

UNCTAD TOOLBOX FOR LEAST DEVELOPED COUNTRIES

SPECIALIZING SMARTLY



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UNCTAD Toolbox for LDCs: Specializing Smartly

- LDCs represent 12% of the world population, yet they account for only 2% of the world GDP, and 1% of global trade in goods.
- To be able to converge with more advanced countries, LDCs must achieve deep-rooted economic progress, or structural economic transformation. Structural transformation is the most desirable avenue for achieving durable poverty reduction (thereby meeting several of the Sustainable Development Goals), as well as progress towards graduation from LDC status, the ultimate UN objective for LDCs as contemplated by the 2011 Istanbul Programme of Action for LDCs.
- Structural transformation implies enriching the structure of the economy, taking it to higher levels, and a wider spectrum, of value addition. This requires a range of productive capacity-building policies, notably in the key areas of investment, trade, and innovation capacities. Specializing smartly (economically) is the crux of most Least Developed Countries development agenda.
- UNCTAD is well prepared to accompany LDCs on the road to structural transformation. Through its wide range of technical assistance, UNCTAD helps these countries in their transformational agenda. It does so for LDCs that already meet graduation criteria, by helping them secure a smooth transition to post-LDC status. It gives special consideration to freshly graduated ex-LDCs, as the latter consider the change of status as a new starting block on their trajectory of progress, not as an end in itself. For LDCs with a remaining long road to graduation, UNCTAD not only strives to offer the best possible range of advisory services, but also works closely with other key development partners of LDCs, particularly those with a known agenda of support to productive capacity-building.
- In 2015, UNCTAD technical cooperation expenditures in support of LDCs amounted to US\$18.9 million, an increase by 23 per cent over 2014. Sixty-five country-level projects were implemented in 36 LDCs. LDCs have also benefited much from regional and interregional activities of UNCTAD. The share of LDCs in UNCTAD total technical cooperation delivery rose from 40 per cent in 2014 to a record high of 48 per cent in 2015.

A Selection of Technical Cooperation Tools for LDCs

Investment Policy Reviews

To assist LDCs in attracting and benefitting from foreign direct investment, UNCTAD conducts Investment Policy Reviews to assess the legal, regulatory and institutional framework for investment specific to each country. The Reviews, which provide concrete policy recommendations, are followed by technical assistance activities to support implementation of the recommendations and improve the prospects for sustainable development.



Services Policy Reviews

UNCTAD Services Policy Reviews help LDCs seize the opportunities offered by a services-driven development strategy. The Reviews systematically analyze the economic, regulatory and institutional frameworks that impact on the services sector of a given country. They also provide policy advice to expand the services sector and create jobs and to identify trade policy options that advance national sectoral development objectives.



Science, Technology and Innovation Policy Reviews

UNCTAD assists LDCs in building national capacities in science, technology and innovation through Science, Technology and Innovation Policy (STIP) Reviews. The Reviews include an analysis of the national innovation system and an assessment of the STIPs in place, which are usually complemented by in-depth studies of specific sectors, institutions or problems related to science, technology and innovation that are particularly relevant to the beneficiary country. The recommendations put forward in the Reviews help LDCs to better respond to the challenges of a knowledge-based economy.



E-commerce and Law Reform Programme

UNCTAD helps LDCs unlock their potential in e-commerce by building the capacities of policymakers and lawmakers in improving the legal, institutional and policy frameworks necessary to foster the development of e-commerce. Legislative support focuses on revising laws and preparing regional cyberlaw frameworks. UNCTAD also prepares regional comparative studies of e-commerce legislation harmonization and has developed a cyberlaw tracker (unctad.org/cyberlawtracker) - the first online tool that maps cyberlaws globally, focusing on e-transaction, cybercrime, data protection and the protection of consumers online.





Investment Guides

To attract foreign direct investment, LDCs need to provide potential investors with updated investment information including legislation, infrastructure, costs or taxes. UNCTAD Investment Guides (or iGuides since 2013) - a joint product of UNCTAD and the International Chamber of Commerce, help to raise awareness among the global investment community of the opportunities and conditions for investment in LDCs. They also build the capacity of local institutions in investment promotion through training on data research, input and update.



National Green Export Reviews

Dynamic green products hold considerable potential for developing countries, particularly for LDCs with limited export diversification. UNCTAD, through its National Green Export Reviews, assists LDCs to build production and export capacity of green products for which they have natural and comparative advantage. The Reviews help to identify promising green products, explore opportunities and address constraints, design policies and identify institutions, and define national action plans to deliver results.



Accession to the World Trade Organization

LDCs are facing particular challenges in accession to the World Trade Organization (WTO) including limited analytical capacity and lack of resources. UNCTAD supports LDCs that are acceding to the WTO with tailored technical assistance which will reinforce their capacity in trade-related negotiations. The support includes training on particular WTO agreements, assistance in the preparation of memorandums of foreign trade regime and other key accession documents, and exchange of experiences and lessons learned. For LDCs that have recently acceded, UNCTAD supports them in the implementation of WTO commitments.



Support to Graduation from LDC Status

The Istanbul Programme of Action adopted in May 2011 sets the ambitious goal of seeing at least half of all LDCs meet graduation criteria by the end of the 2011-2020 decade. UNCTAD supports LDCs efforts to achieve structural progress towards and beyond graduation from LDC status. This involves mapping and measuring structural change in all LDCs, strengthening the capacity of individual LDCs to accelerate structural transformation and approach graduation thresholds, and guiding graduating countries in their pursuit of a smooth transition to post-LDC life (e.g. formulating smooth transition strategies).

DMFAS – Debt Management and Financial Analysis System



LDCs have lower capacity to build and maintain their debt management systems and debt databases. The DMFAS Programme offers LDCs a set of proven solutions for improving their capacity to handle the day-to-day management of public liabilities and the production of reliable debt data for policymaking. This includes its specialized debt management software, DMFAS, as well as advisory services and training activities in debt management.

Enhanced Integrated Framework



The Enhanced Integrated Framework (EIF) is a multi-agency and multi-donor programme for the coordinated delivery of trade related technical assistance and institutional capacity-building for LDCs. As one of the six core EIF partner agencies, UNCTAD support focuses on strengthening the capacities of LDCs in trade policymaking. Specifically, UNCTAD assists LDCs in formulating Diagnostic Trade Integration Studies (DTIS) and their updates as well as drafting technical cooperation projects for the implementation of the action matrix of DTIS.

The BioTrade Initiative



The UNCTAD BioTrade Initiative assists LDCs in promoting trade and investment in biodiversity resources which are the natural capital base for a sustainable economy. The BioTrade Initiative generally works at the national, regional and global levels with partners on three strategic lines: enabling policy framework for biotrade; value chain enhancement; and market creation and development for biodiversity products and services. To enhance the value chain, UNCTAD has developed a biotrade value chain methodology to support the growth of biodiversity-based sectors.

eRegulations and eRegistrations Systems



UNCTAD Business Facilitation Programme helps LDCs improve national business, investment and trade climates by offering a series of efficient tools to simplify procedures and reduce transaction costs. These tools include eRegulations which is an affordable, turn-key solution for Governments to clarify and publicize administrative procedures on the internet; eSimplifications which generally allow Governments to decrease steps and requirements by more than 50%, without changing laws; and eRegistrations, a web-based application conceived to create electronic single windows which allow simultaneous registration with multiple public agencies.

Trade Facilitation Programme

UNCTAD Trade Facilitation Programme helps LDCs address the technical and institutional challenges resulting from compliance with the World Trade Organization Agreement on Trade Facilitation signed in 2013. Specifically, UNCTAD assists LDCs in finalizing national trade facilitation implementation plans, in particular by providing support for the establishment of the National Trade Facilitation Committee, as well as in establishing national and regional trade facilitation coordinating mechanisms.



ASYCUDA – Automated System for Customs Data

The UNCTAD ASYCUDA is an ICT-based customs management system targeted at reforming the national customs clearance processes. It can help LDCs computerize and simplify customs procedures, which will improve the collection of customs revenues and make international markets more accessible to enterprises from LDCs. It further provides the statistical information on foreign trade transactions essential for economic planning. ASYCUDA software is installed at the request of Governments and adapted to suit the national characteristics of individual customs regimes, national tariffs and legislation.



Empretec and Business Linkages

Small to medium-sized enterprises (SMEs) in LDCs make significant contributions to economic growth, employment creation and innovation. However, they face several challenges in enterprise development. Empretec - the UNCTAD Entrepreneurial Development Programme - helps LDCs to foster entrepreneurship capabilities and the growth of internationally competitive SMEs through capacity building activities. The UNCTAD Business Linkage Programme further supports SMEs by transforming linkages between SMEs and transnational corporations into sustainable business relationships.



TrainForTrade programme

UNCTAD TrainForTrade Programme focuses on building human capacities in LDCs in various areas of international trade and investment through innovative approaches. The pedagogical material developed with UNCTAD experts is based on a blended approach which combines face-to-face training with distance learning. Furthermore, by promoting training of local trainers, TrainForTrade develops local capacities and enhances national ownership.



UNCTAD Delivers: Impact Stories and Testimonies from Beneficiaries

Investment Policy Reviews

Overview

- 17 LDCs have completed an Investment Policy Review (IPR);
- Between 2010 and 2015, FDI inflows jumped by more than 230 per cent in 14 of these countries compared to 48 per cent for the LDC group as a whole.



Rwanda: The Government has undertaken important reforms based on the Investment Policy Review (IPR) published in 2006. The implementation of IPR policy recommendations has significantly contributed to improving the country's business environment. This is also reflected by the World Bank Doing Business Index, where Rwanda ranking moved up significantly to the 62nd position in 2016. At the same time, FDI inflows increased by more than tenfold from an average of \$40 million in the period 2005-2007 to \$471 million in 2015.

ASYCUDA - Automated System for Customs Data



Afghanistan: With the implementation of ASYCUDA since 2004, the customs revenues have increased from around \$50 million in 2003 to over \$950 million in 2011 - an increase of around 2,000%. Also, the waiting time for trucks at the major border crossings has decreased significantly. At Torkham, the busiest border crossing with Pakistan, over 90% of trucks are cleared in less than 1.5 hours, down from 18 hours in 2003.

E-commerce and Law Reform Programme



Uganda: Following UNCTAD legal advice and capacity-building activities on cyberlaws in the East African Community, the Ministry of Information and Communications Technology of Uganda created in 2011 a national task force, consisting of 22 institutions, to develop legislation and a strategy to address the lack of public awareness on ICT-related legal issues. Since 2012, Uganda has adopted laws on electronic transactions, cybercrime and consumer protection. A data protection and Privacy Bill is to be enacted in 2016.

Science, Technology and Innovation Policy Reviews



Lesotho: The findings of the Science, Technology and Innovation Policy (STIP) Review in 2010 were put in the pipeline for parliamentary discussion. The Government is also using the analysis and recommendations of the STIP Review for fund-raising in the context of the WTO-led Aid for Trade, for capacity-building in STI policy-making and implementation.

Support to graduation from LDC status



Kiribati: In March 2015, UNCTAD provided the United Nations Committee for Development Policy (CDP) with a Vulnerability Profile of Kiribati, in support of a review by the CDP of the potential graduation case of Kiribati. The profile highlighted the country's extreme environmental and economic vulnerability, and a major overestimation of its gross national income. This work was instrumental in bringing the CDP to defer its consideration of the question of Kiribati's graduation, a decision which relaxed the graduation calendar of Kiribati and enabled the country to better prepare for its eventual change of status, with UNCTAD's support.

DMFAS - Debt Management and Financial Analysis System



Uganda: With the support of UNCTAD DMFAS Programme, significant improvement has been achieved in the quality of the debt database: improved transparency and accountability, improved debt reporting, enhanced capacity for debt sustainability analysis and medium term debt strategy. The Government now has the capacity to use dependable debt data for policy-making, enabling evidence-based policies and better governance.

Trade facilitation Programme



Sudan: Rasha, mother of four and a member of the National Trade Facilitation Committee (NTFC) of Sudan, recently participated in Module 1 of UNCTAD Empowerment Programme for NTFCs. The training helps Rasha and other members of Sudan National Working Group on Trade Facilitation to learn about worldwide best practices to ease trade procedures and understand the implications of different trade facilitation reforms for the country. She highlights: «this training is relevant as we all get a better understanding of what trade facilitation is all about. This Module is sufficient, very satisfying, clear and well done.»

Empretec and business linkages



Mozambique: The national business linkage programme, in cooperation with the National Centro de Promoção de Investimentos and Enterprise Mozambique Foundation as its main local counterparts, benefited 43 farmers who were supplying barley to Cervejas de Moçambique Breweries, a subsidiary of SAB Miller of South Africa. As a result of the programme, farmers diversified their sources of income and learned how to run farms as a business: their annual income increased from an average of US\$300 to US\$700.



TrainForTrade Programme

West Africa: 851 participants (22% female) from 15 West African countries, including 11 LDCs have benefitted from TrainForTrade project implemented from 2012 to 2015 with a focus on the development of legal frameworks for e-commerce within the region. Following the delivery of the project, personal data protection law and e-commerce was prepared and proposed to the Assembly in 2014 in Niger. The Association PayCamp has been created to promote e-Commerce in Togo.



eRegulations and eRegistrations Systems

Africa: 10 LDCs have benefitted from eRegulations systems which provided complete information on a total of 507 procedures relating to entrepreneurship and investment. eRegulations portals have received an increasing number of visitors, with more than 25'000 visits each month (240'000 in 2015). The steps and requirements for creating business have been reduced by 50% on average.



TESTIMONIES

National Green Export Reviews

«The project helps to identify high potential export products so they can be presented to the world market in a better way. This will increase the country's foreign currency earnings, thus contributing to its economic growth.» Director, Export Research and Promotion Directorate, Ministry of Trade, Ethiopia

The BioTrade Initiative

«Working with partners that ensure the implementation of BioTrade's framework in the field, such as PhytoTrade Africa, over 12.500 individuals annually, of which 78% are women, in LDCs in Southern Africa including Madagascar, Malawi, Mozambique and Zambia were supported in developing and marketing products in sectors such as personal care and food, based on native natural species from this region.» Monitoring and Evaluation Manager, PhytoTrade Africa.



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