

WORLD TRADE ORGANIZATION (WTO)

Support to AU/NEPAD (Period of July 2009 to June 2010)

Forty-two African countries are members of WTO; nine are observers or in the process of accession, while two have no relationship with the WTO system.¹

Aid-for-Trade

The 2010-2011 Aid-for-Trade Work Programme consolidates the progress achieved in the Aid-for-Trade initiative thus far and lays the groundwork for a 3rd Global Review in 2011 which will focus on the evaluation of Aid-for-Trade and reporting on outcomes and impacts.

The ECOWAS Aid-for-Trade Review meeting held in Abuja, Nigeria on 27 and 28 January 2010 highlighted the need for an ambitious trade agenda for the ECOWAS region to help improve economic growth. The Expert Group Meeting and Workshop on Aid-for-Trade and Africa's Trading Capacity organized by the UNECA in Addis Ababa, Ethiopia on 31 May - 2 June discussed financial flows to Africa, the evaluation of Aid-for-Trade and how Aid-for-Trade can support regional integration and intra-African trade. The EAC High-Level Workshop on Aid-for-Trade held in Dar es Salaam, Tanzania on 14 and 15 June 2010 reviewed and assessed the challenges faced by EAC countries in obtaining and utilizing Aid-for-Trade and identified the needs at the sub-regional level for building productive capacities and assisting in crafting Aid-for-Trade provisions for an EAC Aid-for-Trade Strategy.

In 2006 and 2007, Aid-for-Trade grew by 10 per cent in real terms. In 2008, Aid-for-Trade commitments had reached 41.7 billion USD, a 35 per cent increase in real terms from 2007, and a 62 per cent increase from the 2002-2005 baseline. Aid-for-Trade now accounts for 37 per cent of sector allocable Official Development Assistance (ODA). Africa receives 35 per cent of the total Aid-for-Trade flows; in 2008, Aid-for-Trade to Africa reached 13 billion USD – up from just over 10 billion USD in 2007. A significant proportion of Aid-for-Trade to economic infrastructure is in the form of concessions loans² which in 2008 accounted for 50 per cent of Aid-for-Trade flows, a 43 per cent increase from 2007. For the global numbers, the proportions of loans have increased as Aid-for-Trade has been scaled up. Figures show that for Africa, the proportion of loans, for example in productive capacity, has been declining and that in 2008 loans in the infrastructure sector had fallen to under 50 per cent. In 2008, grants³ increased by 21 per cent from 2007; Africa receives a higher proportion from Aid-for-Trade in grant form than the global average. Importantly, the increase of resources for Aid-for-Trade has not been at the expense of other categories of development assistance, nor does it include the growing

¹ Members are: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Côte d'Ivoire, Dem. Republic of Congo, Djibouti, Egypt, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, and Zimbabwe. Those in the accession process (observers) are: Algeria, Comoros, Equatorial Guinea, Ethiopia, Liberia, Libya, Sao Tome and Principe, Seychelles and Sudan. Eritrea and Somalia are the two countries which are neither members nor observers.

² Transfers for which repayment is required.

³ Transfers made in cash, goods or services, for which no repayment is required.

contribution of South-South donors to Aid-for-Trade. Information on 2009 Aid-for-Trade figures will be available in 2011 but indications suggest that this momentum is being maintained.

The WTO has supported the establishment and publication of the UN agency Trade Capacity Building Inter-Agency Resource Guide, the second edition of which provides an important contribution to the Aid-for-Trade initiative and a valuable resource for developing countries on the various providers of Aid-for-Trade worldwide.

The Enhanced Integrated Framework for least-developed countries

The Enhanced Integrated Framework (EIF) is an Aid-for-Trade partnership in action for the least-developed countries (LDCs), of which the bulk is in Africa. Since the last report, a lot of progress has been made, both in terms of consolidating the administrative arrangements and concluding the guidelines facilitating full accessibility for LDCs to the resources provided through the two "windows" of the EIF Trust Fund. The mechanism became fully operational in April 2010. As such the EIF is now at a critically important juncture where there is renewed momentum in support of a wider group of beneficiary LDCs and a clear drive to show results on the ground. De-facto it had already started operations in July 2009, with the approval of the first multi-year projects in support of institutional capacity in LDCs, funded by the EIF Trust Fund. EIF funding from the EIF Trust Fund is done through two separate windows: Tier 1 and Tier 2. Tier 1 projects (institutional capacity building) are intended to improve the capacity of the national EIF managers to direct the EIF process in their countries and thereby help in mainstreaming trade into national development strategies. Tier 2 projects (designed to promote broader trade capacity building and poverty reduction) aim to provide bridging money to jump-start activities identified by the Diagnostic Trade Integration Studies (DTISs) as priorities in the EIF "diagnostic" phase.

By end of June 2010, of the 14 Tier 1 projects approved to-date, 10 were submitted by African LDCs (Burundi, Central African Republic, Gambia, Lesotho, Liberia, Malawi, Rwanda, Sierra Leone, Uganda and Zambia). Moreover, the Executive Secretariat of the EIF – based at the WTO - is working with the following African countries to finalize their proposals: Benin, Burkina Faso, Comoros, Chad, Djibouti, the Democratic Republic of the Congo, Ethiopia, Guinea, Guinea-Bissau, Madagascar, Maldives, Mali, Mozambique, Niger, Sudan and Tanzania. Furthermore, the Democratic Republic of the Congo and Togo benefited from pre-DTIS projects in support of their preparation of their respective DTISs – now finalised and awaiting validation by the respective countries. Finally, a number of African countries are working on their Tier 2 project proposals, which is the more capital-intensive facet of the EIF designed to assist in the implementation of the recommendations of the DTIS.

The EIF gives LDCs the tools to become more active players in the global trading system while promoting economic growth, sustainable development and eradicating poverty. Working in close cooperation are the core EIF agencies (IMF, ITC, UNCTAD, UNDP, the World Bank, and the WTO) plus one observer (UNIDO) 23 donors and other development partners who are supporting LDCs' own drive to: mainstream trade into national development strategies, set up structures needed to coordinate delivery of trade-related assistance, and roll-out support to help address supply-side constraints to trade. The reflection of trade priorities in development plans

illustrates that trade is central to the national development strategy. Moreover, presenting their trade priorities as part of the overall national development plan to their donor partners will assist LDCs in their efforts to generate funding for trade-related projects and programmes over and above the relatively small sums available through the EIF Trust Fund. In summary, the benefits of the Enhanced Integrated Framework are currently being accorded to thirty-two African LDCs, including Eritrea, which has taken a pause from the EIF process.

The EIF is not a new mechanism but an enhanced version of the Integrated Framework (IF) established in 1997, to become a more results-focused, accountable and responsive mechanism. When the EIF became effective in 2009, it took over implementation for the 45 LDCs already involved with the IF at the end of 2008. All IF beneficiaries are automatically benefiting from the EIF.

Technical assistance and capacity building

The WTO's technical cooperation programme, whether through the Technical Assistance Plan (TA Plan) or as part of multi-agency arrangements such as the Enhanced Integrated Framework or the Aid-for-Trade Initiative, focuses on building human and institutional capacity related to multilateral trade issues. The core objectives of WTO's technical assistance are:

- human capacity building on trade policy issues
- institutional capacity development for trade policy formulation, advocacy and negotiations
- support for other inter-governmental organisations/multilateral agencies in addressing supply-side constraints
- technical support to assist African countries in mainstreaming trade policy into macroeconomic and regulatory policy so that trade can become a true engine for development.

As from 1 January 2010, the WTO began implementing activities under the 2010-2011 TA Plan. With this new approach, the WTO hopes to better support the long term strengthening of human and institutional capacity of African countries with the view to facilitating their integration into the multilateral trading system. In addition, the WTO intends to further develop the existing cooperation with regional partners. A key objective in this cooperation is to ensure that in designing TRTA activities, particular national and regional dynamics are incorporated to ensure relevance and consistency with emerging priorities. This regional approach will also enable the WTO to utilize regional experts on various subjects to complement WTO resource persons. The WTO has arrangements with the African Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA), various sub-regional bodies such as COMESA, SADC, ECOWAS, CEMAC, as well as academic partnership arrangements with several African universities on training African trade policy officials and negotiators, and assisting the process of institutional trade capacity building in African countries. In 2010, the WTO intends to further strengthen this regional dimension of its collaboration on technical assistance delivery. Approaches have already been made to the various regional configurations to strengthen this collaboration, as well as cementing existing relationships with continent-wide agencies like AfDB and UNECA.

Like in previous years, Africa is expected to receive the largest share of TA activities, both at the national and regional level. In the previous TA cycle, as a proportion of the technical assistance activities organised by the WTO, approximately 40 percent of national activities were conducted in African countries, as were over 30 percent of regional activities. It can be reasonably foreseen that this trend will continue for most of 2010, and beyond, as Africa remains the most challenged continent in terms of trade capacity. The overall number of activities to Africa will also likely remain at this high level, although it is unlikely to increase much further as this number represents the peak of the Secretariat's delivery capacity, in view of human and financial resource constraints.

As from 1 January 2010, Africa has already benefited from a number of national and regional activities. These activities covered the whole range of the WTO's work programme. A significant number of the activities will involve subjects of interest in the on-going Doha Development Agenda (DDA) negotiations. These include activities in agriculture, non-agricultural market access (NAMA), trade-in services, trade facilitation, development issues, among others. Further, more activities in the areas of accessions, sanitary and phytosanitary measures, trade-in services, and dispute settlement have already been scheduled for delivery in the course of 2010.

African countries will also continue to benefit from various WTO training activities including the 12-week Geneva-based Trade Policy Course (TPC) for government officials, the Regional Three-Month Trade Policy Courses (RTPC) - held separately for English-speaking Africa and French-speaking Africa annually - the Intensive Courses on Trade Negotiations Skills, and other specialised and introductory courses of shorter duration. In 2010, the RTPC for English-speaking Africa has already been held in Manzini, Swaziland, and that for French-speaking Africa was held in Cotonou, Benin.

Furthermore, since African countries called for flexibility in the implementation of the new policy on progressive learning, the WTO has assured both the African Group and the LDC Group that other alternative modes of delivery, such as CD-based training programmes, would be explored. Further, Reference Centres would be upgraded to meet the standard required for effective use in e-training: upgrading the obsolete materials, training the participants in the efficient use of the WTO websites, databases and trade-related software. In this regard, out of about 140 Reference Centres established so far, close to 60 are in Africa. A WTO Reference Centre has also been established at the African Union Commission in Addis Ababa, as well as at the African Union representation in Geneva. In addition, the WTO has established Reference Centres at regional and sub-regional bodies of interest to Africa, such as the ACP office in Geneva, COMESA Secretariat in Lusaka.

WTO technical cooperation also extends to providing support for those Members who do not have physical representation in Geneva, including the preparation of regular non-resident Member briefing notes, and the holding of a bi-annual week of briefings known as "Geneva Week", provides non-resident WTO Members with the opportunity to be briefed by Secretariat staff, to interact with Geneva-based delegations, and to participate in various aspects of WTO's work, including sessions of negotiating bodies.