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### Trade and Development Board

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Item 6 of the provisional agenda

#### Promoting and strengthening synergies among the three pillars

### Progress report on the implementation of the provisions of the Accra Accord related to commodities

#### Note by the UNCTAD secretariat

##### *Executive summary*

This report highlights activities the UNCTAD secretariat implemented in 2009 towards the achievement of objectives in the area of commodities set out in the Accra Accord. It focuses on efforts to build consensus among stakeholders and on synergies among the three pillars of UNCTAD's work.

Today, the commodity problematique remains relevant owing to the export dependence of 92 developing countries on primary commodities, with over 2 billion people living on agriculture. The boom-and-bust cycles – of which the latest episode lasted from 2003 to 2009 – resulted from rapid growth in the South followed by the transfer of the 2008 global financial crisis and economic recession to commodities markets. Owing to the combined effects of the crisis and of longstanding problems – including the shock-vulnerability of undiversified economies and deteriorating terms of trade in the context of a multilateral trading system characterized by trade-distorting policies and value chain power imbalances – the Commodity Dependent Developing Countries, particularly the non-oil exporters, have been severely affected in terms of macroeconomic stability and the livelihoods of small-scale producers and workers in those countries.

Based on its analytical work, the UNCTAD secretariat facilitated consensus-building on national and international policies in areas of minerals and metals, energy and key agricultural commodities of interest to developing countries to provide recommendations on ways for stakeholders to cooperate to maximize gains in favour of the weakest market participants. There is urgent need to reach a development-friendly outcome to the Doha Round of trade negotiations, including the elimination of trade-distorting agricultural support and subsidies among developed countries.

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The secretariat – in collaboration with sister United Nations agencies, donors and partners – implemented technical assistance underpinned by analytical work to (a) provide producers and policymakers with information tools necessary to best respond to market signals and product standards; (b) address issues of sustainable and equitable management of extractive industries resources; and (c) provide research-based advice and training to policymakers and analysts from developing countries on all major issues of the day concerning commodity-based development.

## Introduction

1. In April 2008, the Twelfth Session of the United Nations Conference on Trade and Development (UNCTAD-XII) adopted the Accra Accord, which formed the basis for UNCTAD's work for the following four years. The agreed work programme on commodities, including institutional arrangements, marks both a continuation and a new departure – or revival – of work on commodities in UNCTAD.

2. Paragraph 91 of the Accra Accord reconfirmed that UNCTAD should continue to play a key role – with appropriate coordination with other international and regional actors, including with relevant international commodity bodies – to address the trade and development problems associated with the commodity economy, giving due attention to all commodity sectors such as agriculture, forestry, fisheries, metals and minerals and oil and gas. In this context, the secretariat was requested to “monitor developments and challenges in commodity markets and address links between international commodity trade and national development, particularly with regard to poverty reduction”.

3. It also mandated UNCTAD to promote intergovernmental cooperation and Consensus-building on:

(a) Ways of integrating commodity policies into national, regional and international development and poverty reduction strategies;

(b) Trade-related policies and instruments for resolving commodity problems; and

(c) Investment and financial policies for accessing financial resources for commodity-based development.

4. With regard to institutional arrangements concerning the UNCTAD secretariat, the Accra Accord urged the Secretary-General of the United Nations to transform the existing Commodities Branch into an autonomous unit reporting directly to the Secretary-General of UNCTAD. It also indicated that, through the guidance and leadership of the Secretary-General of UNCTAD, this unit should contribute more effectively to developing countries' efforts to formulate strategies and policies to respond to the challenges and opportunities of commodity markets.

5. This report reviews developments in the implementation of the Accra Accord provisions relating specifically to commodities as contained in paragraphs 91–93, 98, 183 and 208.

6. The commodity problematique continues to be of major concern in the twenty-first century, as the commodity sector constitutes the key economic activity in most developing countries in terms of foreign exchange earnings, fiscal revenues, income growth, employment creation and livelihood sustenance for over 2 billion people dependent on the agricultural sector. The policy challenge for commodity exporting countries can be

illustrated by recent developments as commodity prices reached historical peaks in 2008, followed by a collapse until the first quarter of 2009.

## **I. Contribution to the Commission on Trade in Goods and Services, and Commodities**

### **The 2009 Multi-year Expert Meeting on Commodities and Development**

7. Pursuant to paragraph 208 of the Accra Accord and the adoption by the fifty-fifth session of the Trade and Development Board (15–26 September 2008), the Multi-Year Expert Meeting on Commodities has been established. The first session of the Multi-year Expert Meeting on Commodities and Development took place in Geneva 6–7 April 2009. The secretariat prepared three background notes covering (a) Recent commodity market developments: trends and challenges (TD/B/C.I/MEM.2/2); (b) Integrating commodity policies into development and poverty reduction strategies: success stories, transparency and accountability (TD/B/C.I/MEM.2/3); and (c) Coping with changing commodity prices: Facilitation of efforts by developing countries to address challenges and take advantage of opportunities (TD/B/C.I/MEM.2/4).

8. The expert meeting reviewed commodity boom-and-bust cycles as well as long-standing issues facing commodity-exporting developing and emerging countries. These included, inter alia, (a) macroeconomic and governance challenges of commodity revenues management; (b) the high volatility and declining secular trends of commodity prices; (c) the lack of diversified trade, which increases the vulnerabilities of commodity exporters to international price shocks; (d) trade barriers including tariff escalation and tariff peaks for processed products from developing countries; (e) market-distorting subsidies among developed countries; (f) power imbalance in the governance of value chains, which is detrimental to the power of small producers vis-à-vis large corporations; and (g) supply-side constraints including high transportation costs among land-locked and small island developing countries, and poor economic linkages.

9. The secretariat prepared a report of the expert meeting (TD/B/C.I/MEM.2/5) to be submitted to the second session of the Trade and Development Commission, to take place 3–7 May 2010. The second session of the Multi-year Expert Meeting on Commodities and Development will take place 24–25 March 2010. The secretariat has prepared four background notes covering (a) Recent developments in key commodity markets: trends and challenges (TD/B/C.I/MEM.2/7); (b) Addressing the commodity problematique through trade-related policies (TD/B/C.I/MEM.2/9); (c) The future energy matrix and renewable energy: implications for energy and food security (TD/B/C.I/MEM.2/8); and (d) Access to commodity finance by developing countries (TD/B/C.I/MEM.2/10).

## **II. Contribution to the sixty-fourth session of the United Nations General Assembly**

10. As requested by the General Assembly in its resolution 61/190, UNCTAD prepared an analytical report in July 2009 on “World Commodity Trends and Prospects” (A/64/184) for the General Assembly’s deliberations at its sixty-fourth session under item 51 (d) of the provisional agenda (macroeconomic policy questions: commodities). The paper reviewed developments on commodities’ markets highlighting the sharp fall of commodity prices ending a five-year boom in the wake of the international financial crisis and economic recession.

11. The report highlighted the role of such factors as demand and supply, as well as speculation in price formation and dynamics. It reached the conclusion that an appropriate combination of regulatory and market instruments to achieve more stability in commodity markets was of paramount importance. Specifically, it found that a collective response to the current crisis should include policies that addressed longer-term structural issues of the commodity economy and integrate commodity policies into wider development and poverty reduction strategies.

### **III. Coordination with other international organizations and commodity bodies**

12. The UNCTAD secretariat maintained its extensive inter-agency cooperation network, with a view to promoting a comprehensive approach to commodity sector development. It continued its close cooperation with organizations both within and outside the United Nations system, such as the Common Fund for Commodities (CFC), the Food and Agriculture Organization of the United Nations (FAO), the World Trade Organization (WTO) the International Trade Centre UNCTAD/WTO (ITC), the World Bank, the United Nations Department of Economic and Social Affairs (DESA), the United Nations regional commissions, and International Commodity Bodies (ICBs). Other counterparts include universities and research institutions, as well as the private sector, particularly financial institutions. Staff members of the Special Unit on Commodities participated in, and made substantive presentations at, numerous meetings, conferences and workshops organized by other organizations, academic institutions, civil society and the business community. Within the framework of the European Union (EU)–African, Caribbean and Pacific Group of Countries (ACP) All-ACP Agricultural Commodities Programme (AAACP), the secretariat has received inputs from FAO, CFC and the World Bank for its field activities, and has provided support in the establishment and implementation of regional focal points in the regions of East and Southern Africa and the Pacific to insure ownership and sustainability.

13. The secretariat played a key role in the Madrid High-Level Conference on Food Security for All (26–27 January, 2009) held within the context of the Comprehensive Framework of Action. The key goals of the conference were to (a) reaffirm the conclusions of the Rome Conference and the CFA; (b) indicate policies and actions to address both immediate and longer-term challenges to food security; (c) describe the process through which stakeholders will work out a broader partnership on agriculture and food security; and (d) identify the potential for increasing and improving the effectiveness of financial contributions. UNCTAD is currently engaged with other members of the high-level task force in the follow-up activities to the Madrid Conference, including identification of options for coordinated financing and resource mobilization for in-country action.

14. The secretariat continued its active cooperation with international commodity bodies. In this connection, in accordance with UNCTAD's mandate and at the request of the International Cocoa Organization (ICCO), the Special Unit on Commodities assisted ICCO member countries and other interested stakeholders in preparations for a new International Cocoa Agreement for discussion at the United Nations Cocoa Conference, scheduled to take place in Geneva, 19–23 April 2010 under UNCTAD auspices.

### **IV. UNCTAD stakeholder meetings on commodities**

15. Pursuant to paragraph 183 of the Accra Accord, UNCTAD transformed the former Commodities Branch into the Special Unit on Commodities in July 2008, reporting directly

to the Secretary-General of UNCTAD. And in accordance with the decision of the Working Party on the Medium-term Plan and Programming Budget, a sub-account on commodities was created and made operational 1 January 2009. In line with paragraph 183 of the Accra Accord, the Secretary-General of UNCTAD has taken initiatives through a consultative process to ensure that the secretariat, through the Special Unit on Commodities, “contributes more effectively to developing countries’ efforts to formulate strategy and policies to respond to the challenges and opportunities of commodity markets” through dialogue between governments, business and civil society.

16. In this context, since its twelfth conference, the secretariat has organized stakeholder meetings on commodities with a view to building a wider consensus on possible approaches to issues of commodity price volatility and trends, and of commodity export competitiveness. Those meetings gave recommendations to the international community and national governments on ways of dealing with the commodity problematique in a sustainable manner. In 2009, as a follow-up to the recommendations of the UNCTAD Secretary General’s High-Level Multi-stakeholder meeting on commodities held in Geneva 28–29 January 2008, the Special Unit on Commodities organized two such meetings on individual commodities. The first one was held on cotton in Geneva on 2 December 2008, and the second one, on coffee, was held in Geneva on 8 April 2009.

17. The meeting on cotton gathered stakeholders from governments, international organizations, study groups, producers and civil society, including seven African ministers representing among others, the C-4 countries sponsors of the cotton initiative in WTO. Various position papers and studies were presented and circulated at the meeting. The study by the UNCTAD secretariat “The dollar slide: How does it affect West African cotton farmers?” (UNCTAD/DITC/COM/2008/7) provided quantitative estimates of impacts of international nominal price fluctuations on producers of selected African countries. First, the meeting reviewed development issues including (a) world cotton markets; (b) the economic and social role of cotton as a sector that reaches 100 million households in 36 countries; (c) strategies for cotton at the national and regional level. Secondly, it reviewed trade issues and lastly, defined proposals for action. In particular the meeting:

(a) Called upon WTO member States to conclude the Doha Round with development-friendly outcomes on agricultural products in general, and on products of interest to poor countries such as cotton, particularly with regards to the elimination of trade-distorting measures and market-access barriers, so as to assist African countries to take advantage of opportunities offered by the post multi-fibre agreement delocalization of cotton processing to low cost locations;

(b) Called for a Marshall Plan for the cotton sector;

(c) Called for a mechanism for the stabilization of the cotton market to address price instability;

(d) Called for the strengthening of technical assistance to low-income producing countries including through South–South cooperation.

18. The meeting on coffee brought together stakeholders, including industry participants, governments, international organizations and civil society. Participants reviewed issues relating to the opportunities and challenges for trade in coffee in an evolving economic and trade environment, as well as ways of assisting low-income coffee-exporting countries to enhance the sector’s contribution to economic development, including poverty reduction via greater and fairer participation of small-scale producers. The meeting proposed a way forward particularly concerning (a) adopting measures to balance supply and demand to mitigate the effects of a downward trend and cyclical behaviour of coffee prices, particularly on coffee-dependent low income countries; (b) the promotion of sustainable coffee; (c) increasing the productivity and quality through better

marketing and research and development, and niche products development; (d) the conclusion of the Doha Round of negotiations in WTO with clauses addressing the development needs of countries dependent on tropical beverages such as coffee; (e) global policy coherence and complementary collaboration among international organizations per area of focus; and (f) improving physical and institutional infrastructure to support coffee production and marketing in producing countries and promoting consumption in importing countries.

19. Consultations are expected to culminate 22–23 March 2010 in a Global Commodity Forum (GCF), gathering high-level participants from member States, the private sector and governments to precede the Multi-year Expert Meeting on Commodities and Development, scheduled to take place from 24–25 March 2010. The GCF is expected to be the largest such forum on all commodities in the world.

## **V. Minerals, metals and energy**

### **A. The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development**

20. The secretariat hosted, participated in and serviced the regular session of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) held in Geneva 26–29 October 2009. The meeting focused on further advancing preparations by the IGF and its members for upcoming meetings of the United Nations Commission on Sustainable Development (UNCSD) in 2010 and 2011 to review progress on the mining sector's contribution to the Johannesburg Plan of Implementation. During the session, delegates reviewed the results of an extensive survey conducted by the Forum on mining in developing countries. Participants elaborated a list of recommendations to be raised at UNCSD 2011 as an integrated policy framework. This led to a compilation of best practices in dealing with issues related to mining including social, environmental and economic concerns. The IGF members will take this opportunity to inform the United Nations and the international community of the challenges they face in exercising good governance and to explain how their needs can be best addressed in order to optimize the benefits from mining investments while contributing to poverty reduction. In addition members submitted national reports on mining for the UNCSD 2010 meeting.

### **B. Trust Fund Project on Iron Ore**

21. The secretariat has continued implementation of the Trust Fund Project on Iron Ore Information. It provides comprehensive information on developments in the world market for iron ore, for the use of producers, purchasers, shipping agents, suppliers of goods or services to the industry, analysts or consultants. In collaboration with professional partners, the secretariat produced three reports in 2009: (a) The Iron Ore Market; (b) Iron Ore Statistics; and (c) a statistical update in electronic form. The cost of producing these reports is covered by contributions from governments and by sales of publications.

### **C. Energy**

22. In 2009, the secretariat continued its contribution to building consensus on issues of energy security in the wake of the oil boom of the previous year, given the implications of developments in energy prices and of climate change effects on people's livelihoods and on

industry. In this context, the secretariat presented a report to the Trade and Development Commission, which highlighted the following facts:

(a) Very large investments will be required to boost energy supply, promote energy efficiency, mitigate adverse effects upon the environment and climate, shift to renewable energy sources and meet the pressing needs of developing countries for enhanced access to affordable energy;

(b) In order to meet these needs and adapt smoothly to higher energy prices, which may affect competitiveness, raise transport costs, change trade patterns and induce industry relocation, policy reforms are needed to (i) enhance price predictability, (ii) ensure that liberalization and competition promote consumer welfare and efficiency, (iii) enhance the quantity and quality of public and private investment by national and trans-nationals oil companies, and (iv) promote energy efficiency and climate change mitigation in industry, agriculture and transport.

(c) A comprehensive approach is needed whereby the international community would support measures by developing countries in the area of energy through financing and technical assistance at the bilateral, regional and multilateral levels, including South–South and producer-consumer dialogue and cooperation. Required reforms to the international trading system need to be addressed.

23. In the same context of building consensus, the secretariat sent staff members to participate in the Moscow Energy Week. UNCTAD's analytical work on energy issues was presented from a trade and development perspective, with emphasis on the use of information and communication technology (ICT) and new technologies in the oil sector. Avenues for cooperation between UNCTAD and the Russian Federation in the area of energy and minerals are being explored.

#### **D. The African Oil, Gas and Minerals Trade and Finance Conference**

24. Pursuant to paragraph 98 of the Accra Accord, UNCTAD continues to provide advisory services and trade-related capacity-building activities to natural resources-rich developing countries. In 2009, the secretariat organized, in collaboration with other partners, the thirteenth UNCTAD African Oil, Gas and Minerals Trade and Finance Conference and Exhibition in Bamako, Mali, from 10 to 13 November.

25. The objectives of this conference were to (a) provide a forum for high-level policy dialogue between producers and consumers, investors and host countries and other stakeholders; and (b) help identify and assess investment opportunities and challenges in Africa's extractive industries, as well as appropriate policies and legal frameworks to promote the continued development of the energy and mining sectors on the continent and to enhance their contributions to Africa's development.

26. The conference brought together 500 participants from governments, international and regional agencies, academia, multinational corporations and civil society organizations. Participants noted with concern that large volumes of geological and sector information available on deposits of minerals or hydrocarbons compiled during the colonial times or more recently by companies having carried out geological surveys as part of resource exploitation, could sometimes not be accessed by other extractive industry actors or policymakers. The main outcome of the conference was a ministerial resolution calling upon African countries to capture the untapped value from geosciences information with the view of optimizing natural resource development and management.

27. The resolution requested UNCTAD to provide technical assistance to establish a Natural Resource Information Exchange (NRIE) in Africa. The NRIE is meant to be a global

ICT-based platform where information relevant to the development of the natural resources sector could be shared among stakeholders in African countries. Such a platform would entail the following:

- (a) Collecting, organizing and digitalizing existing data on energy of mineral resources
- (b) Production of data and the reconstruction of lost historical data.
- (c) Enhancing the accessibility to relevant information by potential investors and policymakers; and
- (d) The preservation, management and promotion of countries national scientific heritage in the field of energy and mining

28. The information platform would enable participating countries to (a) optimize the management and marketing of their resources and encourage the development of exploration; (b) provide decision-makers with tools to assist in negotiations with investors; (c) modernize their information systems in the area of national resources; and (d) improve transparency in the governance of extractive industries.

29. In support of UNCTAD's work on commodities, Presidents Amani Toumani Touré of Mali and Fradique de Menezes of Sao Tome and Principe – who attended a session of the conference – underscored the importance of well-managed information on natural resources and the urgency of “putting an end to the African paradox whereby abundance of mineral and energy resources often coincides with poverty”. They also called on participants to be mindful of the necessity to “address environmental concerns associated with mining during and after exploitation”. President de Menezes offered to host the 2010 conference in Sao Tome and Principe under the theme “Natural Resources Development, Value Creation and Retention”. That conference would be an opportunity for the first evaluation of the NRIE initiative.

## **VI. Agricultural commodities**

### **A. Information portals and systems**

30. Pursuant to paragraph 93 of the Accra Accord, UNCTAD has assisted commodity-dependent developing countries in their efforts to access commodity information and establish more effective marketing systems. In this context, the secretariat has continued the implementation of two information tools – “Infocomm” and “Infoshare”. Infocomm is a three-language electronic information portal embedded in the UNCTAD website, which provides profiles on selected commodities and links to external information resources. Infoshare is a database system for gathering and sharing information on commodity prices including farm-gate, import and export prices as well as transportation and storage costs.

31. With resources from AAACP, the secretariat installed the database and software of Infoshare in four provinces of Cameroon, and delivered three tailor-made trainings for participants, including trainers and relays agents from the National Cocoa and Coffee Board, the agriculture and commerce Ministries, and Coffee and Cocoa producer organizations with a membership reach of 15,000 small-scale producers. In these workshops, participants learned how to access and feed information into/from the system, as well as particulars of the coffee and cocoa value chain. In 2010, a replica of the Infoshare system is planned to be customized for commodity producers in the Pacific and the Caribbean regions.



32. In addition to quantitative information tools, the secretariat continued developing the web-based Sustainability Claims Portal (SCP) started in 2008. This tool is aimed at informing and educating producers, farmers, traders, exporters and policymakers in ACP countries on the design, development and existence of agri-food safety standards, labelling and certification schemes that integrate the three pillars of sustainability – economic, social and environmental concerns – in their operations, including production, processing and marketing. This activity focuses on (a) claims such as fair trade, organic, environmental, and geographical indications; (b) certification schemes and requirements; and (c) labels and labelling laws.

33. At completion, the portal is expected to entail (a) a site for discussions on “sustainable claims” with a view to promote sustainability and enhance accountability of the public and private sector with regards to trade in goods marketed under sustainability claims; (b) a central access point to existing schemes responding to defined requirements concerning organic production, fair-trade schemes, environmental and social accountability; and (c) a clear presentation of relevant minimum requirements offering value addition to the products of small producers and cooperatives. It is expected to improve market access by addressing key market entry issues concerning sustainability claims, their certification, audits and compliance with standards.

34. In 2009, the secretariat undertook the following activities in relation to the development of the SCP:

- (a) Upgrade of the portal structure for easy navigation and more responsive searches;
- (b) Content improvements, including the completion and uploading of two claims templates – Geographical Indications and Organic Claims;
- (c) The development of the certifier database started with the inclusion of recently launched certification schemes. More than 90 web links were created for users to access certification bodies, government agencies working on sustainable production and research institutes to provide “best practice principles” on organic and fair trade production;
- (d) Added a “news/current events” section on the home page. This feature provides users with weekly information about the latest developments in the sustainability claims field, with a focus on organic agriculture, fair trade and geographical indications;
- (e) Upload of resources to the document section of the website, including a manual on SPS Compliance and Costs of Agri-food Safety and Quality Standards in Selected Least Developed Countries in the Pacific;
- (f) Completed translation of the portal from English into French;
- (g) Completed two consultants’ reports on Geographical Indications and Organic Claims;
- (h) The 15-member Steering Group created at an UNCTAD/EC meeting on 16-17 April 2008, and elected regional representatives in the Pacific, the Caribbean and East and Southern Africa;
- (i) All templates are now available on-line.
- (j) Launch of the SCP is planned for the last quarter of 2010 through a series of regional workshops.

## B. Agri-food safety and quality standards

35. In addition to activities related to the EU–ACP programme, the secretariat continued to implement technical assistance packages to helping developing countries' agri-food products meet sanitary and phytosanitary (SPS) requirements, and food quality and safety standards. This activity was carried out, under ongoing funding from the WTO/World Health Organization/World Bank Standard and Trade Development Facility (STDF) which since 2005 has supported work in cost of compliance evaluation and standards support for fruits exporters in Guinea, the United Republic of Tanzania, Mozambique and Pacific countries. Using its resident project-based research material, the secretariat contributed a module on agri-food safety and quality standards to a training organized by the UNCTAD secretariat on WTO accessions held in Geneva on 7 July 2009. At that training, interest was expressed by an African delegation in UNCTAD's technical assistance in this area. Informal consultations to concretize the request into a field project are under way.

36. The secretariat made use of its well-established field-based research and analysis covering (a) SPS compliance and costs of agri-food safety and quality standards; (b) linking African small producers to large distribution networks; (c) environmental laws affecting imports of agricultural products from ACP countries into the European Union; (d) training for trainers in safety and quality of fresh fruit and vegetables; and (e) certification of organic fruit and vegetables from the tropics market.

37. In addition, the secretariat participated in the Advisory Group meeting of the ACP–EU Technical Centre for Agricultural and Rural Cooperation. Ideas from projects implemented in the area of SPS capacity-building in the Africa and Pacific regions were shared by UNCTAD to help build consensus on sustainable trade in agri-food produce in the midst of proliferation of non-tariff measures, their potential impact and benefits with a view to help small-scale farmers developing countries farmers and their organizations make choices and implement sustainable programs.

## C. Commodity exchanges and commodity finance

38. In 2009 UNCTAD organized three activities under the Commodity Exchanges and Supply Chain Finance components of the AAACP. These were:

(a) A Workshop on Improving the Functioning of Commodity Markets in Eastern and Southern Africa through Warehouse Receipt Systems and Market-based Interventions, 30 September–2 October 2009, in Lusaka, Zambia, in cooperation with the Common Market of Eastern and Southern Arica (COMESA) and the Eastern Africa Grains Council;

(b) A national capacity-building workshop on the Creation of a Commodity Exchange in Central Africa based in Cameroon in collaboration with the *Office National du Cacao et du Café* (ONCC), 27–29 October 2009 in Yaoundé, Cameroon;

(c) A Regional Capacity-Building Workshop on Factoring/Receivable Discounting for the Caribbean held on 4 and 5 November 2009 in Barbados, in collaboration with the Caribbean Development Bank.

39. The Lusaka workshop brought together 100 participants, including policymakers from governments and regional bodies, practitioners with expertise in warehouse receipt systems (WRS) and commodity exchanges, as well as development partners' representatives. Participants reviewed an UNCTAD report on warehouse receipts and inventory credit initiatives in six Eastern and Southern African countries. The report (a) reviewed the practice of WRS systems, including the market off-take system, electronic

warehouse receipt system and warehouse-based financing (including storage credit by microfinance institutions); and (b) policy issues regarding warehouse licensing and regulation.

40. After discussing various experiences and options, participants outlined policies and priority actions necessary to develop accessible and viable warehouse receipt systems and commodity exchanges in Eastern and Southern Africa. The creation of an Association of Eastern and Southern African Exchanges was recommended. This workshop was also an opportunity for the secretariat to strengthen its working relationship with COMESA which has been identified as focal point for the Eastern and Southern Africa region to insure ownership of the AAACP programme activities.

41. The workshop, in Cameroon was jointly organized with the Ministry of Commerce and the ONCC. It was attended by 60 participants including local representatives from the Office of the Prime Minister, the Principal Adviser to the Minister of Commerce, Ministry of Economic Planning and other different government departments, high-ranking officers in ONCC donor agencies, producer associations, exporters, bankers, quality controllers and other key stakeholders of the commodity sector. Participants looked into the prerequisites for a commodity exchange and discussed case studies and potential approaches/projects to commodity exchanges in the region. The ONCC shared results from a study tour to the Bombay Multi-Commodity Exchange of India in Bombay between 26 September and 3 October 2009.

42. Donors attending the meeting expressed interest and agreed to consider a project document for a commodity exchange along with coffee strategy document of the government of Cameroon. The ONCC was tasked to serve as focal point for commodity exchange matters and to coordinate efforts to move the agenda forward.

43. For the two workshops held in Africa, the secretariat used background material published by the Special Unit on Commodities in 2009, namely: (a) *Report of the UNCTAD Study Group on Emerging Commodity Exchanges: Development Impacts of Commodity Exchanges in Emerging Markets* (UNCTAD/DITC/COM/2008/9); and (b) *Overview of the world's commodity exchanges – 2007* (UNCTAD/DITC/COM/2008/4).

44. The workshop in Barbados brought together 51 participants from financial institutions, producers' organizations, the tourism industry, ministries and marketing boards from 11 Caribbean countries as well as regional bodies. It raised awareness on the part of stakeholders from the agricultural, financial and tourism sectors regarding the possibility of using factoring/receivable discounting as a financing tool for small-scale farmers selling to the tourism industry. For the workshop, the secretariat prepared training material on such technical issues as various forms and application of receivable discounting; mechanisms and structure of factoring, risks associated with factoring and factoring agreement.

## **VII. Training and collaboration with UNCTAD's Virtual Institute**

45. As a contribution to the Bangkok Plan of Action Paragraph 166 Course on Issues on International Global Agenda, the Special Unit on Commodities delivered a three-day package to its Africa session organized in Cairo, Egypt, 25 January–12 February 2009. At this training organized for African civil servants, policymakers and academics involved in trade and development policy research and analysis, the Special Unit on Commodities presented modules on the Economics of Commodity Production and Trade, particularly regarding the price-cycle drivers, compensation mechanisms, market structures in agricultural commodities, mining and implications for resource rents governance and macro-economic management, as well implications of the food crisis and Africa's food security.

46. Research material prepared as background material for the 2009 Multi-year Expert Meeting on Commodities and Development (TD/B/C.I/MEM.2/3) were used in running case study session on experience on integrating commodity policies in development strategies. The content and structure of the training was based on the five-module Course on the Economics of Commodity Production and Trade<sup>1</sup> resident in the Special Unit on Commodities, which, in previous years has been tested with African Universities members of the UNCTAD Virtual Institute. These include:

- (a) Module 1. Commodity Production and Trade;
- (b) Module 2. National Policy and International Cooperation;
- (c) Module 3. The International Trading System;
- (d) Module 4. Market Access and Market Entry; and
- (e) Module 5. Commodity Risk Management and Finance.

47. Other internal research material from other Special Unit on Commodities past and present activities were used and tested with participants. In this connection, presentations and discussions of case studies of success stories of commodity-based development strategies were sources for participants feed-back on issues being researched on in the Special Unit on Commodities. Hence the Paragraph 166 training fed back into the research and analysis agenda of UNCTAD's Special Unit on Commodities on long-standing issues of commodities and their contribution to Africa's development.

48. In addition, the Special Unit on Commodities continued the elaboration and testing of training materials to be delivered in its technical assistance activities, including in collaboration with the UNCTAD Virtual Institute and other academic and international institutions active in policy research in commodity-related areas. The forthcoming materials will cover, among others, (a) commodity exchanges in developing countries as an addition to commodity finance and risk management; (b) agricultural policies, agribusiness, and food security as an addition to Module 2 on national policies and international cooperation; (c) energy and economic development; and (d) mining and economic development.

49. From 15 to 20 February 2010, the Special Unit on Commodities co-organized the third training for professional master's students in international trade of the University of Dar-es-Salaam in the area of commodity economics. It was the second organized on UNCTAD premises in Geneva. It covered new areas including trade and development issues in energy and oil and gas, finance and risk management and introduction to organized commodity markets such as commodity exchanges. This has been a successful area of interdivisional cooperation and synergy between research and analysis and technical assistance with sustainable impact on the institutional capacities of a commodity-dependent developing country. In the past four years, over 80 United Republic of Tanzania post-graduate learners have attended the UNCTAD course on commodity economics, of which the on-campus one-week hands-on version was evaluated as the best taught of all external seminars facilitated by outside visitors to the programme.

## **VIII. Management reform**

50. Paragraph 183 of the Accra Accord states: "In view of the current challenges in commodities markets, the Secretary-General of the United Nations is urged to transform the

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<sup>1</sup> This training material has not been published for pedagogical reasons. Its use is reserved to institutions members of the UNCTAD Virtual Institute.

existing Commodities Branch into an autonomous unit reporting directly to the Secretary-General of UNCTAD, within existing resources of the Commodities Branch of the Division of International Trade in Goods and Services, and Commodities, while retaining the Branch mandate and taking into account, without duplicating, the work of other relevant organizations. Through the guidance and leadership of the Secretary-General of UNCTAD, this unit should contribute more effectively to developing countries' efforts to formulate strategies and policies to respond to the challenges and opportunities of commodity markets."

51. The secretariat responded to the in-depth evaluation report of its Commodities Programme commissioned by the Trade and Development Board by submitting the paper "Management response to the in-depth external evaluation of UNCTAD's commodities programme" (TD/B/WP(53)/CRP.1), taking stock of the situation and providing a roadmap for improving on management and delivery on UNCTAD's mandate in the area of commodities as defined in the Accra Accord. The management response acknowledged the necessity to retool the Special Unit on Commodities for UNCTAD to regain its leadership role in the area of commodities by strengthening research and analysis, playing a more proactive role in consensus-building – through the intergovernmental machinery and multi-stakeholder forums – and by providing more focused technical assistance that is underpinned by its analytical work.

52. In this context, the Secretary-General has undertaken a restructuring of the Special Unit on Commodities by regrouping all activities related to commodities in two sections – one on Research and Analysis and the other on Policy Implementation and Outreach, with an emphasis on a two-way synergy consisting of technical cooperation generated from research findings on the one hand and research and analysis inspired by field lessons on the other.

53. Pursuant to paragraph 221 of the Accra Accord, the Special Unit on Commodities, along with the divisions of the secretariat, participated and provided substantive support to the Working Party on the Medium-term Plan and Programme Budget, which took place 18–20 November 2009 in its deliberations on item 3 of its agenda on the four-year work plan of UNCTAD, including the work plan on commodities in the document "Draft work plan for the implementation of the Accra Accord, 2008–2011" (TD/B(WP)/50/CRP.1), and agenda item 4 on the review of UNCTAD's technical assistance activities related to commodities trade and development.

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