



LDC5: From Potential to Prosperity

UNCTAD side event: Holistic and multisectoral interventions to address systemic and structural vulnerabilities in LDCs: Lessons learned from Angola

Economic diversification, structural transformation and strengthening productive capacities in LDCs

Least Developed Countries' (LDC) economies remain dependent on a limited number of economic activities for output and small number of products or commodities for exports. Overall, the productive capacities¹ of LDCs are far too weak, and their socioeconomic growth too fragile. Moreover, their mitigation and adaptation efforts to climate change pose further challenges. The low productive capacities reflect LDCs' high reliance on the export of unprocessed primary commodities and excessive vulnerability to external shocks. This in turn reflects the limited degree of development of the countries' economies and their structural and systemic vulnerabilities, which call for sound national policies and robust international support measures to foster productive capacities and structural transformation. Diversifying their economies, increasing domestic productive capacities and expanding the technological embodiment and sophistication of their exports could increase the competitiveness of LDC exports.

A holistic and multi sectoral intervention model: Learning from the EU-UNCTAD Joint Programme for Angola

Angola is an LDC endowed with natural resources, yet heavily reliant on the extractives sector – mostly crude oil. This leaves the country highly vulnerable to external shocks. Productive capacities are not coherently and comprehensively built to enable the generation of prosperity to all. The national poverty rate, therefore, continues to be high at over 30%, and inequality is a major issue. In relation to the level of productive capacities, Angola performs below LDC averages and the averages of countries in the same region in seven out of eight components as measured by the [Productive Capacities Index](#). The situation led to the development of a holistic, multi-sectoral [Programme for Angola](#), with funding from the European Union. The Programme has been in implementation since 2018 and has achieved tangible results over this short period of time.

The Programme supports the diversification of the Angolan economy and exports by strengthening institutional and human resources capacity, promoting value chain development and exports and facilitating integration into regional and global value chains to enable sustainable revenue generation for achieving the Sustainable Development Goals (SDGs). A holistic approach is applied across seven inter-connected economic policy areas with a focus on: (i) the identification of green non-oil products and services with potential for exports and support to the sectors' development; (ii) support to the development of the creative economy; (iii) trade policy and commercial diplomacy; (iv) trade facilitation; (v) transport and trade logistics and (vii) investment policy review and support to attracting sustainable investment. At the national level, the Ministry of Industry and Commerce facilitates the coordination of the Programme that involves a combined 23 Ministries, various agencies, private sector actors, academia and civil society. The Programme was developed through comprehensive consultations and structured needs assessments with all its stakeholders. It is overseen at the national level by a cross-

¹ UNCTAD defines productive capacities as the productive resources, entrepreneurial capabilities and production linkages that together determine a country's ability to produce goods and services that will help it grow and develop.

agency, ministerial-level Steering Committee, supported by an equally multi-sectoral Technical Committee. The Programme implementer, UNCTAD, and the funder, the European Union, are part of both entities.

The multi-sector Programme has triggered a whole-of-society culture, facilitating coherent policies. By integrating vulnerable groups as valuable contributors to development, it has stimulated a leave-no-one-behind-attitude. Together with its green sector focus and support to diversification to reduce vulnerabilities, it contributes to most SDGs. The Programme has helped draft better policies,² including investment policy and investment agreements reviews; develop investment promotion strategies focusing on agriculture and supporting products; promote Public-Private Partnership regulations with a view to facilitating transport infrastructure development for the new economic structure; map seven promising products' value chains and provide support to their development; and assist the drafting of strategies for the creative economy, entrepreneurship, trade facilitation and trade policy, apiculture products and fisheries exports. Furthermore, it has trained entrepreneurs to reap the emerging opportunities.

At the impact level, the export of non-oil products from Angola has grown since 2016 in real terms (from USD 2.047 billion in 2016 to USD 2.126 billion in 2021, after a dip due to the COVID-19 pandemic), while their share out of total exports slightly decreased in 2021 due to the hike in international oil prices. The value of total exports of the country to Southern African Development Community member states is increasing rising from USD 539.5 million in 2020 to USD 803.2 million in 2021.

The Programme has also trained 2,540 Angolans thus far, including 1,401 Government officials and 848 private sector actors – thereby surpassing the Programme's targets by 280% and 848%, respectively. In addition, 73 persons have been trained as national trainers in entrepreneurship (Empretec) and *Farming as a Business*, trade facilitation, identification of non-oil opportunities, and in sustainable honey production and export, with the intention to multiply the impacts of the intervention and to ground ownership in national institutions. The number of trained trainers exceeds the project target by 146%. The share of female participants trained stands at 32% to-date, an achievement considering the highly male-dominated focus sectors. The Programme's aim is to increase the share to at least 40% female participants. Today, Angola's entrepreneurship ecosystem has shown significant improvement: 30 out of the top enterprises of Angola went through the UNCTAD entrepreneurship training programme (EMPRETEC); 85% of EMPRETEC-trained people report sales growth. Enterprises trained by EMPRETEC also report a 72% yearly gross evolution in the number of jobs created.

Other support measures have included capacity building for a national Empretec entrepreneurship training institution to deliver trainings independently at the country level. The national institution has already started the delivery of trainings, with UNCTAD's mentoring support, at the provincial level. The technical support to green products and services development has included in-depth research, policy advice and training on the fisheries sector and aquaculture subsector; hands-on training in honey quality improvement; a pilot extension services project for the honey sector; policy and programme support and needs assessments of laboratories, as well as support to the mapping of value chains and drafting action plans. Technical assistance has been provided to attract sustainable investment in agriculture and supporting products, as well as the design of PPP projects for transport infrastructure and logistics hubs development in support of the new envisaged structure of the economy. Institutions have been strengthened to take up new tasks and lead policy development processes, such as in the case of the entrepreneurship policy, as well as honey and related residues policy and plan.

In 2022, the EU-UNCTAD Joint Programme for Angola received a major recognition when it was selected as a [global success story for SDG good practices implementation](#). This was the result of a peer-review process by an inter-agency team of UN experts that reviewed over 700 submissions, made 460 of them publicly available through a dedicated online [platform](#) and selected 21 out of them as global success stories.

Towards a model support programme for LDCs and other vulnerable economies

Based on the success of the Angola Programme, several developing countries have approached UNCTAD with a request to develop a similar type of technical assistance project implemented through UNCTAD. Inspired by

² See interactive charts in <https://unctad.org/project/eu-unctad-joint-programme-angola-train-trade-ii> - Progress on policy development.

the growing demand, the good practices and lessons learned through the EU-UNCTAD Joint Programme for Angola have led to the development of a model support programme for LDCs and other vulnerable economies.

The support programme model is intended to combine the three pillars of UNCTAD's work, enhancing the linkages between research and policy analysis, technical cooperation through capacity building, as well as inter-governmental consensus building. The baseline analysis underpinning programme development consists of a National Productive Capacities Gap Assessment (NPCGA). UNCTAD uses its multi-dimensional [Productive Capacities Index \(PCI\)](#) to identify the gaps in policy and the institutional architecture to advance sustainable development, and to prepare NPCGAs which help in the identification of each country's comparative advantages and binding constraints to economic development, as well as in mapping intervention strategies. NPCGAs together with broad national, cross-sectoral consultations are optimal tools in assisting countries to formulate and implement country-specific, multi-year and multi-sectoral national programmes to foster productive capacities and kick-start the process of structural economic transformation. Experiences learned through programme implementation are intended to feed into ahead-of-the-curve research and inter-governmental processes, establishing a virtuous cycle for development.