	57 971
IVC/98/A53	Suivi des accords de l'OMC et évaluation des débouchés internationaux pour les entreprises exportatrices ivoiriennes. ....	1998-	ITC	192 210	168 120	60 550
KEN/98/A55	Follow-up to the WTO Agreements and exploitation of business opportunities by the Kenyan enterprises .....	1998-	ITC	246 802	210 070	55 178
MON/97/113 <sup>a</sup>	Support to the Government in its initial phase of membership in the WTO .....	1997-2002	UNDP	40 000	32 588	-1 490
NEP/96/010	Nepal's Accession to the WTO .....	1997-	UNDP	831 358	647 516	82 003
RUS/00/009	Integration into International Trading System and WTO Accession .....	2001-	UNDP	83 00	38 138	22 474
SAM/01/001	National Conference on WTO Accession .....	2001-	UNDP	30 000	26 959	-263
TUN/96/007	Mise à niveau des capacités nationales pour gérer le nouveau système commercial multilatéral .....	1997-	UNDP	66 000	65 492	7 045

*(for note see end of table)*

**B. DIVISION ON INTERNATIONAL TRADE IN GOODS  
 AND SERVICES, AND COMMODITIES (continued)**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
UGA/98/A58	Follow-up to the WTO Agreements and exploitation of business opportunities by the Ugandan enterprises .....	1998-	ITC	262 907	221 896	48 705
URT/98/A56	Follow-up to the WTO Agreements and exploitation of business opportunities by the Tanzanian enterprises .....	1998-	ITC	259 762	228 945	67 321
VEN/0T/0CJ	Assistance to the Venezuelan Government on WTO issues .....	2000-	Venezuela	126 758	57 995	13 269
ZAI/01/004	Appui à la réadaptation des textes légaux sur le commerce .....	2002-	UNDP	60 000	33 347	33 347
GLO/02/G04	Follow-up of Round Table Pilot Phase-Integrated Framework in Uganda .....	2002-	UNDP	30 555	11 765	11 765
GLO/02/G05	Follow-up of Round Table Pilot Phase-Integrated Framework in Tanzania .....	2002-	UNDP	24 349	19 387	19 387
INT/93/A34	Trade relations and economic cooperation in the Mediterranean region .....	1993-	Italy	598 454	500 704	-1 705
INT/97/A06	Technical cooperation on market access, trade laws and preferences .....	1997-	Italy, China, EC	1 356 532	996 804	171 630
INT/98/A30 <sup>a</sup>	European Commissions support to the technical cooperation project on market access, trade laws and preferences (INT/97/A06) .....	1998-2002	EC	72 603	66 886	-126
INT/99/A50	UNCTAD trust fund project for WTO accession .....	1999-	United Kingdom	756 332	517 181	58 931
INT/99/X12	Trade negotiations .....	2002-	Japan	37 435 <sup>b</sup>	37 435	37 435
INT/99/X14	Trade negotiations .....	2002-	Italy	22 466 <sup>b</sup>	22 466	22 466
INT/0T/1BV	First Round of CBTF Activities: UNCTAD-LED Projects .....	2001-	UNEP	128 100	81 697	47 141
INT/0T/1CQ	Support to Capacity Building for Effective Integration in the International Trading System and Facilitation of Market Access .....	2001-	Finland	452 291	320 126	320 126
INT/0T/1CS	CBTF: Policy Dialogue on Promoting Production and Trading Opportunities for Organic Agricultural Products .....	2001-	European Commission	40 634	37 191	37 191
INT/0T/1CY	Services and Development Capacity Building .....	2001-	United Kingdom	250 000	117 540	117 540
RAF/94/A34 <sup>a</sup>	Post-Uruguay Round assistance to African countries .....	1994-2002	Netherlands	382 902	376 913	9 444
RAF/96/001	Capacity building for trade and development in Africa .....	1996-	UNDP	1 246 474	1 189 082	33 969
RAF/97/A34	Post-Uruguay Round assistance to African countries .....	1997-	France	67 400	55 317	-2 861
RAF/0T/2BR	Commercial Diplomacy and WTO Accession of Portuguese-speaking countries .....	2002-	Portugal	40 000	29 009	29 009
RAS/97/A18	Assistance to Countries of the Asian Region on MFN and Preferential Tariffs Negotiations .....	1998-	Japan	1 560 000	1 220 868	268 324
RAS/97/A35	Training seminar on implication of the WTO accession for development policy for LDCs and acceding developing countries in Asia .....	1997-	Japan	131 249	106 900	6 503
ROA-2072(N)	Integration in multilateral trading system .....	2002-	Development Account	945 000	919 417	126 984
<b>Total Trade Negotiations and Commercial Diplomacy .</b>				<b>10 906 099</b>	<b>8 904 103</b>	<b>1 894 244</b>

*(for note see end of table)*

**B. DIVISION ON INTERNATIONAL TRADE IN GOODS  
 AND SERVICES, AND COMMODITIES (continued)**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
<b>Commodities</b>						
MLW/98/008 <sup>a</sup>	Economic aspects of development of agricultural alternatives to tobacco production and export marketing ..	1998-2002	UNDP	51 816	50 834	-287
INT/96/A26	Commodity risk management and finance .....	1996-	Multidonors	231 637	195 533	25 031
INT/99/A27	L'intelligence économique au service des plus démunis ..	1999-	France	184 670	110 995	53 152
INT/0T/1CE	Annuaire sur les produits de base .....	2001-	Common Fund for Commodities	30 000	26 138	9 088
INT/0T/1CN	Book on Organic Fruit and Vegetable production in the tropics and international trade.....	2001-	Switzerland	46 667	22 821	22 821
RAF/99/A19	Improving oil and gas trade and finance in Africa.....	1999-	Multidonors	11 136	6 902	6 902
RAS/97/A37	Creation of multi-stakeholder advisory panel on sound and cost-effective management of health and environmental risks .....	1997-	Multidonors	41 767	27 289	-315
ROA-2062(M)	Sustained resource-based development .....	2000-	Development Account	522 900	456 462	272 312
ROA-2076(P)	Diversification and commodity-based development .....	2000-	Development Account	945 000	797 762	124 387
	<b>Total Commodities .....</b>			<b>2 065 593</b>	<b>1 694 736</b>	<b>513 091</b>
<b>Trade, Environment and Development</b>						
BOL/0T/2AK	Implementing Biotrade Initiative in Bolivia .....	2002-	SECO	100 000	78 693	78 693
IND/97/955	Strengthening capacities for trade and environment policy coordination in India .....	1998-	UNDP	172 400	170 235	-671
IND/99/965 <sup>a</sup>	The role of business partnerships in promoting trade and sustainable development .....	2000-2002	UNDP	170 000	172 120	-1 958
IND/0T/2AA	TRIPS and Access to life saving drugs – implications for India.....	2002-	UNAIDS	100 000	62 021	62 021
VIE/98/036	Trade, environment and development: policy implications for Viet Nam .....	1999-	UNDP	100 200	95 884	-1 620
GLO/98/025	Greenhouse gas emissions.....	1999-	UNFIP	1 244 300	865 660	210 832
GLO/99/A18	Launching a plurilateral greenhouse gas emissions trading system .....	1999-	UNFIP	376 100	371 694	9 187
GLO/9X/9DZ	Engaging the Private Sector in Clean Development Mechanism project activities under the UNFCCC/Kyoto Protocol .....	2001-	UNFIP	193 334	78 067	68 350
INT/91/A29	Development of a pilot scheme for trading CO2 emission entitlements (Phase III) .....	1991-	Multidonors	598 998	551 393	5 925
INT/92/A06	Reconciliation of environmental and trade policies .....	1992-	Netherlands, Norway	766 015	682 568	43 477
INT/93/A48 <sup>a</sup>	Trade and environment .....	1994-2002	UNEP	211 229	223 236	12 088
INT/96/X71	Trade and environment .....	2002-	Netherlands	15 636 <sup>b</sup>	15 636	15 636
INT/97/A50	Biotrade initiative programme .....	1997-	Multidonors	315 313	231 269	1 071
INT/98/A27	Trade, Environment and Investment.....	1998-	Germany	59 183	46 265	7 953

*(for note see end of table)*

**B. DIVISION ON INTERNATIONAL TRADE IN GOODS  
AND SERVICES, AND COMMODITIES (concluded)**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
INT/98/A61	Strengthening research and policy-making capacity on trade and environment in developing countries .....	1999-	United Kingdom	652 569	552 017	-8 732
INT/99/A64	Project standards and trade .....	1999-	Canada	172 171	124 705	54 415
INT/0T/0BO	Building national capacity in management of recoverable material .....	2000-	Multidonors	25 385	12 865	-1 649
INT/0T/2AL	Development of new export markets for BIOTRADE products and services.....	2002-	SECO	1 200 000	73 303	73 303
INT/0T/2AQ	Building capacity for improved policy and negotiations on key trade and environment issues .....	2002-	United Kingdom	139 363	91 063	91 063
RLA/99/050	BIOTRADE Initiative in the Amazon.....	2000-	UNFIP	1 699 982	1 049 177	268 824
	<b>Total Trade, Environment and Development .....</b>			<b>8 312 178</b>	<b>5 547 871</b>	<b>988 208</b>
<b>Competition Law and Policy and Consumer Protection</b>						
BOT/01/001	Institutional and Capacity Building in Competition Law and Policy .....	2001-	UNDP	103 300	71 412	13 429
VIE/01/002 <sup>a</sup>	Competition Law and Policy in Viet Nam .....	2001-2002	UNDP	50 000	67 087	22 440
INT/86/A01	Training programme on RBPs (competition policies) ....	1986-	France, Norway, Sweden/SIDA	1 091 073	945 585	-8 061
INT/96/A19	Strengthening competition policy and legislation in developing countries and countries in transition .....	1996-	Netherlands	970 027	239 563	124 257
INT/00/X15	Competition Policies .....	2002-	Agence Intergouvernementale de la Francophonie	98 159 <sup>b</sup>	98 159	98 159
INT/0T/1CO	Institutional and Capacity Building in the area of Competition Law.....	2001-	United Kingdom	266 131	235 214	235 214
RAF/97/A41	Institutional and capacity building in competition law and policy for African countries .....	1997-	Netherlands	617 602	549 940	17 031
ROA-2076(M)	Competition law and policy .....	2002-	Development Account	430 500	241 036	241 036
	<b>Total Competition Law and Policy and Consumer Protection ....</b>			<b>3 626 792</b>	<b>2 447 996</b>	<b>743 505</b>
	<b>DIVISION TOTAL .....</b>			<b>31 303 661</b>	<b>24 040 115</b>	<b>4 394 286</b>

Note: EC – European Commission.

<sup>a</sup> Project which had been “operationally but not financially completed” or “completed” in 2002.

<sup>b</sup> Annual budget.

## C. Division on Investment, Technology and Enterprise Development

### 1. Investment Issues Analysis Branch

#### (a) UNCTAD/ICC Joint Project: “Investment Guides and Capacity building for Least Developed Countries (LDCs)”

170. **Development context:** The project is a collaborative undertaking between UNCTAD and the International Chamber of Commerce (ICC) and aims to bring together two parties with complementary interests: firms that seek new locations and countries that seek new investors. This project is a response to the fact that LDCs receive less than 0.5 per cent of global FDI flows even though most of them have removed many obstacles to FDI and are now actively seeking it.

171. **Objectives/features:** To address this imbalance, the guides are designed to serve as (a) objective descriptions of opportunities and conditions for potential investors; and (b) credible and attractive marketing tools for Governments. The project also incorporates a capacity-building element. The capacity-building occurs in several ways: (a) through the *training of local consultants* engaged to gather information and produce partial drafts; (b) through the close *involvement of the investment agency* in the entire process; and (c) through the project workshops that strengthen the *dialogue between investors and the Government* and create a greater awareness of the importance of promoting the country as a location for FDI.

172. **Outputs/results:** In 2001, an independent evaluation committee assessed the project positively and strongly recommended its continuation. By January 2002, investment guides for Bangladesh, Ethiopia, Mali, Mozambique and Uganda had been published. Guides to Nepal and Cambodia will be published in 2003. The dissemination of the guides, which has occurred through a variety of channels (including a database of some 2,000 companies, business associations and government agencies; the national committees of the ICC; and others), will continue in 2003, but with the addition of *launching events* undertaken in cooperation with regional private-sector organizations. A launch of the Nepal guide will take place in New Delhi in March 2003 in cooperation with the Federation of Indian Chambers of Commerce and Industry (FICCI) and a launch of the Cambodia guide in Bangkok (and possibly Singapore) in November 2003 in cooperation with ICC Thailand (and ICC Asia). The guides are available on the Internet at <http://r0.unctad.org/en/pub/investguide.en.htm>. One indication of the success of the project is the effort by one of the participant countries to find funding for a reprint of 20,000 copies.

#### (b) Development of competitive insurance markets

173. **Development context:** Insurance services, a major component of financial services, enable economic agents to protect themselves against risks and help safeguard national assets while sustaining development and trade. In many developing countries, particularly in Africa, provision of affordable, available and reliable insurance services that match the needs of a country's economic agents is often lacking.

174. **Objectives:** To establish competitive and efficient insurance markets and to improve access for a large part of the population to insurance services, so as to prepare developing countries for further liberalization of the financial services sector. At the same time the insurance markets generate important financial resources which can be invested in enterprises through portfolio investment. The stability of the insurance markets depends also on the existence of profitable and viable investment outlets.

175. **Features:** In the area of insurance, UNCTAD provides technical support, advice, guidance and training for insurance supervisory authorities, in particular for the establishment of legal and supervisory frameworks geared towards sustaining the development of competitive insurance markets. Training seminars/workshops have been organized with a view to improving the understanding of the role of supervisors and enhancing the competence and technical abilities of the staff of supervisory authorities, particularly of African and Caribbean countries. Also, events have been organized on the impact of

liberalization, a rating scheme for African insurers has been established and software for the operation of African insurers has been developed.

176. **Output:** *Conferences, workshops and seminars:* organization or assistance in the organization of: (i) UNCTAD/African Insurance Organization (AIO) Seminar on the Development and Marketing of Life Insurance Products in Africa, held in Casablanca, Morocco; (ii) 9th Annual International Association of Insurance Supervisors (IAIS)/Offshore Group of Insurance Supervisors (OGIS)/UNCTAD Working Meeting, Turks and Caicos; Meetings of the UNCTAD/AIO/Standard & Poor's Credit Assessment Committee for the rating of African insurance companies and of the Association of African Insurance Supervisory Authorities, Addis Ababa, (iii) IAIS/UNCTAD/FSB Seminar for African Insurance Supervisory Authorities, Pretoria, South Africa; (iv) IAIS/UNCTAD/Insurance Regulation and Development Authority of India (IRDA)/Malaysian Insurance Institute (MII) Seminar on Insurance Regulation and IAIS Core Principles, Hyderabad, India; (v) UNCTAD/IRDA/MII Seminar on the introduction and Development of Pension Funds, Hyderabad, India; Meetings of the UNCTAD/AIO Credit Assessment Committee and of the UNCTAD/AIO Board of Trustees for the software for African insurers *Other activities:* assistance to the AIO in developing a software package for African insurance enterprises. Establishment with AIO and Standard & Poor's of a rating scheme of African insurers and reinsurers.

177. **Results:** Forty-two developing countries benefited from the events organized in the area of insurance. These events contributed to strengthening the competence of insurance supervisory authorities and to the implementation of new laws and rules in many developing countries. As a consequence, insurance markets in many of developing countries have been consolidated, a large number of insolvent insurers have been closed, asset/liability matching is better controlled and, through improved competition, prices have declined and the quality of services has improved in the area of insurance. Also, 30 African insurance companies have been rated under a rating scheme set up by UNCTAD and the African Insurance Organization with the technical help of Standard & Poor's. The scheme will allow for improved conditions of transparency and conduct of business. Software for the operation of African insurers was finalized and was installed in five companies for testing. Starting in January 2003, the software will be regularly installed in insurance companies in Africa.

**(c) Project on needs assessment to attract Asian FDI into Africa**

178. **Development context:** An increasing share of FDI from the developing world, which now accounts for about one tenth of world FDI flows, originates in developing Asia. Some of the region's firms have grown to rank among the largest TNCs in the world. However, the investments of these TNCs are not much directed to Africa, although there are now signs that they are beginning to be directed to some African countries. The region does not seem to have participated in the FDI increases that have occurred since the latter half of the 1980s, having experienced a decline in its share in world FDI.

179. **Objectives/features:** The project seeks to strengthen the understanding of how African countries, particularly LDCs, can attract FDI from Asia and utilize it effectively for development. It enhances South-South cooperation and increases the involvement of the private sector in LDCs through sharing the experiences of Asian firms. Through the identification of investment opportunities and description of FDI best practices in Africa, the project aims at enhancing the awareness of Asian investors as to the investment potential offered by countries in Africa and at improving the institutional mechanism required to develop the private sector in Africa. It examines and analyses the underlying factors, with a view to assisting African LDCs in formulating policies for attracting FDI from Asia, including FDI by SMEs. This also includes policy recommendations regarding the institutional mechanism conducive to developing the private sector in Africa as well as a focused strategy for FDI promotion and the identification of possibilities for strengthening the African SME sector through the utilization of FDI.

180. **Outputs/results:** During the reporting period, the project output was consolidated into a publication, aimed at strengthening the institutional capacity of African countries for attracting increased FDI, and maximizing its developmental impact, by drawing on the experience of successful Asian

countries. It consists of studies on: the significance of Asian FDI in Africa; FDI policies and promotion strategies of South-East Asian economies and their applicability to Africa; and experiences and lessons of Chinese FDI in Africa. It also includes findings of Needs Assessment Reports and country investment profiles on five selected case study countries (Botswana, Ghana, Madagascar, Mozambique and United Republic of Tanzania). The Needs Assessment Reports identify the industries that have comparative advantages in attracting FDI and strengthening the growth potential through FDI in those countries, taking into account best practices and successful examples in overcoming hurdles in each area from Asian as well as African experiences. The country investment profiles provide ways and means of informing Asian firms about investment opportunities while also addressing issues regarding the nature of the FDI that Africa attracts, determinants of additional FDI (sustainability of FDI) and the profitability of FDI, while at the policy level they are used to assess the investment environment and the government role to achieve development goals.

**(d) Technical cooperation in the area of FDI statistics**

**(i) Association of South-East Asian Nations (ASEAN)**

181. **Development context:** Providing comprehensive, quality and timely FDI statistics for ASEAN countries to make policy analysis and monitor accurately by the FDI situation in the context of the ASEAN Investment Area (AIA) has been one of the major tasks of the region. It is envisaged that the establishment of a harmonized and quality FDI data system could assist ASEAN in achieving the AIA objectives in transforming the region into a competitive, transparent and attractive area for FDI inflows. However, the FDI statistical systems of the 10 member countries are at various stages of development and the data reported are not harmonized.

182. **Objectives:** In order to address the FDI statistical development issue, technical cooperation by UNCTAD has been requested in order to assist the ASEAN Working Group on FDI Statistics and the ASEAN Secretariat in the work relating to harmonization of the FDI data system and reporting. Other aspects of technical cooperation, which include activities relating to improving FDI data quality in the region, are also being requested. Activities include cross-border mergers and acquisitions, TNCs, balance of payments and administrative FDI statistics at disaggregated level.

183. **Outputs/results:** In 2002, UNCTAD extended an advisory role and participated in the meetings of the ASEAN Working Group on FDI Statistics. UNCTAD has also assisted the ASEAN Secretariat in bringing out the publication entitled *Statistics of Foreign Direct Investment in ASEAN: Comprehensive Data Set, 2002 Edition*. This data set was presented to the Fifth ASEAN Investment Area Ministerial Council Meeting on 11 September 2002 in Brunei Darussalam. UNCTAD has been called on to continue to provide the advisory role and expertise to the various earmarked work activities on improving FDI data quality and harmonization of FDI statistics to support the AIA process.

**(ii) ESCWA: Strengthening Networking and Expertise on Foreign Direct Investment in ESCWA Member Countries**

184. **Development context:** Despite economic liberalization taking place in the region, the countries of West Asia have attracted a relatively small share of FDI – less than 0.5 per cent of world FDI inflows in 2000 and inflows are highly concentrated in a few countries of the region. Scarcity, unreliability and inconsistency in existing data reporting systems cause severe problems in formulating policies and strategies regarding FDI. Because of this there is also a shortage of studies on the role of FDI and its impact on sustainable economic development and its contribution to the transfer of technology, human resource development and export performance.

185. **Objectives/features:** The overall objective of the project is to increase FDI inflows to the ESCWA region. The project aims to enhance the capacity of the government agencies in the ESCWA member countries as regards the compilation, dissemination and analysis of data on FDI and the operations on TNCs through implementing internationally recommended methodological standards and enabling

national authorities to maintain high-quality and up-to-date databases. It also intends to strengthen the networking among national authorities of the region involved in FDI data compilation and reporting, FDI policy issues and investment promotion activities, for the purpose of facilitating the exchange of expertise and experience. Furthermore, it also includes assistance to ESCWA member countries in formulating suitable policies and adopting adequate measures that are likely to promote inflows of FDI.

186. **Outputs/results:** For the year under review, needs assessment reports on 13 ESCWA member countries (Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Occupied Palestinian Territory, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates and Yemen) were produced, taking stock of current compilation and reporting techniques of FDI statistics. A draft training manual on compilation of FDI flow and stock and operations data, institutional issues and data processing and dissemination was produced. A regional training course on methodological standards for data compilation and reporting and institutional issues was held jointly with ESCWA, from 28 October to 1 November 2002 in Beirut, Lebanon. National workshops regarding the implementation of internationally recommended methodological standards and database development are in preparation.

**(e) Foreign Portfolio Investment and Capital Market Development: A venture capital fund for LDCs**

187. **Development context:** Given the increasing scarcity of official development assistance for developing countries, the development of effective alternative sources of financial resources is becoming increasingly critical. For LDCs this need is magnified because of the difficulties they have experienced in attracting sufficient foreign financing since the bulk of private foreign finance is invested in a relatively small group of mostly middle-income developing countries and economies in transition. Venture capital represents a source of financing that is potentially well suited to at least some LDCs and therefore presents an opportunity to mobilize much-needed financing.

188. **Objectives/features:** The objective of the project is to explore ways in which the feasibility of venture capital investments in LDCs can be enhanced. The project includes training seminars and workshops on various subjects, and conferences to discuss the role of government in venture capital development, and to bring together various actors in the venture capital industry.

189. **Output/results:** In the framework of building capacity in the LDCs to attract foreign investment through venture capital funds a first draft of the study on "Best Practices for managers of venture capital firms in developing countries" was prepared. It is planned to be published in early 2003. A study and software on "How to prepare your business plan" were ready for publication by the end of the year. The material is now ready for dissemination.

190. Phase II of the project was designed during 2002, but implementation did not begin during that year as donor funding was still being sought.

**2. Investment policies and capacity building**

**(a) International investment agreements (IIAs): Capacity building in developing countries on issues in international investment agreements**

191. **Development context:** Discussions and negotiations on IIAs at the bilateral, regional and multilateral levels have proliferated in recent years, providing new momentum to the involvement of developing countries and economies in transition in discussions and/or negotiations concerning IIAs. Most recently, members of the WTO agreed in 2001, in their Declaration of the Fourth Session of the WTO Ministerial Conference in Doha, on a work programme on the relationship between trade and investment (paragraphs 20-22), in whose context they also recognized (in paragraph 21) the need for strengthened technical assistance in the pursuance of that mandate and explicitly referred to UNCTAD in this regard. The discussions taking place in the WTO context subsequent to the Doha Declaration as well as those taking place in other forums require that all parties be thoroughly familiar with key issues and concepts concerning IIAs, especially their development dimension.

192. **Objectives:** The prime objective of UNCTAD's work in this area is to build national capacity in developing countries through policy analysis, and human and institutional development, with a view to assisting these countries in participating as effectively as possible in bilateral, regional and multilateral discussions on investment and evaluating the implications of closer multilateral cooperation for their development policies and objectives as provided for in paragraphs 20-22 of the Doha Ministerial Declaration. More specifically, this work focuses on deepening the understanding of national decision-makers and negotiators on the issues involved, exploring the range of issues that needs to be considered, identifying and protecting developing country interests and ensuring that the development dimension is addressed, with a view to consensus-building.

193. **Features:** In response to the mandate contained in paragraphs 20-22 of the Doha Ministerial Declaration, UNCTAD developed a new technical assistance programme in the area of investment that reflects consultations with a wide range of delegations in Geneva, especially from developing countries, and the Secretariat of the WTO.<sup>14</sup> This programme seeks to help implement the follow-up to the Doha mandate in the area of investment in close collaboration with the WTO, taking into account UNCTAD's experience with the implementation of its work programme on international investment agreements (IIAs). The programme involves three areas of activities that emerged, in order of priority, out of the three elements identified in paragraph 21 of the Doha Ministerial Declaration: policy analysis and development, human resources capacity-building and institutional capacity-building. The part of the programme that is undertaken jointly with the WTO was incorporated in WTO document WT/COMTD/W/95/Rev.3.<sup>15</sup> The UNCTAD and WTO Secretariats followed up with individual delegations during the course of the year to confirm or amend the list of planned activities.

194. **Output/results: Policy analysis and development.** The post-Doha policy analysis and development work in this area concentrated on the FDI-trade/FDI-development nexus and, in particular, on key issues in IIAs. Specific policy analysis work on these issues was initiated in autumn 2002, with the commissioning of a number of analytical papers on specific topics of relevance to the discussions. In addition, work continued on the IIA series. In 2002, two new papers (on *Dispute-Settlement: State-State* and *Investor-State*) were sent to the printer and another two were finalized (*Transparency* and *Incentives*), bringing the total number of IIA papers to 25 (the other papers include: *Transfer of Technology* (November 2001), *Home Country Measures* (August 2001), *Illicit Payments* (August 2001), *Host Country Operational Measures* (June 2001), *Social Responsibility* (April 2001), *Environment* (February 2001), *Transfer of Funds* (December 2000), *Flexibility for Development* (October 2000), *Employment* (May 2000), *Taxation* (May 2000), *Taking of Property* (February 2000), *Lessons from the MAI* (December 1999), *Trends in IIAs – An Overview* (December 1999), *National Treatment* (July 1999), *Fair and Equitable Treatment* (June 1999), *Transfer Pricing* (March 1999), *Scope and Definition* (March 1999), *Most-Favoured-Nation Treatment* (February 1999), *Investment-Related Trade Measures* (January 1999), *FDI and Development* (January 1999), and *Admission and Establishment* (January 1999)). Over the course of the year, work also progressed on the *Compendium on International Investment Agreements* with the completion of volumes VII, VIII, IX and X (Sales Nos. E.02.II.D.14; 15; 16, and forthcoming, respectively). These new volumes of the *Compendium* contain further multilateral and regional instruments, investment-related provisions in free trade and economic integration agreements, association agreements, bilateral agreements and non-governmental instruments, and, for the first time, prototype bilateral double taxation treaties.

195. **Human resources capacity-building:** Over the course of 2002, *four regional seminars* (one in Central America (Costa Rica, August 2002), one in South America (Lima, October 2002), one in Asia (Singapore, May 2002) and one in Africa (Gabon, June 2002)), *four training courses* (one in Latin

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<sup>14</sup> See Report of the Secretary-General of UNCTAD on "Capacity Building and Technical Cooperation for Developing Countries, especially LDCs, and Economies in Transition in Support of their Participation in WTO Doha Work Programme" (UNCTAD/RMS/TCS, 1-5 February 2002).

<sup>15</sup> For the progress report of the WTO, see WT/WGTI/W/151 of 23 October 2002.

America (Lima, October 2002), one in Asia (New Delhi, November 2002) and two in Africa (Pretoria, March 2002; Alexandria, May-June 2002)) and four Geneva-based workshops (one in July 2002, one in September 2002 and two in November-December 2002) were organized.

196. *Bilateral investment treaty (BIT) negotiations:* The UNCTAD secretariat also continued its work on negotiation facilitation events. In November 2002, another round of BITs negotiations was organized in collaboration with the Organisation pour la Francophonie between LDCs and capital-exporting countries. This round, organized at the request of several LDCs, took place in Geneva from 4 to 13 November 2002. It brought together 19 countries, including three developed countries, and resulted in the initialling of 28 BITs and one Agreed Minute and the start of discussions on another five BITs. The event also served as a platform for holding preliminary discussions on a regional investment agreement between France and the Zone Franc countries participating in the BITs negotiations.

197. *Institutional capacity-building:* No specific activities have been undertaken in 2002 to strengthen the institutional capacity of developing countries in the area of international investment discussions and/or negotiations. However, six national seminars for member countries that requested technical assistance (China, May 2002; Indonesia, May 2002; Guatemala, October 2002; Venezuela, October 2002; Sri Lanka, November 2002; and Tunisia, December 2002) were organized together with the WTO secretariat for a large number of capital-based officials. In addition, as part of the programme's civil society engagement component and as part of the joint UNCTAD-CUTS (Consumer Unity and Trust Society of India) project on "Awareness and capacity-building for civil society on investment regimes and international investment issues", two national and three regional workshops took place in 2002. That project seeks to address the need for involvement and capacity building for civil society through the organization of fact-finding research and subsequent national and regional seminars for representatives of civil society. It is being implemented in Bangladesh, Brazil, Hungary, India, South Africa, the United Republic of Tanzania and Zambia. UNCTAD is cooperating by offering its expertise, information and contacts, as well as through active participation in the steering of this project.

198. *Overall assessment and results:* It is estimated that, by the end of 2002, about 500 officials (and a substantial number of private sector representatives) had participated in one or more of the technical assistance activities in this field. Over 80 officials had participated in the Geneva-based workshops, and over 400 officials had participated in one or more of the regional and national seminars and training courses. About half of these officials came from African countries, around 150 from Asian countries and around 100 from countries in Latin America.

199. The UNCTAD and WTO secretariats carry out assessments of each technical assistance activity based on written comments by participants, and adjust the programme of future events in the light of the comments made. By and large, the response of participants to the activities carried out to date has been positive, and the level of satisfaction of participants has improved over the course of the year, as reported in the participants' evaluation forms. According to the forms received to date, 90 per cent of participants felt that the technical assistance activity delivered had achieved its objective in terms of imparting information and strengthening understanding of the issues, and 88 per cent felt that the activities had been carried out competently and effectively by the UNCTAD and WTO secretariats. Generally, the activities have been viewed as relevant and useful to the responsibilities of participating officials.

200. As part of the overall IIA work programme's reporting and evaluation procedures, a mid-term evaluation was launched in September 2002. This evaluation became available in 2003, and emphasizes the overall positive and measurable impact of the project and its success in achieving the objectives set out in almost all areas of activities.

## **(b) Investment Policy Reviews**

201. *Development context:* Investment Policy Reviews (IPRs) provide developing countries with an external tool to assess how they stand today in attracting FDI of the right kind in consonance with stated national objectives, and incorporating a medium- to long-term perspective on how to respond to emerging

regional and global opportunities. IPRs critically examine investment policies and ensure their relevance and effectiveness in terms of attracting FDI and ensuring that economic benefits are maximized.

202. **Objective/features:** IPRs encompass the following: (a) an examination of the country's objectives and competitive position in attracting FDI; (b) an audit of the country's FDI policy framework and administrative structures and procedures; (c) a survey of firms to obtain investor perceptions and experiences; (d) a round-table meeting of stakeholders to discuss preliminary findings, policy options and recommendations; and (e) a presentation in appropriate intergovernmental and international forums whereby other Governments and private sector representatives can familiarize themselves with the country's investment environment and policies.

203. **Outputs/results:** In 2002, IPRs of Ecuador (Spanish version), Ethiopia and the United Republic of Tanzania were published, IPRs of Botswana, Ghana and Lesotho were completed, and IPRs of Algeria, Benin and Colombia were launched. The IPR of the United Republic of Tanzania was discussed at the meeting of the Commission on Investment, Technology and Related Financial Issues that took place in January 2002 and Botswana and Ghana were discussed back to back with two Expert Group Meetings, with the active participation of senior decision-makers from the countries concerned. In those countries, authorities have initiated concrete actions to implement the recommendations contained in IPRs. Follow-up technical assistance has been requested and the ensuing advice and training are expected to reinforce the policy actions being taken. More detailed results by countries are set out below.

204. **Botswana:** FDI has played a key role in the impressive transformation of Botswana from a least developed country to a country with middle-income status within a relatively short period of time. The macroeconomic policies and management strategy adopted by the Government in its handling of the fiscal, social and economic pressures of this change could be a model for other natural-resources-based economies. While the Government wants to diversify the economy and encourage domestic businesses, the role of FDI will remain critical to all sectors of the economy. FDI will be crucial for improving managerial, professional and technical skills and transferring technology and know-how. The Government of Botswana is using the IPR as a tool for policy design on FDI. Botswana has provided financial support to implement the follow-up recommendations of the IPR and, with the technical support of UNCTAD, four key areas will be addressed. They are, formulation of an FDI strategy as an input to the next National Development Plan beginning in April 2003; drafting a modern FDI law, which consolidates international best practice treatment already given to investors, and including a balanced interests of its nationals; using benchmarks on best practices in the grant of work and residence permits, as a guide to improving this area; and developing a sector strategy focusing on textiles and garments.

205. **Ghana:** The IPR was prepared by UNCTAD in collaboration with key stakeholders. Following several years of relative prosperity and economic growth, Ghana slipped into economic crisis in 1998. It has recently begun to recover and is now making a comeback in terms of attracting FDI. To an extent, this comeback is attributed to a renewed sense of business confidence and optimism following the country's peaceful transfer of power and the first change in political leadership in 20 years. The new Government is committed to creating a better environment for private sector participation and good governance. This commitment has been well received by investors, and FDI inflows have picked up to pre-crisis levels. The challenge now is to broaden and sustain FDI inflows as well as to revitalize domestic enterprise activities. This would require a sustained and stable macroeconomic environment. The Government should also strengthen private-public sector dialogue and institutional links to enable the Ghana Investment Promotion Centre to act as a "one-stop-shop". A special cabinet briefing, attended by all the ministers members of the Economic Ministerial Committee, reviewed the key findings of the *Investment Policy Review* of Ghana. It was followed by a national workshop held in Accra in October 2002, which brought together key stakeholders – from the private sector, government and civil society. The IPR was presented back to back to the Expert Meeting on the Development Dimension of FDI: Policies to Enhance the Role of FDI in Support of the Competitiveness of the Enterprise Sector and the Economic Performance of Host Economies, taking into account the Trade/Investment Interface, in the National and International Context, held from 6 to 8 November 2002. The Economic Ministerial Committee and the Board of the Ghana Investment Promotion Centre endorsed the key recommendations

of the IPR and took immediate action by establishing a land bank desk for foreign investors and a steering committee to review reforms implementation.

206. *Lesotho*: a small, landlocked, least developed country, it has been successful in attracting export-oriented FDI mainly through the special market access arrangements under the Lomé Convention in the 1980s and subsequently AGOA in the 1990s. Although modest, FDI is important for Lesotho. The challenge for Lesotho is to attract greater FDI and diversify it away from its reliance on one activity – the export-oriented apparel industry. The Review highlights challenges on tapping under-exploited FDI in other sectors in services and mining; in manufacturing, the challenge should be to retain existing investors and to move into higher-value-added products in the apparel industry as AGOA moves from phase I to II, where higher origin requirements may be imposed. In addition, Lesotho could exploit structural complementarities of the South African economy and attract labour-intensive activities, processes and functions that could be relocated from South Africa. To exploit this potential, the Review provides key policy recommendations relating to the trade regime, upgrading human capital, strengthening local enterprises, improving physical infrastructure, strengthening private-public sector interface and investment promotion. While Lesotho is largely open to FDI, the legal framework for investment is poorly developed, and the Review recommends streamlining it to enhance transparency and consistency; improvements are also recommended in business taxation, land regulation, work and residence permits, industrial and trade licensing, competition policy and some aspects of foreign exchange control.

207. *United Republic of Tanzania*: The Review outlined the various measures the country has adopted to attract FDI since it liberalized its economy in the mid-1980s. A long history of political stability, demonstrated commitment to market reforms, rich natural resource endowments and geographical accessibility were some of the country's strong points for becoming an important FDI magnet in the region. The Review also identified some weaknesses, including an inadequate infrastructure, an obsolete educational system, an ineffective science and technology support structure, overprotective labour laws, and incoherent policies and regulations. Noting the various projects and programmes currently being undertaken or in the pipeline that have been designed to address the problems, the Review recommended *inter alia* the strengthening of the investment framework, the building of a dynamic enterprise sector and the mounting of a strategic investment promotion campaign. The Government fully endorsed the Review, and it was discussed at the meeting of the Commission on Investment, Technology and Related Financial Issues in January 2002. A technical cooperation programme has been designed in collaboration with stakeholders, including the donor community.

208. *Ongoing activities*: Investment Policy Reviews are being carried out in Algeria, Benin, Colombia, Lesotho and Nepal. Official written requests for Investment Policy Reviews have been received from a number of countries, including Belarus, Cambodia, Chile, Guinea-Bissau, Gabon, Kenya, Kyrgyzstan, Mauritania, Morocco, Pakistan, Senegal, Sri Lanka, Swaziland and Zambia. Follow-up to completed reviews is continuing through technical assistance and dissemination of findings and recommendations. In 2002, UNCTAD also continued follow-up work on the IPR of Mauritius, where activities had started the previous year. Dissemination efforts include the upgrading of the UNCTAD website to present the reviews and information provided by the participating national investment agencies.

### (c) **FORINVEST: Policy Framework for Attracting Foreign Investment**

209. *Development context*: With the globalization of economic activities, more and more developing countries are seeking FDI. This has resulted in a proactive policy designed to maximize FDI inflows, with a view to increasing external capital/foreign exchange, exports, employment and training, technology capacity, and management and marketing skills.

210. *Objectives/features*: To assist developing countries in strengthening their capacity to create and manage the Policy Framework for Attracting Foreign Investment and developing an operating climate in which FDI and international business can thrive. FORINVEST provides advisory services and training packages related to investment policy, investment legislation, investment codes, sector policies governing

the participation of TNCs in specific sectors, technology transfer and mechanisms for attracting investment (such as export processing zones, industrial estates and build-operate-transfer arrangements).

211. **Outputs/results: Botswana:** In 2002, UNCTAD finalized a project document to follow up on the recommendations contained in its June 2002 Investment Policy Review of that country. Components of this project include the formulation of a general investment strategy; the drafting of a foreign investment code/law; training in the negotiation of bilateral investment treaties and TRIPS; undertaking a benchmarking study on Botswana's labour and residence permit system as it affects foreign investors; and elaborating an investor targeting strategy and providing capacity building for Botswana's garments and textiles sector. This project will be implemented during the course of 2003.

212. **Andean Community:** The Andean Community of Nations, comprising Bolivia, Colombia, Ecuador, Peru and Venezuela, faces a significant challenge in competing for foreign direct investment within South America and requested technical assistance to improve its ability to attract and benefit from FDI. During the reporting period, and as a second phase of the project, a study was undertaken on the basis of a survey of Andean IPAs and TNCs in the region, with a view to defining a viable action plan for the formulation and implementation of a strategy for regional cooperation on investment issues. The report will be published in 2003.

213. **Jordan:** Since 1999, UNCTAD has been involved in a series of projects to support the Jordan Natural Resources Authority and the Jordanian Investment Board, aimed at making Jordan's mining and minerals sector more attractive to foreign investment. As an example of a key output from these projects, Jordan enacted Regulation No. 54, issued pursuant to the 1995 Investment Promotion Law. As recommended in studies completed pursuant to earlier projects in this series, this Regulation, *inter alia*, removed mining from the list of sectors for which foreign ownership was limited to no more than 49 per cent (which was seen as a key impediment to foreign investment in the mining and minerals sector). In 2002, UNCTAD secured funding for the third project in the series, which includes a learning-by-doing exercise in which UNCTAD will support the NRA and the JIB in developing investor-targeting strategies for competitive minerals, and in following that strategy through, in a marketing exercise. This project will draw upon the fiscal and legal reforms enacted by Jordan in the mining and minerals sector to formulate the investor-targeting strategies, and seeks to build the capacity of the national institutions in the mining and minerals sector to formulate such strategies themselves.

214. **Saudi Arabia:** A project document was formulated, agreed upon and signed by SAGIA, UNDP Riyadh and UNCTAD at the beginning of 2002. The project funding of \$1.5 million is provided by the Government of the Kingdom of Saudi Arabia through UNDP, with a component of \$489,280 to be executed by UNCTAD. A subsequent LOA between UNDP and UNCTAD, signed in July 2002, was drawn up to spell out in detail UNCTAD project activities, namely capacity-building and training interventions to strengthen the institutional capacity of SAGIA. Initial project activities in 2002 included the participation of UNCTAD staff as resource persons in the annual SAGIA retreat (Istanbul, April 2002) and a meeting with high-level SAGIA officials to determine project priorities. A programming mission was undertaken in September 2002 to follow up with senior SAGIA officials and advance project activities. Owing to the political situation in the region and changes in SAGIA's senior management, the initial training activities were postponed until early 2003.

215. In 2002 an external evaluation of the Project on Quick Response Window to ASIT, which is one of major components of the FORINVEST programme, was undertaken which positively characterized activities financed from this project. As a result, the decision was taken by the donor to considerably replenish the project budget.

**(d) STAMP: Strengthening and Streamlining Agencies Concerned with Maximizing and Promoting FDI**

216. **Development context:** In an environment of increased liberalization, countries have been adopting a very proactive policy of maximizing FDI flows, subject to the terms and conditions that prevail in a given environment.

217. **Objectives:** To provide assistance to developing countries and economies in transition in strengthening their investment institutions, especially investment promotion agencies (IPAs), streamlining their modes of operation and approval processes, monitoring the quantity, quality and impact of inflows, and promoting host countries as attractive locations. Special attention is being given to the institutional strengthening of IPAs in Africa and investment promotion efforts for the African region.

218. **Features:** STAMP provides advisory services and training packages relating to: (a) the setting up of an investment promotion agency from scratch or clarifying the identity, role and powers of existing institutions; (b) establishing effective one-stop agencies; (c) procedures and practices that could be employed in encouraging and evaluating FDI inflows; (d) the development of an information system capability to both effectively register/record inflows and assess the impact on employment, taxation, balance of payments, training and technological development, and backward and forward linkages; and (e) the setting up of information systems, organizing promotional visits and promotional material (including brochures) and arranging investment round tables. UNCTAD is developing a training curriculum on investment promotion and investor targeting, so as to establish the new strategy for capacity building in investment promotion in developing countries and economies in transition.

219. **Outputs/results: Albania:** In order to launch the *Investor Targeting Strategy for Albania* report, a national workshop was held on 21 February 2003 in Tirana, Albania. The Report looked at Albania's potential as an FDI destination, and explored ways in which this potential could be further developed. The workshop was attended by about 50 participants, including the Minister of the Economy of the Republic of Albania, and Deputy Ministers of the Albanian Ministries of Finance, Urban Development and Tourism, Industry and Energy, and Agriculture and Food. In addition, delegates from the embassies of Canada, France, Germany, Greece, Italy, Turkey, and the United States, as well as representatives from the World Bank, the International Finance Corporation, GTZ, USAID, IMF, academia and Albanian NGOs attended the half-day workshop. The presentations were made by representatives of UNDP Albania, UNCTAD, the newly established Albanian investment promotion agency (ANIH) and the Albanian Ministry of the Economy. The presentations focused on global and regional FDI trends, the role of FDI in Albanian economic development, the mandate and objectives of ANIH, and recommendations and implications of the proposed Albanian national investment promotion strategy. During the workshop, the Minister of the Economy of Albania officially announced the establishment of ANIH. Following the workshop, ANIH officials requested UNCTAD to organize follow-up technical assistance to the agency.

220. **Bolivia:** In 2002, with UNCTAD's assistance, CEPROBOL launched in La Paz and Santa Cruz the first phase of the Bolivia Investment Gateway, the Internet-based information system to facilitate investment in the Bolivian forestry sector. The objective of the system is threefold: (a) facilitating contacts between Bolivian companies and foreign investors; (b) offering a common platform to all Bolivian entities involved in investment promotion in the forestry sector; and (c) providing a basis and methodology for CEPROBOL's investment promotion work. The project continued to provide direct assistance to potential investors considering investing in Bolivia. Services ranged from ad hoc provision of information (contacts, statistics, information on legislation) to assistance with complying with local authority investment procedures, including the organization of site visits to local investment opportunities and facilitation of meetings with potential host partners. Thanks to the positive results of this first phase of the project, it has been extended and the donor has committed \$600,000 for a two-year period to consolidate investment promotion in Bolivia through expansion of the Investment Gateway to other priority sectors and institutional strengthening of CEPROBOL.

221. *Lebanon*: UNCTAD is conducting an investors' perception survey for the Investment Development Authority of Lebanon (IDAL). The results of the survey will be used to develop investor targeting strategies in key sectors, and serve as a reference tool to be used by IDAL to better organize itself to act as a catalyst for investment in those sectors. In 2002, two surveys were designed: one for use during fieldwork in January 2003, where an UNCTAD team will interview investors that have a presence in Lebanon already; and one for use in a telephone survey of companies that do not have such presence.

222. *Ecuador*: As part of the implementation of the national investment promotion plan (presented at the meeting of the UNCTAD Commission on Investment, Technology and Related Financial Issues in January 2002 and favourably commented upon by delegations), during the reporting period UNCTAD assisted *Corporación de Promoción de Exportaciones e Inversiones* (CORPEI) in the consolidation of the Ecuador Investment Gateway, the interactive database with key information for decision-making investors. The first sectoral information developed relates to forestry and fishing with the threefold objective of the investment gateway (a) facilitating contacts between Ecuadorian companies and foreign investors; (b) offering a common platform to all Ecuadorian entities involved in investment promotion in the selected sectors; and (c) providing a basis and methodology for CORPEI's investment promotion work. The project will also provide direct assistance to potential investors considering investment in Ecuador: services range from ad hoc provision of information (contacts, statistics, information on legislation) to assistance with complying with local authority investment procedures, including the organization of site visits to local investment opportunities and facilitation of meetings with potential host partners. The dissemination of the national investment promotion plan, as part of the strategy, was delayed owing to the Presidential election process that took place in Ecuador during the second half of 2002.

223. *Colombia*: During the second half of 2002, the development of an Investment Gateway was initiated in Colombia. While negotiations are still ongoing concerning which organization should be managing the gateway, one of the four components "Investment Conditions" has been fully developed.

224. At the request of the Governments concerned, investor targeting training workshops for diplomats of Thailand and Brazil were delivered in September and November 2002 respectively. This capacity-building strategy seeks to enable developing countries and economies in transition to benefit from the cost-effective role that a global network of embassies can play in attracting FDI to a country.

225. Activities under the STAMP programme have positively contributed to strengthening the institutional base for investment promotion in many developing countries. The increasing number of new demands for technical cooperation in this area received by UNCTAD is a clear indication of the usefulness of this programme.

#### **(e) Capacity Building Project on Good Governance in Investment Promotion and Facilitation**

226. **Development context**: With increased competition for FDI, the quality of investment promotion and facilitation is a critical aspect in attracting foreign investors. Important factors in improving that quality are the efficiency of applied investment promotion practices, the effectiveness of customer services and the level of transparency and predictability of the public administration. By improving governance, the project aims to reduce costs and risks for foreign investors and improve the competitive position of project countries.

227. **Objectives/features**: The objective of the project is to assist LDCs in improving their enabling environment for FDI. This will be achieved by focusing on good governance, including better customer service for investors and assistance in creating more stable, predictable and transparent regulatory frameworks for investment.

228. **Outputs/results**: A selection of five project countries was followed by an International Workshop on Efficient and Transparent Investment Promotion Practices in Geneva, Switzerland (6-7 June 2002). This workshop brought together senior investment promotion officials from project countries, experts

from international organizations, NGOs and the private sector, and delegates from donor countries. In the second half of 2002, advisory missions were carried out to Ethiopia and the United Republic of Tanzania and advisory reports were prepared for both countries. The report on Ethiopia was presented at a national workshop in Addis Ababa for an audience of senior government officials, private sector executives and representatives of the donor community. Recommendations of the report were endorsed and agreement was reached on a plan of action.

**(f) Support to WAIPA**

229. In 2002, UNCTAD continued to support the World Association of Investment Promotion Agencies (WAIPA) by hosting its secretariat and co-organizing its various training activities, as well as the WAIPA annual conference. The Seventh Annual WAIPA Conference (WAIPA VII) was held in Geneva from 22 to 25 January 2002. The theme of the Conference was the global economic slowdown and strategies that can be adopted by Governments to attract more FDI when inflows are on the decline. More than 180 delegates from 70 countries attended the four-day event. Almost one third of participants were heads of IPAs. Numerous officials of international and multilateral organizations, as well as representatives of the private sector and academia, participated in what has become one of the world's largest annual gatherings of senior investment promotion professionals.

230. In 2002, WAIPA, jointly with UNCTAD and private sector sponsors, organized five regional workshops on investor targeting. The workshops surveyed the international best practices in targeting foreign investors and were aimed at senior-level IPA officials. The presentations covered such topics as corporate decision-making for international projects, investor targeting and benchmarking, and networking strategies for investment promotion. The following workshops were conducted: (i) February 2002 in Bamako, Mali, for 18 participants from francophone sub-Saharan Africa. The workshop was jointly conducted by UNCTAD's Advisory Services on Investment, the TrainForTrade Programme and an expert from the co-sponsoring institution, the former Price Waterhouse Coopers – Plant Location International; (ii) May 2002, in Rome, Italy, by UNCTAD's Advisory Services on Investment and Training in cooperation with the TrainForTrade Programme; the workshop addressed 10 investment promotion officials from English-speaking countries of the Middle East; (iii) July 2002, in Istanbul, Turkey, for 24 investment promotion officials from South-East and Central Europe. The training was jointly organized by UNCTAD/WAIPA, in cooperation with the OECD, the former Price Waterhouse Coopers – Plant Location International, the Turkish International Cooperation Agency (TICA), and other regional and national business organizations; (iv) September 2002 in Rabat, Morocco for 24 participants from North African countries. The workshop was a joint project between UNCTAD/WAIPA and the Economic Commission for Africa's Sub-regional Development Centre for North Africa (CDSR). The consulting firm Ernst & Young provided an expert free of charge; and (v) December 2002 in Guayaquil, Ecuador, for 15 participants from Central and Latin American Investment Promotion Agencies. Aside from UNCTAD experts, IBM Business Consulting Services, formerly Price Waterhouse Cooper were present.

231. More detailed information on activities under above items (c), (d), (e), (f) can be found at <http://www.unctad.org/asit>.

**(g) Facilitating Foreign Direct Investment in Least Developed Countries:  
A Multi-Agency Technical Assistance Programme**

232. *Development context:* The importance of private investment in stimulating and supporting economic growth has increased significantly, relative to official development assistance, over the past decade. However, the flow of FDI to developing countries has been uneven, concentrated in a handful of countries in Asia and Latin America, but failing to reach significant segments of the African and poorer Asian populations. This programme aims at designing and implementing a coordinated effort to increase the level of foreign direct investment (FDI) flows into LDCs and to maximize the benefits generated by FDI by strengthening the policy, legal and institutional framework for investment and improving investment promotion capabilities in the pilot LDCs.

233. **Objectives/features:** Multilateral development organizations have placed strong emphasis on working with public and private sector leaders to address inadequacies in the policy framework and operating environment for FDI, and some success has been achieved in stimulating policy reform with some resulting investment. However, up to this time, the work of these organizations has taken place largely independently. This programme notes that a significant impact may be achieved with a coordinated approach by the key providers of advisory services and technical assistance. In this, it aims to build on the relative competencies of participating agencies in providing effective capacity building to programme countries. The main actors are UNCTAD, UNIDO, MIGA and the Foreign Investment Advisory Service (FIAS) of the World Bank Group. The agencies involved have agreed on a collaborative approach in their areas of expertise:

- UNCTAD deals primarily with global investment and helps countries increase FDI flows and benefit from them through its technical assistance programme on investment, including policy advice, capacity building and networking;
- UNIDO addresses FDI within the context of capacity building for industrial development, with a focus on promoting manufacturing partnership opportunities through its international network of Investment and Technology Promotion Offices;
- MIGA focuses on increasing FDI flows through its advisory and capacity-building technical assistance, information dissemination activities and political risk insurance activities; and
- FIAS focuses on the policy, legal, regulatory and institutional environment for FDI, and is broadening the scope of its work to include competition policy, corporate responsibility and the diffusion of best practices, all within the context of FDI.

234. In order to help LDCs become effective players in the market for foreign investment, participating agencies envisage a programme of advisory services and capacity-building activities, targeted to a selected group of LDCs. The programme was launched as a pilot project, initially focusing on four LDCs, and was announced at the Third United Nations Conference on the Least Developed Countries, held in Brussels in May 2001. The selected countries are those in which one or more of the collaborating agencies have an existing or recent body of work. In implementing the programme, participating agencies will provide advice and services to cover the full range of policies and activities needed to create an attractive environment and promote inward FDI, including:

- Advising and assisting Governments with regard to establishing a policy environment generally supportive of FDI inflows, not just financial capital, but also technology, intellectual property and know-how;
- Supporting the development of a competitive legal and regulatory framework for FDI;
- Making recommendations on the establishment of appropriate administrative vehicles to regulate the entry and operation of FDI;
- Building the capacity of the management and staff of institutions promoting FDI inflows to provide information and facilitation services to investors, and to serve as effective policy advocates to government, on the basis of their experience with investors;
- Helping FDI promotion agencies develop effective general and sector-specific targeting strategies and implement successful image-building initiatives, when appropriate; and
- Supporting initiatives that promote the exchange and dissemination of best practices in attracting and retaining FDI.

235. To ensure that technical assistance and advisory services delivered to the target countries are demand-driven and responsive to client country needs, assistance and advice to be provided will be tailored to the specific situation and needs of the country. To facilitate this approach, one or more of the collaborating agencies will conduct a needs assessment along with the supporting diagnostics, which will serve as the underpinning of the specific elements of the work programme to be agreed with the client country. From this assessment, a tailored set of objectives, scope of work, implementation plan and anticipated outcomes will be established, and a detailed cost estimate and programme schedule will be prepared.

236. Particular attention will be directed to the monitoring and evaluation of the work effort and the results generated, since it is hoped that this programme will influence and assist the participating agencies as they provide technical assistance and advisory services in the future. As currently planned, an outside evaluator will be contracted for this purpose.

237. **Outputs/results:** In 2002, the participating agencies undertook an inventory of all their activities in the target countries – Cambodia, Mali, Mozambique, Uganda and the United Republic of Tanzania. The agencies agreed that the respective inter-agency teams would prepare an in-depth analysis for each of the target countries. The four agencies agreed that it would be worthwhile expanding the multi-agency technical assistance programme to other countries during 2003.

238. In *Cambodia* there is a need to strengthen the investment promotion agency. While UNCTAD prepared an investment guide during 2002, FIAS proposed a new investment code, which passed parliament in 2002. Further activities, such as an investment policy review by UNCTAD or a closer involvement of UNIDO and MIGA, are envisaged.

239. A joint needs assessment mission by MIGA, UNCTAD and UNIDO was undertaken in April 2002 to *Mali*. So far, implementation of activities has not yet started, in particular since *Centre National de Promotion des Investissements* (CNPI) has not taken the lead in the implementation. The replacement of the head of the agency may have contributed to that.

240. MIGA and UNIDO are actively involved in investment promotion activities in *Mozambique* at present. Each of the agencies acts according to the agreed matrix of activities.

241. So far, coordinated activities have advanced most in *Uganda*. MIGA made available to all partners the results of its needs assessment of the Uganda Investment Authority (UIA). On that basis, activities are coordinated with the UIA, which is actively supporting the initiative and utilizes the services proposed by the four agencies in a coordinated manner.

242. In the *United Republic of Tanzania*, the IMF and the World Bank initiated a business advisory council during 2002. The four agencies will actively support the work of that council.

#### **(h) UNCTAD/ICC Investment Advisory Council**

243. **Development context:** The importance of private investment in stimulating and supporting economic growth has increased significantly, relative to official development assistance, over the past decade. However, the flow of FDI to developing countries has been uneven, concentrated in a handful of countries in Asia and Latin America, but failing to reach significant segments of the African and poorer Asian populations. This programme aims to establish a continued dialogue among senior business leaders and Governments from the least developed countries.

244. **Objectives/features:** The UNCTAD/ICC Investment Advisory Council provides an informal and flexible framework within which senior business executives and senior government officials responsible for investment matters can interact on questions related to attracting FDI and benefiting from it. More specifically, the purposes of the Council are to (i) facilitate the interaction between government and corporate representatives; (ii) provide Governments of LDCs with advice and recommendations that can

help to increase the level and quality of foreign direct investment in their countries, (iii) speed up development; (iv) facilitate the integration of their economies into the world economy; and (v) increase the awareness of international business with regard to investment opportunities in LDCs.

245. **Outputs/results:** The UNCTAD/ICC Investment Advisory Council for Least Developed Countries (IAC) was established during the Third United Nations Conference on the Least Developed Countries in Brussels in May 2001. It held two meetings in 2002.

246. At its meeting in Monterrey, Mexico, in March 2002, the Investment Advisory Council discussed the role of FDI in the implementation of the New Partnership for Africa's Development (NEPAD), especially in the context of substantially declining FDI flows worldwide. Although the IAC is concerned with the whole group of least developed countries, the meeting was devoted to Africa, where most of them are located. NEPAD is a new initiative by a group of African leaders to pursue development and eradicate poverty by integrating their countries more fully into the global economy. This was the first time that Governments and international business leaders have worked together through the UN to address this important aspect of Africa's development. The meeting was chaired by Mr. Kofi Annan and attended by the President of Senegal and the Prime Minister of Mozambique. It discussed a number of concrete proposals by business leaders to increase FDI in Africa. Each of the proposals was made by one or more of the business leaders, who will also act as champions to carry them forward.

247. The meeting also initiated the so-called 5+5 process during which a group of African CEOs and CEOs of transnational companies with operations in Africa discussed the question: What would encourage companies to invest more in Africa? The recommendations of the 5+5 process were submitted to the second meeting of the Investment Advisory Council, which took place in Johannesburg in August 2002. The meeting was attended by international and African business leaders as well as by high-ranking government officials from African countries. The meeting endorsed the proposed recommendations from the 5+5 process and encouraged business and government to cooperate closely within the NEPAD framework in establishing an enabling framework for investment.

248. On the occasion of the Johannesburg summit a high-level roundtable was organized jointly by the UN Global Compact, UNCTAD and UNEP. The roundtable's objective was to mobilize resources and expertise to address the sustained poverty problems especially of the African continent. Major international companies agreed to partner with Governments, labour and civil society to pursue sustainable business development in LDCs. The initiative was chaired by Secretary-General Kofi Annan and attended by British Prime Minister Tony Blair, French President Jacques Chirac and other heads of State and Government. In addition, ministers, UN officials, representatives from labour and non-governmental organizations and the chief executive officers of such companies as Hewlett-Packard and Shell International participated in the roundtable. Mr. Blair and Mr. Chirac announced that their two countries would raise 100 million euros each to leverage additional private sector financing for sustainable development. At the roundtable a plan was presented that would commit partners to identifying, over the next year, business opportunities in specific LDCs that would be sustainable and designed in ways to help grow local small- and medium-sized businesses.

**(i) UNCTAD-ICTSD Capacity Building Project on Intellectual Property Rights and Sustainable Development**

249. **Development context:** The incorporation of the TRIPS Agreement into the multilateral trading system and its relationship with health, food supply, industrial development and cultural values have given rise to great concern about its pervasive role in the life of people and in society in general. Intellectual property rights (IPRs) issues are permeating national, bilateral, regional and multilateral agendas. At present, developing countries' main concerns in relation to TRIPS are: the options, costs, opportunities and challenges arising from the Agreement; preparing them for the various types of implementation, including the provision of training and financial assistance for enforcing IPRs; maintaining the appropriate flexibility in the implementation of the various provisions of the Agreement;

and implementing IPRs in a way that promotes dynamic competition through the acquisition and local development of technology in an environment that is conducive to sustainable growth and development.

250. The Capacity Building Project on Intellectual Property Rights and Sustainable Development is intended to address these concerns. It is being implemented by UNCTAD and the International Centre for Trade and Sustainable Development (ICTSD).

251. **Features:** The project produces a series of documents through a participatory process involving trade negotiators and national policy makers, as well as eminent experts in the field, the media, NGOs, international organizations, and institutions in the North and the South dealing with IPRs and development. The published outputs are not intended to be academic exercises, but instruments that, in their final forms, will be the result of a thorough process of consultation. This is achieved by rapid development of working drafts and circulation of these to experts and to the intended audiences for their comments. These documents include:

- *A Policy Discussion Paper* intended to be a clear synthesis of the main issues to help policy makers, stakeholders and the public in developing and developed countries to understand the varying perspectives surrounding different IPRs, their known or possible impact on sustainable livelihoods and development, and different policy positions regarding TRIPS;
- *A Resource Book on TRIPS and Development* conceived as a guide that will provide background and technical information on the main issues under discussion in TRIPS; and
- *Case studies* on various IPR issues to supplement the Resource Book and the Discussion Paper. This will allow concrete evidence to emerge and shed light on the impact and relevance of IPRs in specific sectors.

252. **Objectives:** The main goals of the project are as follows:

- To improve the understanding of the development implications of the TRIPS Agreement; and
- To facilitate informed participation by developing countries in the ongoing negotiations on IPRs issues, including in the WTO, and to assist national authorities in general in the implementation and adoption of IPRs policies in the broad context of growth and development.

253. **Outputs/results:** Launched in August 2001, the UNCTAD-ICTSD Project has so far produced and disseminated the following documents: the second draft of the *Policy Discussion Paper* (November 2002); first drafts of several parts of the *Resource Book* (Part I: nature of obligations, principles and objectives, November 2002; Part II: the chapters on patents, December 2002; integrated circuits, February 2003; and protection of undisclosed information, December 2002; Part III: IPRs and competition, February 2003); as well as *case studies* on non-voluntary licensing (Historical perspective, September 2002; The Canadian experience, November 2002; The United States' experience, forthcoming), geographical indications (June 2002), traditional knowledge (October 2002), and technology transfer (October 2002). Forthcoming case studies cover issues such as nutrition; nutrition and technology transfer policies; geographical indications (economic assessment); copyrights (two different studies); and biosafety. The Policy Discussion Paper will be finalized before the summer of this year. By the same time, all chapters of the Resource Book will be available as first drafts. In addition, the project produces research tools on issues such as Indicators of the Relative Importance of IPRs in Developing Countries (November 2001), a Review of Activities being carried out by other organizations and institutions on TRIPS-related questions (2002) and a Review of Literature (revised periodically). Finally, informal meetings are organized in the context of ICTSD's activities to brief and receive feedback from interested delegations. For details on the activities of the project and reports, see <http://www.ictsd.org/iprsonline/index.htm>.

**(j) Virtual Microfinance Market (VMM)**

254. **Development context:** Micro-credit, micro-savings and micro-insurance are essential support services to enable poor people to trade and take part in the mainstream economy. It is estimated that there are in the world around 500 million micro-entrepreneurs and about 10,000 institutions specializing in offering financial services to micro-entrepreneurs, called micro-banks or micro-finance institutions (MFIs).

255. **Objectives/features:** The Virtual Microfinance Market (VMM) is an information exchange system designed to facilitate interactions between MFIs, private investors, Governments and other participants in the microfinance market. It was developed by UNCTAD, under the guidance of an Advisory Board, and in the framework of a technical assistance project being financed by the Government of Luxembourg.

256. **Output/results:** The VMM system ([www.vmm.dpn.ch](http://www.vmm.dpn.ch)) was transferred to the MIX ([www.mixmarket.org](http://www.mixmarket.org)), a private foundation created by the Consultative Group to Assist the Poorest (CGAP) and various non-profit organizations (Citigroup Foundation, Deutsche Bank Foundation, Open Society Institute, etc.). The system is now managed by CGAP. UNCTAD gave support to CGAP in handling the system (use, software improvement), updating information and promoting the use of the system in the microfinance community. The “environment” part of the system (investment conditions for investors in MFIs in developing countries) was improved and a new database presenting in detail the legal framework for, and all procedures involved in, investment operations was developed.

257. **Effects/impact:** The transfer of the VMM to the MIX will ensure the continuity and the growth of the system after the completion of UNCTAD’s microfinance project. The Mixmarket has now become a central element in the GGAP work programme. To date, 136 MFIs, 35 investment funds and 40 market facilitators are registered and publish their information through the system. The VMM/Mixmarket is now seen as the main source of information for MFIs looking for financing and for investors willing to invest in MFIs. However, it is difficult to make precise estimates, since the system is not transactional yet (transactions are not made through the system). It is estimated that each \$1 million invested in MFIs creates 20,000 jobs in developing countries.

**3. Enterprise Development and Technology**

**(a) Entrepreneurship and SME Development: EMPRETEC and Mediterranean 2000 programmes**

258. **Development context:** Small and medium-sized enterprises (SMEs) cannot grow or compete in the global economy because they lack access to markets, finance, technology and managerial skills. In developing countries, many SMEs use traditional, low-productivity technologies. They serve local markets with low-price and often low-quality products. Often owing to lack of capital and initiative they have no access to foreign technologies that would enable them to compete internationally. Enterprises without access to timely and accurate information on markets and trade opportunities are simply unable to compete in modern economies. But an even more widespread handicap facing SMEs is poor access to long-term financing both credit and equity.

**(i) EMPRETEC**

259. **Objectives/features:** EMPRETEC is a capacity-building programme, and its main aim is to help the SME sector in least developed, developing and transitional economy countries. With the assistance of established EMPRETEC Centres, mainly in Africa and Latin America, the programme is expanding to new countries in these and other regions (e.g. Maghreb, Middle East, Central/Eastern Europe). UNCTAD is taking advantage of the specialized know-how of these Centres and through them the unique EMPRETEC methodologies and advisory services are being transferred.

260. **Outputs/results:** *Training activities through 51 EMPRETEC worldwide National Centres:* Since the inception of the EMPRETEC programme in 1988, approximately 70,000 entrepreneurs have received

**Table 1: EMPRETEC country programme activities**

<i>Country</i>	<i>Starting year</i>	<i>Entrepreneur training workshop</i>	<i>Total entrepreneur training workshop participants</i>	<i>Total trainers</i>
<b><i>EMPRETEC/UNCTAD programmes</i></b>				
Argentina .....	1989	49	1 057	6
Brazil .....	1992	2 244	56 380	200
Chile .....	1990	63	1 560	3
Colombia .....	1996	25	730	3
El Salvador .....	2000	38	855	4
Ghana .....	1990	44	938	10
Guatemala .....	2001	7	156	3
Jordan .....	2001	2	40	4
Morocco .....	1998	8	126	5
Palestinian Territory .....	2001	1	29	4
Panama .....	2000	21	459	11
Romania .....	2002	4	120	6
South Africa (EA) .....	2000	10	202	7
Uruguay .....	1989	73	1 603	9
Venezuela .....	1993	37	960	5
Zimbabwe .....	1992	68	1 477	24
<b><i>Partnership EMPRETEC/UNCTAD and Enterprise Africa</i></b>				
Ethiopia .....	1999	20	477	15
Mozambique .....	2000	11	225	4
Nigeria .....	2000	n.a.	n.a.	n.a.
Senegal .....	2001	2	60	2
Uganda .....	1999	7	185	15
<b>Total .....</b>		<b>2 734</b>	<b>67 639</b>	<b>343</b>

training and follow-up support services in 24 countries, through the 51 established Business Centres. Table 1, reflects cumulative data on Country-Programmes-Activities/Participants. During 2002 alone, some 20,000 newly selected participants were incorporated in the International EMPRETEC Network.

261. *Transfer of know-how:* During 2002, the country programmes in Guatemala, Jordan, the Palestinian Territories and Romania were fully operationalized. South-South cooperation is extensively taking place through more mature programmes providing assistance to less mature/new programmes. As an example, EMPRETEC Zimbabwe assisted, together with Enterprise Ethiopia, the full establishment of Enterprise Uganda; EMPRETEC Uruguay completed the installation of the programmes in Guatemala, El Salvador and Panama; EMPRETEC Brazil has advised on the programme installation in Portuguese-speaking African countries. Table 2 reflects the countries in which EMPRETEC is active and its corresponding project phase.

262. *Completion of the recommendations of the external evaluation.* In 2002, the principal activities focused on (i) the completion of the implementation of the recommendations made by the external evaluation commissioned by the TDB Working Party; and (ii) the stabilization of the EMPRETEC team in Geneva:

- (a) The key activities undertaken as recommended by the external evaluation included the modification of the core Entrepreneurship Training Workshop and the training materials in Spanish, English and French; the development of the new Management Information System (MIS) its installation in Geneva and in most of the ENCs, thus creating a virtual EMPRETEC

**Table 2: Summary of EMPRETEC programme installation**  
*(Status March 2002)*

EMPRETEC project phase	Countries/territories
Phase I: Request for an EMPRETEC project and initial discussions	Algeria, Angola, Azerbaijan, Benin, <sup>(1)</sup> Burkina Faso, <sup>(2)</sup> Cameroon, <sup>(2)</sup> Cambodia, Cape Verde, Cuba, Egypt, Eritrea, Estonia, Guinea-Bissau, Latvia, Liberia, Lithuania, Malawi, <sup>(1)</sup> Malaysia, Mauritania, <sup>(1)</sup> Mexico, Montenegro, Pakistan, Sao Tome and Principe, Thailand, Togo, <sup>(2)</sup> United Republic of Tanzania, <sup>(1)</sup>
Phase II: Programming mission, consensus with Government, identification of counterpart, drafting of project document	Bolivia, Costa Rica, Ecuador, Eritrea, Honduras, Lebanon, Nicaragua, Paraguay, Peru, Russian Federation, Tunisia
Phase III: (Under implementation) Recruitment of staff, including the Director, establishment of the Advisory Board, installation of project, initial Entrepreneurship Training Workshop	Guatemala, Guyana, Jordan, Mauritius, <sup>(1)</sup> Palestinian Territory, Romania, Uganda <sup>(1)</sup>
Phase IV: (Operational) Operationalization of full project, putting in place basic training and services, certification of local trainers, setting up a national association	El Salvador, Morocco, Mozambique, <sup>(2)</sup> Namibia, <sup>(1)</sup> Nigeria, <sup>(1)</sup> Panama, Senegal, <sup>(1)</sup> South Africa <sup>(1)</sup>
Phase V: (Operational) Maturity of project, offering customized training and other services, progress towards financial self-sustainability, establishing of legal entity (e.g. foundation, trust)	Argentina, Botswana, <sup>(1)</sup> Brazil, Chile, Colombia, Ethiopia, <sup>(2)</sup> Ghana, Uruguay, Venezuela, Zimbabwe

<sup>(1)</sup> Through the Enterprise Africa Programme (UNDP).

<sup>(2)</sup> Through joint UNCTAD and Enterprise Africa Programme (UNDP).

network; the continuous data collection on existing services, products and participants in country programmes; the establishment of a roster of international trainers; and further work on the international certification of trainers; and

(b) In order to further strengthen the leading role of UNCTAD in the EMPRETEC network, a number of new services and products were developed and transferred to country programmes under the supervision and quality control of EMPRETEC/UNCTAD, such as:

- INTRAPRENEURSHIP Programme for large public/private companies: Uruguay transferred the know-how to Ethiopia, Morocco and Zimbabwe;
- AGROTECH for rural companies: Colombia transferred to Argentina and Chile;
- PROEX for promoting exports: Uruguay transferred to Central American countries; and
- WOMEN ENTREPRENEURS: a pilot project for strengthening women entrepreneurship was launched in 2002 in Ethiopia and Uganda.

263. *Meetings/events:* (i) The eleventh annual Directors' meeting took place in Casablanca, Morocco, in October 2002. Directors from 17 countries participated in the meeting. The agenda included such issues

as the sustainability of ENCs, business linkages, and financial services for SMEs. The discussions were complemented by an active exchange of information on best practices by the ENCs, and with a concrete

plan of cross-fertilization activities in order to guarantee a better sustainability of each National Centre. (ii) A one-week EMPRETEC Training of Trainers (TOT) seminar was held in São Paulo, in cooperation with SEBRAE. A total of 40 Brazilian trainers and 16 Latin American trainers attended. The training was meant to refresh awareness and build consensus on common training rules, international standards and codes of conduct for all EMREPETEC trainers, and to consolidate the theoretical background which is the basis of the EMPRETEC training methodology. From the evaluation forms it clearly emerges that through the workshop most EMPRETEC trainers could understand why the methodology was conceived in the way it was and what are the theoretical foundations of the training. This is something which is not transmitted through usual TOTs.

264. *Enterprise/Business Networking*: UNCTAD/EMPRETEC supports the strengthening of a world-wide network through co-organizing business round tables and fairs, which are excellent opportunities to open new corridors of business among SMEs from Africa, Latin America, and other regions. The last event took place in Natal/Brazil in September 2002, with some 1,800 enterprises participating.

(ii) **MEDITERRANEAN 2000**

265. **Objectives/features**: Mediterranean (MED) 2000 is a multi-country and multi-agency programme, which brings together the products and services of a number of agencies to foster the institutional capacity to promote entrepreneurship and SME development. The central purpose of Med 2000 – a three-year capacity-building programme – is to contribute to economic and social development by strengthening institutional capacity to support SMEs to grow and compete in 10 developing countries in the Mediterranean Basin and the Horn of Africa.

266. **Outputs/results**: *Eritrea (Phase II)*: A joint mission of UNCTAD, ITC and ISO under the umbrella of Med2000 was undertaken in Eritrea from 5 to 13 July 2002. UNCTAD (EMPRETEC) undertook a fact-finding mission to assess the environment for SME development and identify activities, which support SME development, and in particular the establishment of the EMPRETEC programme in Eritrea. UNCTAD, together with a consortium of local shareholders in Eritrea – Government, private enterprises, Chamber of Commerce, banks and bilateral and multilateral institutions – agreed that there is an urgent need to develop the national capacity to deliver business development services that will support the private sector that can be partially addressed by the EMPRETEC Eritrea initiative.

267. *Ethiopia (Phase V)*: Up until 31 December 2002, 20 EMPRETEC workshops had been held, reaching 477 entrepreneurs. More than half the workshops were held outside the capital, Addis Ababa. Around 400 entrepreneurs were assisted in initiating business plans, around 200 entrepreneurs attended marketing management workshops and around 230 attended the financial management workshops. Just over 50 entrepreneurs received business counselling support, while a smaller number received assistance in credit facilitation and installation of SME accounting and bookkeeping systems.

268. A survey of 75 enterprises measuring the impact of the services provided by Enterprise Ethiopia revealed that enterprises that went through the EMPRETEC Training Workshop (ETW) initiated many new “projects”. The sample showed that, six months or more after the ETW, the 75 companies: (i) generated new employment opportunities for 1,773 persons; (ii) generated Birr 140,908,800 in new investment in existing and new enterprises (equivalent to around \$17 million); and (iii) 139 new initiatives were counted, including new businesses or improved production technologies and management systems. On 31 December 2002, UNCTAD had used the whole \$300,000 committed to Enterprise Ethiopia.

269. *Jordan (Phase III)*: The project document for EMPRETEC Jordan was signed in January 2002 by the Ministry of Planning (the government counterpart), the Jordan Loan Guarantee Corporation (JLGC – the private sector counterpart), UNDP Jordan and UNCTAD. The programme director and coordinator were appointed. The programme is being hosted by JLGC and managed by the Board of Directors composed of 13 local partners. During the first year, the programme organized two ETWs and one workshop for local trainers.

270. *Morocco (Phase IV)*: In 2002 the global promotion of the programme was undertaken through the creation of a website ([www.empretec.net/DITE/EMPRETEC/ECMorocco.nsf](http://www.empretec.net/DITE/EMPRETEC/ECMorocco.nsf)), distribution of printed brochures and posters, and a regular outreach campaign for each workshop. The cooperation with the *Ministère de l'Economie sociale, des PME et de l'Artisanat* (Ministry of SMEs) led to a framework agreement for a joint organization of workshops with the *Maison de la Jeune Entreprise* (association of young entrepreneurs). In addition, the Ministry's participation in a seminar on business linkages contributed to the creation of a charter of partnership between large companies and SMEs, signed by 18 Moroccan companies.

271. In February 2002 an exploratory mission with UNCTAD officers and an EMPRETEC International Trainer from Uruguay was organized to undertake the transfer of the Intrapreneurship methodology (revised EMPRETEC methodology for "entrepreneurs" of large companies). For the first time in March and June 2002, two seminars were conducted by trainers locally trained (since October 1998: 126 entrepreneurs trained, six workshops organized, two trainers certified and four trainees).

272. *Palestinian Territory (Phase III)*: In July 2002 the Entrepreneurship Training Workshop (ETW) in Jordan was held with the participation of five Palestinian trainer candidates, including the Business Counsellor of the Centre. The first Entrepreneurship Training Workshop in the Palestinian Territory was held in October 2002 in Jericho. The ETW proved to be very successful with 29 participants, mostly entrepreneurs currently in business or planning to start a business in the near future. The process of training Palestinian trainer candidates started with four trainees assisting international trainers. This comprised learning the logistics of the workshop, reading, scoring and recording the participants' written personal entrepreneurial competencies (PECs), debriefing sessions and presenting some segments of the business planning sessions. Phase I of the programme envisages the training and certification of at least two Palestinian national trainers. To be certified, Palestinian trainees have to participate in three or four ETWs as assistant trainers, gradually developing the capacity to deliver independently the workshop modules and mastering all aspects of training methodology and workshop dynamics.

273. *Uganda (Phase III)*: The programme generated much interest among entrepreneurs in 2002. To date, seven EMPRETEC Training Workshops have been organized, training over 182 entrepreneurs, 37.5 per cent of whom were women. Two of the training workshops were organised upcountry, extending the reach of the project to outside the capital, Kampala. Enterprise Uganda carried out 107 business diagnostic studies and more in-depth consultancy services were provided to 15 enterprises. It also assisted a number of companies in accessing credit. A symposium was held with UNCTAD on SME financing during which an SME financing task force was created. Over 2002 the task force met five times. Close cooperation takes place on these issues with the Ministry of Finance, which is expected to reflect on relevant government policies.

#### **(b) Enhancing Public-Private Sector Dialogue in LDCs**

274. *Development context*: Effective interaction and dialogue between the Government and the private sector can play a key role in creating a coherent policy framework and effective support measures and structures for the development of SMEs. Since the private sector operates in a dynamic context and the Government's role itself may evolve in response to changing circumstances and requirements, such a dialogue provides a forum for addressing the changes in a flexible and concerted manner and formulating jointly proper measures and policies that meet Government objectives and at the same time enjoy the support of the private sector.

275. *Objective/features*: The objective of the project is to enhance the development prospects of LDCs through the involvement of the business sector in the national decision-making process. The promotion of enhanced and structured private sector/public sector dialogue at the national level will assist in the design and implementation of more broad-based development policies, in particular regarding enterprise development, investment, innovation and technology. It could also enhance the participation of marginalized groups in the dialogue, such as women entrepreneurs and young entrepreneurs.

276. **Output/results:** National consultants in Cambodia, Madagascar and the United Republic of Tanzania have been hired to draft reports on the strengths and weaknesses in the national public-private sector dialogue mechanisms and to contribute to identifying policy options for improving public-private sector dialogue in these countries. The reports for Madagascar and the United Republic of Tanzania have been finalized. The report for Cambodia is expected to be finalized during the first half of 2003.

#### (c) Accounting Reform in the Russian Federation

277. **Development context:** An accounting and reporting system which is consistent with best international practices and easily understandable by foreign investors is a crucial factor to attract investment, facilitate the integration of developing countries and countries with economies in transition into the international markets, and increase the competitiveness of their enterprises. This is true for big transnational corporations which trade their securities in major international stock exchanges and for smaller companies which need to attract external financial resources in order to succeed. In the light of increasing globalization of financial markets and investor expectations about companies' transparency it is important that countries develop coherent policy on accounting and reporting which meets the needs of their economies but at the same time is consistent with the current trends in accounting and reporting harmonization at the international level.

278. **Objective/features:** The objectives of the project were to assist the Russian Government in developing national accounting standards based on the International Accounting Standards (IAS); to develop a paper on specific reporting requirements for small- and medium-size enterprises; to create a basis for mass training and dissemination of new accounting standards and to assist in the process of institutional development of the accounting profession in the Russian Federation. As a member of a consortium UNCTAD was responsible for developing a paper on specific reporting requirements for Russian SMEs and contributed to the development of 10 key draft accounting standards and commentaries on them.

279. The beneficiary of the project was the Interagency Committee on Accounting reform of the Russian Federation (IAC). The project included conducting a number of workshops to discuss the draft standards; creation of an Advisory Group of major Russian enterprises to test the comprehensibility of proposed drafts; ongoing coordination with all major members of the IAC; a number of high-profile events; a study tour for leading Russian authorities in the accounting area to discuss the experience of the European Union and some of its member countries in their transition to the IAS; ongoing consultations with the beneficiary; and close ongoing coordination with other donors active in the field of accounting.

280. **Output/results:** The project in the context of UNCTAD involvement resulted in producing 10 drafts of key accounting standards, which were accepted by the beneficiary as a basis for the development of new Russian accounting standards as part of Russia's transition to the IAS. These drafts were supported by detailed commentaries on their application and implementation in the Russian Federation.

#### (d) Science and Technology Diplomacy Initiative

281. **Development context:** Advances in science and technology have become drivers in international relations, and knowledge of trends in key fields is a prerequisite for effective international negotiations. New forms of international diplomacy are emerging to deal with a number of issues where science and technology play a central role. These issues include infectious diseases, environmental degradation, electronic crimes, weapons of mass destruction, and the impacts and applications of new and emerging technologies, most notably biotechnology. The influence and effectiveness of diplomats and international civil servants increasingly depend on the extent to which they can mobilize scientific and technical expertise in their work.

282. New and emerging technologies, especially biotechnology and information and communication technologies, offer an excellent opportunity for developing countries to narrow the development gap with the industrialized countries. However, there is a considerable concentration of technology and

technological know-how in a limited number of countries and large transnational corporations. This makes many developing countries dependent on technology transfer.

283. The fourth WTO Ministerial Conference recognized this challenge and set up a Working Group on Trade and Transfer of Technology. The aim of the Working Group is to provide the General Council with recommendations on ways to improve the flow of technologies to developing countries. Successful participation in the Working Group, as well as in other international forums, will demand a greater understanding by trade diplomats and policy makers of the scientific and technological underpinnings of trade, investment and environmental issues.

284. However, it has been observed that many developing countries tend to spread thinly their limited financial and human resources that deal with international diplomacy in science and technology. As a result, negotiations and discussions leading to the signing of treaties, protocols and agreements are often concluded without having access to reliable and timely policy advice. Moreover, policy makers, especially from developing countries, often fail to take advantage of initiatives and programmes that are designed to assist and advise them on emerging issues of science and technology.

285. To help decision makers acquire the knowledge needed to participate effectively in international negotiations, UNCTAD, in collaboration with the Science, Technology and Innovation Program (STI) at Harvard University's School of Government, established a Science and Technology Diplomacy Initiative. The Initiative was developed in accordance with Resolution 2001/31 of the United Nations Economic and Social Council (ECOSOC), adopted in July 2001, following recommendations of the United Nations Commission on Science and Technology for Development (UNCSTD) adopted at its fifth regular session and in consultations with the Secretary-General of UNCTAD.

286. **Objective:** The main objective of the Science and Technology Diplomacy Initiative is to mobilize scientific and technological expertise through workshops, policy dialogues and executive forums, to enable developing country diplomats and representatives to participate fully in international negotiations, and to make informed decisions on emerging issues, where science and technology play an important role, particularly in the aftermath of the Doha WTO ministerial meeting.

287. **Activities in 2002:** An Executive Forum on Trade and Transfer of Technology was held on 10 June 2002 to launch the Initiative. The Forum was intended to inform delegations, both potential donors and potential recipients, and solicit their support for the Initiative. In addition, it examined some of the key issues related to trade and technology transfer. The Forum was scheduled back to back with the second formal meeting of the WTO Working Group on Trade and Transfer of Technology, in view of the direct relevance of the issues addressed by the Working Group.

### C. DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT

(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
<b>Investment Issues Analysis</b>						
INT/93/A50 <sup>a</sup>	Transnational corporations and industrial restructuring in developing countries .....	1993-2002	Denmark	333 207	345 789	-372
INT/95/A14 <sup>a</sup>	The New Globalism and Developing Countries: Investments, Trade and Technology Linkages in the 1990s .....	1995-2002	Netherlands	60 778	61 633	-28
INT/96/A20	Policy-oriented case studies on interlinkages between foreign direct investment, trade and technology .....	1996-	Netherlands, Hong Kong (China)	421 021	362 814	6 270
INT/97/A12	Feasibility studies on the creation of private risk capital funds for LDCs .....	1997-	Norway	135 600	113 143	10 427
INT/97/A26	Multilateral framework on investment .....	1997-	Multidonors	2 355 255	2 028 315	-39 312
INT/98/A36	World Investment Report .....	1998-	Norway	476 759	416 500	89 749
INT/98/A37	Building capacity in the least developed countries to attract foreign investment through venture capital funds .....	1998-	Norway	133 000	78 684	-3 700
INT/98/A40	Investment Guides and capacity building for least developed countries (LDCs) .....	1998-	Multidonors	1 238 770	749 869	221 855
INT/99/921	Needs assessment to attract Asian FDI investment to Africa (Phase I) .....	1999-	UNDP	300 000	208 235	-30 013
INT/99/A71	World Investment Report .....	1999-	Sweden	200 233	171 021	60 565
INT/99/X10	External financing for LDCs.....	2002-	Finland	47 689 <sup>b</sup>	47 689	47 689
INT/00/942	Strengthening of South-South Investment Cooperation ..	2000-	UNDP	287 430	279 672	63 602
INT/0T/2BA	Investment policy reviews in five LDCs.....	2002-	Germany	245 500	81 356	81 356
RER/95/A02	Raising awareness of foreign direct investment issues in Poland .....	1995-	Poland	13 000	8 228	4 945
<b>Total Investment Issues Analysis .....</b>				<b>6 248 242</b>	<b>4 952 948</b>	<b>513 033</b>
<b>Investment Policies and Capacity-Building</b>						
ALG/02/007	Examen des politiques de l'investissement de l'Algérie...	2002-	UNDP	23 000	22 179	22 179
BOL/99/A72	Strengthening investment promotion – Implementation of the National Investment Promotion Strategy .....	2000-	Switzerland	330 623	302 653	126 587
BOT/01/003	Investment Policy Review of Botswana .....	2001-	UNDP	65 000	57 247	14 528
CMB/02/012	Investment Guidelines and Capacity Development for Cambodia .....	2002-	UNDP	62 000	9 321	9 321
DJI/00/001	Etude pour l'implantation de zones franches commerciales, industrielles et de services à Djibouti .....	2000-	UNDP	70 800	44 258	1 262
ECU/0T/1BU	Improving Ecuador's Investment Framework and designing an investment promotion plan .....	2001-	Switzerland	211 000	123 295	78 418
EGY/99/A62	Training of Egyptian diplomats in investment promotion....	1999-	Egypt, Switzerland	79 004	45 340	-2 160
GHA/00/004	Investment Policy Review of Ghana .....	2001-	UNDP	95 000	91 801	21 923
LEB/02/014	Strategy development and institution building of the investment development authority, Lebanon .....	2002-	UNDP	70 000	12 120	12 120
LES/02/002	Investment Policy Review of Lesotho.....	2002-	UNDP	40 000	15 000	15 000
MAR/01/001	Fiscal Incentives Review of Mauritius .....	2001-	UNDP	134 000	114 909	20 743
NEP/01/014	Investment Policy Review of Nepal .....	2002-	UNDP	159 448	68 771	68 771
ROM/0T/1CZ	EMPRETEC Phase I - Romania .....	2002-	Romania	200 000	171 953	171 953
SAU/01/006	Institutional Support to Saudi Arabia General Investment Authority (SAGIA) .....	2002-	UNDP	1 500 000	3 135	3 135
UGA/97/014	Investment Policy Review .....	1997-	UNDP	190 000	180 098	-3 766
ZIM/99/004	Investment Policy Review of Zimbabwe .....	2002-	UNDP/ UNCTAD	70 000	42 190	3 840
INT/93/A44	United Nations Trust Fund on Transnational Corporations ..	1993-	Multidonors	2 554 794	2 300 538	48 991
INT/97/A33 <sup>a</sup>	Support to national investment policy reviews .....	1997-2002	Switzerland	199 397	187 020	-174

(for note see end of table)

**C. DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT (concluded)**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
INT/97/A44	Quick response window for ASIT .....	1997-	Switzerland	1 643 989	521 189	-96
INT/98/A50	Participation of key actors in the Tripartite meeting on micro-finance – Partners for Development Summit .....	1998-	Norway	50 000	48 628	22 720
INT/99/A11	Support to the World Association of Investment Promotion Agencies (WAIPA) .....	1999-	WAIPA	278 395	183 120	43 756
INT/99/A33	Micro-Bank .....	1999-	Luxembourg	709 709	597 391	175 170
INT/99/A34	Crossborder Environmental Management in TNCs .....	1999-	Denmark	96 991	79 865	34 304
INT/99/A37	Support to WAIPA in providing a forum for exchange of experiences among investment promotion agencies ...	1999-	Ireland	183 398	148 413	25 219
INT/00/X38	Investment Promotion.....	2002-	Germany	69 947 <sup>b</sup>	69 947	69 947
INT/0T/0BG	Capacity building on international investment agreements .....	2000-	Multidonors	3 239 832	1 546 997	672 093
INT/0T/1BH	Trips and Development Capacity Building .....	2001-	United Kingdom	497 200	362 581	225 250
INT/0T/1BM	Accountancy Development in Developing Countries and countries with Economies in Transition .....	2002-	Multidonors	197 822	65 070	65 070
INT/0T/1BN	Capacity Building in Investment Promotion .....	2001-	France	266 337	36 121	36 121
INT/0T/1CH	Capacity Building on Good Governance in Investment Promotion .....	2001-	Sweden	700 474	319 566	304 001
INT/0T/1CK	Globalization, Liberalization and Sustainable Development PHASE II .....	2002-	Belgium	258 128	152 536	152 536
RAF/94/A38	Développement de marchés des assurances compétitifs .	1994-	Luxembourg	1 309 858	1 152 891	15 258
RAF/99/A63	Changing Africa's image as an investment location .....	1999-	France, UNDP	21 528	18 649	3 333
ROA-2106(K)	Developing countries to attract and benefit from international investment .....	2002-	Development Account	997 500	297 384	297 384
	<b>Total Investment Policies and Capacity-Building .....</b>			<b>16 575 174</b>	<b>9 392 176</b>	<b>2 754 737</b>
<b>Technology and Enterprise</b>						
SOM/97/014	Private sector and trade development programme .....	1998-	UNDP	120 000	112 104	-1 577
INT/89/A25 <sup>a</sup>	Trade-related public enterprises in low-income countries ....	1989-2002	Italy	943 481	834 939	1 723
INT/96/A31 <sup>a</sup>	Promoting an integrated approach to SMEs development and joint ventures in developing countries	1996-2002	Italy	358 721	318 450	998
INT/96/A57	Blueprint for green accounting .....	1997-	World Bank	596 827	556 765	8 069
INT/96/A59 <sup>a</sup>	Commission on science and technology for development ...	1997-2002	Netherlands	409 298	395 913	3 744
INT/97/A29	National policies and measures for growing small and micro-enterprises in LDCs .....	1997-	Netherlands	80 000	70 796	6 462
INT/97/A42	Enhancing public-private sector dialogue in LDCs .....	1999-	Netherlands	50 000	43 467	15 424
INT/98/A33	Mediterranean 2000 .....	1998-	Italy	3 471 686	2 596 167	735 111
INT/98/A48	Study of international cooperation networks in the area of science and technology .....	1998-	Austria	25 000	23 436	4 500
INT/0T/2AU	Special trust fund for activities of sciences and technology for development .....	2002-	Multidonors	45 168	11 707	11 707
INT/0T/2BB	Strengthening women entrepreneurs in selected LDCs in Africa .....	2002-	Germany	245 500	114 152	114 152
INT/0T/2BU	Expert Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity: Financing Technology .....	2002-	Norway	26 932	18 889	18 889
RAF/96/014	Enterprise Africa: Strengthening SME Creation, Development and Regional Integration .....	1996-	UNDP	365 377	264 432	70 336
RLA/96/A37	Empresa y tecnología para el siglo XXI (EMPRETEC) .	1996-	Spain	773 658	746 677	2 581
	<b>Total Technology and Enterprise .....</b>			<b>7 511 648</b>	<b>6 107 894</b>	<b>992 119</b>
	<b>DIVISION TOTAL .....</b>			<b>30 335 064</b>	<b>20 453 018</b>	<b>4 259 889</b>

<sup>a</sup> Project which had been “operationally but not financially completed” or “completed” in 2002.

<sup>b</sup> Annual budget.

## **D. Division for Services Infrastructure for Development and Trade Efficiency**

### **1. Trade logistics**

#### **(a) Advance Cargo Information System (ACIS)**

288. A new strategy for the development and implementation of ACIS modules has been defined. The networking requirements of RailTracker with other regional railway information systems demand that the system be constantly kept up to date with developments. In this respect, conversion of RailTracker from a DOS to a Windows-based application should be pursued. In its present operating environment DOS is acceptable, but might not be for future networking.

289. In effect, whereas PortTracker and RoadTracker are already developed on a Windows platform that is in line with current global software development practice, RailTracker will be converted to a Windows-based and Web-based application using the latest technologies to allow easy access to operational data for managers using reporting tools and beneficiary organizations in-house IT departments to develop additional functionalities with any development platform.

290. RailTracker will become portable so as to guarantee long-term sustainability (flexibility) and, according to choice, reduce the costs for the beneficiary operator (cost-effectiveness). It will allow for each railway a free choice of Commercial Off-the-Shelf Systems (COTS) as a Relational Database Management System and free Opensource systems, thereby avoiding the locking of beneficiary organizations into long-term and potentially expensive licence agreements with operating system or database vendors. Current PortTracker and RoadTracker will also be converted to SQL.

291. **Development context:** Inefficient transport systems have a major negative impact on economic development; this results in exorbitant transport costs, delays, pilferage and eventually loss of markets for export goods or increased prices of import goods. ACIS is designed to make transport systems more efficient by providing the required information on goods and transport equipment.

292. **Objectives/features:** ACIS provides operational and financial information so as to increase the transparency of the transport sector and enable management to identify problems with a view to finding solutions. The information provided to the shipper "live" gives the whereabouts of cargo, and the information provided to the operational management increases the efficiency of the network. Medium- and long-term investment planning is enhanced through the aggregate statistics and performance indicators automatically produced by ACIS.

293. The four components of ACIS respectively track cargo on rail, at ports, on lakes/rivers and on roads and can be installed on any relevant transport network and in many different languages.

294. **Outputs:** During the Mid-Term Review of UNCTAD X held in Bangkok in May 2002, a Memorandum of Understanding was signed between the Government of the Kingdom of Thailand and UNCTAD with a view to completing the installation of ACIS RailTracker in Thailand and preparing the ground for installation of different modules in the Mekong Sub-Region with the assistance of the Asian Development Bank.

295. An UNCTAD mission visited Pakistan in August to prepare a draft project document for the implementation of ACIS RailTracker in Pakistan. Funded by the EU under the auspices of COMESA, a project to upgrade RailTracker on Congolese Railways is in the process of completion.

296. The first phase of the implementation of PortTracker in the port of Bandar Abbas in the Islamic Republic of Iran was successfully completed and a second phase was agreed at the last tripartite Review Meeting. In the meantime, Iranian experts are now installing the system in all other major Iranian ports, thus witnessing the transfer of know-how.

297. **Results:** An independent evaluation of the implementation of ACIS on five railways of Eastern Africa (Kenya, United Republic of Tanzania (two), Uganda and Zambia) and in two ports (Kenya and United Republic of Tanzania) was conducted to ascertain its usefulness and the viability of extending its geographical coverage and introducing new tracking modules in the subregion. The Final Evaluation was published in August 2002 and recommended a second phase to this project.

298. Main key performance indicators showed that the wagon turnaround time decreased from 18 to 11 days, the average transit time from 15 to 3 days and wagon utilization increased from 73 to 120 km/day. Amongst the main successes, the evaluation indicated that total savings on wagon hire charges amounted to \$6.4 million per annum, whilst realistic potential additional revenue due to increased carrying capacity totalled \$20 million per annum for the five railways of the region.

299. As a result, COMESA convened a Stakeholders' Consultative Forum at its headquarters in Lusaka from 14 to 17 October 2002, inviting current and future beneficiaries of ACIS. After updating the "logframe" exercise, the stakeholders recommended that a second phase of this project immediately concentrate on:

- Extending the functionalities (already developed) in those railways already using RailTracker – those of Congo, Kenya, Sudan, Uganda, United Republic of Tanzania and Zambia;
- Implementing ACIS RailTracker on other COMESA railways – those of Egypt, Djibouti, Ethiopia and Congo;
- Installing new functionalities on all COMESA railways; and
- Simultaneously converting the application into a Windows/Web environment.

300. The Rolling Stock Information System (RSIS) funded by USAID and implemented under the auspices of the Southern African Railway Association (SARA) remained suspended during 2002 owing to problems between the funding agency and the Prime Contractor, and the regional situation. Because of this situation, some countries expressed the desire to pursue the installation of RailTracker directly with UNCTAD on national funding.

301. The RoadTracker module with its Border Pass Monitoring System is gaining importance. The ECA Centre for Land-Locked Countries in Kigali has committed funding, on behalf of Kenya, Uganda and Rwanda, to draft a proposal to install RoadTracker on the Northern Corridor, between Mombasa and Kigali for transit cargo. Although formally agreed at the end of October 2002, the mission has not yet taken place. The secretariat of UEMOA requested a preparatory mission to install the system in its member countries. Discussions also started on a possible installation in Afghanistan, involving Pakistan and Islamic Republic of Iran.

## **(b) Ports, shipping and training**

### **(i) *Training: Capacity building for officials in modern transport management techniques through cooperation with the World Maritime University***

302. **Development context:** The overall objective of the cooperation with the World Maritime University (WMU) is to contribute to the training of officials from developing countries to allow them to make planning and policy decisions that will improve the efficiency of their country's transport sector.

303. **Objectives:** The specific objectives focus on transfer of knowledge in the fields of container terminal development, equipment management, port tariffs, multimodal transport and legal aspects of transport.

304. **Features/outputs/results:** The activity, through the financial support of WMU, allowed secretariat staff to deliver training seminars over a period of about five working weeks during 2002 at the University in Malmö, Sweden. A total of about 60 officials from the transport ministries, shipping lines and port authorities of developing countries participate in the training each year. The officials have university degrees and in general have been working for at least five years in the transport industry. They have found the material very useful and a number of them have maintained contact with the secretariat after their graduation. This cooperation has been ongoing since the early 1990s and almost 600 officials have been trained in these subjects. These activities are part of UNCTAD's work to make transport more efficient and facilitate the trade of developing countries.

(ii) **Training: Strategic planning for senior shipping managers (Stratship)**

305. **Development context:** A vital aspect of development is the ability to trade competitively in the world economy. Efficient maritime transport services are a prerequisite for reaching overseas markets, as the incidence of freight and insurance costs is particularly high for developing countries' exports and a decisive factor in determining the marketability of those goods.

306. **Objectives:** The global shipping industry is characterized by rapid technology change, consolidation of companies, large capital investments, high risk and a critical demand for well-trained management. The goals of Stratship are to improve the performance of shipping management through human resource development. The mastery of strategic planning techniques allows them to be more effective in the management of their shipping lines.

307. **Features:** Stratship workshops generally last three working days and are based on a mixture of presentations, case studies and a computer-based management game. The main purpose of the computer simulation is to reinforce the concepts developed in the workshop, create actual decision-making experiences and upgrade management skills in a competitive environment.

308. **Outputs/results:** To date, 47 Stratship workshops have been delivered (four in 2002), and about 930 participant national counterparts trained. Evaluations by participants continue to be very positive. Specific comments emphasize the usefulness of the training in strategic planning activities, increasing competitiveness and improving communication and staff motivation. Two of the shipping companies that participated subsequently implemented strategies to modernize their fleet and focus on those areas of their activities offering the most potential for profitable growth.

(c) **Transport and trade facilitation**

309. **Development context:** Seller and buyer in a domestic trade transaction benefit from a unique (national) trade environment in which they both know the conditions and limits of trade and transport systems supporting their transaction. In an international trade transaction, the seller's and buyer's respective environments might be quite different, thus generating unnecessary, time- and resource-consuming barriers.

310. In the areas of transport and trade facilitation, UNCTAD's technical cooperation activities aim at establishing a favourable domestic environment for international trade transactions, based on effectively implemented international instruments, recognized best commercial practices and common standards. These activities recognize the critical importance of border-crossing points, which are key locations where discrepancies between buyers' and sellers' domestic trade environments are being exacerbated.

311. A vital aspect of development is the ability to trade competitively in the world economy. Efficient transport services are a prerequisite for reaching overseas markets, as the incidence of freight and insurance costs is particularly high for developing countries' exports and a decisive factor in determining the marketability of those countries' goods.

312. UNCTAD's technical cooperation not only identifies the required improvements to the physical features of existing transport networks, but also proposes specific actions to make the best use of available trade- and transport-related assets, eliminating wherever possible any barrier that might increase the transaction costs and create unnecessary delays. This includes improving the performance of transport operators and auxiliary services, changing the commercial behaviour of traders, harmonizing administrative and commercial procedures and documents, and introducing innovative relations between public institutions and transport providers and users of international trade and transport.

***Output/results/impact:***

313. ***Nepal: Promotion of trade and transport sectors.*** In early 1998, His Majesty's Government (HMG) of Nepal initiated the implementation of a \$28.5 million infrastructure development project. To complement this development project and secure the best use of the future installed capacity, HMG requested UNCTAD to execute a technical assistance project aimed at the promotion of the trade and transport sector of Nepal. The foreseen duration of the project was 36 months. The project's conclusion is planned for the end of September 2003.

314. The principal development objective of HMG's Multimodal Transit and Trade Facilitation Project is to reduce transport costs associated with Nepal's imports and exports. A second set of project objectives aim at streamlining trade and transit procedures and at improving the efficiency and organization of transit trade documentation and data exchange. This includes the modernization of the customs clearance process at the three border points with India. The project has been structured into three components: the Multimodal Transport and Trade Facilitation component, the ACIS component and the ASYCUDA component.

315. By early 2001, the construction of the Inland Clearance Depot (ICD), located at Birgunj, was completed. To initiate operations, two closely linked issues had to be tackled: one related to the selection of a Terminal Management Company (TMC) to operate the ICD; the other was the settling of transit agreements between HMG and the Government of India, covering railway operations/services between Indian ports and the ICD and border-crossing procedures. HMG entered into an international tender for a TMC, but this tender was delayed because negotiations on transit agreements could not be concluded.

316. As a result, UNCTAD's activities related to the marketing of ICD services and the final installation of ACIS had to be suspended, subject to the conclusion of these agreements, while the implementation of ASYCUDA continued as programmed. For UNCTAD to complete its activities, it was therefore decided to extend the agreement between HMG and UNCTAD up to the end of 2002.

317. ***Pakistan: Promotion of trade and transport sectors.*** The Pakistan Trade and Transport Facilitation Project (TTFP) was designed as a follow-up to an earlier UNCTAD-executed project (1994) and is financed by the Government of Pakistan (GoP) through a World Bank loan.

318. The impact of the project on the Pakistan trade and transport sectors would be the improvement of Pakistan's competitiveness in international trade through simplified export and import documentary procedures, modernization of related legislation and the creation of a national capacity to solve in an expeditious manner potential problems between the transport users and providers and the public sector.

319. Although the implementation of project activities started in late August 2001, owing to the fall-out from the events of 11 September 2001, the first missions to Pakistan of international project personnel could only be arranged in mid-January 2002. Furthermore, in view of the October 2002 legislative elections, the project activities were refocused and reprioritized, and the project implementation time frame was accelerated, at the request of the GoP.

320. One of the major achievements of the project has been the development of the Pakistan Goods Declaration (PGD), a single administrative document that replaces over 20 forms that were previously required for import and export transactions. Pakistan Revenue Automation Ltd (PRAL) has developed both a personal computer software and Web-based application for completing the PGD forms

electronically through the Internet. It is expected that all ports of Pakistan will have implemented the PGD by the end of June 2003.

321. ***Economic Cooperation Organization (ECO): Introduction of international multimodal transport operations in the ECO region.*** UNCTAD initiated, jointly with ESCAP, a project on Multimodal Transport and Trade Facilitation for the Economic Cooperation Organization (ECO) member countries. This project is being implemented within the framework of an initiative to strengthen cooperation between the ECO and UNCTAD in building capacity in the area of trade efficiency and cooperation. The joint ECO/IsDB/ESCAP/UNCTAD execution continued in 2002 with the review of six national country studies of the ECO region prepared by the national consultants. The Islamic Development Bank financed the trade facilitation component. In addition, UNCTAD continued to participate in subregional, regional and intergovernmental meetings and conferences in 2002.

322. Moreover, UNCTAD had earlier contributed to the execution of the UNDP-financed regional project RAS/97/760 (Support to ECO Member Countries in Trade Efficiency and Economic Cooperation). As an output, the project identified opportunities for cooperation between ECO member States and UNCTAD in the field of trade, transit, customs and transport facilitation and in the reform and modernization of customs procedures. On the basis of the needs assessment, UNCTAD and ECO have formulated a full-scale programme of technical assistance, which is still under consideration by the participating countries.

## 2. The ASYCUDA Programme

323. ***Development context:*** The efficiency of the Customs administration is an essential part of a country's good governance policy. Customs departments have a wide range of responsibility, including assistance to the Government for dealing with national, regional and international policies associated with revenue collection and the combating of fraud. They have also to control the import of prohibited and restricted goods and to provide external trade data for Government analysis and planning. For a variety of reasons many administrations are unable to comply with their responsibilities and many areas are often neglected or poorly dealt with.

324. ***Objectives:*** The main objective of the Automated System for Customs Data (ASYCUDA) programme is the modernization of Customs, including the automation of the process for the clearance of goods. One of the ways in which it aims to achieve trade facilitation is by speeding up this clearance process through the use of information technology and the reduction and simplification of Customs documentation and procedures. It has also the objective of increasing State budget revenue through the computerization of the Customs tariff, thereby automatically calculating duties and taxes. As a complementary, but nevertheless important, by-product of processing Customs data, a further aim is to provide reliable and timely trade and fiscal statistics data to assist Governments in their economic planning and publication of trade results.

325. ASYCUDA technical assistance projects are established for implementation in the shortest possible time and within the institutional and environmental context of each administration. Project implementation activities include a comprehensive training package that allows for the transfer of ASYCUDA know-how and skills to national staff, thus ensuring that the programme can be sustained by the national administration.

326. ***Features:*** ASYCUDA++ is a computerized Customs management system covering the whole clearance process, from (and prior to) the arrival of the goods until their ultimate release after payment of duties and taxes. The system manages all types of procedures, such as import and export, as well as all other Customs regimes, including transit and warehousing. It has been designed to take into account international codes and standards established by ISO, WCO and the United Nations. It is EDIFACT-compliant, thus allowing for the electronic exchange of data. The system has the features expected from a modern Customs information system, based on risk management and including manifest control, transit, declaration processing, accounting and selectivity. It provides traders with a module that allows for the

direct input of declarations, as well as an interface to permit the electronic data exchange between Customs and approved third parties, such as banks, the trader community or other government agencies.

327. **Implementation strategy:** The ASYCUDA Implementation Strategy has been developed and refined on the basis of more than 20 years' experience. Many current projects target the upgrading to ASYCUDA++ rather than new installations; these are named "migration projects". Most initial implementation projects are structured in three phases to ensure a low risk, cost-effective approach that provides for national long-term sustainability. The first, pre-installation phase requires an assessment of the current state of Customs, including procedures, legal aspects and organization. If necessary, the update of the legal environment is recommended. In the second phase, the system is configured in accordance with national regulations. This phase, known as the prototyping of the system, is followed by installation in one or two selected pilot sites, where the prototype is tested, together with the training of staff and the trading community. In the third phase the system is extended to the other Customs offices country-wide. The first two phases take approximately 18 months and the final phase between 6 and 12 months, depending on resources and the number of sites to be installed.

**(a) ASYCUDA++ migration projects**

328. As part of the programme initiative, it was decided to continue helping ASYCUDA users to upgrade to the latest release of the system, ASYCUDA++. This system offers enhanced functionality and modern architecture, improving the efficiency of Customs and preparing the trade community for a modern environment open to e-commerce. The programme is still facing a continuing number of requests for migration.

329. Migration projects include the same phases as those described above for the initial implementation of the system, but the process can be shortened as the recipient administrations are already used to computerization and fewer efforts are needed to achieve the installation of the new system.

330. **Impact, output and results:** The impact of ASYCUDA projects can be assessed by various institutional and trade facilitation benchmarks, including increased revenue, improved trade facilitation and shorter clearance times, and the availability of reliable trade statistical data. Some projects are more successful than others. An important factor is the willingness to change and the commitment and full support of the Government. Certain projects do not realize the full benefits of automation mainly because of resistance to the institutional and procedural reforms that the programme requires.

331. In 2002 there were more than 50 operational ASYCUDA projects with expenditures over \$6 million. The ASYCUDA programme remains the largest technical cooperation programme within UNCTAD, encompassing over 80 countries and four regional projects. In 2002, a project for a new implementation was signed in Congo, while migration projects started in Mali, Malawi, Namibia, Rwanda and Togo.

332. Technical cooperation agreements were renewed with the COMESA and ECOWAS secretariats, allowing to the organization of various activities (e.g. training, documentation) and the provision of support at regional level.

333. Other countries that have implemented and are using ASYCUDA ++ for several years started ongoing support projects with UNCTAD. Some of these countries, a number of which are candidates for the accession to the European Union – Estonia, Latvia and Lithuania – directly financed these activities for the maintenance of their national system and the development of specific required functionalities.

334. **Project evaluation:** Post-implementation reviews and audits are part of normal ASYCUDA project activities. Independent evaluations including representatives from UNCTAD, WCO and other Customs Administrations are commonly undertaken. The latest external evaluation of an ASYCUDA project was done during 2001 in Yemen. The report indicated that the Customs automation project had been very successful, with the objectives of the project being fully met. The evaluation team considered the project

suitable as a model for replication elsewhere, assuming the necessary dedication of senior Customs officials and the Government.

**(b) ASYCUDAWorld**

335. In March 2002, UNCTAD officially launched AsycudaWorld, the new web-based ASYCUDA system. This system is the latest result of a process that began when UNCTAD identified the first signs of the potential of the Internet in international trade, looking at how to reduce transaction costs by applying information technologies to every link of the trade transaction chain.

336. AsycudaWorld is likely to have a major impact on e-business and e-government transactions. These developments, combined with the fact that 85 countries around the world are already using the same Customs IT system, ASYCUDA, represent a formidable opportunity for using the Internet to make international trade simpler and cheaper whilst also making international markets more accessible to enterprises from developing countries.

337. AsycudaWorld builds upon the successful experiences of ASYCUDA++, which was designed to function in difficult telecommunications environments. Being web-based, the AsycudaWorld system will allow Customs Administrations and traders to handle most of their transactions via the Internet.

338. The development of AsycudaWorld is in line with the traditional strategic objectives of UNCTAD as presented above and with the principles described below.

339. The investments previously made in Customs computerization using ASYCUDA must be preserved and in accordance with this principle, AsycudaWorld is being developed to co-exist with and operate in the environment of ASYCUDA++. New components will be fully compatible with modules developed in accordance with national requirements by the Customs Administration complementary to the ASYCUDA++ system. This approach allows the beneficiary countries to implement AsycudaWorld at their own pace and according to each individual country's technical decisions and resources.

340. The Customs Administrations in the beneficiary countries should have ownership of the system. UNCTAD considers the transfer of technical know-how to national Project Teams to be a priority. Combined with the facilities offered by new IT technologies this will allow national teams to adapt the system according to specific requirements while complying with international codes and standards.

341. AsycudaWorld takes full advantage of new IT technologies to ensure the implementation of new components in the Customs operational environment without any disruption of the current system.

342. AsycudaWorld continues to promote and to support the application of modern operational principles that all Customs Administrations target, such as effective management of the Customs clearance process, selective examination practice, trader compliance, secured payment schemes and control of trade routing to approved Customs clearance offices.

343. The AsycudaWorld platform is Internet-based, independent of the Relational Data Base Management System (RDBMS), independent of hardware platforms, scalable and resilient with regard to telecom breakdowns. It implements the concept of e-documents that reflect in the IT world the paper documents used currently and implement the required business processes. The selected technology will be particularly useful to countries where poor fixed-line telecommunications are a major problem for e-government applications. It is, however, powerful enough to accommodate the operational and managerial needs of Customs operations in any industrialized country as well.

**(c) ASYCUDA website**

344. ASYCUDA homepage, [www.asycuda.org](http://www.asycuda.org), provides a comprehensive overview of the system, and a presentation of its functionality and of the benefits to be expected by the Governments concerned. The

public website provides the latest news in terms of Customs computerization and country-related information, editorial and pictorial, of the ASYCUDA projects worldwide. It also has links to the organizations working in the Customs domain such as the WCO and WTO. A secure area, the ASYCUDA Community, access to which is restricted to the user countries, contains technical and functional information relating to the system as well as discussion groups.

### **3. Information and training**

#### **(a) Capacity building on key issues on the international economic agenda**

345. *Development context:* The ability of developing countries and countries with economies in transition to meet global economic and trade challenges depends on their enhanced capacity and improved understanding of key trade and development issues.

346. *Objective/features:* The objective of the project, pursuant to paragraph 166 of the Bangkok Plan of Action, is to strengthen the human resource and institutional capacity in developing countries and countries with economies in transition so as to enable these countries to (a) gain a better understanding of the interrelated issues in the areas of trade, investment, finance and technology; (b) participate as effectively as possible in discussions and negotiations on these issues; (c) enhance local and regional training capacity in these areas; (d) establish the basis for a continuous and systematic form of training and capacity building at the international, regional and national levels and a network of expertise in developing countries and countries with economies in transition on these issues.

347. *Output/results:* The first training course under this programme took place in Geneva and the United Nations staff college in Turin in June-July 2001. Participants from 18 countries, including an observer from the Holy See, participated in this course. This was the first course organized under the mandate and it was intended to enhance the capacity of officials and other individuals from the participating countries to identify issues, and approaches adopted in their treatment, in the current trade negotiations, in particular those with a development dimension, as well as increasing the awareness of the diverse policy and other conditions necessary for attaining competitiveness and participating effectively in the current global economic environment. Courses organized in 2002/2003 were focused on trade and development as the central theme with linkages to sectoral issues to reflect their interrelationships. As in 2001, the course was held in Geneva and Turin, where 39 participants attended, while two regional courses, one in Bangkok in November 2002 and another in Santiago de Chile in April 2003, were conducted. In Bangkok there were 25 participants, while in Santiago de Chile 18 participants attended. These courses were intended to deepen the understanding of the ongoing WTO negotiations and the links with countries' trade and development policies. The regional perspectives were addressed in the courses organized with ESCAP in Bangkok and with ECLAC in Santiago de Chile. All courses have been well received by participants, who were satisfied with the overall course content and the debates, discussions and workshop sessions that were organized within the modules. One participant – from the State University of Campinas in Brazil, who attended the Training Course in Turin in 2002 – has designed an UNCTAD-based syllabus on economic diplomacy within the postgraduate economic courses.

#### **(b) Human resources development**

348. *Development context:* The terms of foreign trade and its growth potential depend on well-run trade-supporting services, relying in turn on competent staff and officials to run them and coordinate performance at community level. Human resources development (HRD) is essential for improving these services and enabling opportunities provided by globalization to be seized. HRD in trade-supporting services is a key to growth.

349. *Objectives/features:* UNCTAD seeks the application of HRD policies for trade-supporting services and the establishment of local training capacity to provide the training and organizational change that such policies require. This is achieved through programmes for the creation or strengthening of local training institutions that will conduct their own capacity building to rigorous standards using modern

technology and South-South cooperation for the most effective development of training capacity and programmes. Assistance to local training institutions to become more professional and to collaborate through networks is cultivated in three main areas: foreign trade and investment promotion within the TrainForTrade Programme, and port management within the Port Training Programme.

350. **Output:** On the basis of the recommendations of the TRAINMAR in-depth evaluation, the integration process of the various training components continued during the year. An Advisory Group composed of five qualified persons met in Geneva on 10 and 11 December 2002 to provide strategic guidance to the HRD group. The members examined the evolution of UNCTAD's training and capacity-building activities; determined elements needing to be strengthened, developed or modified in the context of newly defined strategy; and deliberated and put forth proposals necessary in order to better carry out HRD operational activities.

351. Recommendations were made and pertain to core issues within UNCTAD and the HRD Section, such as (i) the overall training strategy of the organization; (ii) a cross-sectional engineering approach in the framework of training; (iii) increased interaction between the HRD Section and other divisions and programmes; (iv) the TrainForTrade strategy of standardizing the means of intervention; (v) the establishment and maintenance of a set of overall training indicators; and (vi) reinforcement of the implementation of a distance learning strategy focusing on the least developed countries.

(i) **TRAINFORTRADE**

352. **Development context:** The capacity-building training programme of TrainForTrade seeks to strengthen and improve State-owned and private institutions in developing countries which are involved in investment promotion, international trade and trade-related services.

353. **Output:** Major emphasis was placed on the development of learning materials with the inception of 10 new training courses. Five new training packages (three in French and two in English) are now available on the following topics: "Multi-modal transport and logistics", "Trade, environment and development", "Third generation investment promotion-investor targeting", "International trade financing procedures" and "Debt data validation".

354. During the period concerned TrainForTrade delivered training courses on the following topics: (i) competition law and policy; (ii) trade and environment; (iii) multi-modal transport and logistics; (iv) international trade financing procedures; (v) investment promotion and investor targeting; and (vi) debt data validation.

355. A joint seminar was organized at the headquarters of ICE in Rome on investment promotion and investors' targeting issues for the English-speaking economies of the Mediterranean area (Egypt, Syrian Arab Republic, Libyan Arab Jamahiriye, Palestine, Jordan and Lebanon) in May 2002.

356. A group of 30 participants from the DMFAS central team staff, local debt office managers and consultants gathered in Geneva from 4 to 8 November to validate the training materials prepared in cooperation with the DMFAS programme. The seminar was followed by a "train the trainers" seminar to permit replication at local level.

357. Within the subregional project for strengthening training capacities in Benin, Burkina Faso and Mali five deliveries have been organized in Benin, Burkina Faso or Mali with a twofold purpose: to increase the skills of target populations in specific areas, and to identify potential trainers able to deliver training at national level. The future instructors have been identified and trained in both traditional and modern techniques during the instructors' workshop held in Cotonou in June 2002.

358. A Memorandum of Understanding was signed in Geneva between three institutions from Gran Canaria (Spain) and UNCTAD to support for five years both TrainForTrade and Port Training Programme

activities. A technical assistance project for the reinforcement of HRD and capacity building in Cambodia and the Lao People's Democratic Republic has been approved. Activities will begin in 2003.

359. *Distance learning.* In November 2002 a second distance learning cycle on e-competition law and policy was organized for 30 participants from Benin, Burkina Faso and Mali. During this cycle six national trainers, three from Burkina Faso, two from Benin and one from Mali, participated as instructors in the delivery. This cycle will be followed by a national workshop in each of the three countries to provide supplementary information on the new EU law on competition policy.

360. Distance learning materials for the "Trade Environment and Development" training course have been developed in French. A cycle of sessions has been scheduled to take place in early 2003 for participants from Benin, Burkina Faso and Mali.

361. **Results:** Preliminary findings indicate that approximately 300 persons have been trained and 28 trainers are now able to deliver TrainForTrade courses at national level with different degrees of autonomy. In the framework of this evaluation, the introduction of distance learning techniques is a promising method of delivery, accessible, reliable and affordable for LDCs.

**(ii) Port Training Programme**

362. **Development context:** To comply with the recommendations of the TRAINMAR in-depth evaluation, the secretariat has developed a new training strategy that integrates relevant TRAINMAR components with TrainForTrade and Port Certificate activities. It foresees the development, within TrainForTrade activities, of the new Port Training Programme with a view to increasing efficiency in port communities and to facilitating the exchange of goods in a continuous evolving environment.

363. **Objectives:** The new training cycle for port communities will enable middle managers to acquire an overall understanding of port management and deepen their knowledge in specific areas. It will allow them to appreciate the current and potential role of a modern port, to fully understand the customer's requirements, to master the essential day-to-day tasks and to acquire skills to perform the different functions effectively.

364. **Output:** In May 2002, the new port training strategy was presented at a meeting held in Leixões (Porto, Portugal). Representatives from 27 countries recognized the value of the initiative and endorsed the new training cycle on port management, which is based on the available pedagogical material, on complementary specialized training, and on a virtual networking process between operators from different countries, UNCTAD experts and partners.

365. Three action plans for the implementation of the Port Training Programme have been developed on a linguistic basis. African French-speaking countries recommended the extension of the pilot project for middle management port training in Benin, Gabon and Senegal as well as its extension to additional ports in West and Central Africa such as Cameroon, Guinea and Togo. Portuguese-speaking countries approved the starting of the new programme in a three-phased approach, while English-speaking countries expressed their interest and recommended potential institutions for its implementation at a subregional level.

366. In Benin and Gabon the third delivery of the Port Certificate has been fully carried out by national instructors previously trained by the programme. About 30 new participants have received their diplomas. Activities in Senegal have started and about 14 participants will receive their diploma in the first half of 2003. The training of 25 participants from the Lomé (Togo) port community and of 35 middle managers from the port communities of Praia and Mindelo (Cape Verde) started in October 2002.

367. *Training needs assessment.* Preliminary study missions were undertaken in February in Togo to identify training needs in port communities, in April in Angola and South Africa, in August in Tunisia and in November 2002 in Mauritius.

368. *Distance learning.* The pilot exercise undertaken in Geneva, Marseille, Senegal and Comoros for the delivery in distance learning mode of the Port Certificate training course concluded with the delivery in March 2002 of the Certificate to the participants of the Port of Dakar (Senegal) and in October 2002 to the participants from Moroni and Moheli (Comoros).

369. As of 13 November 2002 a distance learning exercise is being undertaken in Geneva, Marseille, Ghent, Cotonou (Benin), Douala (Cameroun), Lomé (Togo) and Tunis (Tunisia) for the tutoring of French-speaking national trainers in charge of the local delivery of the Port Certificate. Participants who were trained in previous years have now the opportunity to update their skills. International support is being provided through the organization of 13 sessions of one-hour duration. Discussions are held through an Internet forum approximately once a week.

370. **Results:** Following the results of the international meeting of Leixões three new projects have commenced for the implementation of the Port Training Programme. The countries foreseen are the following: (i) Cape Verde, Angola and Guinea-Bissau among African Portuguese-speaking countries; (ii) Benin, Cameroon, Gabon, Guinea, Senegal and Togo in West and Central Africa; and (iii) Tunisia in North Africa. Results will be evaluated at the end of each training delivery.

371. In the framework of the pilot project for the implementation of the port management training course in Benin, Gabon and Senegal, an agreement between the Port Authority of Cotonou and the “Ecole Nationale d’Administration et Management” has been prepared to transfer the organization and delivery of the Port certificate training course to a national education institution.

### (c) **The Trade Point Programme**

372. **Development context:** The Trade Point Programme is the operational component of UNCTAD’s Trade Efficiency Initiative, which aims to increase the competitiveness of the disadvantaged players in international trade by helping them reduce their transaction costs. As such, it both draws on and provides useful feedback/empirical evidence to the analytical and intergovernmental work conducted by the Division. The initiative, in addition to the simplification and harmonization of trade procedures, puts special emphasis on the use of information and communication technologies (ICTs) in international trade.

373. **Objectives:** The main objective of the Trade Point Programme is to facilitate the participation of small- and medium-sized enterprises (SMEs), in particular those located in developing and least developed countries, in international trade by applying the most advanced ICTs. Using the services of Trade Points, companies have access to trade-related information and global information networks, as well as advice on how to trade internationally, and hands-on experience with electronic commerce. The network of Trade Points, a worldwide Internet-based network interconnecting all Trade Points managed since November 2002 by the World Trade Point Federation (WTPF), provides companies with enhanced international visibility on the web, as well as access to the WTPF’s global system of trade leads called the Electronic Trade Opportunities (ETO) system.

374. **Outputs/results:** In its activities with regard to the Trade Point Programme in 2002, the secretariat focused on the implementation of decisions taken by UNCTAD member States, as reflected in the Trade Point Programme strategy of September-October 1999 (TD/B/WP/120; TD/B/WP/120/Add.1), the provision in the UNCTAD X Plan of Action regarding the Trade Point Programme (TD/386, paragraph 158), and the decisions of the September 2001 Working Party on the Medium-term Plan and the Programme Budget (TD/B/WP/L.102). The main emphasis was on the completion of the Trade Point Programme strategy, namely the transfer of the Programme to the World Trade Point Federation.

375. In this regard, the main *outputs/results* during the year were as follows:

**(i) *Strengthening of the World Trade Point Federation (WTPF)***

376. In order to create conditions for a full transfer of the Programme within the time frame agreed, as requested by the member States (TD/B/47/L.4, paragraph 14), the secretariat paid special attention to the strengthening of the self-management capacity of the World Trade Point Federation, and enhancement of its image and external relations network.

377. The Steering Committee of the WTPF and its Bureau have been working closely together and developed an effective system of decision-making, particularly as it related to strategic decisions on future directions of the WTPF and the selection of partners for the services that the WTPF intended to develop for Trade Points and their clients. In addition to communicating via electronic communication, they met three times in the course of 2002, namely in February-March 2002 and May-June 2002 in Geneva, and in November 2002 in Beirut.

378. The WTPF also started to build its image and strengthen its relations with relevant intergovernmental organizations, such as UNCTAD, ITC, WTO and WIPO. The WTPF submitted an application to the Economic and Social Council (ECOSOC) for consultative status with the United Nations and an application to the Swiss authorities regarding an agreement of a fiscal nature for the WTPF and the recognition of its status as an international organization in Switzerland. The WTPF also obtained a commitment to serve as its Goodwill Ambassadors from three prominent international personalities, namely Mr. Enrique García Rodríguez, President of the Andean Corporation for Development (CAF), Mr. José María Figueres Olsen, former president of Costa Rica and currently the Managing Director of the World Economy Forum (WEF), and Mr. Cesar Gaviria, former president of Colombia and currently the Secretary General of the Organization of American States (OAS).

**(ii) *Enhancement/ development of services for Trade Points***

379. Following the adoption of the strategic and operational plans by the Second General Assembly of the WTPF in November 2001, the thrust of activities in 2002 was the development of the WTPF web presence (the new website of WTPF and its content) and the negotiations with strategic partners for the provision of new services to Trade Points and their clients.

380. The objective of the new WTPF's website is to serve as a practical everyday work tool for Trade Points and their customers. The technical development and construction of the website were undertaken free of charge by Trade Point Castilla La Mancha, Spain, and the company Consultor-e.com associated with Trade Point Monterrey, Mexico. A model for regional Trade Point portals within the site was designed for free by Trade Point Chiangmai, Thailand. UNCTAD provided a content manager for the website and was instrumental in concluding agreements with content partners, which include UNCTAD, ITC, UN/ECE, the World Bank, WTO, Ernst&Young, the Centre for the Promotion of Imports from Developing Countries (CBI) of the Netherlands, Worldinformation.com and COFACE. The website was presented to Trade Points at the Third General Assembly of the Federation in Beirut (4-6 November 2002).

381. Main services included in the portal then were: (a) a trade information portal (basic and advanced profile of each country participating in the WTPF pertaining to the country's economy, economic sectors covering both goods and services, and useful contacts to providers of trade-support services worldwide; and (b) the new ETO system developed and operated on behalf of the WTPF by Trade Point Castilla La Mancha, Spain. The system contains a number of new features, such as the classification of opportunities by Harmonized System sectors, a Trade Alert Service allowing clients to be advised of specific opportunities of the company's interest, an advanced search engine and an automatic translation tool. A new sub-service was added covering proposals for commercial, financial and technical cooperation.

382. In October 2002, a partnership agreement was reached with one of the main credit insurance and credit management service providers, COFACE, whereby it grants direct access to its international credit rating "@rating" services through WTPF's website. The WTPF and Trade Points will obtain a referral fee

for each client making use of the service. An income-generating mechanism will also be part of the new Global Trade Directory Service for the development of which the WTPF signed a technology partnership agreement with Siemens Business Services.

**(iii) Capacity building**

383. The implementation of capacity-building services was constrained by the lack of external funding in 2002. However, Trade Points could benefit from training courses organized and sponsored by the partners of WTPF. UNCTAD has co-organized (with ITC) regional trade information workshops for Trade Points in Dakar, Senegal (January 2002), in Santo Domingo, Dominican Republic (March 2002) and Shanghai, China (April 2002).

384. Two UNDP/UNCTAD training workshops (on ebusiness and enhancing regional cooperation) took place in cooperation with ITC in November 2001 in Geneva, Switzerland, and another one was held in September 2002 in Chiangmai, Thailand.

385. UNCTAD also assisted Trade Points directly in building their services and improving self-sustainability through technical cooperation projects. UNCTAD continued to support Bulgaria in the establishment of a Trade Point in Sofia, which has already reached a fully operational stage. New Trade Points were also launched under projects in Pakistan and Nepal. A first mission to Bhutan took place to identify the host for a new Trade Point and assess the needs for its establishment. A capacity building event on electronic commerce for SMEs was organized in cooperation with Trade Point Moldova, Chisinau, in September 2002, using resources from a joint project with UN/ECE funded by the Government of the Czech Republic. In October 2002, a joint UNCTAD/ITC mission took place thanks to funding from the Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme (JITAP) to help in strengthening Trade Point Ouagadougou, Burkina Faso, and organize an open-door event promoting the Trade Point and its services. In December 2002, a joint UNCTAD/WTPF mission was organized to Oman to advise on the establishment of a Trade Point in the country.

**(iv) Consolidation of the Trade Point community**

386. Particular attention was paid to the consolidation of the Trade Point community with the aim of increasing Trade Point self-sustainability. UNCTAD and the WTPF joined forces with ITC in an initiative in the area of selling Trade Point services. Trade Point experience in this regard served as background material for a special chapter of the Trade Point Review 2002 (UNCTAD/SDTE/Misc.52), as well as a basis for two Expert Group Meetings on Selling Trade Point Services, one organized with ITC and hosted by the Government of Costa Rica in San José (12 September 2002) and the other one taking place in Geneva, Switzerland (8-10 October 2002). The focus of the meetings was in particular on the identification of services that could be successfully commercialized by Trade Points. In addition to the traditionally provided personalized guidance to Trade Points, the opportunity of 10 years since the Programme's inception was taken to analyse the experience accumulated over the years, which resulted in a chapter in the Trade Point Review 2002 on best practices in Trade Point establishment and operation. At the end of 2002, there were 67 fully operational Trade Points, with an additional 58 under development, in 82 countries of the world. UNCTAD and the WTPF received 21 new requests for the establishment of Trade Points in the course of 2002.

**(v) Transfer of the Trade Point Programme to the World Trade Point Federation**

387. In June 2002, the secretariat organized informal consultations with interested member States with a view to briefing them on the progress in the implementation of the Trade Point Programme strategy. Given the results attained on the one hand, and the fact that the WTPF did not yet dispose of resources to fully ensure all the activities of its secretariat on the other hand, the member States, at the September 2002 meeting of the Working Party on the Medium-term Plan and the Programme Budget, decided that UNCTAD should continue supporting the Federation further by providing support to its secretariat and conducting capacity-building activities for Trade Points. This mandate was to be reviewed at UNCTAD XI.

388. A formal contract between UNCTAD and the WTPF regarding the transfer of the entire Trade Point Programme was subsequently signed at the Third General Assembly Meeting of the WTPF (Beirut, Lebanon, 46 November 2002). This marked the successful completion of the Trade Point Programme strategy in terms of its full implementation within the time frame required. Consequently, the ownership of the Trade Point Programme, including all the related rights and obligations, passed from UNCTAD to the WTPF. Thanks to the outreach to business communities in the countries participating in its network, the WTPF could in the future become a vehicle for the implementation of trade facilitation and trade efficiency measures, and dissemination of the related information emanating from the intergovernmental level.

#### **4. Electronic commerce**

389. Pursuant to United Nations General Assembly resolution 53/220, UNCTAD's capacity-building activities concerning electronic commerce have been financed from the Development Account.

390. *Development context:* Electronic commerce promises considerable potential benefits to developing countries, from the perspective of both consumers and business. It is expected to continue to expand and represent a considerable and increasingly growing share of world trade. The participation of developing countries in e-commerce has been, up until now, quite limited. To a large extent, solutions to these problems need to be provided by the developing countries themselves. However, international organizations, including UNCTAD, donor agencies and foreign investors, can play a decisive role in assisting the developing countries.

391. *Objectives:* The objective is to strengthen the capacity of developing countries, including least developed ones and also countries with economies in transition, to promote e-commerce as a means of lowering transaction costs in production and in the exchange of goods and services.

392. *Output:* In 2002 the following activities were delivered.

##### **(a) Development and maintenance of information exchange and policy analysis frameworks**

393. The third annual report entitled "Electronic Commerce and Development Report 2002" (ECDR) was published in November 2002. It covers a wide range of themes relating to electronic commerce. Emphasis is placed on providing information of particular relevance to developing countries in order to assist them in their efforts to make greater use of information and communication technologies (ICTs) and the Internet. The ECDR 2003 focuses on cross-sectoral aspects of e-commerce and the impact of ICT on selected sectors. The first part provides information on the status of e-commerce around the world, the Domain Name System, gender and m-commerce, with a focus on developing countries. The second part deals with the application of e-commerce in specific sectors such as the IT industry, finance, the publishing industry, insurance and services.

394. On the occasion of the International Summit and Ministerial Conference on "Finance for Development" convened by the United Nations in Monterrey, a side event was organized on 19 March 2002. Among other agreements, participants encouraged the international financial institutions and development agencies to continue systematic research on various online financial services and their impact on economic development, and on opportunities opened up for enterprises to improve access to e-finance. They recommended to UNCTAD and other development agencies specializing in technical assistance that they organize regular forums to sensitize Governments, central banks and financial regulators, financial service providers and the corporate sector in developing and transition countries to the advantages of e-commerce and e-finance at the local, regional and global levels.

395. UNCTAD organized, in cooperation with the Government of the Netherlands Antilles, a High Level Workshop on E-commerce and ICT for the countries of the Central American and Caribbean region (Curaçao, Netherlands Antilles, 25-27 June 2002). It was the first of a series of meetings that will be held around the world to devise policies and strategies aimed at bridging the digital divide and encouraging the development of an enabling environment to widen e-business opportunities.

396. The next conference was held from 20 to 22 November 2002 in Bangkok (Thailand) in cooperation with UN ESCAP. It brought together government and business leaders from the field of ICT to examine the different policy options for the development of e-commerce in the Asian region and, on the basis of best practices, to identify key elements of national and regional e-strategies. The Conference concluded with an official Declaration on electronic commerce for development.

397. UNCTAD continued to participate actively in the work of the UN ICT Task Force, created in 2001 by the General Assembly of the United Nations, within several working groups established by the Task Force.

398. UNCTAD's work in the area of e-commerce strategies represents a major contribution to the preparations for the forthcoming World Summit on the Information Society (WSIS). This work has identified a number of areas such as taxation, customs, intellectual property, consumer or privacy protection in which action is needed for e-commerce to realize its full potential in developing countries. It also aims at assisting developing countries in devising and implementing policies addressing these issues. UNCTAD's efforts are aimed at promoting the inclusion of an e-commerce component in the WSIS outcome.

**(b) Expert assistance and advice provided to Governments on policy issues relating to e-commerce**

399. The following studies were undertaken by consultants as inputs into an annual publication – *E-Commerce and Development Report 2002*:

- (a) The domain name system and issues for developing countries;
- (b) Gender, e-commerce and development;
- (c) M-Commerce: Wireless communication opportunities for developing countries;
- (d) The IT industry, e-business and development; and
- (e) E-finance for development: Global trends, national experiences and SMEs.

400. A consultant contributed to a report examining the basic elements of national e-strategies' enabling environment for e-commerce in developing countries. The report was part of an issues paper for the Expert Meeting on Electronic Commerce Strategies for Development: The Basic Elements of an Enabling Environment for E-commerce (Geneva, 10-12 July 2002).

401. Resource persons participated in that Expert Meeting. The Meeting presented and discussed national experiences of both developed and developing countries and identified key elements of participatory, comprehensive national e-commerce strategies, their implementation and the impact on developing countries. It stressed a wide range of issues regarding the development of e-commerce and ICTs, including the linkages and interactions between e-commerce strategies and other aspects of development strategies and policies; the human resources development and training; the legal and regulatory aspects; and telecommunication, infrastructure and access.

402. In cooperation with the Ministry of Science and Technology of Pakistan and the UNDP Office in Pakistan, a conference on e-commerce was held in Islamabad on 18 to 19 September 2002. The aim of the project was to bring international expertise to highlight particular e-commerce development issues. The Conference event was used as an anchor point to conduct, in parallel, an assessment of possible e-commerce strategy and policy follow-up and is published in the forthcoming Report on E-commerce in Pakistan (UNCTAD/SDTE/ECB/misc./2003/2).

403. A two-day training seminar on e-commerce was organized for 20 Chinese officials in Shanghai (December 2002) in cooperation with the EU-China programme for China's accession to WTO. The

training addressed various aspects of e-commerce, including the normative and policy framework, the impact of e-commerce on different sectors of the economy, strategies for the development of e-commerce and ICT.

404. At the request of the Ministry of Finance of Lebanon, UNCTAD sent a preliminary technical cooperation mission to the Central Bank of Lebanon in order to make an assessment of legislative reform which may be needed to accommodate a secure banking and information network for Lebanon (SeBIL). A draft action plan with recommendations related to the required legislative action and a technical assistance proposal were prepared and will be submitted to the Ministry of Finance early in 2003.

405. As a follow-up to the presentation of the UNCTAD initiative on e-tourism (LDC III, Belgium, May 2001), and following a request from the Government of Mauritania related to e-commerce with a special focus on e-tourism, a project was prepared in 2002 for submission to donors early 2003.

406. Advice to Governments in the form of presentations and substantive participation was offered by UNCTAD staff members at the following e-commerce seminars, workshops and conferences:

- (a) Latin American and Caribbean Symposium on Education, Science and Culture in the Information Society, SimpLAC 2002 (La Havana, Cuba, 18-21 February);
- (b) E-commerce at the Gulf Investment Forum: "Strength Through Diversity: Changing Economies of the GCC" (Bahrain, 8-10 April 2002);
- (c) E-commerce at the EU sponsored Conference on e-Development in the Caucasus (Yerevan, 15-16 April 2002);
- (d) Third Saudi Conference on Electronic Commerce (Riyadh, United Arab Emirates, 21-24 April);
- (e) Impact of E-commerce and E-Transport Services on the Development of Exports Conference (Cairo, Egypt, 18-23 May);
- (f) Third Meeting of Export Credit Agencies from member countries of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC, Tunisia, 17-19 September 2002);
- (g) Regional seminar on E-business for the Arab region organized by Egypt and ITU (Cairo, Egypt, 10-12 December).

407. **Results/impact:** UNCTAD's publication *E-Commerce and Development Report 2002* continued to receive a considerable number of positive press reviews around the world. Further to the decision of the Working Party on the Medium-term Plan and the Programme Budget at its twenty-ninth session, UNCTAD carried out an *ex-ante* survey on publications envisaged for the biennium 2004-2005. According to this survey, the ECDR ranked first. Also, the number of downloads of the publication on the Internet has still been impressive (over 100,000 downloads in 2002), demonstrating the great demand that exists for studies and publications on e-commerce. The report provided evidence of the potential role of e-commerce for development, especially in specific sectors and activities such as finance, tourism and trade facilitation. The material contained in the publication and the knowledge accumulated from other activities carried out by staff will be used in two forthcoming regional seminars planned for 2003 – one for Africa in June and the other for countries in transition in October.

408. The activities undertaken provided continued support for UNCTAD's work on electronic commerce by Governments and civil society. Following the regional conferences on e-commerce strategies for development held for Central America and the Caribbean and for Asia, there is a continuing demand for awareness raising in many developing countries, the sharing of experiences of countries' strategy related

to information and communication technologies and electronic commerce contributing to the definition of successful criteria to strengthen an enabling e-commerce environment.

409. In the course of exchanges at the events and meetings that were organized during the year it was demonstrated that developing countries continue to lag behind other countries in participating in e-commerce. They highlighted the major areas where policies and strategies need to be developed, particularly issues relating to infrastructure and access, the liberalization of ICT-related services, human resources development, the development of relevant local content, the establishment of an enabling environment that encourages investment, and the establishment of a legal and regulatory framework, including consumer protection, protection of privacy, intellectual property rights, and encryption and electronic signatures. They also identified other areas where work is required, such as the collection of information on e-commerce and its dissemination to developing countries, the carrying out of case studies and analysis of e-commerce, focusing on such issues as on-line payments, trust-building mechanisms such as encryption and electronic certificates or signatures, new technologies such as interactive television, and cell phones, which can support e-commerce. The results of such studies would support capacity building and knowledge about e-commerce in developing countries. In that regard, a course on the legal aspects of e-commerce was developed in 2002.

410. UNCTAD has also participated in programmes and events on e-commerce organized by other agencies and institutions such as WTO, ITU, WIPO and OECD, and also by the private sector. This has not only been a useful learning process for UNCTAD staff but also gives UNCTAD the opportunity to share its views, opinions and knowledge about e-commerce with others.

**(c) Other observations**

411. A low level of awareness about the impact and potential benefits of e-commerce is still a major problem in many developing countries. This problem has also been recognized in the plan of action of the UN Task Force on Information and Communication Technology. As a member of the Task Force, UNCTAD will continue to participate in various awareness-raising strategies on the basis of experience. It will continue to organize events aimed at tackling lack of awareness.

412. UNCTAD is providing substantive inputs into its participation in the preparation of the forthcoming World Summit on the Information Society. UNCTAD is a member of the High-Level Summit Organizing Committee of the WSIS.

413. UNCTAD recognizes that its capacity-building work on e-commerce depends almost entirely on the availability of funds in the Development Account. As the project will be completed by the end of 2003, UNCTAD is preparing draft project proposals to be submitted to potential donors in order to ensure the long-term sustainability of the technical cooperation activities of the e-commerce programme in UNCTAD. This refers, in particular, to activities to be undertaken for capacity building in electronic commerce in support of the relevant outcome of the fourth WTO Ministerial Conference. This proposal will focus on the various elements that need to be delivered simultaneously and in concert, within the framework of a national e-strategy, including economic policy, investment strategy, trade policy, legal reform, and training and capacity building.

**D. DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT  
AND TRADE EFFICIENCY**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
<b>Trade logistics</b>						
BUL/99/A08	Design and implementation of an integrated management information system and upgrading of the data transmission network (SEMA Group) .....	1999-	Bulgaria	329 640	284 978	41 262
CMR/93/A24 <sup>a</sup>	Installation du système RailTracker à la REGIFERCAM .....	1993-2002	Cameroon	159 673	146 673	-4 404
INS/98/011 <sup>a</sup>	Assisting private sector participation in maritime and related services .....	1998-2002	UNDP	164 000	162 395	1 924
IRA/99/008	ACIS in Islamic Republic of Iran (PortTracker) .....	1999-	UNDP	345 668	269 683	77 977
LEB/0T/OBZ	Preparatory Phase I for implementation of PortTracker ..	2000-	Lebanon	96 530	84 632	4 293
NEP/97/A53	Promotion of the trade and transport sectors of Nepal ....	1998-	Nepal	3 443 353	2 715 250	83 604
PAK/99/A01	Promotion of the trade and transport sectors .....	2001-	Pakistan	1 500 000	1 047 237	714 807
PRC/0T/2BQ	ACIS RailTracker Upgrade for SNCC .....	2002-	COMESA Secretariat	42 762	4 649	4 649
SOM/98/001	Ports and trade efficiency for economic recovery of Somalia .....	1998-	UNDP	2 803 692	2 710 668	-19 592
SOM/00/003 <sup>a</sup>	Support to cross-border initiatives - transport and trade .	2000-2002	UNDP	425 451	428 926	57 707
SUD/93/A10	Technical assistance to Sudan Railways Corporation (SRC) .....	1993-	Sudan/World Bank	141 433	124 982	8 269
THA/0T/2AR	Preparatory, Installation of ACIS RailTracker on State Railway .....	2002-	Thailand	13 278	3 271	3 271
URT/93/A43 <sup>a</sup>	TCR Restructuring Project Design and Implementation of RailTracker .....	1993-2002	EC	504 720	465 826	-4 589
INT/83/A04	Course on Improving Port Performance (IPP).....	1983-	Multidonors	547 453	490 995	2 514
INT/88/A01	STRATSHIP: Strategic planning course .....	1988-	Norway	211 229	194 627	236
INT/93/A22	Introduction of multimodal transport and microcomputer software programmes .....	1993-	Multidonors	52 045	35 296	3 985
INT/0T/0BB	Support for ACIS promotional activities .....	2001-	Multidonors	608 170	451 509	438 531
INT/0T/1AJ	ACIS RailTracker maintenance .....	2001-	Kenya, UR of Tanzania, Uganda	50 108	36 223	22 379
INT/0T/2AX	Online trade efficiency support services .....	2002-	Belgium	129 056	11 468	11 468
RAF/94/A70	Development and installation of ACIS in COMESA .....	1995-	EC	7 199 533	6 359 842	-3 902
RAF/99/A07	ACIS RailTracker in Southern Africa (Rolling Stock Information System) .....	1999-	USAID	1 255 171	1 065 615	12 764
RAS/0T/1BR	International Multimodal Transport Operations in the ECO Region: Trade Facilitation Component .....	2001-	IDB-ECO	33 245	1 822	1 822
<b>Total Trade logistics .....</b>				<b>20 056 210</b>	<b>17 096 567</b>	<b>1 458 975</b>
<b>ASYCUDA</b>						
ALB/0T/1BZ	Computerization of Customs Procedures and Data Processing Using ASYCUDA++ .....	2002-	EC	383 844	199 075	199 075
BEN/0T/1AR	Migration to ASYCUDA++ .....	2001-	Benin	163 090	107 196	72 270
BGD/00/A03	Agreement between Clapp & Mayne Inc., Maryland, USA and UNCTAD: implementation of ASYCUDA++ .....	2000-	USA	50 850	45 000	2 340
BGD/0T/0BK	CAM - I Implementation of ASYCUDA .....	2001-	Bangladesh	722 535	384 805	248 320
BIH/0T/0BH	Computerization of Customs procedures and data in the Federation of Bosnia and Herzegovina and Republika Srpska Customs Administration .....	2000-	EC/PHARE	758 111	715 060	163 504
BIH/0T/2AJ	Roll-out of the ASYCUDA++ .....	2002-	EC	375 020	288 095	288 095
BKF/0T/1BS	Migration to ASYCUDA++ .....	2001-	Burkina Faso	189 696	135 618	99 272

(for note see end of table)

**D. DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT  
 AND TRADE EFFICIENCY (continued)**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
BOL/00/002	Apoyo a la implementación del sistema aduanero automatizado SIDUNEA .....	2000-	UNDP	689 500	650 532	283 284
BOT/0T/1AL	Implementation of ASYCUDA in Botswana .....	2001-	Botswana	1 161 640	600 806	312 769
CHD/99/003	SYDONIA ++ .....	1999-	UNDP	710 370	693 956	82 414
CVI/0T/0BA	Migration au système SYDONIA ++ .....	2000-	Cape Verde	399 997	209 731	206 898
ELS/96/009 <sup>a</sup>	Modernización del sistema de aduanas .....	1996-2002	UNDP	285 446	273 977	-170
ELS/99/002	Modernización del sistema de aduanas - migración a SIDUNEA++ .....	1999-	UNDP	444 000	437 779	31 901
EST/97/A45	ASYCUDA .....	1998-	EC	617 242	551 194	6 580
ETH/97/013	Implementation of the ASYCUDA System .....	1998-	UNDP	665 000	652 409	-8 272
GAB/0T/1CU	Implementat ion of ASYCUDA++ System .....	2002-	Gabon	584 195	246 507	246 507
GAM/98/002	Economic Management Capacity Building Programme II ..	1999-	UNDP	74 850	60 031	25 021
GEO/94/A52	Trade facilitation .....	1994-	Georgia	1 176 000	1 102 257	-1 680
HON/99/022 <sup>a</sup>	Modernización de administración aduanera – migración a SIDUNEA++ .....	1999-2002	UNDP	372 324	374 049	110 246
IRA/99/009	ASYCUDA (Phase II) .....	1999-	UNDP	263 182	174 235	6 210
JOR/96/004	Computerisation of Customs procedures and data for improved revenue collection – Phase I .....	1997-	UNDP	1 749 400	1 150 078	123 395
LAT/00/A04	Continuing implementation of ASYCUDA .....	2000-	Latvia	54 641	46 567	-388
LAT/98/A13	ASYCUDA .....	1998-	EC	481 634	480 695	-354
MAG/0T/1AA	ASYCUDA - Assistance to the Customs Board of Madagascar .....	2001-	EC	133 148	58 080	-65
MAU/0T/1CJ	Migration to ASYCUDA++ System .....	2001-	Mauritania	285 000	80 498	80 498
MCD/96/A03	ASYCUDA Support Activities .....	1996-	EC	908 302	845 573	14 703
MDV/97/002	Migration to ASYCUDA++ .....	1998-	UNDP	111 245	82 281	17 989
MLI/0T/2AT	Migration to ASYCUDA++ .....	2002-	Mali	146 380	4 659	4 659
MLW/98/A34	ASYCUDA .....	1999-	United Kingdom	1 243 384	678 418	222 012
NAM/94/A31	ASYCUDA .....	1993-	Denmark	1 801 000	1 589 912	4 349
NAM/0T/2AI	Migration to ASYCUDA++ .....	2002-	Namibia	269 166	37 769	37 769
NEP/96/A08	Efficiency enhancement of customs operations .....	1996-	Asian Development Bank	880 000	818 757	3 683
NER/0T/1BT	Migration au Système SYDONIA++.....	2001-	Niger	282 131	114 344	114 344
NIC/99/A52	Migración a SIDUNEA++ .....	1999-	Nicaragua	220 000	166 699	59 324
PAL/0T/1AX	ASYCUDA++ Preparatory Technical Assistance Project .....	2001-	Palestinian Authority	332 000	284 921	135 370
PHI/94/A36	ASYCUDA .....	1994-	Philippines	2 565 000	2 425 107	41 770
ROM/95/A53	ASYCUDA .....	1995-	United Kingdom	1 579 740	1 398 136	2 922
SRL/97/A51	Customs modernization programme – Migration to ASYCUDA++ .....	1997-	Sri Lanka	345 748	271 141	27 211
TIM/02/015	ASYCUDA .....	2002-	UNDP	431 150	27 888	27 888
UGA/96/A48 <sup>a</sup>	ASYCUDA .....	1996-2002	Uganda/WB, UNDP/OPS	508 946	493 443	10 572
UGA/0T/1AP	Migration to ASYCUDA ++ – Customs Modernization Programme .....	2001-	Uganda	262 346	113 261	109 427
URT/98/009	ASYCUDA .....	1999-	UNDP	376 023	374 074	20 967
VEN/01/013	Apoyo a la Modernización del Sistema Aduanero .....	2002-	UNDP	2 170 000	239 085	239 085
VEN/0T/0BE	Piloto SIDUNEA++ .....	2000-	Venezuela	790 000	660 027	258 513

*(for note see end of table)*

**D. DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT  
AND TRADE EFFICIENCY (continued)**  
(In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
YEM/97/002	Strengthening economic and financial management (Phase II) ASYCUDA ++ and DMFAS .....	1998-	UNDP	2 797 114	2 703 254	585 468
ZAM/0T/1AW	Migration to ASYCUDA++ .....	2001-	United Kingdom	288 538	152 450	44 064
ZIM/99/A40	Institutional strengthening of Customs data processing system .....	1999-	World Bank	735 530	636 486	47 982
INT/94/A49	ASYCUDA marketing activities .....	1994-	Multidonors	181 858	128 103	-90
INT/98/A26	Support to the enhancement of ASYCUDA – Development of a transit module .....	1998-	Switzerland	1 200 000	1 051 852	65 448
INT/98/A42	Support for ASYCUDA implementation activities .....	1998-	Multidonors	694 954	523 662	64 365
INT/99/A57	ASYCUDA: passage à l'an 2000 .....	2000-	France	129 082	79 256	14 237
INT/99/A65	Soutien aux administrations des douanes des pays utilisateurs du système SYDONIA – Bogue de l'an 2000 ..	1999-	France	459 621	322 396	27 391
INT/0T/0BT	Realization of an ASYCUDA – SAFETIR interface .....	2000-	International Road Transport Union (IRU)	89 270	68 438	8 305
RAF/92/A37	Computerization of customs and foreign trade statistics for the Eastern and Southern Africa COMESA (EUROTRACE regional project) .....	1992-	EC	3 964 041	3 653 620	5 425
RAF/99/A14	SYDONIA v 2.7 (pays de la CEDEAO, et Centre Informatique Communautaire de la CEDEAO (CIC))....	1999-	ECOWAS	219 180	201 073	-5 000
RAF/0T/2AW	Technical assistance on ASYCUDA V2.7.....	2002-	COMESA	57 178	26 751	26 751
RAS/00/A05	ASYCUDA implementation and support in the Asia/Pacific region .....	2000-	Multidonors	134 958	103 838	38 833
RAS/98/A07	Computerisation of Customs Data and External Trade Statistics .....	1998-	Australia	4 266 600	3 694 996	118 847
RAS/0T/1DA	ASYCUDA Support Mechanism for the Pacific .....	2002-	Japan	298 591	174 356	174 356
	<b>Total ASYCUDA .....</b>			<b>40 732 677</b>	<b>33 864 256</b>	<b>5 146 609</b>
<b>Information and Training</b>						
INT/99/A48	Training in international trade for least developed countries (TRAINFORTRADE) .....	1999-	Multidonors	59 493	14 987	14 987
INT/0T/1AS	Training course on international economic issues (paragraph 166 of the UNCTAD X Plan of Action).....	2001-	Italy	105 221	56 647	-1 360
RLA/01/001	Strengthening Economic and Financial Management.....	2002-	UNDP	74 800	86 958	86 958
ROA-2074(J)	Key issues on the international economic agenda .....	2002-	Development Account	1 008 000	221 856	221 856
	<b>Total Information and Training .....</b>			<b>1 247 514</b>	<b>380 448</b>	<b>322 441</b>
<b>Human Resources Development</b>						
BRA/98/A29	Préparation d'un plan de développement de ressources humaines et de formation dans le domaine portuaire et para-portuaire, et du commerce international .....	1998-	Belgium	59 934	43 296	6 048
CVI/99/A20	Préparation d'un plan de développement des ressources humaines et de formation portuaire, para-portuaire et du commerce international .....	1999-	Cape Verde, Belgium	50 375	33 000	-13 656
ROM/94/A25 <sup>a</sup>	TRAINMAR: Maritime School of Costanza .....	1994-2002	EC	82 680	75 276	-154
INT/91/A15	TrainForTrade Trust Fund .....	1991-	Multidonors	694 972	581 188	67 599
INT/94/A54 <sup>a</sup>	Centre TRAINMAR Belgique .....	1994-2002	Belgium	560 847	507 311	22 964
INT/96/A55 <sup>a</sup>	TRAINMAR .....	1996-2002	Multidonors	156 312	137 526	23 201
INT/99/A51 <sup>a</sup>	TRAINMAR .....	1999-2002	Netherlands	116 279	100 493	-1 942
RAF/96/A44 <sup>a</sup>	African commodity sector diversification through South-South cooperation .....	1996-2002	Japan	194 067	279 648	959

(for note see end of table)

**D. DIVISION FOR SERVICES INFRASTRUCTURE FOR DEVELOPMENT  
 AND TRADE EFFICIENCY (concluded)**  
 (In dollars)

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
RAF/96/A49 <sup>a</sup>	TRAINMAR in Western/Central Africa (Certificat portuaire CNUCED) .....	1997-2002	Multidonors	399 935	362 749	25 560
RAF/0T/2AC	Programme de renforcement des capacités de formation portuaire .....	2002-	Multidonors	69 917	9 216	9 216
RAS/0T/2BL	Strengthening capacity of the trade support institutions in Asian LDCs .....	2002-	Japan	255 933	52	52
<b>Total Human Resources Development .....</b>				<b>2 897 184</b>	<b>2 129 755</b>	<b>139 847</b>
<b>TRAINFORTRADE</b>						
ROM/97/A15	TRAINFORTRADE .....	1997-	Switzerland	400 000	366 009	-10 762
INT/90/A18	Training in the field of foreign trade .....	1990-	France	1 446 222	1 171 036	74 968
INT/00/X42	TRAINFORTRADE .....	2002-	Netherlands	400 <sup>b</sup>	400	400
INT/01/X18	TRAINFORTRADE .....	2002-	France	72 939 <sup>b</sup>	72 939	72 939
RAF/99/A09	Mise en place de capacités de formation du commerce international (TRAINFORTRADE) .....	2000-	France	386 084	245 959	121 960
<b>Total TRAINFORTRADE .....</b>				<b>2 305 645</b>	<b>1 856 343</b>	<b>259 505</b>
<b>Trade Points</b>						
BUL/98/A02	Increasing the participation of Bulgarian SMEs in international trade through the establishment of a Trade Point in Sofia .....	1998-	Switzerland	164 000	139 552	71 536
HUN/94/003 <sup>a</sup>	Preparing participation of Hungary in the UNCTAD Trade Point Programme .....	1995-2002	UNDP	51 975	48 815	-1 006
MOZ/99/A45	Launching an operational trade point in Mozambique ....	1999-	World Bank	40 680	28 019	-64
MOZ/99/A47	Training activities at the Maputo trade point .....	1999-	World Bank	33 900	11 812	-72
ROM/97/A02 <sup>a</sup>	Increasing the participation of Romanian SMEs in international trade through the establishment of a Trade Point in Bucharest .....	1997-2002	Switzerland	157 929	142 093	-1
INT/95/A67 <sup>a</sup>	Setting up the Global Trade Point Network .....	1995-2002	Switzerland	1 348 929	1 414 795	568
INT/99/X36	Trade Point.....	2002-	Italy	9 022 <sup>b</sup>	9 022	9 022
RAS/99/064	Strengthening Trade Points in Asia/Pacific for Regional Cooperation .....	2001-	UNDP	318 182	137 661	65 589
<b>Total Trade Points .....</b>				<b>2 124 617</b>	<b>1 931 769</b>	<b>145 572</b>
<b>Electronic commerce</b>						
PAK/01/001	Policy support on e-commerce and development .....	2002-	UNDP	149 000	110 001	110 001
ROA-2180(A)	Promotion of electronic commerce .....	1999-	Development Account	2 079 000	1 631 982	425 768
<b>Total electronic commerce .....</b>				<b>2 228 000</b>	<b>1 741 983</b>	<b>535 769</b>
<b>DIVISION TOTAL .....</b>				<b>71 591 847</b>	<b>59 001 121</b>	<b>8 008 718</b>

Note: EC – European Commission.

<sup>a</sup> Project which had been “operationally but not financially completed” or “completed” in 2002.

<sup>b</sup> Annual budget.

## **E. Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries**

414. Technical assistance includes activities carried out in accordance with the implementation of the Programme of Action for the LDCs for the Decade 2001-2010, as well as contributions to the implementation of the Integrated Framework for Trade-related Technical Assistance to LDCs, the Global Framework for Transit Cooperation between Landlocked Developing Countries (LLDCs) and Transit Developing Countries and the Donor Community, and the Programme of Action for the Sustainable Development of SIDS.

415. The objective of technical cooperation of the Special Programme is to facilitate the development efforts of LDCs, LLDCs and SIDS and to contribute to enhancing their beneficial integration into the world economy in the areas within UNCTAD's mandate. The technical cooperation activities are consistent with the UNCTAD X Plan of Action (paragraph 164 (iii) and (v), GA Resolution A/56/569 (paragraph 3)). In these activities, the Special Programme took into account the Doha Work Programme, the recommendations of the Mid-term review of UNCTAD's Plan of Action and the transfer of resources to OHRLLS. These activities were financed through the Trust Fund for LDCs: core project and through other LDCs, LLDCs and SIDS-related projects.

416. The activities of the Special Programme have been organized around the following two main pillars:

- *Interdivisional coordination* of UNCTAD's technical cooperation for LDCs, LLDCs and SIDS in order to enhance the efficiency of technical cooperation provided by UNCTAD Divisions and Programmes; and
- *Specific projects implemented by the Special Programme* for these three groups of countries focusing on improving their institutional capacities and human resources in areas within UNCTAD competence.

### **1. Interdivisional coordination**

417. These activities that are treated as cross-cutting are mainstreamed in the sectoral work undertaken in different Divisions and Programmes in UNCTAD and implemented through LDC Focal Points. The overall coordination provided by the Special Programme has served the objective of securing consolidated and coordinated UNCTAD responses to the technical assistance needs of LDCs, LLDCs and SIDS. It also serves to synchronize implementation, inside and outside UNCTAD, in a manner that maximizes synergy and effectiveness.

418. The Special Programme has been the main instrument of UNCTAD in the implementation of the Integrated Framework for Trade-related Technical Assistance (IF). In this connection, the Special Programme, through its capacity-building cluster, is acting as UNCTAD's focal point for the implementation of IF.

419. During 2002, Diagnostic Trade Integration Studies (DTIS) were completed in three countries – Lesotho, Senegal and Yemen, while national validation workshops were organized in two of them – Lesotho and Senegal – in which Trade-related Technical Assistance Action Matrices were adopted. UNCTAD's contribution to the IF implementation process includes the following:

- Implementation of activities identified as priority areas in three of the old IF Round Table countries – Haiti, Uganda and the United Republic of Tanzania;
- Substantive contribution to the preparation of the DTIS, including a chapter on foreign direct investment for the Lesotho DTIS and organization of an Investment Policy Review back to back with the national validation workshop for the DTIS;

- Preparation of the main chapters of the Djibouti DTIS in partnership with UNDP and ITC;
- Preparation of a concept paper for the strengthening of country ownership of the IF process in LDCs that are seeking to participate in the IF;
- Participation in all the national validation workshops for the DTIS; and
- Follow-up on project proposals emanating from the DTIS TA action Matrices.

All the above activities are still ongoing.

420. In addition, the LDC Trust Fund financed the participation of representatives from five LDCs (Senegal, Uganda, Zambia, Haiti and Ethiopia) for two meetings organized by UNCTAD on organic agriculture in February 2002. It also financed the preparation of a statistical survey of the Palestinian Small and Medium Enterprise Sector.

## **2. Projects implemented by the Special Programme**

### **(a) Activities related to LDCs**

421. The Trust Fund for Least Developed Countries (INT/97/A09) was used *inter alia* for financing:

- The Special Programme's participation in the Meeting of Ministers of LDCs, Cotonou (Benin) 5 to 7 August 2002. The representation of UNCTAD at the ministerial meeting helped promote a better understanding among delegations of the new role of UNCTAD in the implementation of the Programme of Action for LDCs. Thanks to the substantive contributions by UNCTAD as well as the persistent efforts by some key LDC delegations, the work of UNCTAD on LDCs was given due recognition in the final Cotonou declaration.
- Panel of Experts on Effective Benefits and the Question of Graduation from LDC status during the TDB Forty-ninth Regular session, 11 October 2002. The panel of experts generated an informal and open discussion on ways and means of making least developed country status an effective instrument of socio-economic progress towards graduation and convergence with other developing countries. The importance of securing a smooth transition for countries that meet graduation criteria was also debated. The technical support provided by UNCTAD in this area was encouraged by member States.
- Panellists had an interactive debate on "Escaping the Poverty Trap" (Least Developed Countries' Report 2002) during the TDB's thirtieth executive session, 2 to 4 December 2002. The meeting resulted in a constructive contribution to the policy debate on poverty reduction in LDCs; greater consensus emerged on areas such as the idea that poor countries are caught in a poverty trap and the need for economic growth based on improved productive capacities; and the impact of falling commodity prices on the current situation of the HIPC Initiative. The meeting also provided an opportunity for up-to-date information on PRSPs and on donor alignment in the PRSP process.

422. "LDCs: Building Capacities for Mainstreaming Gender in Development Strategies" (INTOT0CQ). In 2002, under this project activities included finalization of the publication "LDCs: Building capacities to mainstream gender" and an advisory mission to two LDCs (Ethiopia and Mauritania). These activities contributed to a broader sensitization of Governments and development partners on the linkages between gender issues and the struggle against poverty.

**(b) Activities related to LLDCs**

423. Substantive support to the preparation of the International Ministerial Conference on Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Kazakhstan, 2003 (INT/OT/2CM). The activities under the project have enabled LLDCs and their transit developing neighbours to formulate priority Action Plans for enhanced transit transport cooperation in:

- Southern and Eastern Africa, covering 9 LLDCs – Burundi, Botswana, Lesotho, Malawi, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe – and coastal neighbours – Angola, Democratic Republic of the Congo, Kenya, Mozambique, Namibia, Rwanda, South Africa and the United Republic of Tanzania;
- West Africa, covering three LLDCs (Burkina Faso, Mali and Niger) and six coastal countries (Benin, Côte d'Ivoire, Ghana, Nigeria, Senegal and Togo);
- The Horn of Africa, covering Ethiopia and two coastal LDCs (Djibouti and Eritrea);
- Two Caucasus LLDCs (Armenia and Azerbaijan) and five Central Asian LLDCs (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and their six coastal neighbours (China, Georgia, Islamic Republic of Iran, Pakistan, Russian Federation and Turkey);
- South East-Asia covering one LLDCs (Lao People's Democratic Republic) and four coastal neighbours (Cambodia, China, Thailand and Viet Nam) (LAO/00/004); and
- Latin America, covering two LLDCs (Bolivia and Paraguay) and five coastal neighbours, Argentina, Brazil, Chile, Peru and Uruguay.

424. Support to the negotiations on the draft Transit Traffic Framework Agreement between the Governments of the People's Republic of China, Mongolia and the Russian Federation (MON/02/002).

425. Support to the amendment and restructuring of the Northern Corridor Transit Agreement covering LLDCs, Burundi, Rwanda and Uganda and coastal countries, Kenya.

**(c) Activities related to SIDS**

426. Research and advisory services relevant to issues regarding the nature and the measurement of economic vulnerability were provided to several SIDS, either in the context of the preparation of the 2003 review of the list of least developed countries (in particular, for Cape Verde and Maldives) or for SIDS members of the World Trade Organization in the framework of the Work Programme on Small Economies. Continued country-specific technical assistance was delivered to Saint Lucia and Vanuatu on subjects relating to the development of offshore services and the promotion of trade efficiency. Finally, direct assistance was extended, in cooperation with the Division on International Trade in Goods and Services, and Commodities, to the Government of Papua New Guinea for the formulation of a trade policy framework for that country.

**E. OFFICE OF THE SPECIAL COORDINATOR FOR LEAST DEVELOPED,  
 LANDLOCKED AND ISLAND DEVELOPING COUNTRIES**  
*(In dollars)*

<i>Project number</i>	<i>Short title</i>	<i>Duration</i>	<i>Source of fund</i>	<i>Total budget</i>	<i>Cumulative expenditure</i>	<i>Expenditure 2002</i>
<b>Least Developed Countries</b>						
BHU/00/007 <sup>a</sup>	Support to Bhutan's participation to the Third UN Conference on LDCs .....	2000-2002	UNDP	55 000	20 060	60
LAO/00/004	General transit transport system in the Lao PDR .....	2000-	UNDP	111 500	72 201	-15
MON/02/002	Transit Traffic Framework Agreement Between China, Mongolia and Russia .....	2002-	UNDP	30 000	22 030	22 030
NEP/00/004 <sup>a</sup>	Assessment/preparation of National Programme of Action for UNLDCIII .....	2001-2002	UNDP	21 000	19 804	-1 000
STL/99/A56	Support to the sustainable development of St. Lucia's trade in goods and services .....	1999-	Ireland	68 400	59 184	-87
VAN/99/A26	Amélioration de l'efficacité commerciale, encouragement de l'investissement étranger, et réduction de la vulnérabilité économique .....	1999-	France	68 495	46 090	1 733
YEM/00/002	Country Level Preparations for the 3rd UN Conference on LDCS .....	2000-	UNDP	46 000	41 872	17 136
GLO/01/316	Third UN Conference on the LDCs: Pre-Conference Event: Workshop on LDCs .....	2001-	UNDP	136 364	86 699	5 813
GLO/02/G03	Suivi à la table ronde sur commerce phase pilote du cadre intégré.....	2002-	UNDP	291 000	5 647	5 647
INT/92/A17 <sup>a</sup>	LDC participation in Trade and Development Board sessions.....	1993-2002	Multidonors	43 444	46 869	11 161
INT/97/902	TCDC – Operational support to sustainable human development (SHD) (Phase I) .....	1998-	UNDP	80 000	69 527	-6 000
INT/97/A09	Trust Fund for Least Developed Countries: core project .....	1997-	Multidonors	5 326 660	4 132 093	101 300
INT/98/X18	Trade facilitation.....	2002-	Sweden	3 153 <sup>b</sup>	3 153	3 153
INT/00/X44	Least developed countries.....	2002-	France	62 684 <sup>b</sup>	62 684	62 684
INT/0T/0CQ	Workshop on "LDCs: Building Capacities to Mainstream Gender in development Strategies" .....	2001-	Sweden, Denmark	185 510	130 214	13 709
INT/0T/1CF	Study on Differentiation .....	2001-	Spain	66 424	3 000	3 000
INT/0T/2AD	LDCs participation in mid-term review/TDB .....	2002-	Multidonors	151 613	68 468	68 468
INT/02/X10	Least developed countries.....	2002-	Germany	45 260 <sup>b</sup>	45 260	45 260
RAS/00/A02	Support to the Forum Secretariat.....	2000-	Ireland	80 000	38 823	11 366
<b>DIVISION TOTAL .....</b>				<b>6 872 507</b>	<b>4 973 678</b>	<b>365 418</b>

<sup>a</sup> Project which had been "operationally but not financially completed" or "completed" in 2002.

<sup>b</sup> Annual budget.

## F. Executive Direction and Management and Support Services

427. Certain technical cooperation activities are undertaken centrally in view of their interdivisional nature.

### 1. UNCTAD/UNDP Global Programme on Globalization, Liberalization and Sustainable Human Development

428. **Development context:** The Programme aims to help developing countries to meet the challenge of globalization, while pursuing sustainable economic growth compatible with a harmonious environment. The Programme is a unique “flagship partnership” between UNCTAD and UNDP. It draws on the mutually reinforcing knowledge and experience of UNDP (sustainable human development) and UNCTAD (trade and development) expertise in the developing countries' challenges during the process of development and in the context of the new Post-Doha Cancún negotiations and the World Summit on Sustainable Development, which recognized the importance of making globalization work for the world's poor. On the basis of this new policy environment, the second phase of the Global Programme (2001-ongoing) focuses on developing strategic approaches for negotiations in the ongoing Round, advocating the preservation of policy spaces for institutional innovation, and providing advice on an appropriate mix of policies to enhance competitiveness and social efficiency at the national level. This will enable developing countries to reap the benefits of global integration while managing their own integration process.

429. In implementing its activities the Programme is promoting four kinds of partnership alliances:

- Nurture a long-lasting alliance between UNCTAD and UNDP and progressively open this partnership to a third actor, in particular the ILO, on social efficiency;
- Improve alliances with NGOs and universities at the global and regional levels to set up an “Implementation Network” in the field of competitiveness for sustainable human development;
- Develop alliances with regional development banks, aimed at assisting them in strengthening their capacities in competitiveness-related programmes and securing a permanent source of financial support for initiatives promoted by the programme and by its implementation network; and
- Create alliances with donors in developing countries by fostering synergies between the Programme's activities and donors' bilateral projects.

430. The Global Programme is active at both global and country levels, with country-level activities representing approximately 60 per cent of its total activities.

#### (a) At the global level

431. **Outputs/results:** Three new lines of services have been initiated in 2002: “Special and differential treatment”, “Competitiveness and social efficiency” and “Transfer of technology”.

#### (i) *Special and differential treatment*

432. The loss of effectiveness of the provisions for *Special and Differential Treatment for developing countries (S&DT)* remains to be tackled in the multilateral trade negotiations, in spite of the priority that the matter has received in numerous WTO declarations and most recently in the various texts emanating from the Doha Ministerial Conference.

433. An International Dialogue Meeting devoted to special and differential treatment in favour of developing countries is being organized jointly with the International Centre for Trade and Sustainable

Development (ICTSD). As part of the preparatory process leading to the Dialogue, a number of informal meetings and round tables among delegates in Geneva have been organised by the Global Programme and the ICTSD between September 2002 and April 2003. A Retreat Meeting for Ambassadors was also held on 22 and 23 November 2002, oriented to facilitating constructive movement forward on certain priority areas identified by the Ambassadors, relevant to the elements of the S&DT review that were bound by the December 2002 deadline.

**(ii) Competitiveness and social efficiency**

434. In 2002, the Programme developed relationships with several Universities on the topic of social efficiency: the Universities of Lausanne, Rennes, Marseille, Barcelona, Brussels and Louvain. In 2002, it came to an agreement with the University of Lausanne to develop a method for analysing the concept of social efficiency. The theories that will be developed will then be tested in 2003 in a range of countries, allowing them to be further refined and strengthened.

**(iii) Transfer of technology**

435. The Global Programme cooperated with the Division on Investment, Technology and Enterprise Development in holding the expert meeting on *Case Studies on Transfer of Technology for Successful Integration into the Global Economy* on 11 and 12 April 2002 in Geneva. Case studies from Brazil, South Africa and India were made available to delegates at the Fourth Session of the *WTO Working Group on the Relationship between Trade and Transfer of Technology*, held on 28 November 2002. Late in 2002, the book comprising the overview, the case studies and the international dimension of the domestic policies applied was prepared for publication in 2003.

**(b) Enhancing the integration of countries into the global economy**

**(i) Energy**

436. The Programme has initiated a service line to provide advice on how countries can develop clusters of energy services that are both competitive and allow them to retain a larger value-added within their borders. For the negotiations, the Programme is analysing the application of norms that will be established post-Doha, and how special and differential treatment could apply in this case. In July 2002, the Global Programme organized, together with IADB, CAF, CAN, ECLAC and OLADE, a meeting of the five Presidents of the Andean countries on these issues. At a later stage, the Programme will also undertake capacity-building programmes with certain Eastern European and Arab States, in collaboration with the UNDP regional offices.

**(ii) At the country level**

437. Identification of countries, where the Programme is active, is on a demand-driven basis. The Programme integrates its activities into existing UN, World Bank, IMF and WTO initiatives, especially as regards Poverty Reduction Strategy Papers (PRSP) and the Integrated Framework. It ensures that activities are participatory, transparent and owned by the relevant country. The Global Programme is working not only with Governments in developing countries but also with all actors of that country, such as business, civil society and academia.

438. *Indonesia:* In 2002, the Programme has undertaken studies on SMEs from several angles: training of entrepreneurs; development of human and social capital; improving the legal and institutional framework for SMEs following decentralization; and the changing structure of Indonesia's relationship with the global economy. These studies will form the basis of two national seminars. The results from these seminars, together with input from the ILO and UNSFIR, will form a policy paper that will be presented to the Cabinet. The implications of this paper will then be integrated into a white paper for review and endorsement by Parliament during the first half of 2004. The Programme will maintain contact with parliamentarians and stakeholders to ensure a consensus on the policy proposals contained therein.

439. *Mali*: The Mali National Workshop in January 2002 was organized to discuss the findings of the Mali Country Assessment, which praised the recent growth in the economy, following liberalization, but warned of the low level of sustainable human development. On the basis of the findings and conclusions of the Country Assessment, participants agreed to a comprehensive National Action Plan for Mali. Following these recommendations, the Programme has undertaken a review of funds available under the UEMOA and ECOWAS frameworks, and how those funds may be accessed, including the legal and institutional obstacles that have so far been encountered by the Government. This project also comprises a study on the economic competitiveness of Mali and possible modalities for integrating into the UEMOA.

440. *Romania*: Working with the Division on Investment, Technology and Enterprise Development, the Programme is researching innovative financing instruments for SMEs. This issue is one that has been highlighted by various international institutions, including the EC, as one that should be pursued further. In 2002, the Programme has also been exploring how to help Romania in its energy sector.

441. *Viet Nam*: In 2002, three different activities were undertaken. Firstly, national studies were undertaken on energy services, investment and movement of physical persons to complement the UNDP Asia regional trade programme. These will contribute to strengthening Viet Nam's hand at Cancún. Secondly, studies were undertaken on the *ex-ante* and *ex-post* impacts of liberalization in the coffee and footwear sectors. These will use the T21 model of the Millennium Institute to provide a comprehensive analysis of how these vital sectors can be reinforced ahead of WTO accession. Thirdly, studies on providing ICT to rural areas were undertaken. The Programme, in collaboration with UNDP, is funding a feasibility study to run pilot tele-centres in six clusters of rural villages. The aim is to bring farmers closer to national, regional and global markets, enabling them to remain competitive and buy inputs and sell outputs at the best prices. Further use of the ICT project can be made to build social capacities within all community sectors.

442. *Bolivia, Ecuador, Kenya, Morocco and Senegal*: In 2002, preparatory work was initiated in those countries: collection of data, UN internal contacts and formal contacts with Governments, civil society and Geneva-based missions.

## **2. Capacity building in dispute settlement in international trade, investment and intellectual property**

443. **Development context**: Dispute settlement is a central feature of the multilateral trade, investment and intellectual property system. This is reflected in the establishment in recent years of a number of dispute settlement bodies such as the International Centre for Settlement of Investment Disputes, and those of the World Trade Organization and the World Intellectual Property Organization. Developing countries and countries with economies in transition are increasingly participating in cases brought to these bodies. These countries are seeking assistance in building the requisite capacity to protect their national trade policy objectives when disputes arise concerning commitments undertaken by their trading and investment partners. They are aware that their limited skills and knowledge of how to secure parties' compliance with trade, investment or technology agreements can adversely affect their development policies and can further marginalize them as potential beneficiaries of trade and investment opportunities.

444. **Objectives**: The Project on Dispute Settlement in International Trade, Investment and Intellectual Property will respond to this need by strengthening the capacity of both public and private institutions in this area. The Project provides for a concerted and comprehensive training programme on dispute settlement which will contribute to:

- Enhancing the institutional capacity of universities and research institutions to provide instruction and promote research on dispute settlement;
- Promoting the rule of law by improving the knowledge and level of critical awareness within national institutions of the legal framework governing dispute settlement in international economic and trade relations; and

- Promoting democracy in developing countries by creating a better understanding of dispute settlement in trade, investment and intellectual property.

445. **Features:** The training of government officials, legal practitioners, academics and business counsellors is the central feature of this project. A course on dispute settlement will be the key training tool.

446. **Outputs:**

- Four workshops to test the course modules on WTO dispute settlement were convened at the Palais des Nations in 2002 with participants coming from permanent missions in Geneva and from capitals;
- A course on dispute settlement, consisting of 41 modules, will be completed before July 2003;
- The course on dispute settlement – 1,000 copies – is being circulated to interested parties in developing countries, e.g. government officials, academics, legal practitioners, law faculties and legal training institutes;
- The Course has been placed on the UNCTAD website where it can be offloaded free of charge;
- Powerpoint presentations to accompany the course modules have been prepared;
- Workshops introducing WTO dispute settlement were held in Bangkok, Thailand (27-29 January 2003) and Stellenbosch, South Africa, (24-26 March 2003). Workshops are planned to be held in Bangkok and São Paulo;
- A network of international lawyers to give 40 hours of advice a year, free of charge, to Governments of least developed countries was established;
- Regional institutions in developing countries, competent to participate in the delivery of the training, were identified; and
- Several young university graduates from developing countries received in-house training.

447. **Results:** The impact of this project should be assessed after the training, using the Course on Dispute Settlement, has begun.

### 3. Advisory services

448. As reported in previous years, UNCTAD's technical cooperation is supported not only from project-specific funds but also from another source, namely section 21 of the United Nations programme budget.

449. Under section 21 of the United Nations programme budget, UNCTAD received for 2002 an allotment equivalent to 67 work months, together with travel, consultants, fees and individual fellowship funds, for the purpose of participating in interregional advisory services, together with funds for participants in seminars. These resources were devoted to five main areas: (a) globalization and development; (b) international trade in goods and services and commodities issues; (c) investment, enterprise development and technology; (d) services infrastructure for development and trade efficiency; and (e) least developed countries. Advisers undertook 25 missions in 2002.

**F. EXECUTIVE DIRECTION AND MANAGEMENT AND SUPPORT SERVICES**  
(In dollars)

Project number	Short title	Duration	Source of fund	Total budget	Cumulative expenditure	Expenditure 2002
<b>Executive Direction and Management</b>						
GLO/98/615 <sup>a</sup>	Globalization, liberalization and sustainable human development .....	1998-2002	UNDP	1 511 363	1 552 081	-3 266
GLO/01/615	Globalization liberalization and Sustainable Development PHASE II .....	2001-	UNDP	930 000	479 780	252 852
INT/98/901	Globalization, liberalization and sustainable human development .....	1999-	UNDP	227 273	186 357	-16 515
INT/99/A73 <sup>a</sup>	Facilitating the organization of, and enhancing participation, at UNCTAD X .....	2000-2002	Belgium	107 642	96 589	-6 687
INT/00/A27	Building capacity through training in the settlement of disputes in international trade, investment and intellectual property .....	2001-	Multidonors	137 149	76 999	36 529
INT/00/X64	NGOs/Civil Society.....	2002-	Italy	65 121 <sup>b</sup>	65 121	65 121
INT/00/X52	UNCTAD/UNDP Global Project .....	2002-	Italy	66 598 <sup>b</sup>	66 598	66 598
INT/0T/1AK	Financing of participation of experts from developing countries and countries with economies in transition in UNCTAD Expert Group .....	2001-	Finland, Iceland, Mauritius	178 404	81 812	19 148
INT/02/X21	UNCTAD/UNDP Global Project .....	2002-	Belgium	24 060 <sup>b</sup>	24 060	24 060
RAF/98/001	Globalization, liberalization and sustainable human development .....	1999-	UNDP	500 000	451 978	-14 660
ROA-2166(L)	Dispute settlement in international trade, investment and intellectual property.....	2002-	Development Account	441 000	258 631	258 631
<b>Total Executive Direction and Management .....</b>				<b>4 188 610</b>	<b>2 860 226</b>	<b>681 811</b>
<b>Intergovernmental Support Service</b>						
INT/99/A49	Civil Society Preparation for UNCTAD Conferences ....	1999-	Multidonors	15 539	8 619	4 559
INT/99/A67 <sup>a</sup>	UNCTAD X Civil Society Participation .....	1999-2002	Multidonors	30 441	31 200	21 875
<b>Total Intergovernmental Support Service .....</b>				<b>45 980</b>	<b>39 819</b>	<b>26 434</b>
<b>Resource Management Service</b>						
INT/90/A10	Liaison and assistance with technical cooperation donors .....	1990-	Italy	568 249	498 232	7 068
INT/0T/0BU	Support to UNCTAD's technical cooperation .....	2000-	Belgium	689 961	376 028	217 373
<b>Total Resource Management Service .....</b>				<b>1 258 210</b>	<b>874 260</b>	<b>224 441</b>
<b>Cross-divisional Advisory Services</b>						
MTD12-340	Interregional advisory services (Saving) .....	1998-	Development Account	1 228 500	1 237 309	42 946
UND12-340	Interregional advisory services .....	2000-	Development Account	1 833 700 <sup>c</sup>	2 876 659	1 010 853
<b>Total Cross-divisional Advisory Services .....</b>				<b>3 062 200</b>	<b>4 113 968</b>	<b>1 053 799</b>
<b>DIVISION TOTAL .....</b>				<b>8 555 000</b>	<b>7 888 273</b>	<b>1 986 485</b>

<sup>a</sup> Project which had been "operationally but not financially completed" or "completed" in 2002.

<sup>b</sup> Annual budget.

<sup>c</sup> Bi-annual budget.