

# **WORLD TRADE ORGANIZATION (WTO)**

## **Support to NEPAD**

**Period of Report: July 2008 to June 2009**

### **Aid for Trade**

Recognizing that African countries require assistance to enhance their capacity to benefit from open trade, WTO and other organisations and partners are working to implement the Aid for Trade initiative. Aid for Trade aims to assist least-developed and other developing countries increase their exports of goods and services, integrate into the multilateral trading system and benefit from liberalized trade and increased market access. Aid for Trade can thus address supply side constraints facing African countries, including those related to trade related infrastructure, productive capacity and adjustment support.

WTO's main role and contribution to the Aid for Trade initiative is to provide a platform for periodic monitoring and review of whether Aid for Trade is being adequately funded and whether it is delivering the expected results. In this regard, the First Global Review of Aid for Trade took place in November 2007. It was preceded by three regional meetings including the Africa-specific one held in Dar es Salaam in October 2007. The Dar es Salaam meeting resulted in a number of recommendations which helped build a roadmap for developing concrete Aid-for-Trade strategies for Africa. These included: raising awareness and understanding of Aid for Trade; identifying trade priorities including at the regional level; developing Aid for Trade national and regional action plans and creating an "African Aid for Trade Network" led by the United Nations Economic Commission for Africa and the African Development Bank.

In 2008/2009, the main objective in work on Aid for Trade has been to shift emphasis from awareness raising to monitoring and implementation of Aid for Trade initiatives with a focus on country, regional and sectoral priorities. In preparation for the Second Global Review of Aid for Trade of 6 and 7 July 2009, country questionnaires aimed at helping developing countries identify their needs and priorities were sent to individual partner countries together with aid flow data collected by the OECD. An analysis of the responses to the questionnaires has provided invaluable input to the Second Global Review by identifying national and regional gaps in infrastructure and trade capacity.

The Second Global Review was preceded by several national, sub-regional and regional Aid-for-Trade events which included the COMESA-EAC-SADC North-South Corridor Aid-for-Trade Conference held in Lusaka, Zambia on 6 and 7 April 2009. The North-South Corridor is an example of Aid for Trade in action and key themes emerging from the event included the need to consider public private partnerships for infrastructure investment, the necessity of sequencing soft infrastructure measures alongside hard infrastructure, and the significant gains to trade which could accrue from simple measures to reduce paperwork and generate a generally more business-friendly environment. The High-level Conference generated strong financial and technical support for the North-South Corridor; over US\$1 billion of funding was committed by development partners for upgrading road, rail and ports infrastructure and to support implementation of trade facilitation instruments. It was suggested that the approach and model

used for the North-South Corridor project could be replicated in other corridors in eastern and southern Africa.

### **The (enhanced) Integrated Framework for least-developed countries (EIF): Aid for Trade in action for the LDCs**

The Enhanced Integrated Framework (EIF) is an international partnership to respond to the trade-development needs of least-developed countries (LDCs), most of which are in Africa. It combines the efforts of the LDCs with those of the six core EIF agencies (the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development, the United Nations Development Programme, the World Bank and WTO), donors and other development partners, such as UNIDO. The main aim of the EIF is to respond to the trade capacity-building needs of LDCs and enable them to become full and active players and beneficiaries of the multilateral trading system. The EIF is designed to be the predominant mechanism available to LDCs to map out their trade priorities (upstream and downstream), to facilitate integration of these trade priorities into their respective development strategies ("mainstreaming") and to present the thus mainstreamed priorities to their donor community for funding. As such, it is Aid for Trade in action for the LDCs. The mechanism was first created in 1997 at WTO and since then constantly improved which has led to the current Enhanced Integrated Framework (EIF).

In the period under review concrete steps were taken to operationalize the Enhanced Integrated Framework. In October, 2008, the Executive Director of the EIF Executive Secretariat took office, thereby effectively establishing the EIF Executive Secretariat. The EIF Secretariat is housed in WTO but reports to the EIF Board on policy and programme implementation issues and to the Director-General of WTO on Secretariat administrative issues. In the same period, UNOPS, the UN Office for Project Services, started its operations as Trust Fund Manager of the Enhanced Integrated Framework. Donors transferred a good part of the funds which they pledged at the Stockholm Pledging Conference for the Enhanced Integrated Framework in September, 2007 to UNOPS.

In 2008, many eligible LDCs started to prepare project proposals with the help of the EIF Executive Secretariat. EIF projects can be funded through different funding channels, such as the country's traditional donors ("Aid for Trade"), as well as through the EIF Trust Fund. The latter has 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 manage the EIF process in their countries and thereby help make trade a core element of their national development strategies. Tier 2 projects (designed to promote broader trade capacity building and poverty reduction) aim at providing bridging money to jump-start activities identified as priorities in the EIF process' diagnostic phase (the "Diagnostic Trade Integration Study", DTIS). In the period under review, the interim EIF Board, the key global governance body of the EIF, approved the first "Tier 1" projects in June, 2009 for funding out of the EIF Trust Fund: for Sierra Leone and Yemen. More of such project proposals are in the pipeline, the majority from African LDCs, and it is expected they will be approved soon.

The EIF is not a new mechanism but an enhanced version – an improved continuation - of the IF which exists since 1997. All beneficiaries of the IF are automatically beneficiaries of the EIF. In 2008, while work continued to make the Enhanced IF operational, further progress was also made in implementing the on-going IF in the 45 LDCs which are already involved in the process. In 2008, Cape Verde, Liberia, Niger, Sudan (and the Solomon Islands) validated their

Diagnostic Trade Integration Studies (DTIS). These studies evaluate internal and external constraints in a country's integration into the world economy, and recommend areas where trade-related assistance (including productive capacity building and trade-related infrastructure) and policy actions can help the country overcome these barriers. By validating the studies, the beneficiary countries give their full political support – across the different Government sections and private sector – to the DTIS and to the (E)IF process in general. This is crucial to reap maximum benefits from the EIF. The entire EIF process is based on the principle of country ownership.

In Africa, the benefits of the (enhanced) Integrated Framework are currently being accorded to thirty-two African LDCs (Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Ethiopia, The Gambia, Guinea, Guinea Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Uganda and Zambia, as well as Eritrea which has taken a pause from the IF process). Of these, the Democratic Republic of Congo, Guinea Bissau, and Togo are in the process of preparing their DTIS. The other countries have validated – endorsed - the Study and are implementing it.

### **WTO Technical Assistance Support to NEPAD**

WTO supports the building of human and institutional trade-related capacity of African countries with the view to facilitating their integration into the multilateral trading system. Technical Assistance, whether through the regular Technical Assistance plans, or as part of multi-agency arrangements such as the Enhanced Integrated Framework, remains the core of WTO's assistance to Africa.

Forty-two African countries are members of WTO; nine are observers or in the process of accession, while two are outside the WTO system.<sup>1</sup> Cape Verde became the 42<sup>nd</sup> African WTO Member, and the 152<sup>nd</sup> WTO Member, in 2008.

### **Technical assistance and capacity building**

The 2001 Doha Ministerial Conference re-energized WTO's technical cooperation programme, which 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; and,
- 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.

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<sup>1</sup> 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 neither members nor observers.

From 1 July 2008 up to 30 June 2009, WTO has undertaken over 125 national activities, and some 26 regional activities, in Africa. These cover the whole range of WTO subjects. As a proportion of the technical assistance activities organised by WTO, approximately 46 percent of national activities are for African countries, and 30 percent of regional activities are for the benefit of Africa.

African countries also continued to benefit from various WTO training activities including the 12-week Geneva-based training courses for government officials, the regional three-month trade policy courses (one course each is held for English-speaking Africa and French-speaking Africa annually), the Intensive Courses on Trade Negotiations Skills, as well as other specialised and introductory courses of shorter duration. In total, African countries will have benefited from approximately 36 Geneva-based activities during this period. On average, just under 40 percent of total WTO technical assistance activities are for the benefit of African countries. This trend is likely to continue for the foreseeable future, as Africa remains the most challenged continent in terms of trade capacity.

In addition, WTO has arrangements with the African Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA), and 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. WTO intends to strengthen this regional dimension of its collaboration on technical assistance delivery.

The WTO Secretariat also extends specific invitations to the NEPAD Secretariat to participate in trade policy courses and other WTO technical assistance activities. In this regard, in September 2008, the WTO and NEPAD renewed their collaboration with a series of meetings at the technical level, held at the NEPAD offices in Midrand, South Africa. During these discussions, the WTO presented to NEPAD a concrete plan of action for future collaboration in the area of technical assistance. WTO also renewed its standing invitation for NEPAD to regularly update WTO Members on its activities, through the WTO Committee on Trade and Development. Increased support is also provided to the WTO African Group in Geneva, which has become one of the main pillars for the formulation of trade policy for African countries.

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

The use of IT tools, particularly a new on-line documents system, also facilitates access to information. The WTO Reference Centre programme provides Members with the hardware and software to make use of IT tools to access the wealth of information on WTO website and other digital carriers developed by WTO. 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.