

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
(UNCTAD)
Support to NEPAD**

Period of Report: 2005 to 2006

UNCTAD contributes to NEPAD through its analysis of African development, advisory services, technical assistance and advocacy. UNCTAD works in close cooperation with other agencies, including the WTO and ITC in its capacity building activities in the context of the Joint Integrated Technical Assistance Programme (JITAP) and other institutions such as UNDP, World Bank and IMF with regard to the Integrated Framework on Trade Related Technical Assistance (IF).

Policy research and analysis

An important contribution was made by the 2005 edition of the *Report on Economic Development in Africa: Rethinking the Role of Foreign Direct Investment*, which found that FDI was mainly concentrated in the extractive sectors and in a few countries with mineral and energy resources, and that the benefits derived from such investment had not been commensurate with expectations such as job creation, transfer of technology, backward and forward linkages with the rest of the economy. African countries have been competing in the provision of incentives to foreign investors in the extractive sector, resulting in paltry fiscal earnings in comparison with the value of exports. UNCTAD's recommendation to African countries was to weigh the costs and benefits of FDI more carefully. The AU has invited UNCTAD to assist it in the preparation of a study on harmonization of FDI regulations at the national and regional levels, particularly in the extractive sector.

Advisory services and technical cooperation

(i) Bridging the Infrastructure Gap

The Automated System for Customs Data (ASYCUDA) has been installed in more than 30 countries in Africa and the process of migrating to an updated version. (ASYCUDA++) is being undertaken in a number of African countries.

(ii) Bridging the Digital Divide

International tourism is a fast growing sector in Africa, representing one of the few sustainable means of economic diversification and source of wealth for African countries. The UNCTAD E-tourism initiative aims to promote the application and sustainable ownership of ICTs in the tourism sector and the promotion of tourism resources by developing countries themselves. Key elements of the initiative include:

- an Electronic Tourism Platform (ETP) designed to allow participating countries to organize, market and sell their own tourism services online;

- partnerships between the E-Tourism Initiative and other institutions;
- capacity development in the framework of training courses in e-tourism, e-marketing and e-businesses as well as the creation of public-private partnerships.

(iii) Human Resources Development Initiative

The Training Course on Key Issues on the International Economic Agenda, *TRAINFORTRADE* and the Virtual Institute on Trade and Development are three complementary programmes that aim to build national and regional capacities to formulate, negotiate and implement policies and strengthen trade-related skills. A course for the African region was organized in Mauritius in 2004, and a new regional session for Africa should be organized in 2006.

The *TRAINFORTRADE* programme implements technical cooperation projects based on training needs analyses, tailor-made courses and the training of trainers. This creates not only a multiplier effect but also enhances sustainability at the national and regional levels. In 2005, *TRAINFORTRADE* cooperated with a number of RECs who requested *TRAINFORTRADE's* assistance in developing joint training and capacity-building programmes in key areas of trade and investment. The UNCTAD Virtual Institute on Trade and Development aims at strengthening teaching and research of international trade and development issues in member country academic institutions. In 2006, the Institute organized a professional development workshop for university teachers and researchers in Africa on the economics of commodities production and trade, in cooperation with UNCTAD and the University of Dar-es-Salaam.

(iv) Market Access Initiative

Assistance was provided to African countries in strengthening their participation in the WTO negotiations under the Doha Round generally and specifically in terms of market access, rules negotiations and development dimension. Such assistance was timely for the preparatory process leading to the 6th WTO Ministerial Conference. Assistance was provided to individual African countries (including through JITAP in collaboration with ITC and WTO), the African Group of trade negotiators in Geneva, the African Union Trade Ministers' Conferences in Cairo (June 2005) and Arusha (November 2005), and to African groupings like SADC and COMESA. The interface between the WTO negotiations and the ACP-EU negotiations of economic partnership agreements is another area of concern of African countries in which UNCTAD has provided assistance upon request. Support was also provided to the LDCs and landlocked countries in their preparations for the 6th Ministerial WTO Conference in Hong Kong, December 2005.

UNCTAD continued to provide capacity-building and technical assistance on a number of other trade-related areas, including: competition law and policy; trade and sustainable rural development; and promotion of the production and export of organic agricultural products, and regional cooperation in this sector. UNCTAD is also assisting the African Union in the development of an African Commodities Exchange. One of UNCTAD's new initiatives has been to promote the participation of developing countries, especially

African countries and LDCs, in new and dynamic sectors of world trade. Following a series of studies and intergovernmental debate, UNCTAD plans to initiate country/subregional level follow up activity in Southern Africa on the electronics sector.

The Integrated Framework for Trade Related Technical Assistance (IF) currently benefits 23 African countries¹. UNCTAD has been collaborating with other multilateral agencies² in the diagnostic trade integration studies (DTIS) and providing the lead in the implementation of pre-DTIS activities both on regional level and national level. Implementation of priority projects identified in the "IF-Action Matrix" remains the single biggest challenge to both meeting African LDCs expectations from the IF and mainstreaming trade in national development strategies.

(v) Capital Flows Initiative

The Economic Development in Africa Report 2006 will be revisiting the issue of official development assistance in all its aspects. It argues that while a “big push” designed to instigate a virtuous circle of higher investment, income and savings is necessary for poverty reduction, policies by aid donors and recipients alike are crucial for its success. The impact of aid cannot be separated from national policy autonomy or from the quality of aid. Based on past and successful aid experiences, it argues for a new aid architecture with a much larger multilateral component in order to deal with the present “chaotic” state of the aid system, which suffers from high transaction costs, politicization, lack of transparency, incoherence, unpredictability and which places enormous demands on weak institutions of recipients.

(vi) Private Capital Flows

An *ad hoc* Expert Meeting which focused on Africa's FDI statistical needs was organized, and studies were completed on Asian FDI in Africa and a World Investment Directory for Africa. Investment guides were produced for Kenya, Tanzania and East Africa, and Investment Policy Reviews (IPRs), which provide relevant inputs for the NEPAD's African Peer Review Mechanism (APRM), were published for Benin and Kenya.³ An IPR for Rwanda is under preparation in the context of the Invest in Peace initiative. Other activities undertaken by UNCTAD during the period under review include the publication of three *Blue Books in Best Practice in Investment Promotion and Facilitation* (Kenya, Tanzania and Uganda) and finalizing an investor targeting strategy (for the garments sector) in Botswana, while that for Kenya is under way. Also, draft FDI legislation was prepared and a benchmark study on business immigration practices was completed (Lesotho), while the Investment Gateway programme, an Internet-based interactive platform for investment promotion, is being developed in Djibouti.

¹ Angola, Benin, Burkina-Faso, Burundi, Chad, Djibouti, Ethiopia, the Gambia, Guinea, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Tanzania, Uganda and Zambia

²IMF, ITC, UNDP, World Bank and WTO

³ These bring to 11 the number of African IPRs been completed to date (Egypt, Uganda, Mauritius, Ethiopia, Tanzania, Botswana, Ghana, Lesotho, Algeria, Benin, Kenya).

In addition to providing assistance in reviewing and evaluating the use of a client charter as a tool to improve public services to investors in Uganda, support was provided to the TEAM Uganda government initiative which aims to improve public service delivery to investors by 49 government institutions. In Ethiopia, a new project started with the Ethiopian Investment Commission and two regional commissions to facilitate investment. Training is being provided on issues related to investment policies for Egyptian diplomats and a round of BIT negotiations was organized for Francophone African countries in Brazzaville, Congo.

In the area of insurance, assistance, including (post-graduate) training and advice, was provided to prudential regulators and developing country corporations in the automation of insurance operations. Technical assistance is also being provided to help restructure Burundi's Insurance Legislation and Insurance Regulatory Authority. To facilitate the local production of essential medicines, a project on "Technical assistance and capacity building in African least-developed countries on the establishment of pharmaceutical production capacities" was launched at the end of 2005.

(vii) Promoting the Private Sector

Work continued within the framework of the EMPRETEC Project to promote the creation of sustainable support structures that help existing and promising entrepreneurs to build innovative and internationally competitive SMEs. A roundtable on Financing ICT for Development was organized jointly with the African Development Bank and the Commission on Science and Technology for Development as a parallel event to the World Summit on the Information Society in Tunis in November 2005. In the context of "Connect Africa", and in cooperation with the canton of Geneva, customized training was provided to ICT engineers and technicians from LDCs in Africa. About 20 ICT engineers and technical personnel have been trained in Lesotho and a second project has been launched in Mali. A "South-South Network of Centres of Excellence" project to connect centres of excellence in developing countries, especially those in Africa was launched. The objective is to create regional learning hubs by pooling developing countries' existing research and development resources, and help bridge the North-South technology gap.

Transport

Under a project funded by the UN Development Account, UNCTAD initiated a project to provide landlocked and transit developing countries with sustainable capacity to design and implement regional trade and transport facilitation initiatives. The TransCaprivi corridor, linking Walvis Bay in Namibia and Lusaka in Zambia, was selected as the pilot transit corridor in Africa. During the first workshop in Lusaka (November 2005), stakeholders from both private and public sectors agreed to prepare a plan of action to overcome major obstacles to trade and transport along the corridor. A follow-up meeting is scheduled for Walvis Bay in June 2006 to discuss the implementation of identified measures to improve the corridor performance.