



Interregional Forum of the Development Account Project

“Facilitating the Effective Integration of Developing Countries in the Global Economy through Aid for Trade Schemes”

Tunis, Tunisia – 22-24 April 2014

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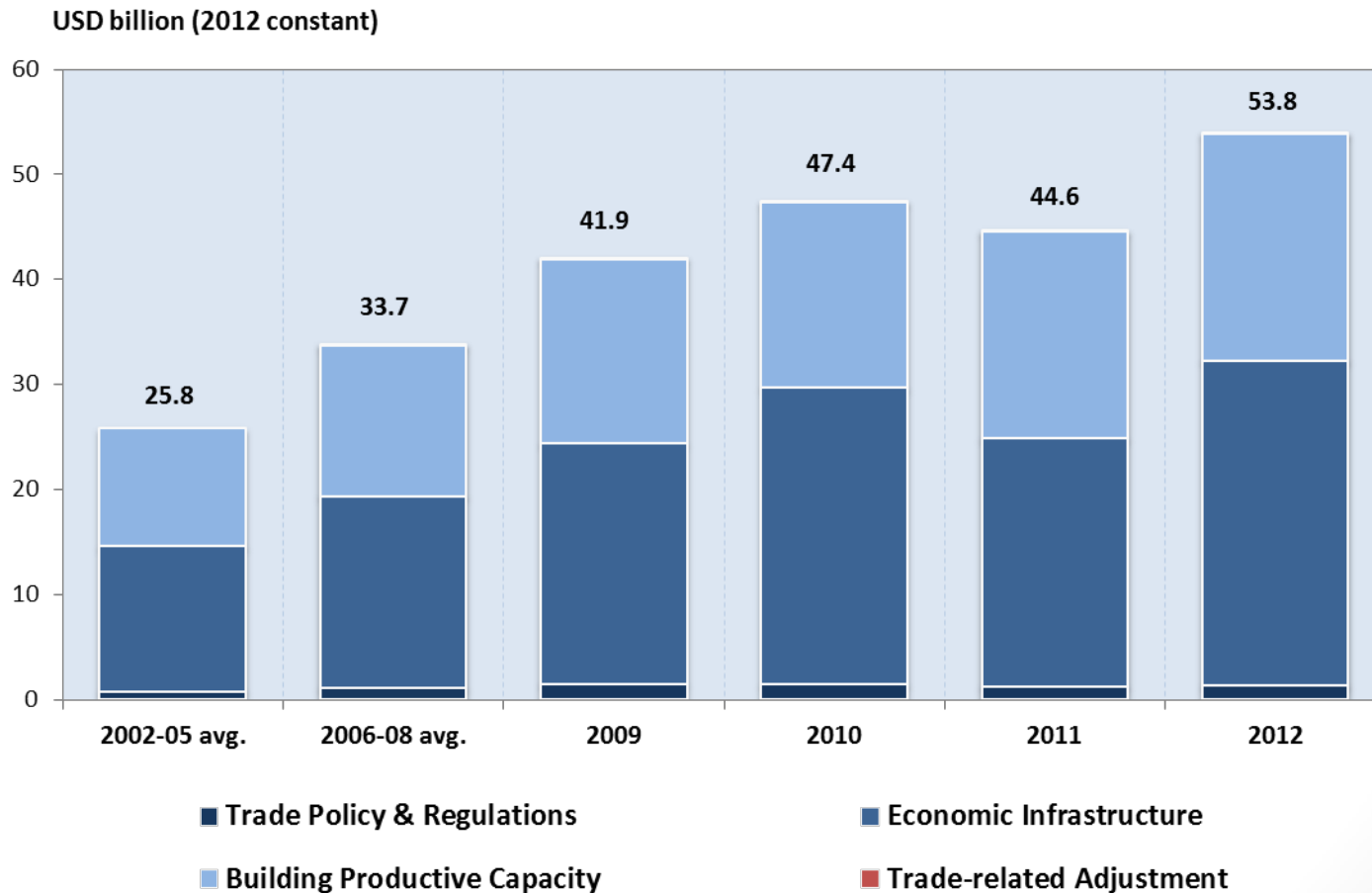
Outline

- Aid-for-Trade Flows.
- Trade Facilitation Assistance.
- Mainstreaming.
- Aid-for-Trade Case Stories.
- Partner/Donor Priorities.
- Value Chains.
- Effectiveness of Aid for Trade.
- Next Steps.
- New Aid-for-Trade Work Programme.



Aid-for-Trade commitments

(Source: OECD-DAC, Credit Reporting System (CRS))

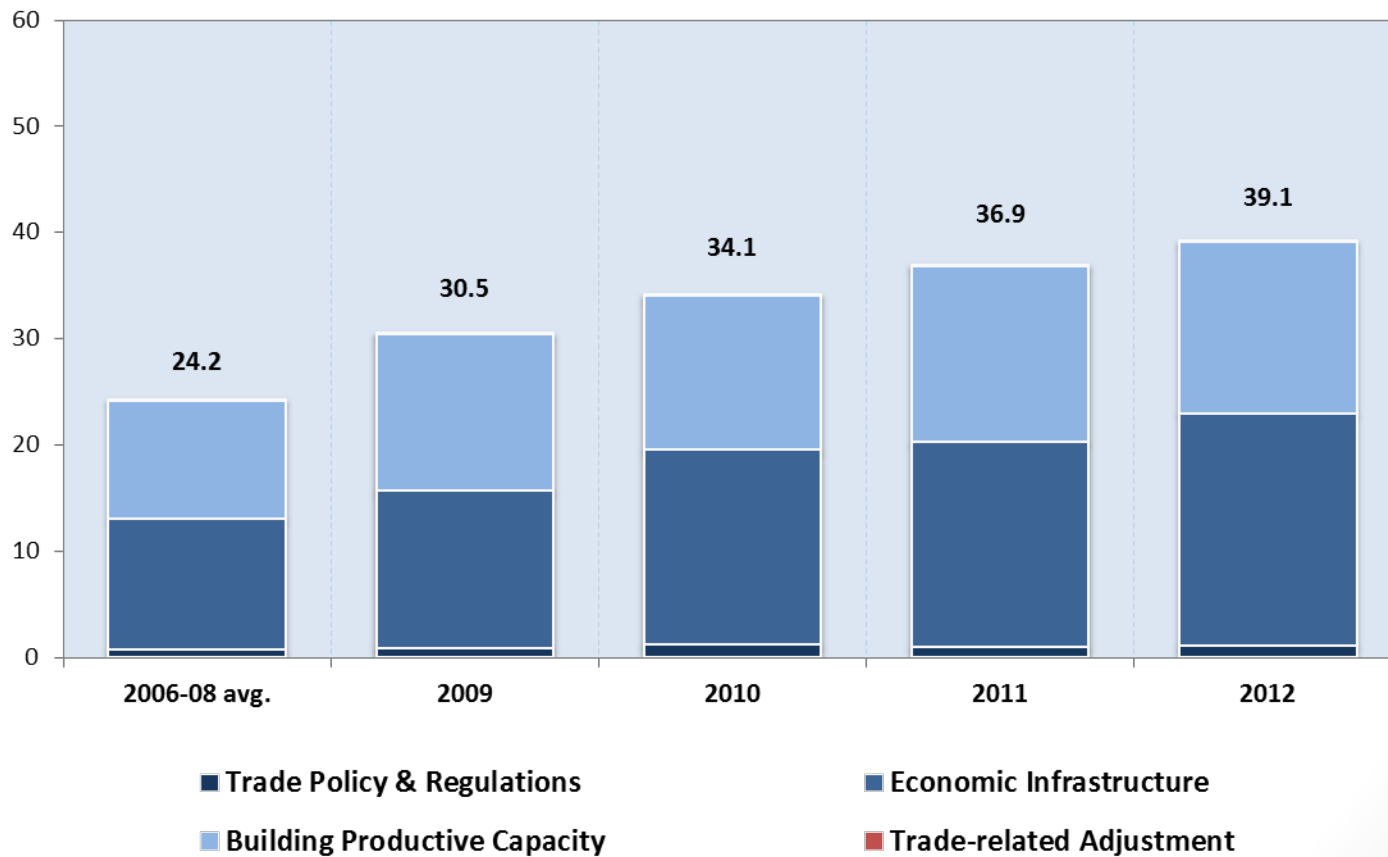




Aid-for-Trade disbursements

(Source: OECD-DAC, Credit Reporting System (CRS))

USD billion (2012 constant)

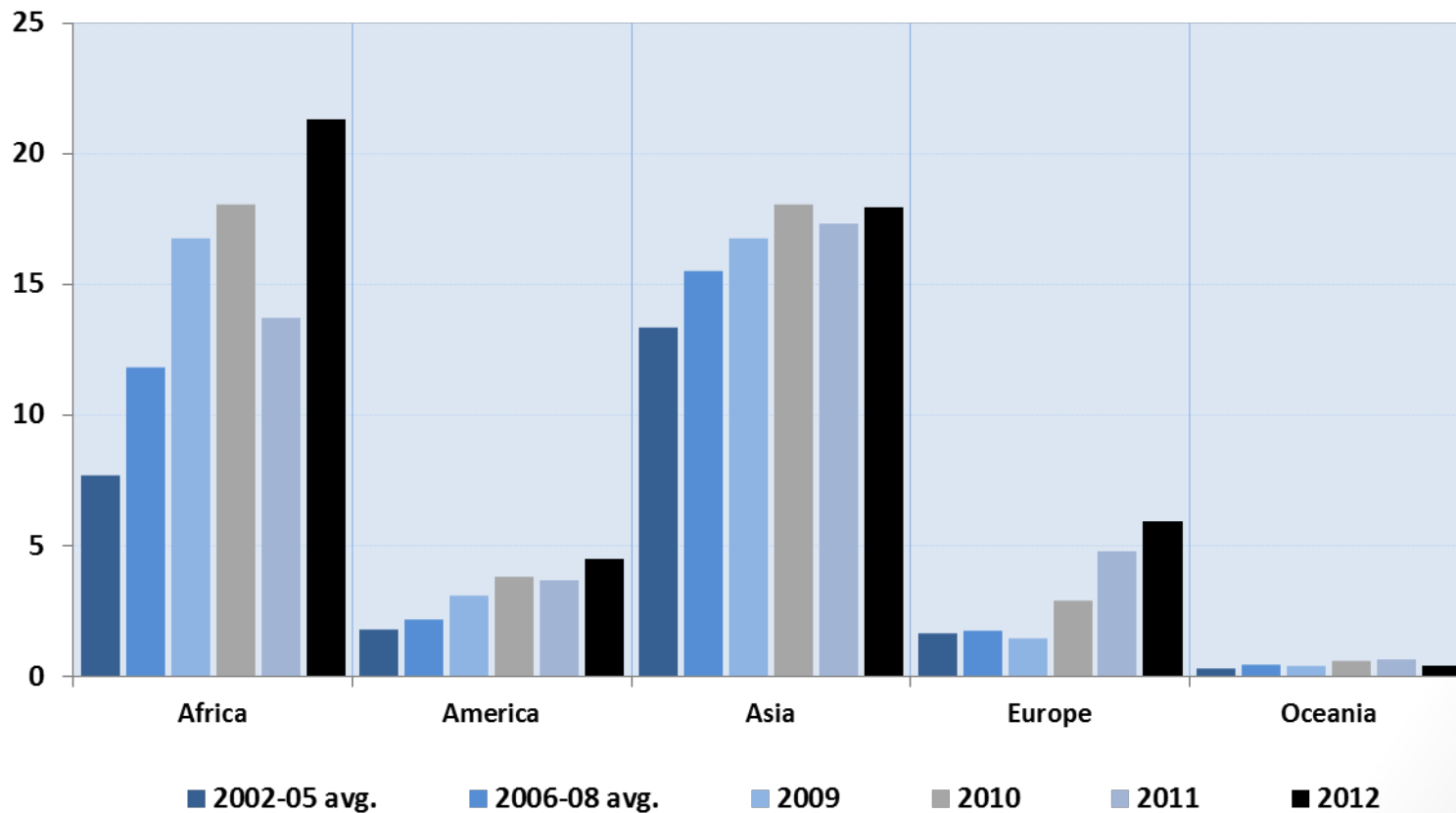




Aid-for-Trade by region

(Source: OECD-DAC, Credit Reporting System (CRS))

(USD billion 2012 constant)



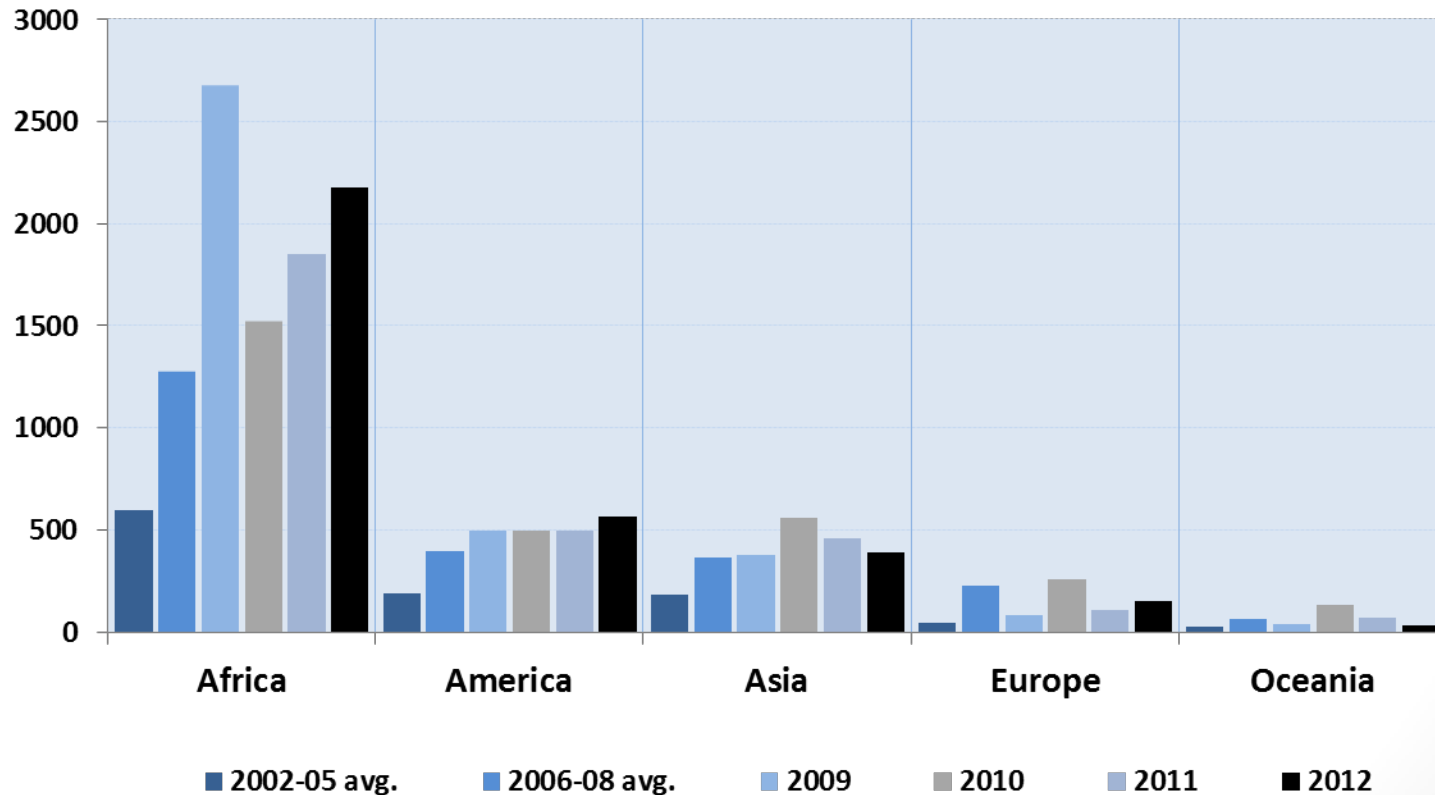


Aid-for-Trade

Regional and Global Programmes

(Source: OECD-DAC, Credit Reporting System (CRS))

(USD million 2012 constant)

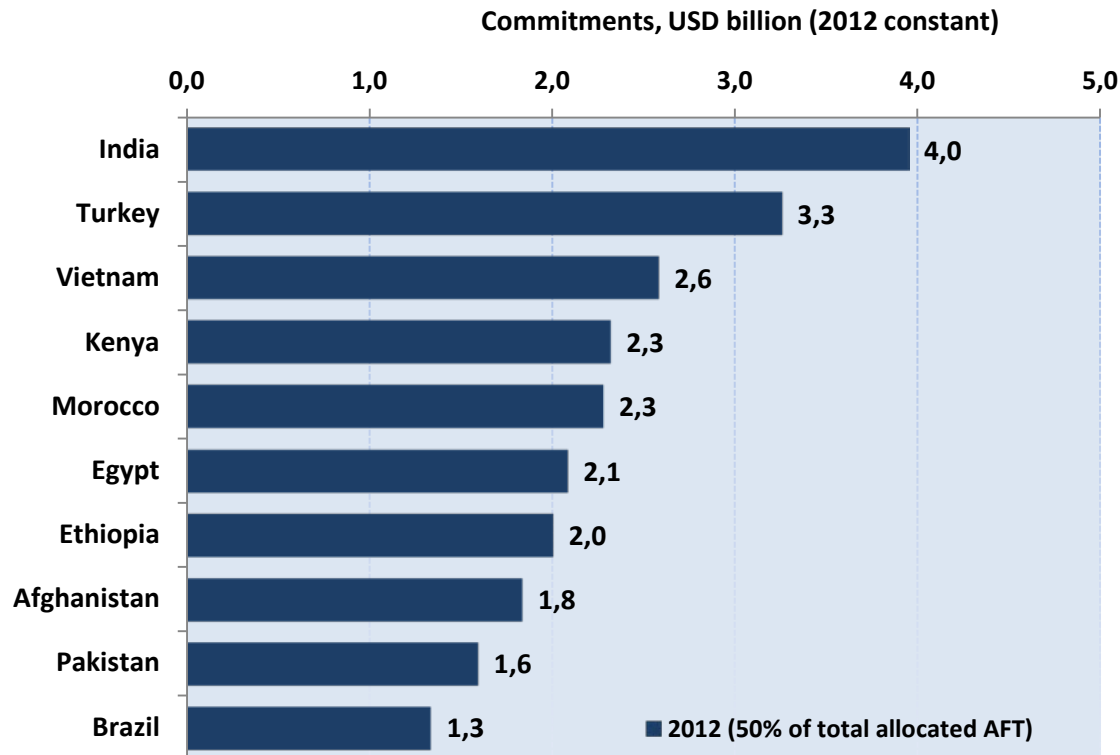




Aid-for-Trade

Top 10 recipients

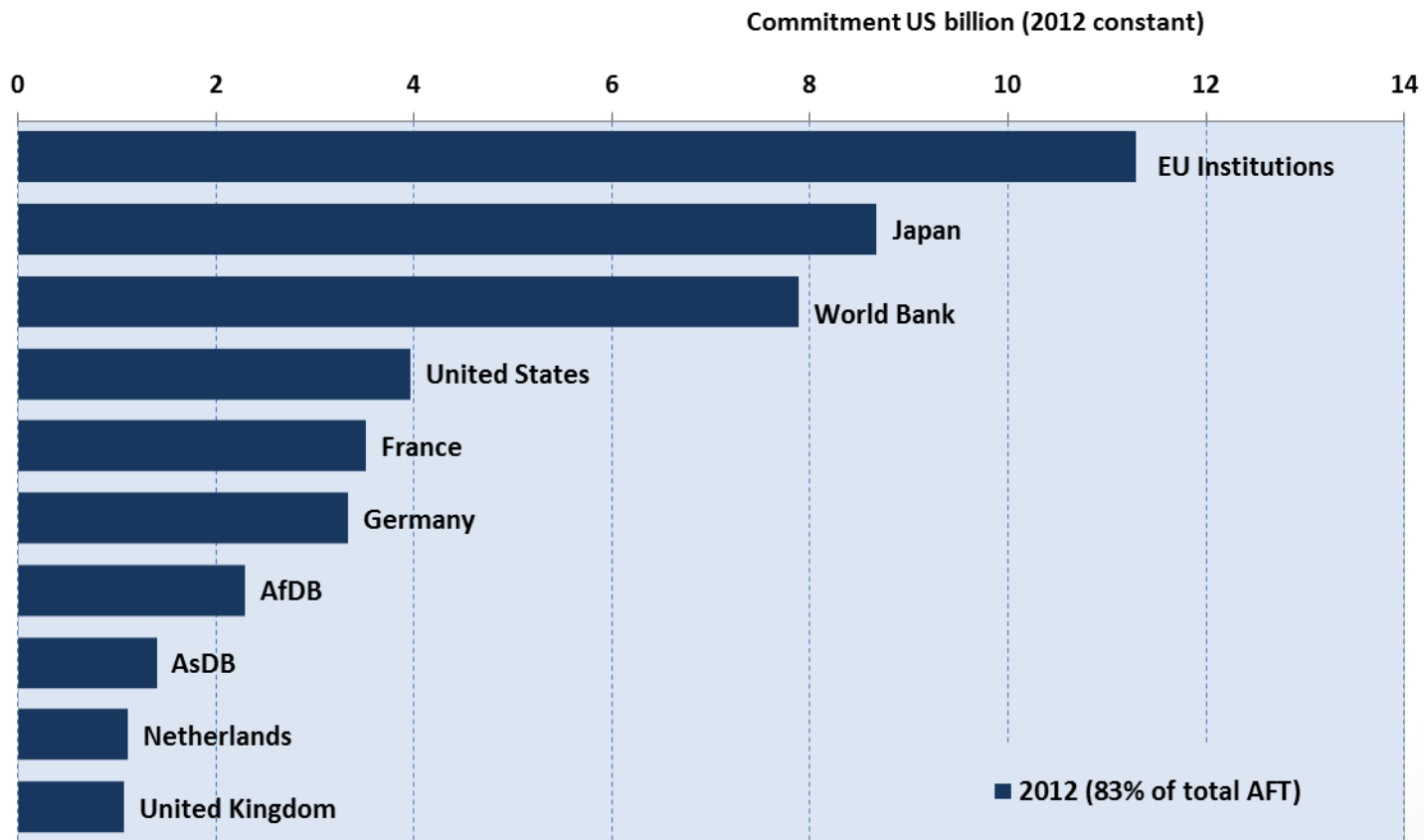
(Source: OECD-DAC, Credit Reporting System (CRS))





Aid-for-Trade Top 10 donors

(Source: OECD-DAC, Credit Reporting System (CRS))

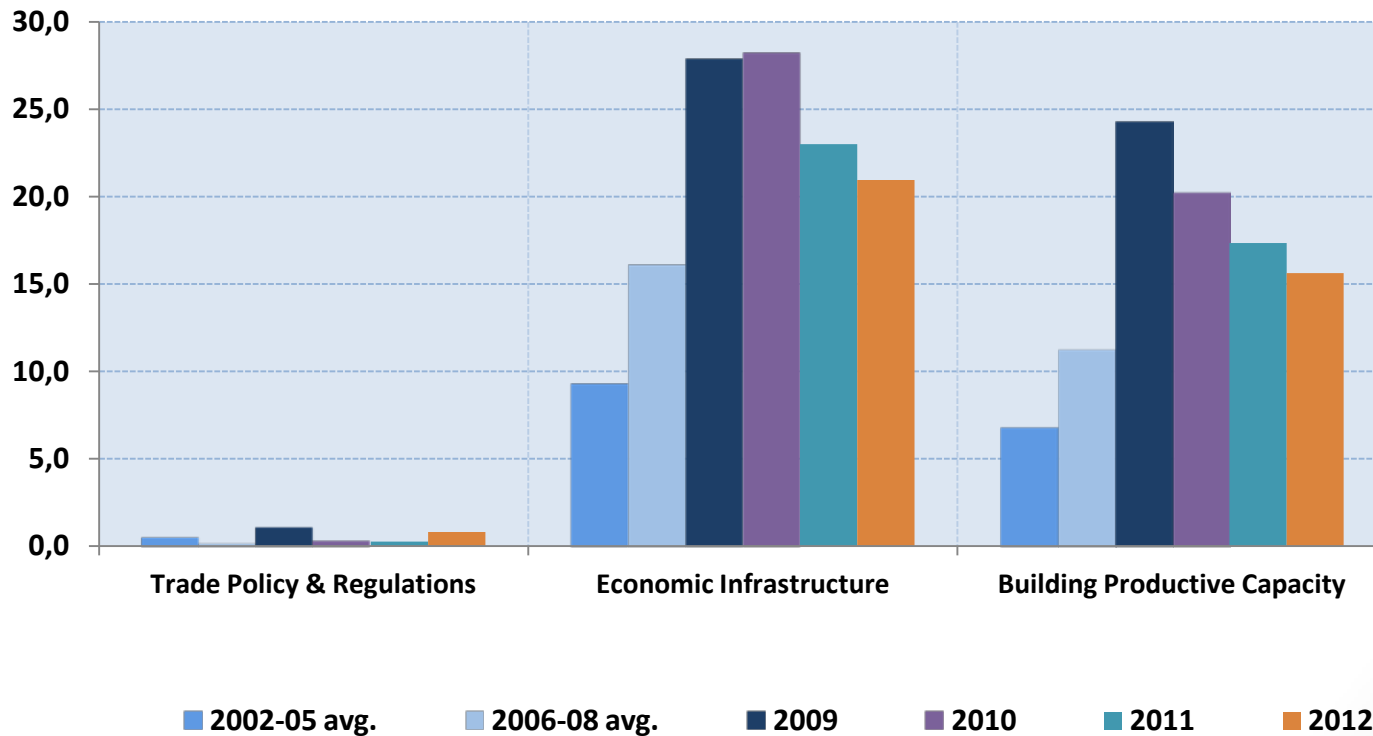




Aid-for-Trade Other Official Flows

(Source: OECD-DAC, Credit Reporting System (CRS))

USD billion (2012 constant)

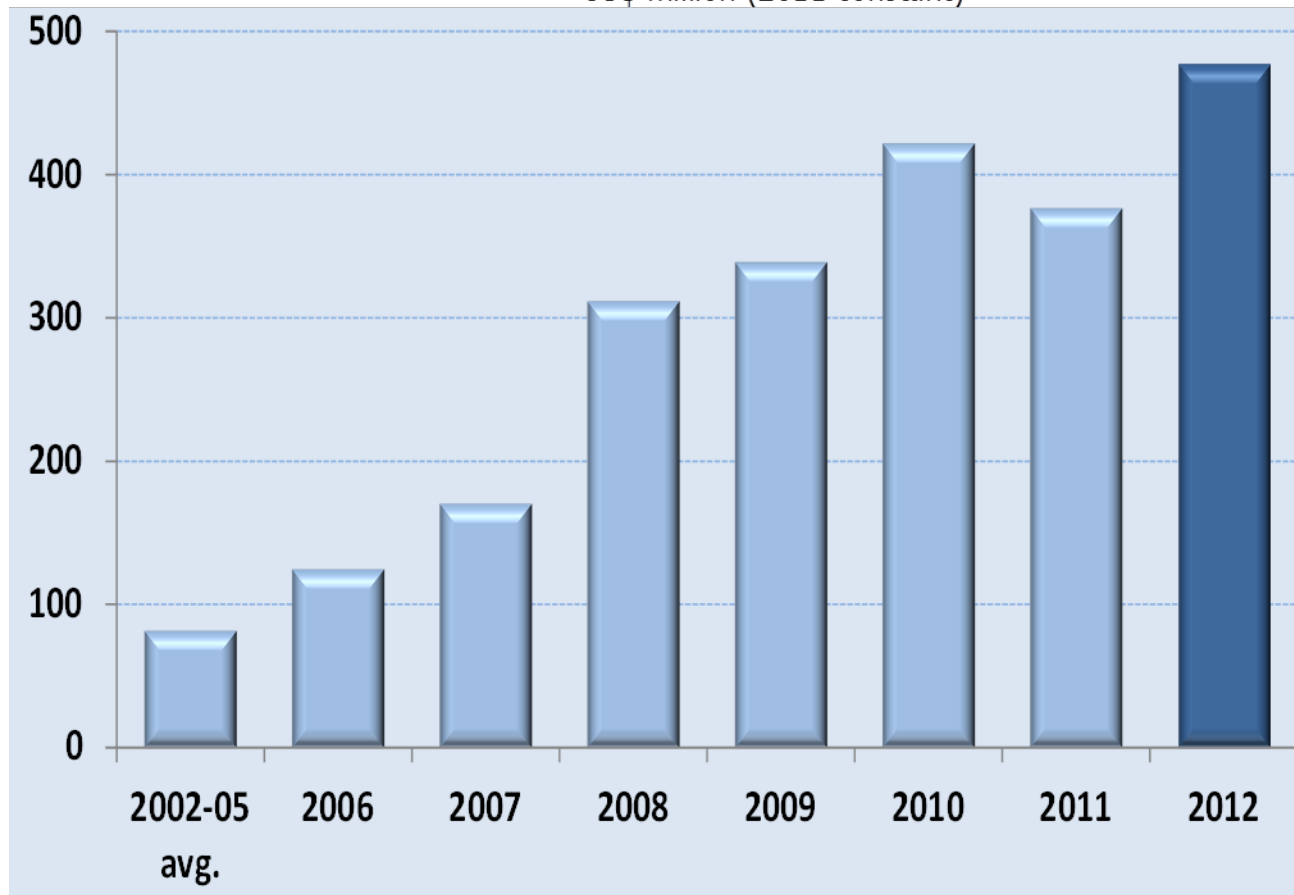




Trade Facilitation Assistance Commitments

(Source: OECD-DAC, Credit Reporting System (CRS))

US\$ million (2011 constant)

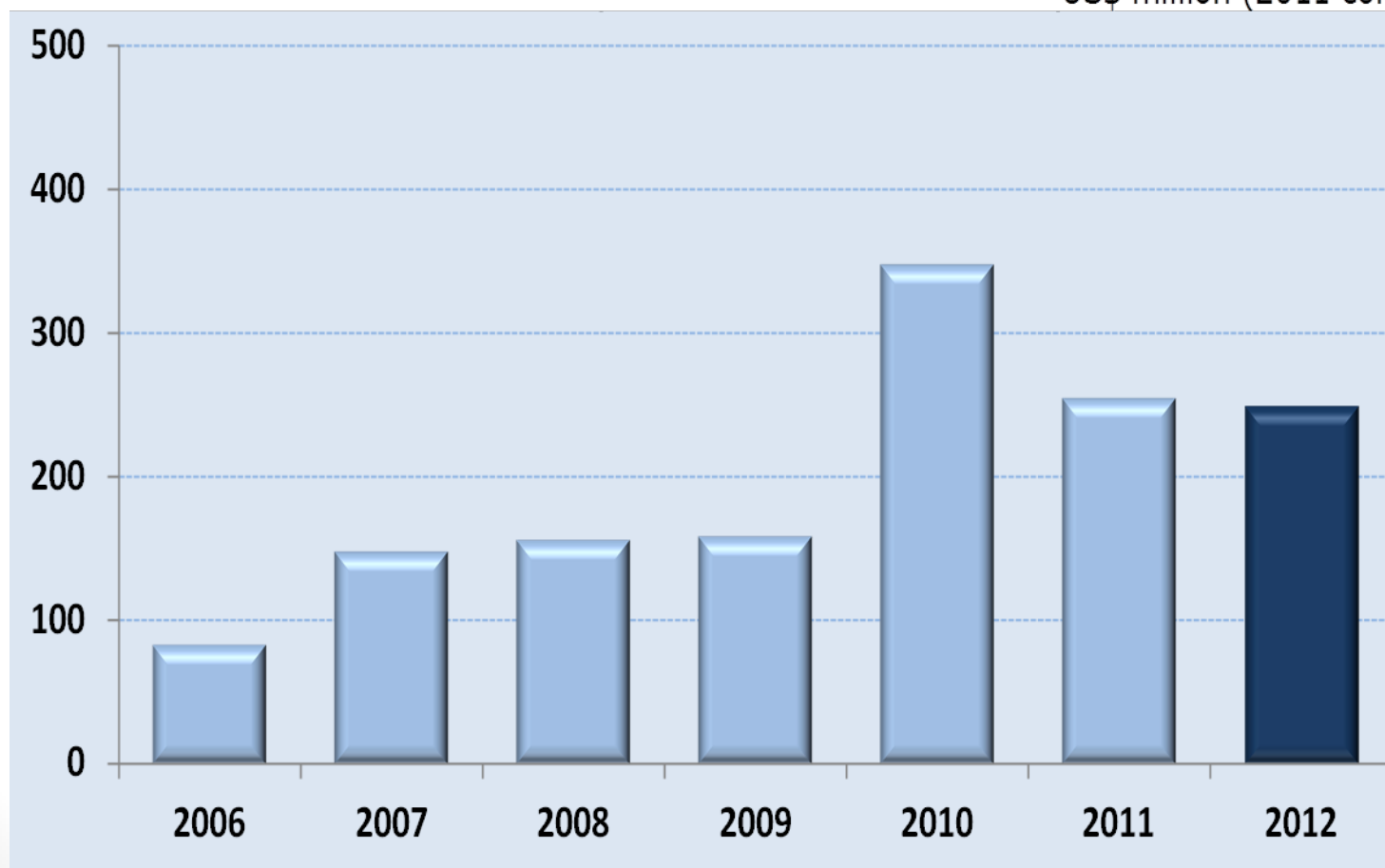




Trade Facilitation Assistance Disbursements

(Source: OECD-DAC, Credit Reporting System (CRS))

US\$ million (2011 constant)

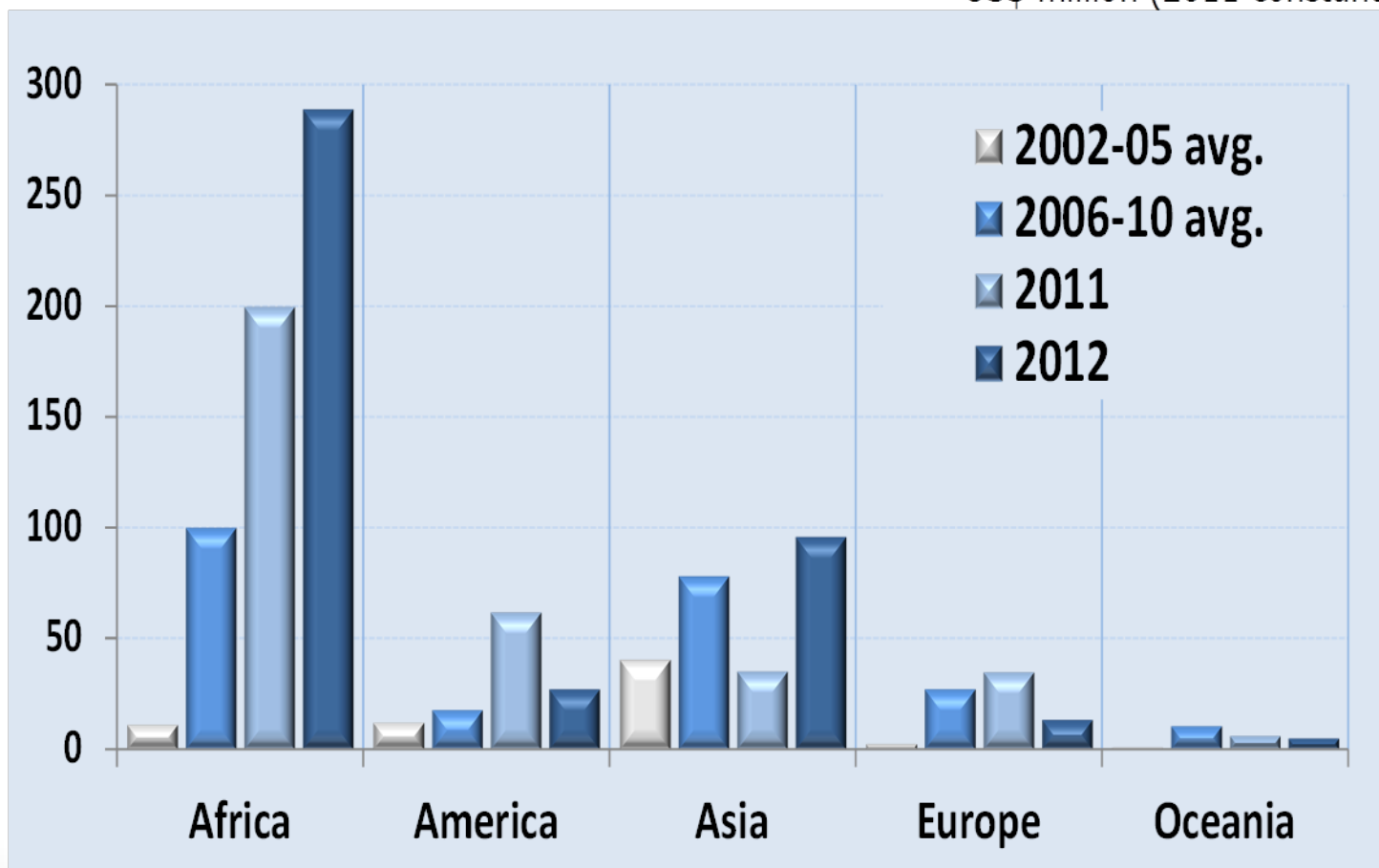




Trade Facilitation Assistance Commitments by Region

(Source: OECD-DAC, Credit Reporting System (CRS))

US\$ million (2011 constant)





Trade Facilitation related Other Official Flows

(Source: OECD-DAC, Credit Reporting System (CRS))

US\$ million (2011 constant)

	2002-05 avg.	2006	2007	2008	2009	2010	2011	2012
Other low-income countries	0.13
Lower middle-income countries	1.84	..	33.01	35.53	5.38	68.40	59.12	299.77
Upper middle-income countries	106.74	..	27.75	..	403.65	185.92	38.45	215.92
Total Trade Facilitation	108.71	..	60.76	35.53	409.03	254.32	97.58	515.69



Trade Facilitation Assistance

10 largest TF projects in 2012

(Source: OECD-DAC, Credit Reporting System (CRS))

Aid provider	Aid recipient	US\$ million	Type of finance	Description
World Bank	Ethiopia	212.08	ODA loan	Ethiopia-transport sector project of RSDP4
Japan	Vietnam	33.68	ODA grant	E-customs and national single window for customs modernization
EU Institutions	Peru	17.86	ODA grant	Euro Eco Trade
EU Institutions	Kenya	16.62	ODA grant	Standards for market access programme (SMAP)
Sweden	South of Sahara, reg.	15.25	ODA grant	TMEA core support (regional window)
Netherlands	Global unallocated	14.27	ODA grant	DDE trade facilitation facility
World Bank	Central African Republic	12.61	ODA grant	CEMAC – transport-transit facilitation
Asian Dev. Bank	Lao PDR	11.24	ODA grant	Trade Facilitation – Improved sanitary & phytosanitary handling in GMS project
Asian Dev. Bank	Cambodia	11.24	ODA grant	Trade Facilitation – Improved sanitary & phytosanitary handling in Mekong sub-region.
World Bank	Côte d'Ivoire	11.04	ODA grant	Abidjan-Lagos trade and transport facilitation programme – APL-2



Mainstreaming

- Better mainstreaming of trade-related priorities into national development planning has resulted in clearer priorities and increasing demand for Aid for Trade, maximized impact, deepened regional cooperation and expansion of regional integration.
- Mainstreaming: ongoing challenge requiring political will of all stakeholders.
- Effective development planning needed to mainstream regional projects in national development programmes.
- But.....variety of obstacles....lack of resources (often difficult for national governments to devote resources to regional projects); ownership; inclusion of private sector.



Aid-for-Trade case stories

2012/13 M&E exercise

- 10% of case stories submitted were for multi-country or regional Aid-for-Trade projects.
- Regional Aid for Trade is a useful instrument in reducing barriers to the flow of goods and services at borders and in developing trade infrastructure.
- Stronger donor awareness of regional Aid for Trade.
- But management of aid funds needs to be improved, i.e.:
 - greater programme co-designing between donors and recipients;
 - creation of clear targets and performance indicators.

– WT/COMTD/AFT/W/26 –



Aid-for-Trade case stories

Examples

- Asia
 - **Greater Mekong Subregion (GMS) East West Corridor Project** (Viet Nam, Lao PDR, Thailand):
 - Improved transport infrastructure in the East-West corridor;
 - Lowering of non-physical barriers to movement of goods and people;
 - Increased economic cooperation and facilitation of trade among the 3 countries.
 - ASEAN - AEC to be launched in 2015.
- Africa
 - **Chirundu One-Stop Border Post** (Zambia/Zimbabwe):
 - Border management efficiency improved;
 - Time and cost of crossing border reduced;
 - Border infrastructure redesigned;
 - Common Control Zone established;
 - Larger volumes of traffic handled more quickly/efficiently;
 - Fraud decreased.



Aid-for-Trade case stories

Examples

- Africa (cont'd)
 - **West Africa - Regional Aid-for-Trade in ECOWAS**
 - Strong regional-integration agenda
 - Promotion of regional integration and intra-regional trade through multi-country Aid-for-Trade programmes and projects
- LAC
 - **Mesoamerica Project (MP)** (Assists Belize, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic with regional integration)
 - Fosters the development, financing and implementation of regional infrastructure and social development projects.
 - Enhances the region's position in the global marketplace including making investments in road transport systems that by 2015 are to cut average freight travel time from eight down to 2.25 days.
 - Customs procedures accelerated and harmonized and border-crossing times reduced from 60 to eight minutes. Also targeted are improvements to the power grid structure as well as enhancing telecommunication services.



Aid-for-Trade case stories

Examples

- Central and West Asia
 - **Almaty (Kazakhstan)-Bishkek (Kyrgyzstan) Regional Road Rehabilitation Project:**
 - Rehabilitation of 226 kilometres of regional roads;
 - Improved physical connectivity through forging key transport link between 2 commercial centres;
 - Improved customs facilities at Akzhol-Chu border crossing;
 - Road maintenance equipment provided to Kazakhstan;
 - Support of development of a Cross Border Agreement between Kazakhstan and Kyrgyzstan (including technical assistance regarding areas related to implementation of the Agreement) .
 - Increased exports of 38% annually from 2002-2007;
 - Increased traffic volumes of 25%;
 - Increased exports from Kyrgyz Republic to Kazakhstan by 165%.



Partner/Donor Priorities

- Partners
 - Reduce trade costs and thickness of their borders;
 - Increase competitiveness;
 - Create conditions for their firms to connect to value chains.
 - Trade facilitation;
 - Value chains.
- Donors
 - More focus on private sector development;
 - Regional integration;
 - Green growth;
 - Emphasis on evaluation, results, and impact of Aid-for-Trade interventions



Value Chains

- Dominant feature of the global economy.
- Potentially offer a path towards economic development that is easier to follow than building fully integrated production process (by providing access to networks, regional and global markets, capital, knowledge and technology).
- No longer just North-South in character, but also increasingly involve complex regional and South-South trade interactions – extending beyond goods into services.
- Aid for Trade has important role in addressing binding constraints that inhibit developing county firms from connecting to international value chains.
- Value chains require new approaches to development cooperation.



Value Chains

4GR publications and reports

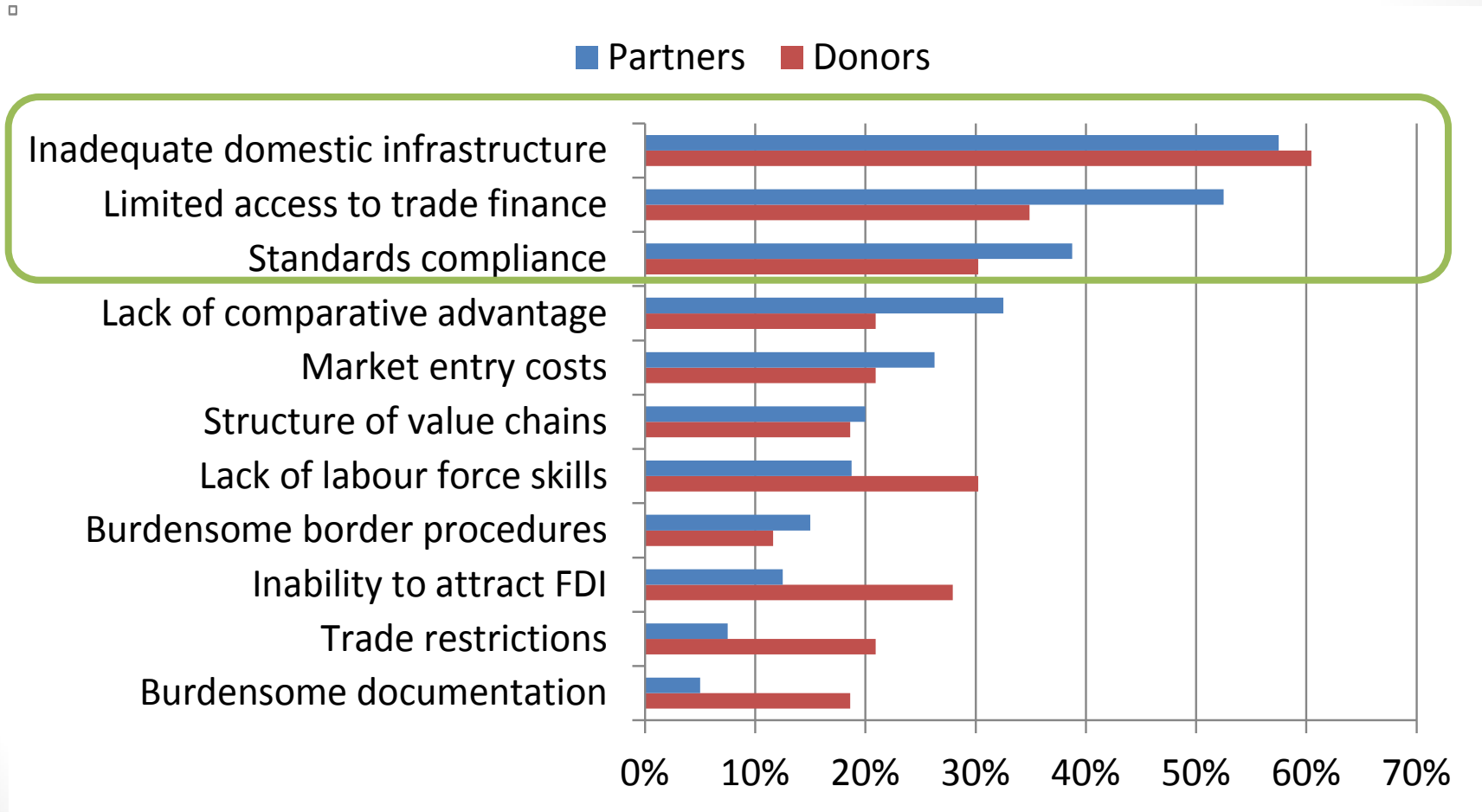
- Aid for Trade at a Glance 2013: Connecting to Value Chains (OECD-WTO);
- Fourth Global Review of Aid for Trade 2013: Summary Report
- Aid for Trade and Value Chains: Agrifood, ICT, Textiles, Tourism, Transport and Logistics;
- Aid for Trade: Connecting firms in developing countries to value chains (OECD-WTO);
- Building trade capacities for Africa's transformation – A Critical Review of Aid for Trade (UNECA);
- India-Africa: South-South Trade and Investment for Development (CII – WTO);
- Aid for Trade in Asia and the Pacific: Driving private sector participation in GVCs (Asia/Pacific Regional Technical Group);
- Connecting to GVCs and Aid for Trade (IsDB);
- Connecting LDCs to Value Chains (OECD-WTO).



Value Chains

Main barriers for developing country firms to participate in value chains (1)

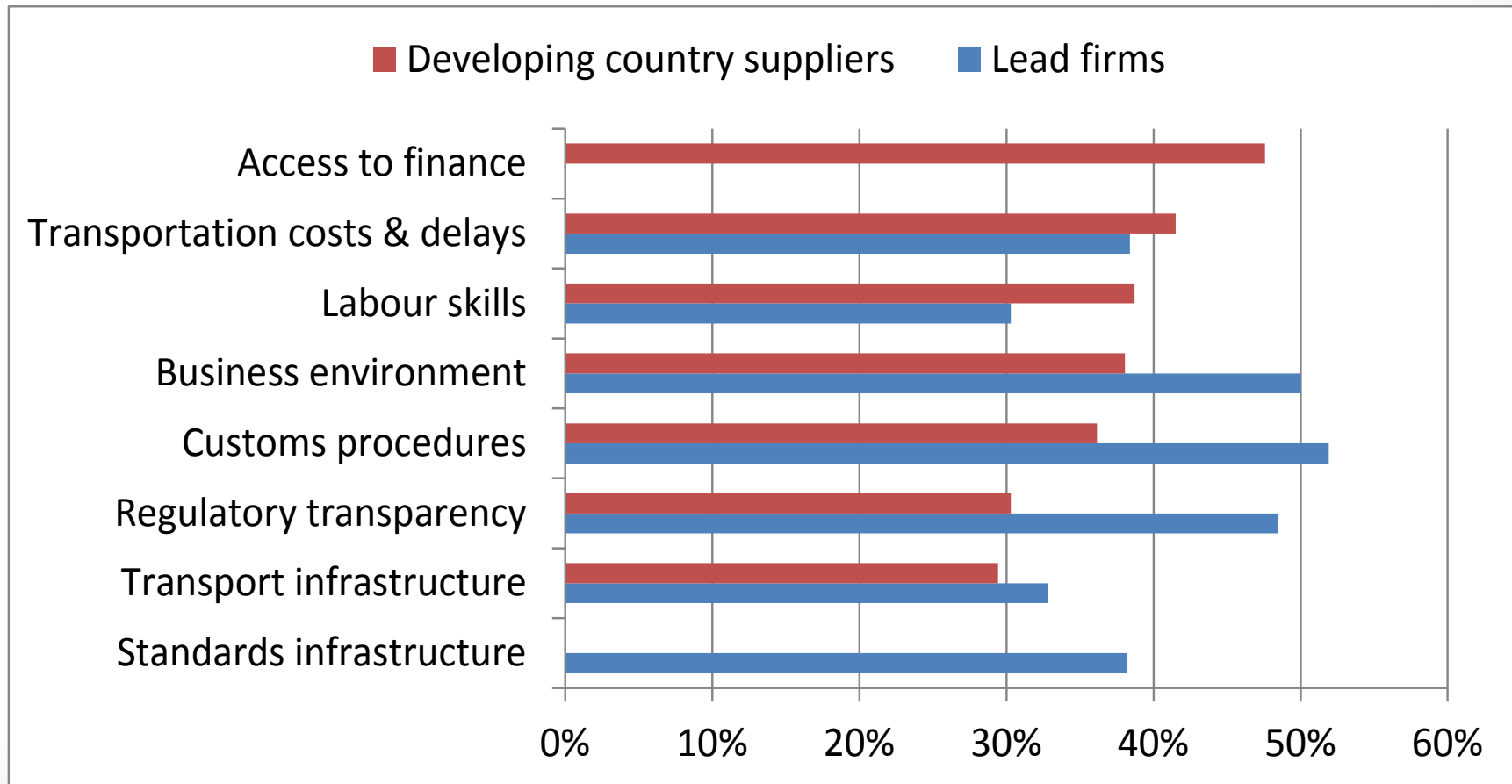
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Value Chains

Main barriers for developing country firms to participate in value chains (2)





Effectiveness of Aid for Trade

- Aid for Trade works best when focused on reducing the costs of trading through improvements in:
 - Infrastructure;
 - Trade facilitation;
 - Trade-related public institutions (i.e. customs, standards administration, export promotion);
 - Policies (i.e. eliminating policy barriers to competition).
- Aid for Trade to low and lower-middle income countries is likely to have high pay-off:
 - US\$1 invested in Aid for Trade is associated with an increase of nearly US\$8 of exports from all developing countries;
 - US\$1 of Aid for Trade to IDA-eligible poorest countries amounts to US\$20 in new exports and to US\$9 for all low and lower-middle income countries.



Next Steps

- MC9 Decision on Aid for Trade – December 2013
- Ministers recognized the ongoing need for Aid for Trade and reaffirmed their commitment to it. They reiterated the WTO Director-General's mandate to pursue actions in support of Aid for Trade and agreed to develop a new Aid-for-Trade Work Programme.

- WT/MIN(13)/34 -



Aid-for-Trade

Work Programme – 2014-2015

- Bali package; Ministerial Decision on Aid for Trade; 4GR
- Possible focus areas for inclusion in WP include, inter alia,:
 - GVCs;
 - infrastructure development;
 - increased engagement of South-South partners;
 - private sector engagement;
 - sustainable development;
 - regional dimension;
 - trade facilitation;
 - monitoring AfT flows; and
 - measuring results
- Draft Working title: "Reducing trade costs for inclusive sustainable growth"



For further information on
Aid for Trade:

www.aid4trade.org

THANK YOU