



**Committee on Trade and Development
Aid for Trade**

AID-FOR-TRADE WORK PROGRAMME¹

2014-2015

"REDUCING TRADE COSTS FOR INCLUSIVE, SUSTAINABLE GROWTH"

1 OVERVIEW

1.1. At the 9th Ministerial Conference held in Bali, Indonesia on 3-6 December 2013, Ministers agreed the following Ministerial Decision on Aid for Trade as part of the regular work under the General Council:

"We welcome progress on Aid for Trade and take note of the deliberations and outcomes of the 4th Global Review of Aid for Trade held on 8-10 July 2013. We recognize the continuing need of Aid for Trade for developing countries, and in particular of LDCs.

"We reaffirm our commitment to Aid for Trade and reiterate the mandate given to the Director-General to pursue actions in support of Aid for Trade. The new Aid-for-Trade Work Programme should be framed by the post-2015 development agenda." (WT/MIN(13)/34)

1.2. At the 9th Ministerial Conference, Ministers also adopted a package including an Agreement on Trade Facilitation, Ministerial Decisions on Agriculture, Cotton, Development and Least-Developed Countries (LDC) issues, and Ministerial Decisions on regular work under the General Council. Aid for Trade is referenced in several of the Ministerial Decisions reached at Bali²; the Agreement on Trade Facilitation also contains provisions in Section II of the Agreement that deal, *inter alia*, with assistance for capacity building.

1.3. The Ministerial Decision on Aid for Trade and Bali Package add a significant, novel dimension to on-going work on Aid for Trade. The new Work Programme for 2014-2015 is framed by these new elements. It is also shaped by past work programmes (and accompanying Global Reviews) and informed by continuing efforts to implement Recommendations of the Aid for Trade Task Force to build supply-side capacity and trade-related infrastructure of developing countries, and in particular LDCs, and the mandate on Aid for Trade agreed at the Hong Kong Ministerial Conference in 2005.³ The new Work Programme is titled: "Reducing trade costs for inclusive, sustainable growth".

¹ This Work Programme is issued under the responsibility of the Chair of the Committee on Trade and Development.

² Notably the Ministerial Decision on Cotton WT/MIN(13)/41 (and in particular paragraph 10 thereof), and the Decision on Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of Least-Developed Countries WT/MIN(13)/43.

³ Recommendations of the Aid-for-Trade Task Force (WT/AFT/1); 2008 Aid-for-Trade Roadmap (WT/COMTD/AFT/W/6); Annotated 2009 Aid-for-Trade Roadmap (WT/COMTD/AFT/W/11/Rev.1); Aid-for-Trade Work Programme 2010-11 (WT/COMTD/AFT/W/16); Aid-for-Trade Work Programme 2012-13 (WT/COMTD/AFT/W/30); and Ministerial Declaration, 6th Ministerial Conference (WT/MIN(05)/DEC).

2 VALUE ADDED BY THE AID-FOR-TRADE INITIATIVE

2.1. The Hong Kong Ministerial Declaration of December 2005 states that: "Aid for Trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade. Aid for Trade cannot be a substitute for the development benefits that will result from a successful conclusion to the DDA, particularly on market access. However, it can be a valuable complement to the DDA".

2.2. Implementation and operationalization of Aid for Trade lies in the hands of developing countries and their development partners. The purpose of the WTO-led Aid-for-Trade Initiative is to add value to these implementation and operationalization activities through the following functions, *inter alia*:

- Promoting dialogue on Aid-for-Trade issues between the trade and development communities;
- Monitoring and evaluation of Aid-for-Trade flows, mainstreaming actions (at national and regional level), implementation activities (with a particular focus on their regional dimension), and results achieved;
- Advocacy in support of the mobilization of additional, predictable, sustainable and effective Aid-for-Trade resources, the mainstreaming of trade in national and regional development policy and the implementation of national and regional Aid-for-Trade strategies;⁴
- Outreach activities on Aid-for-Trade issues with different stakeholders (including multilateral development banks (MDBs), the United Nations, inter-governmental organizations, regional economic commissions, the private sector, academia and civil society);
- Providing a forum for discussion on Aid-for-Trade issues through formal Aid-for-Trade (AFT) sessions of the Committee on Trade and Development (CTD), through periodic thematic workshops, and the organization of a 5th Global Review of Aid for Trade; and
- Reporting to the General Council on implementation of these functions.

3 WORK PROGRAMME - AREAS OF FOCUS

3.1. The organizing theme of the new Work Programme is "Reducing trade costs for inclusive, sustainable growth". Trade costs emerged as a central theme of the 4th Global Review of Aid for Trade, and accompanying research on connecting developing countries to international trade through value chains. Putting trade costs at the heart of the new Work Programme speaks to implementation of the Bali Package (together with existing WTO agreements), on-going work on connecting developing countries (and in particular LDCs) to value chains and places it in the context of the emerging post-2015 development agenda, and associated goals. Furthermore, the focus on trade costs resonates with the Aid-for-Trade Initiative mandate to build the supply-side capacity and trade-related infrastructure that developing countries, and in particular LDCs, need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade.⁵

3.2. Particular emphasis is placed in this Work Programme on making the case, in outreach and monitoring activities, for implementation of the Bali Package, and the Agreement on Trade Facilitation in particular. Actions taken here will be complementary to those on-going in relevant WTO Committees and subsidiary bodies, including the Preparatory Committee on Trade Facilitation.

⁴ Advocacy on resource mobilization should reflect the views of Members with regard to their development and financing needs, in particular those of LDCs.

⁵ Recommendations of the Aid-for-Trade Task Force (WT/AFT/1).

3.3. The 4th Global Review of Aid for Trade, and its accompanying monitoring exercise, harvested significant new perspectives on the difficulties developing country suppliers, notably Small and Medium Sized Enterprises (SMEs) in LDCs, face in connecting to international trade through value chains. Private sector engagement was a notable feature of the monitoring exercise, together with the 4th Global Review and should be further developed in the new Work Programme. A growing body of research is developing in this area, driven in part by on-going joint work by OECD and WTO on the Trade in Value Added database, and other research such as that by ITC on SME competitiveness.

3.4. Scope exists for learning lessons from research in the area of connecting to value chains and from related Aid-for-Trade private sector development activities. For example, good practice could be harvested at sectoral level (e.g. on the agrifood sector and sustainable value chains), further work could be undertaken on how Aid for Trade connects SMEs to value chains, and how Aid for Trade can be used to create a business and investment climate conducive to catalysing other forms of financing, notably those from the private sector (both domestic and foreign). The growing experience and expertise of South-South partners in this area is a further dimension worthy of consideration, building on initial research work undertaken with the Confederation of Indian Industry.⁶

3.5. Another focus area is that of infrastructure development. This area has consistently been highlighted by developing country governments as a major constraint in their responses on Aid-for-Trade priorities. Following the guiding theme of reducing trade costs, work on this issue will examine the interplay of hard and soft trade-related infrastructure on trade costs, harvesting insights from existing and on-going research. A further area of interest here is the services' dimension to infrastructure development (e.g. logistics). Spending on trade-related infrastructure is typically the largest item in Aid-for-Trade expenditure as captured in reporting to the OECD Creditor Reporting System, and an area where South-South partners are actively engaged in complementary activities.

3.6. Regional approaches to Aid for Trade have been a continuing theme of the Aid-for-Trade Initiative. It is an area where significant progress has been registered, notably on mobilizing funds. Approximately, US\$7 billion was spent on multi-country and regional programmes in 2012 – up from an average of US\$2.3 billion in 2002-2005. Research suggests that regional approaches are an area where the Aid-for-Trade Initiative has clear value-added. Further work in this area will be undertaken, notably in connection with the themes of connecting to value chains, infrastructure development and creating a business and investment climate conducive to catalysing other forms of financing. Efforts here should seek to promote regional Aid-for-Trade strategies (e.g. for Arab States, Caribbean, Central Asia, Central Africa, COMESA, ECOWAS, the Pacific and SADC), to harvest best practice from successful experiences (e.g. from MDBs, and other donors' experience with regional Aid-for-Trade programmes) and to work with regional organizations and their development partners to apply these lessons in future Aid-for-Trade support (e.g. including actions to boost trade in Africa and other regions).

3.7. Throughout the Work Programme period, negotiations will continue on the post-2015 development agenda. The process will culminate in a Summit in September 2015, at which the post-2015 development agenda and accompanying goals will be agreed. The Ministerial Decision on Aid for Trade agreed at the Bali Ministerial Conference states that the new Aid-for-Trade Work Programme should be framed by the post-2015 development agenda. As such, a "watching brief" will need to be kept on the emerging agenda throughout the work programme period.

4 WORK PROGRAMME ACTIVITIES

4.1. The centrepiece of the 2014-2015 Work Programme is the 5th Global Review of Aid for Trade: "Reducing trade costs for inclusive, sustainable growth". Following the biennial scheduling of past Reviews, the 5th Global Review is tentatively programmed for mid-2015. Results of the 5th Global

⁶ India-Africa: South-South Trade and Investment for Development
http://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/india_africa_report.pdf

Review would then be considered in the Aid-for-Trade session of the CTD, reported to the General Council and onwards to the WTO's 10th Ministerial Conference⁷.

4.2. The Global Review would be underpinned by a monitoring and evaluation exercise. In this function, the OECD has proven an effective partner – as confirmed by an independent evaluation of the OECD's contribution to the Initiative. Successive monitoring and evaluation exercises have also seen engagement with an increasing number of other collaborating partners, the 4th Global Review being notable in this regard. Efforts will be made in the new Work Programme to engage a broad range of partners in the monitoring and evaluation exercise underpinning the 5th Global Review of Aid for Trade, notably as regards engagement with the private sector, specifically SMEs in developing countries, and in particular LDCs. Monitoring and evaluation activities contribute to the development effectiveness of Aid for Trade.⁸

4.3. Monitoring and evaluation also provides the analytical foundation for advocacy and outreach functions; functions that are exercised through the WTO's coherence mandate with the IMF and World Bank and outreach activities with a diverse range of other Aid-for-Trade stakeholders (including, but not limited to, MDBs, regional economic commissions, the United Nations, intergovernmental organizations (such as the World Customs Organization), the G-20, the private sector, academia and civil society).

4.4. Outreach and advocacy efforts will continue throughout the Work Programme period. These efforts will focus on making the case for mainstreaming trade in national and regional development policy, implementation of national and regional Aid-for-Trade strategies, and for the mobilization of additional, predictable, sustainable and effective Aid-for-Trade resources. Advocacy on resource mobilization should reflect the views of Members with regard to their development and financing needs, in particular those of LDCs⁹. The Enhanced Integrated Framework for LDCs¹⁰ is germane in this context. Additional efforts will also be made to work with South-South partners to capture their activities and results and to engage the private sector.

4.5. A series of Aid-for-Trade sessions of the Committee on Trade and Development shall be scheduled by the CTD Chairperson. These meetings will provide a forum for Members and Observers to discuss Aid-for-Trade issues. Following established practice, the meetings will be organized around the following headings: resource mobilization and implementation activities; mainstreaming; regional dimension; private sector; and monitoring and evaluation of development effectiveness. Members are particularly encouraged to use their Trade Policy Reviews and the results of Diagnostic Trade Integration Studies, a vehicle for ensuring trade mainstreaming in LDCs, (and related approaches in non-LDCs) as the basis for discussion of mainstreaming activities.

4.6. An accompanying series of thematic workshops will also be organized back-to-back with formal CTD Aid-for-Trade sessions. Topics proposed for workshops are as follows: Aid for Trade and SME Competitiveness; Aid for Trade, Infrastructure and Services; Aid for Trade and the post-2015 development agenda; and Results of the 2014/15 Monitoring and Evaluation Exercise.

⁷ The Aid-for-Trade Initiative was launched at the 6th Ministerial Conference in Hong Kong in December 2005.

⁸ The Global Partnership for Effective Development Co-operation and Busan Partnership Agreement on Effective Development Co-operation pertain.

⁹ For LDCs, of relevance are, *inter alia*, paragraph 8 of WT/COMTD/AFT/M/30 (Note of the Thirtieth Session of the Committee on Trade and Development on Aid for Trade, 9 April 2014) and paragraph 3 of WTO/COMTD/LDC/11/Rev.1 (WTO Work Programme for the Least-Developed Countries Adopted by the Sub-Committee on Least Developed Countries on 28 June 2013).

¹⁰ The EIF has also been mentioned in the context of implementing the Ninth Ministerial Decisions on Cotton, Services and Trade Facilitation.