

# UNITED NATIONS CONFERENCE ON TRADE DEVELOPMENT (UNCTAD)

## SUPPORT TO NEPAD

Period of Report: June 2003-June 2004

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### Areas of support for NEPAD

Priorities supported by UNCTAD in the past year consist of: Infrastructure; Agriculture and Market Access; and Resource Flows. More specifically, UNCTAD's work in support of Africa is closely related to the requirements arising from NEPAD as described below:

- a. **Poverty reduction** is one of the main objectives of NEPAD and the work being undertaken by UNCTAD both in its analyses of African development and that of the LDCs (of which 34 are in Africa) have attached high priority to this issue. In this regard, the report entitled "Economic development in Africa: Trade performance and commodity dependence" and the LDC Report 2004 draw attention to the trade and poverty linkages in African development.
- b. **Infrastructure:** UNCTAD's activities are concentrated in the provision of technical assistance and advisory services to African countries and the RECs in the area of transit and transport including, the Advanced Cargo Information System (ACIS) linking railway transport systems and the Automated System for Customs Data (ASYCUDA) which are directly relevant to the requirements of NEPAD. These programmes help in reducing delays in cross-border movement of people, goods and services; reducing waiting time in ports; promoting economic activity and cross-border trade through improved land transport linkages. Furthermore these programmes have been implemented in

the context of the RECs including for example in the COMESA and SADC regions.

- c. **Bridging the digital divide:** UNCTAD's analytical work on e-commerce has drawn attention to the extremely low use of ICT in Africa and the need for increased attention to this matter. UNCTAD has also made a contribution to the African Regional Conference on the Information Society in preparations for the World Summit on the Information Society. This contribution is directly relevant to the requirements of NEPAD on the issue of the digital divide.
- d. **Market access:** UNCTAD has continued to provide the NEPAD Steering Committee with inputs which have been highly appreciated by the NEPAD Secretariat including the latest input on the state of play at the WTO negotiations. UNCTAD also continues the provision of technical assistance in the context of the JITAP in cooperation with the UITC and WTO in favour of 16 African countries.
- e. **Capital flows initiative:** UNCTAD has continued to draw attention to capital requirements of Africa including the need to double the amount of ODA and its maintenance for at least a decade in order to jump-start the African economies and reduce aid dependency in the longer term. UNCTAD has been calling for wider and faster debt relief in the context of the enhanced HIPC

initiative and is devoting its 2004 Report on Economic Development in Africa to the question of debt sustainability. UNCTAD's debt management and financial analysis programme (DMFAS) provides a great deal of assistance to African countries for debt monitoring and management through the establishment of the DMFAS programme in their finance ministries, central banks or debt offices.

- f. **Private capital flows:** UNCTAD's investment-related activities are geared to dealing with the "high risk perception" of investment in Africa as required by the NEPAD. This has been done through the preparation of various investment policy reviews undertaken for African countries and an analysis of investment flows annually, in the context of the World Investment Report. These activities are inter alia aimed at attracting FDI into Africa, as well as creating a suitable investment climate. Equally, the work in connection with enterprise development is related to "*Promoting the Private Sector*".

### **Policy research and analysis**

The UNCTAD secretariat prepares an annual report dealing with African development entitled "Economic development in Africa" which addresses a selected theme every year. The 2004 report was devoted to "*Africa's trade performance and commodity dependence*". This report attempted to place in perspective the reasons for Africa's poor performance and its declining share in world trade. It reviewed the structure and composition of Africa's trade, along with the associated problems of commodity dependence, and it discusses the factors influencing both Africa's ability to diversify into more market-dynamic sectors and its competitiveness. It discussed national and international policy measures that may be needed to reduce the

vulnerability African economies to commodity price fluctuations. The report argued for the provision of better market access and reductions in subsidies for products competing with African exports. It also made a case for compensation for income losses suffered as a result of developed country subsidies and other support for domestic agriculture, and for enhanced external resources to fill the continent's resource gap in order to ensure adequate investment in the development of human and physical infrastructure, institution building and diversification. These series of UNCTAD reports play an important role in advocacy on African development. In the context of the Secretary-General's Report on the Causes of Conflict, UNCTAD has been reporting regularly on its activities, both on policy analysis and technical assistance with respect to the economic development aspects of the report, which are not included in the list of this year's questionnaire. UNCTAD's support to African development has continued and has been further encouraged by the feedback we have received both from African governments individually and through the NEPAD secretariat and the AU.

### **Financial contribution of UNCTAD to NEPAD**

It is difficult to provide precise financial figures on UNCTAD's support to African development and the NEPAD. Nevertheless, this is a sub-programme responsible for both in-house coordination and the preparation of analytical studies on African development as cited above. It is also responsible for interagency cooperation and coordination. In addition, the sectoral divisions in UNCTAD also provide analytical work and advisory services and technical cooperation to Africa in their areas as cited under items b to f above. Africa's share in the technical cooperation budget of UNCTAD is close to 40 per cent of the total of country, regional and interregional projects.

UNCTAD would be willing to provide much greater support to Africa if technical cooperation funds were provided by donors.

UNCTAD participates in the agriculture and market access cluster of NEPAD in cooperation with FAO.

### **Recommendations for strengthening NEPAD**

There is considerable scope for raising awareness of the African development problematic through more concerted

activities of the UN system in advocacy and outreach. There is need for a comprehensive advocacy programme being developed at the interagency level with the participation of civil society, which happens to be particularly active in this area.

There is also a need for greater sharing of information among the various agencies on their work including policy analysis and technical cooperation.