



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
GENERAL

TD/B/EX(15)/2  
11 April 1997

Original : ENGLISH

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Trade and Development Board  
Fifteenth executive session  
Geneva, 20 June 1997  
Item 2(d) of the provisional agenda

REPORT OF THE SECRETARY-GENERAL OF UNCTAD ON THE IMPLEMENTATION OF THE  
PROPOSALS CONTAINED IN BOARD AGREED CONCLUSIONS 436(XLIII):  
DEVELOPMENT IN AFRICA

## INTRODUCTION

1. It is recalled that, at its forty-third session, the Trade and Development Board, as a result of its consideration of the item on UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa (UN-NADAF), requested the Secretary-General of UNCTAD to report to an executive session of the Board on the manner in which he will implement the proposals contained in its agreed conclusions (436(XLIII), para. 8) as well as to report to the next session of the Board on progress, implementation and problems, if any, in carrying out these activities. Paragraph 5 of the agreed conclusions set out what the Board considered to be UNCTAD's role in implementing the UN-NADAF and the United Nations System-wide Special Initiative on Africa. It is further recalled that, at the forty-third session of the Board, the UNCTAD secretariat presented a report on UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (TD/B/43/6), which provided information on UNCTAD's activities in favour of Africa. The purpose of the present progress report is to update the earlier report and to provide a summary of action being undertaken by the UNCTAD secretariat, as well as of planned activities, in response to the mandate provided by the Board to the secretariat. This information is arranged in the sequence appearing in paragraph 5 of the agreed conclusions of the Trade and Development Board referred to above.

2. The secretariat is seeking to respond in a variety of ways to the Board's decision on this issue, both in its analytical work and in its technical assistance and advisory activities, in accordance with the aims and objectives of the UN-NADAF and the United Nations System-wide Special Initiative on Africa.

3. Furthermore, in accordance with paragraph 9 of agreed conclusions 436(XLIII), the consideration of the Africa item in the Board will be organized in a way that allows for a general exchange of views as well as a focused informal debate with participation of experts. The substantive discussions on Africa at the forty-fourth session of the Trade and Development Board will concentrate on performance, prospects and policy issues in connection with African economic recovery and development. The secretariat will be presenting an analytical report on the item to the Board.

### SUMMARY OF ACTIVITIES IDENTIFIED BY THE TRADE AND DEVELOPMENT BOARD

(a) Continuing and further developing the trade efficiency programme for interested African countries

4. The establishment of trade points is and will remain a major focus of UNCTAD's activities in this area. So far, trade points have been established in seven African countries (Algeria, Côte d'Ivoire, Egypt, Morocco, Senegal, Tunisia and Zimbabwe). Trade points are in the process of being installed in 14 countries (Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Ethiopia, Gabon, Kenya, Mali, Mauritania, South Africa, Uganda, United Republic of Tanzania, and Zambia). Requests from an additional 17 African countries are at the preliminary or feasibility study stage (Angola, Djibouti, Eritrea, Gambia, Ghana, Guinea, Guinea-Bissau, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Sao Tome and Principe, Sierra Leone, Togo and Zaire). UNCTAD is discussing with the European Commission the details of a 10 million ECU project for the Economic Community of West African States (ECOWAS) region which was announced by President Jacques Santer at the opening of the G7 Ministerial Conference on "Information Society and Development", held in South Africa two days after the end of the ninth session of UNCTAD. The Board will be informed of further developments in this area.

5. Related to the trade efficiency initiative is the Automated System for Customs Data (ASYCUDA). Thirty-four countries in Africa are involved in the programme. The system is already operational in 21 of these countries (Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Comoros, Gambia, Ghana, Guinea,

Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Sao Tomé and Príncipe, Sudan, Togo, Zaire and Zimbabwe). In the remaining countries, the projects are at various stages of implementation ranging from the installation of the system (Ethiopia, Namibia, Uganda, United Republic of Tanzania) to projects still at the preliminary stage (Botswana, Eritrea, Kenya, Lesotho, Malawi, Sierra Leone, South Africa, Swaziland and Zambia). A major subregional project funded by the European Commission to provide assistance to member States of the Common Market for Eastern and Southern Africa (COMESA) for the introduction and support of ASYCUDA has been under implementation since 1992. Consultations are currently taking place with the ECOWAS Secretariat and the European Commission to set up a subregional project for the consolidation of already implemented ASYCUDA programmes in ECOWAS member States.

(b) Improving trade-supporting services facilitating trade and exports

6. In the context of other trade-supporting services, the Advance Cargo Information System (ACIS) covers 10 African countries and includes a project for COMESA. Two African countries are involved in the TRAINMAR programme and 30 African countries have participated in training activities with regard to insurance. Two projects on maritime legislation, one for the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) and one for Côte d'Ivoire, are under way.

7. Furthermore, it is recalled that, in addition to the above, UNCTAD's support for African countries in the field of services is undertaken in the framework of the Coordinated African Programme of Assistance on Services (CAPAS). The programme, financed by France, the International Development Research Centre (IDRC) and the Carnegie Foundation, focuses on building policy-making capacity in Africa in the sector and links issues of services growth and development and trade in services by focusing inter alia on the requirements of the General Agreement on Trade in Services (GATS). Since early 1992, ten African countries have benefited from this assistance programme: Benin, Burundi, Ghana, Guinea, Kenya, Nigeria, Senegal, Uganda, United Republic of Tanzania and Zimbabwe. As of 1996, in addition to those countries, the Programme is being extended to eight other African countries: Burkina Faso, Cameroon, Côte d'Ivoire, Djibouti, Lesotho, Namibia, Swaziland and Zambia. In addition, starting in 1998, UNCTAD will launch a two-year region-wide effort to prepare African Governments for the new round of service trade negotiations due to start in the year 2000 under WTO auspices.

8. In the context of the UNDP project entitled "Regional programme to promote trade and investment expansion in Africa" (RAF/96/001), UNCTAD is proposing to organize subregional workshops in West, Southern and Eastern African countries for the exchange of experiences among African countries on effective trade-financing schemes and training activities based on the prototype models for the establishment of EximBanks and other trade-financing facilities developed by UNCTAD.

(c) Supporting the formulation of national policies promoting and attracting foreign direct investment

9. In the light of the close relationship between this section and section (f), the relevant information is contained under section (f) below.

(d) Supporting the formulation of national policies promoting private-sector development, including SMEs and privatization issues

10. UNCTAD is giving high priority in both its analytical work and operational activities to the special needs and problems faced by LDCs and African countries in areas of enterprise development, including SMEs. UNCTAD has developed an active programme on promoting partnership at the enterprise level as a means of improving competitiveness.

11. Under Enterprise Africa, a UNDP-led initiative, a project has been designed to interlink local firms with firms from other African countries. The first step

was an assessment of enterprise-level partnerships and collaboration in three countries: Ghana, Uganda and Zimbabwe. The basic problem in most African countries is the low number of productive enterprises. In this context, enterprise partnerships and linkages can assume major support dimensions, as they can enable rapid and diversified growth of products and absorption of new technologies and innovative capability. Enterprise partnerships involving both local and foreign firms can help African enterprises achieve competitiveness in regional and global markets. The assessment includes suggestions for formulating a national strategy and policies for enterprise partnerships in Africa.

12. A regional seminar on privatization was held on 25-27 November 1996 in Lusaka in collaboration with ESAIDARM (Eastern and Southern African Initiatives in Debt and Reserves Management). Another regional seminar on supplier credit in subregional development banks is being considered in collaboration with ESAIDARM. Experts from EximBanks of the donor community will be invited.

13. It is envisaged that EMPRETEC, which was designed as an entrepreneurship and business development programme to provide training, technical assistance and an institutional base for the formation, expansion and transformation of SMEs, will be extended to 20 African countries. The programme identifies promising entrepreneurs, provides them with training aimed at developing their business skills, assists them in the preparation of business plans and in financing their business ventures, helps arrange mutually beneficial connections with larger national and foreign companies and makes available long-term support systems to facilitate the growth and internationalization of their ventures.

14. Another major activity under way is the execution of a project to build partnerships and foster networking between Asian and African entrepreneurs in the area of commodity trade and investment. Twenty-five participants from 13 countries in sub-Saharan Africa (Botswana, Cameroon, Djibouti, Ethiopia, Ghana, Kenya, Malawi, Namibia, Nigeria, Senegal, Uganda, United Republic of Tanzania and Zambia) participated in UNCTAD workshops-cum-study tours in Jakarta and Bangkok. The second study tour is planned for Africa in October 1997.

15. Other planned activities in this area include: a project to assess the progress of women entrepreneurs in African countries (Burkina Faso, Central African Republic, Ethiopia, Gambia, Madagascar, United Republic of Tanzania and Zambia); a project on "growing" SMEs in four LDCs, including Burkina Faso and Zambia; and a project to promote public-private sector dialogue, which is to include Ethiopia and Gambia.

16. As part of UNCTAD's integrated country programme for LDCs, a mission was undertaken in April to Gambia; it looked at investment promotion and enterprise development strategies.

17. A project is being developed to create four national centres for innovation and enterprise development. These centres will serve as mechanisms for stimulating a culture of innovation in local enterprises. Participating countries are Côte d'Ivoire, Ghana, United Republic of Tanzania and Zimbabwe.

18. Finally, bearing in mind the acute lack of accountants, particularly in francophone Africa, UNCTAD is designing a long-distance learning programme to meet the need for qualified accountants in Cameroon, Central African Republic and Congo.

(e) Aiding African countries in joining the global trading system and assisting them in developing trade negotiating capacity as well as improving their competition capacities and policies

ITC/UNCTAD/WTO technical cooperation

19. Integration of developing countries into the international trading system requires not only the strengthening of institutional and human resource capacities

to participate, influence and shape "development-friendly" rules governing the multilateral trading system but also - and most crucially - developing and sustaining the export supply capabilities that allow them to benefit from trade liberalization.

20. UNCTAD is actively engaged in the joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme for Least Developed and Other African Countries, whose objective is to provide: (i) assistance for human resource development and institutional building, with particular attention to implementation of the Uruguay Round Agreements; and (ii) supportive measures to strengthen export supply capabilities, taking into account the challenges and new market opportunities created by the Uruguay Round. Initially, eight African countries are benefiting from this programme: Benin, Burkina Faso, Cote d'Ivoire, Ghana, Kenya, Tunisia, Uganda and United Republic of Tanzania.

21. The first phase of implementation of the programme has been devoted to the identification of needs and the organization of seminars on the Uruguay Round Agreements in the eight countries, which are to be followed by the training of trainers identified during these seminars during the second half of this year. Detailed and specific projects for each of the eight countries, focused on a combination of training and supportive measures to strengthen supply capabilities based on the needs already identified, have been prepared for each country and currently await formal approval from the country authorities concerned. These will be implemented in the second phase of the programme.

22. Requests have been received from several other African countries to participate in the programme. These requests are being considered, taking into account the availability of human and financial resources.

Other ongoing UNCTAD technical assistance to African countries in the area of trade

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23. Assistance is being provided to African countries seeking accession to WTO (Algeria and Sudan). Assistance is also being extended to African countries as regards the country-specific impact of the Uruguay Round Agreements on national economies and policy adjustments required to take advantage of opportunities and cope with challenges, through studies and national workshops to review study findings (e.g. Ghana, Malawi and Namibia). UNCTAD has been cooperating with the Organization of African Unity (OAU) and League of Arab States secretariats in the organization of an Inter-regional Economic Cooperation Forum to take place during the second Afro-Arab Business Week to be held in Mauritania. Similar assistance as well as advice geared to facilitating the adoption of a common position on the agenda of the First WTO Ministerial Conference in Singapore (December 1996) was provided to the Southern African Development Community (SADC).

24. At the request of the secretariats of OAU and the African Economic Community (AEC), UNCTAD is currently working jointly with them and UNDP in setting up an institutional negotiating mechanism to support African Governments in their participation in the ongoing and future WTO trade negotiations in response to a mandate given to the OAU general secretariat by African Trade Ministers participating in the Singapore Ministerial Conference.

25. Assistance is also being provided to African countries in the Mediterranean region in the context of the proposed establishment of a Euro-Mediterranean Free Trade Zone by the year 2010, through the provision of advisory missions and workshops to support negotiating capacity and assist in evaluating the implications of implementing the specific provisions of the Association Agreements and the trading opportunities under the relevant GSP schemes. These activities were supported and complemented by TRAINS (Trade Analysis and Information System) and SMART (System for Market Analysis and Restrictions on Trade), the latter being a joint product with the World Bank.

26. Assistance to Africa also features in UNCTAD's work on trade and environment. Three country studies on reconciliation of trade and environment policies are under way (Cameroon, Uganda and Zimbabwe) as are case studies on the implementation of trade and positive measures under multilateral environmental agreements (MEAs) (South Africa, Uganda, Zimbabwe). A project to assist African countries to take more informed positions in the forthcoming negotiations of MEAs has been formulated and is awaiting funding.

27. UNCTAD has also been assisting countries in Africa in regard to competition law and policy in relation to development. A project in Zambia is in the final phase, which involves the training of officials of the Competition Commission (established under the project); in Mauritius, the preparation of competition legislation has begun, following preparatory work; and in Malawi, following two symposia, a policy framework has been prepared, following which competition legislation will be drafted. UNCTAD has also been mandated by UNCTAD IX to hold a regional meeting on competition law and policy for Africa, but adequate funding has not yet been found to do so.

28. UNDP's Regional Bureau for Africa has recently embarked on the preparatory work for the elaboration of a Regional Programme for Africa (sub-Sahara) for capacity-building for trade and investment in close collaboration with various agencies, including UNCTAD. The programme will focus primarily on four broad capacity-building areas: (i) strengthening human resources in connection with regional and multilateral trade rules on trade and investment; (ii) strengthening the capacity of national Governments, intergovernmental organizations, business and civil society in Africa to formulate trade and investment strategies that can promote export-led development; (iii) strengthening the enabling institutions and systems that enhance the capacity of African business to trade; and (iv) strengthening the capacity of African firms to access enabling and support services that can increase their capacity to trade. It is expected that this programme will move to the operational phase by the summer of 1997.

29. UNCTAD also participates in a project of UNDP's Regional Bureau for Arab States which covers North African countries and has similar objectives to the project mentioned above.

30. The TRAINFORTRADE activities in Africa are centred on trade with the European single market countries, commodities trading (including risk management) and national trade policies. In 1996, the programme was extended to the whole African continent. Following the implementation of national trade policy seminars in Western and Central Africa, programme implementation has now started in Lusophone African countries. A training needs and capacity analysis has been conducted in Southern African countries (Botswana, Lesotho, Namibia, Mozambique and Swaziland). In West Africa, a major project aimed at strengthening training institutions, training of trainers and sharing of resources among countries in the implementation of training courses has been launched with the support of the European Commission and involving African institutions. New projects for Eastern and Southern African and for the Maghreb States are expected to start during the course of 1997.

#### New issues in international trade

31. Investment and competition policies are topics now being considered by two WTO working groups. Paragraph 20 of the Singapore Ministerial Declaration encourages the working groups to cooperate with UNCTAD and to draw upon its work to ensure that the development dimension is fully taken into account. There are three ways in which UNCTAD is contributing to the ability of African countries to participate: (1) provision of analytical work and studies on the new issues; (2) provision of substantive analytical advice and assistance to developing-country delegations participating in the working groups; and (3) analysis of specific proposals tabled by developed countries and provision of elements of response by developing countries from a development perspective. UNCTAD is giving further thought to the policy implications arising from the new issues, and its analytical work will seek to identify the development challenges in the context of further liberalization of

trade and investment and its implications for the competitiveness of developing countries.

32. In the context of support to African countries, and drawing on previous experience in the pre- and post-Uruguay Round periods, UNCTAD's assistance activities to the African region on new issues are being envisaged under the proposed UNDP Regional Programme for Africa relating to capacity-building in investment and trade. Indications from UNDP in this connection seem to be positive. Some of the needs of North African countries will be met by the projects under consideration by the UNDP Regional Bureau for Arab States.

(f) Assisting trade, investment and technological cooperation of interested African countries through projects of technical assistance and policy advice to interested countries

33. Work is continuing on the UNDP-funded technical cooperation project on the "Expansion of Foreign Direct Investment and Trade in Services" (EFDITS), undertaken jointly with the World Bank. The project aims at assisting developing countries to review their policies toward FDI and trade in services and assess the gains that they may derive from opening their service markets to foreign service providers. A report on Uganda has been completed and one on Tunisia is in progress.

34. UNCTAD has recently completed two volumes of the World Investment Directory, one of which is devoted to Africa (to be issued as a United Nations publication, Sales No.E.97.II.A.1). The Directory presents data organized by country on both inward and outward foreign direct investment, and it includes financial data on the largest TNCs in and from these economies, as well as their regulatory framework. Based on its data bases, UNCTAD has also produced a publication entitled Foreign Direct Investment in Africa (United Nations publication, Sales No.E.95.II.A.6).

35. Work is in progress on a project on transnational corporations and industrial restructuring in developing countries in which case studies will be undertaken for two African countries.

36. UNCTAD is preparing a series of investment guides for selected African least developed countries. The objective is to stimulate interest in African LDCs by providing potential investors with the information they need to make investment decisions.

37. UNCTAD has drafted investment legislation for Sao Tome and Principe. It is currently finalizing the implementing regulations. It has assisted Eritrea in creating an enabling environment for investment in the mineral sector. Under a UNDP-funded project, it has also developed model mining contracts. Cameroon has requested assistance to establish a legal framework for investment and free enterprise zones.

38. As part of the ongoing trends and data analysis for the World Investment Report, comprehensive investment policy reviews are being undertaken. These reviews assess the overall regulatory regime and its efficiency in attracting investment and maximizing the benefits of such investment. The first African country to request such a review was Egypt, and the review was initiated in early 1997.

39. Ethiopia has requested both a comprehensive investment policy review and a science and technology policy review; these two requests will be integrated into one policy review which will commence in April 1997.

40. A regional workshop is planned for 1997 to promote research and development of technological resources in Africa.

(g) Distilling relevant lessons from other countries' successful development experience and studying in-depth specific developmental problems of interest and relevance to Africa, African countries and African economic cooperation

41. In the context of a project financed by Japan on the applicability of the East Asian experience, a workshop was held in Harare on 13-14 January 1997 on "Economic

development and regional dynamics in Africa: Lessons from the East Asian experience". The objectives of the workshop were to present UNCTAD's findings on East Asian development, in particular regarding trade, investment, industrialization and regional dynamics, to government representatives in the Southern African region. As a result, a dialogue was initiated with government representatives to ensure that their concerns are reflected in research which is to be undertaken on the implications of the East Asian experience for the formulation and implementation of African development policies and for regional integration. Six countries were invited to participate in this workshop, four of which are least developed countries. They were Malawi, Mozambique, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

42. The workshop discussed issues relating to capital accumulation and trade, a critical assessment of policies and institutions, and issues in regional integration. It was useful in identifying a number of specific questions that need to be addressed in subsequent research in the above-mentioned areas. The research findings will be discussed in a review meeting to be held towards the end of 1997 with the participation of the project team members and a core of policy-makers and researchers. It is hoped that the lessons learned from the workshop, in particular in the various issue areas, can be extended and applied as appropriate to other African countries.

(h) Contributing to vertical and horizontal diversification in commodity-dependent countries and promoting the use of risk-management instruments in favour of producers and exporters

43. UNCTAD's technical assistance is for the moment focused on risk-management issues, primarily in South Africa, Uganda, United Republic of Tanzania and Zimbabwe. It is expected that, following the Expert Meeting on Vertical Diversification in the Food Processing Sector in Developing Countries, to be held in September 1997, technical assistance to African countries will also be extended to include diversification issues. A project is also under way in South Africa to assist in developing a fully participatory approach to sustainable natural resource development; this is being applied in practice to a mine closure in the Northern Cape province and is expected to be extended to other countries once funding is secured.

(i) Providing continued support for debt management

44. Support is being provided for debt management in the context of UNCTAD's Debt Management and Financial Analysis System (DMFAS) to the following countries (an asterisk indicates work is in its preparatory phase): Burundi, Central African Republic, Djibouti, Egypt, Ethiopia, Guinea-Bissau\*, Mauritania, Rwanda, Sao Tome and Principe\*, Senegal\*, Togo, Uganda, Zambia and Zimbabwe. DMFAS is a debt management system developed by UNCTAD involving a standard computer-based debt management software system which is implemented through country projects in ministries of finance and central banks in a large number of countries, thereby contributing significantly to their capacity to manage their external debt effectively.

45. UNCTAD organized a seminar on "Sub-Saharan Africa's Debt to Non-OECD Official Creditors" on 29-31 October 1996. Assistance to African countries in their debt rescheduling negotiations with Paris Club creditors has continued, and in 1996, assistance was extended to Zambia, Sierra Leone, Mali, Burkina Faso, Benin and Mozambique. A needs assessment on asset liability management was carried out in September 1996 for the Government of Morocco (technical assistance project). It is expected that further activities will be undertaken this year.

46. In addition, UNCTAD will continue to study the question of debt sustainability, which is a major problem facing many African countries.

Cooperation with other international, regional and subregional organizations

47. The UNCTAD secretariat has been cooperating closely with African regional organizations such as the Economic Commission for Africa (ECA), OAU and AEC as well



as with African subregional organizations such as SADC, ECOWAS and COMESA. The cooperation between UNCTAD, WTO and ITC is outlined above in the context of the integrated technical assistance programme for least developed and other African countries.

48. A cooperation agreement between UNCTAD and UNIDO has been formalized which calls for the launching of a joint programme designed to help African countries, particularly LDCs, improve the environment for investment flows, strengthen indigenous capacities to attract investment, and enhance trade, investment, enterprise and technological cooperation among African countries and between Africa and other regions. Based on this agreement, the two organizations will co-sponsor the Pilot Seminar on the Mobilization of the Private Sector in order to Encourage Foreign Investment Flows towards the Least Developed countries, to be held in Geneva on 23-25 June 1997. UNCTAD has also contributed to the launching of UNIDO's "Alliance for Africa's Industrialization".

49. Cooperation with UNDP has intensified in the context of the regional programme for African capacity-building for trade and investment, as indicated above. The European Commission has been involved in the financing of a number of projects in Africa. UNCTAD also cooperates with the World Bank in connection with several activities, as mentioned in (e) and (f) above.

#### Share of Africa in UNCTAD's technical cooperation activities

50. Since the last session of the Board, the UNCTAD secretariat has increased its efforts to provide assistance to Africa. The plan for technical cooperation for 1997 indicates that Africa's share of UNCTAD's technical cooperation expenditures is expected to increase from 26 per cent in 1996 to 28 per cent in 1997, while the share going to LDCs as a whole would increase from 30 per cent in 1996 to 37 per cent in 1997.

#### System-wide Special Initiative on Africa (SIA)

51. UNCTAD, as the coordinating agency for trade promotion and investment under the SIA, reported to a Steering Committee on the Special Initiative on Africa held in Geneva on 7 April 1997. The report covered some of the cooperative activities referred to under (e) above. Other organizations in the system have been invited to cooperate with UNCTAD in fulfilling its lead role responsibility. In addition to its responsibility as coordinating agency for trade access and opportunities and investment, UNCTAD is a contributing agency with regard to harnessing information technology for development and South-South cooperation.