



## WTO Global Review – Aid for Trade 2017

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#### Travelers

*Christian Mersmann – Donor Platform Secretariat*

#### Date

*11 – 14 July 2017*

#### Destination

*Geneva, Switzerland*

#### Purpose and expectations

- 1. Participation in WTO Global Review – Aid for Trade*
- 2. Cooperation arrangements with International Trade Centre on agri-food value chain development*

#### Mission preparation

This mission was prepared by the Platform secretariat and the [GIZ sectoral project \*Agricultural Trade and Value Chains\*](#) as part of the enhanced cooperation between the Platform workstream “Trade and Inclusive Agri-Business” and the GIZ.

#### Persons met/participants

Dominik Ziller, Department International Development Policy, BMZ; Daniela Zehentner-Capell Division Trade-related Development Cooperation, BMZ; Gina Burger, Division Trade-related Development Cooperation, BMZ; Marion Stoldt, Department Technical Cooperation, PTB; Simon Hess and Violeta Gonzalez, WTO/EIF Secretariat; Melvin Spreij, WTO STDF Secretariat; Axel Pougin de la Maisonneuve, DEVCO/C4; Viwanou Gnassounou, ACP Secretariat; Griffin Nyirongo, Ministry of Commerce, Trade and Industry, Zambia; Anthe Vreijlandt, TradeMark East Africa; Komla Bissi, AUC CAADP; Sra Yirga, YA Coffee Roasters, Ethiopia; Anders Aeroe, Director, and Hernan Manson, Division Enterprises and Institutions, ITC; Karl Bartels, GIZ; Iris Hauswirth, Strategic Planning, Performance and Governance, ITC

### Results of the Global Review – Aid4Trade 2017

#### “Promoting Trade, Inclusiveness and Connectivity for Sustainable Development”

#### Background

The Global Reviews of Aid for Trade of WTO are organised every 2 years at the Geneva HQ. The long-standing basic concept includes only a few plenary sessions at the beginning and the end of the review giving much room for up to four side events in parallel during the entire time of the review. By his concept, it is possible to get a good overview of the many actions by WTO, the international community, the private sector, think-tanks and NGOs which are considered as “aid for trade”. It should be noted that “aid for trade” is an initiative and not a programme – no governance structure and clear indicators of what constitutes “aid for trade”, but rather an open-ended concept.



The plenaries of Aid4Trade include keynote addresses by high-level representatives and panel discussions which are normally very well prepared and moderated. The Global Reviews are the most important instrument of the WTO to position itself in international development efforts as an important player in inclusive economic growth and job creation.

As a general remark, agricultural production and agricultural value-chain development and market access as well as food security were mentioned prominently in many side events and strategic discussions which is a relatively new momentum to be kept by enhanced engagement of the SAG community in current aid for trade work and its new orientations. The scope of trade and food security can be viewed in FAO's [The State of Agricultural Commodity Markets – achieving a better balance between national priorities and the collective good](#). OECD has evaluated that about 18% of aid for trade spending goes to agriculture, mainly in logistics infrastructure, trade facilitation and quality infrastructure for SPS compliance.

### **Opening and closing of Aid4Trade**

The overall concept of this year's Global Review [Promoting Trade, Inclusiveness and Connectivity for Sustainable Development](#) was meant to effectively balance development aspects like poverty reduction and inclusiveness with the necessary actions to move towards more modern, green economies in the developing world by means of trade and more specifically by enhanced connectivity. While the opening and closing of the Global Review 2017 was very much focused on digital connectivity, the side events covered trade and inclusiveness very widely.

In the opening, the Vice-President of The Gambia shared with the audience the national case of digital divide and the emerging opportunities through a rapidly growing digital market, but also warned against too high expectations for market access and value-chain development because of limited digital opportunities for farmers and SMEs.

Roberto Azevêdo, DG WTO, Angel Gurri, DG OECD and Mukhisa Kituyi, SG UNCTAD delivered their views on connectivity which are covered below under the three Aid4Trade topics of trade, inclusiveness and connectivity.

### **Trade**

OECD and WTO launched the sixth edition of [Aid-For-Trade at a Glance 2017](#) with this year's focus on *Promoting Trade, Inclusiveness and Connectivity for Sustainable Development*. The [report](#) is only available free of charge in a reader function. One of the interesting aspects are the aid-for-trade priorities from partner and donor agencies with trade facilitation high on all agendas, while export diversification finds less attention with donor agencies and trade policies and regulations are of less importance to developing partners. Next to this one interesting aspect on Aid-for-trade priorities and how these have changed, the publication focuses on the status of the WTO Trade Facilitation Agreement and its implementation and support; engagement in, and support to, the development of e-commerce; physical and digital infrastructure investment; the development of related services markets and related investment climate reforms.



FAO and WTO launched the publication on [Trade and Food Standards](#) summarising the internationally agreed food standards, presented by the DGs of FAO and WTO. The publication links the future work on food standards to the FAO/WHO Codex Alimentarius process, the SPS and TBT Agreements of WTO as well as the SPS and TBT Committees of WTO. In this regard, the presentation of [ePING](#) on SPS and TBT notification alert system is worth viewing to keep track of the product requirements in foreign markets. On SPS, the [Standards and Trade Development Facility \(STDF\)](#) has brought out a number of interesting information notes on country cases (Thailand, Vietnam, Belize and Nicaragua) as well as on trade promotion through SPS considerations – paperless e-certification, women in SPS capacity building and partnering with the private sector on SPS outcomes.

The Federal Ministry for Economic Cooperation and Development (BMZ) of Germany launched its new strategy for Aid for Trade entitled [Free and Fair Trade as a driver for development](#). Dominik Ziller acting as the Director General of the BMZ Department for International Development Policy, underlined that with this strategy will diversify Germany's engagement under the Aid for Trade umbrella to address a number of SDGs and their targets on economic frameworks, job creation, poverty reduction, food security etc. next to the policy priorities which are geared directly towards trade – see the [graphic](#) on trade impacting on various SDGs and their targets.

The investments in quality infrastructure is an emerging issue with Germany being the largest investor under the Aid for Trade initiatives, the [National Metrology Institute of Germany](#), known as PTB, presented its work in building up quality infrastructure, including for SPS/PSS. Next to many aspects in quality infrastructure, the high transaction costs and certification of conformity with governmental and private sector SPS by small-scale producers was discussed – more transparency on trade regulations and SPS as well as higher investments in capacity building and information exchange is necessary to avoid that quality assurance continues to be seen as non-tariff barriers – see also UNCTAD data collection.

The currently negotiated [Continental Free Trade Area \(CFTA\)](#) of Africa was addressed in an [analysis](#) entitled *CFTA in Africa – a human rights perspective* by the UN Economic Commission for Africa and the Friedrich-Ebert-Stiftung. CFTA's possible negative economic and livelihoods effects on vulnerable groups and the required human right conformity was addressed in view of learning from CFTA negotiations about compliance with democratic principles to be observed by the regional and global trade regimes. This included the dimension of monitoring and reporting on CFTA's human rights compliance.

### **Inclusiveness**

Trade facilitation is moving up the trade agenda after the endorsement of the [WTO Agreement on Trade Facilitation](#) in spring 2017, the establishment of the [Global Alliance for Trade Facilitation](#) hosted by CIPE, ICC, WEF and the [Trade Facilitation Support Programme](#) of the World Bank Group. "Providing a unique opportunity for inclusive growth", the WTO Agreement on Trade Facilitation is not only geared at enhanced overall trade, but recognizes the potential of the agreement for development priorities such as poverty reduction, sustainable livelihoods of women and youth and job creation. It is up to the AG community to make sure that AG considerations are reflected and tackled under the agreement implementation, the alliance and the support programme.



Under the topic of [Supporting the world's poorest countries in harnessing the power of trade](#), the secretariat of the Enhanced Integrated Frameworks (EIF) for Least Developed Countries (LDC) showcased its success in its analytic work on the trade and production nexus, in particular with regard to agricultural production. [No LDC left behind – EIF investing in country and people](#) was the motto of the side event launching the 2016 EIF Annual Report.

During the remarkable side event *Connecting Trade and Agricultural Development in LDCs*, FAO, WTO/EIF, ECDPM, CAADP/AUC and the Development Partners Coordination Group (DPCG) presented the [FAO pilot project Trade related capacity development for food security and nutrition](#) in four LDC countries of Africa to document and to draw lessons for the cross-sectoral linkages of trade promotion and enhanced agricultural production. The objective of improving coherence of agriculture and trade-related policy frameworks for mutually supportive actions is based on EIF's Diagnostic Trade Integration Studies (DTIS) and other analytic work.

The [contribution of the chairman of the DPCG](#) to this side-event focused on mutual accountability of international CAADP supporting institutions and NPCA/AUC outlined that the issue of trade and the coordination of the trade-agriculture nexus is still relatively weak with the [technical trade network of CAADP Markets and Regional Trade](#) just starting to be operational. The AUC outlined that the Malabo Declaration Commitments included to triple intra-regional trade of agricultural goods and services by 2025. AUC presented the [action plan and roadmap](#) for meeting this commitment which includes trade facilitation, trade policy making and trade-related finance amongst others. As one of the most important steps to integrate trade into agricultural planning and implementation, CAADP National and Regional Agriculture Investment Plans (NAIP and RAIP) need to address the trade – AG nexus much more pro-actively.

Finally, ICTSD brought out an interesting information note on [Options for WTO Negotiations on Agriculture Domestic Support](#) which is of great importance to the trade-AG inclusion debate for SMEs and small-scale farmers' promotion. This note was written in preparation for the upcoming WTO negotiations in Argentina in December 2017 and builds on the existing structure of the WTO Agreement on Agriculture. In conclusion, ICTSD recommends a balanced outcome which considers the trade safeguards for developing countries and the sensitivities around applied support levels of developed countries in agricultural trade. The publication [Negotiating Global Rules on Agriculture Domestic Support: Options for WTO's Buenos Aires Ministerial Conference](#) gives more detailed information as well as the recent ICTSD publication [Comparing Safeguard Measures in recent regional and bilateral trade agreements](#).

## **Connectivity**

The discussion on connectivity was presented as two-fold – the physical dimension ranging from meetings to infrastructure and the digital dimension, which stood in the forefront of the deliberations at the Global Review.



Digital trade facilitation was the first priority in line with the aforementioned agenda setting under *Aid for Trade at a Glance* by developing countries. A reduction of transaction costs by at least 14 % could be achieved and a reduction of border time by up to 80% seems feasible according to WTO DG Roberto Azevêdo. Digital inclusion of the most vulnerable will be crucial to lift millions of people out of poverty as has been done for 1 billion during the past years, says OECD DG Angel Gurría. Capital and labour productivity only can be enhanced by overcoming digital divide in developing countries. SMEs only stand a chance to integrate into the global market – the international community needs to strive for a fully digital economy in developing countries. The economic value of the e-commerce worldwide has increased from 16 to 24 trillion US dollars in only 2 years – SMEs with the products need to be visible for success.

However, only 1 out of 4 African citizens has access to the internet via computer or (predominantly) via mobile phone connections and only 1 out of 7 citizens in least developed countries. Challenging this “problem” of connectivity, a Vodaphone representative on one of the plenary panels outlined that the digital connectivity in Africa is one of most rapidly growing markets and the number of mobile phone users is growing faster in Africa than in Asia. Insofar, the digital divide will be overcome soon, but the question of tailor-made information sharing for development issues remains a challenge.

The aforementioned analysis *Aid for Trade at a Glance* gives the number of USD 300 billion invested into the aid for trade initiative since its inception in 2006. With the rapidly growing overall investments in the initiative, the investments into the digital connectivity by public spending under aid for trade – both international and domestic – has gone down from 3% to currently 1%. Network infrastructure features on 7<sup>th</sup> rank of aid for trade priorities both by developing countries and international donors. In the light of limited network coverage, power cuts and affordability of mobile connectivity for the average user, the role of governments and the international community seem to remain unclear as the IT market is developing so rapidly. However, basic infrastructure and IT education is still very limited.

Side events on the digital connectivity mainly focused on e-trade-facilitation and eTrade or eCommerce and the role of aid for trade – targeted capacity building in the trade community, IT education, digital infrastructure and supportive policy and legislative frameworks (including for digital security) were named as priorities. Agricultural products play a major role in digital trade facilitation, particularly looking at intra-regional trade. For details, check “*Aid for Trade at a Glance* by OECD and WTO.

### Side events covered

- Clicks need Bricks: Promoting trade through quality infrastructure – BMZ Germany, ICTSD, UNCTAD, World Bank Group
- Inclusiveness and Connectivity Dimensions of EU-ACP Trade and Development Cooperation – ACP Secretariat Brussels and EU DEVCO C4
- Promoting Connectivity in Africa – The role of aid for trade in boosting intra-African trade – AfDB and UNECA
- Opening Opportunities – aid for trade donors’ strategies towards SDGs and Agenda 2030 (launch of the new BMZ Strategy for Aid for Trade)



- The Need for ex-ante Gender Assessment of Trade Reforms: The Trade and Gender Toolbox
- Structuring of Value Chains and Connectivity of cotton-textile-clothing actors from Africa, Europe and Asia – OIF
- Trade facilitation in action – TradeMark East Africa
- Connecting Trade and Agricultural Development in the LDCs – EIF, FAO
- E-PING: Helping SMEs keep track of product requirements in their expert markets – Australia
- Trade and Food Standards – launch of publication – WTO and FAO
- Transitioning from paper-based to automated SPS-systems – STDF
- From Commodity Dependence to Value Addition: novel approaches to inclusive trade – ITC and WTO
- No LDC left behind: The EIF investing in country and people – EIF
- The CFTA: Ensuring inclusive outcomes through boosting intra-African trade and connectivity on human rights compliance of CFTA – UNECA, OHCHR, Friedrich-Ebert Stiftung

### Future cooperation arrangements with International Trade Centre (ITC)

Anders Aeroe, Director Division of Enterprises and Institutions, ITC handed over the written request of ITC to become a member of the Platform. A positive response letter of the Platform's co-chairs has already been sent to ITC and the institution's membership is now formalised.

With regard to the farmer-to-farmer assistance and the production-market alliances which ITC has been initiating successfully since several years, it was agreed:

- As a follow-up of the positive reactions to ITC/Fair presentations of the production-market alliances at the Platform's AGA in Geneva (2016) and Brussels (2017), Platform secretariat's support to the development of the concept of such alliances – October 2017;
- Platform secretariat's work on the outreach into the Platform's membership by infoNote and webinar in close cooperation with FAO and WTO – October and November 2017;
- half-day seminar by Platform secretariat, [GIZ sectoral project Agricultural Trade and Value Chains](#), IFAD, FAO and WTO in October 2017 adjacent to the CFS conference on small-scale farmers integration into AG product market;

### Other action points for the Platform

Next to the cooperation agreed upon with ITC, it is proposed as action points:

- Web article on BMZ new Strategy on Aid for Trade on Platform's website (done)
- Pro-active engagement of Platform secretariat with FAO/EIF/CAADP on pilot project *Trade related capacity development for food security and nutrition* – information sharing with Development Partners Coordination Group to CAADP
- Series of webinars on some of the outcomes of the Global Review and current programmes /policy processes – Platform secretariat with Platform members and partners;
- Actions agreed upon with [GIZ sectoral project Agricultural Trade and Value Chains](#) as part of the Platform work programme Trade and Inclusive Agri-Business – September 2017



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### Further Links, annexes

- [Web article](#) on Germany's new strategy for Aid for Trade
- [ADB study](#) on the role of trade in development
- [World Bank Group/WTO report](#) The Role of Trade in ending poverty
- ITC Alliances for Action – [Ghana case](#)
- [E-ping](#) – SPS & TBT notification alert system to keep track of product requirements in foreign markets
- [EU Trade and Development Policy – 10 ways to support the world's Least Developed countries](#)
- [GIZ Trade Newsletter](#)
- [Rural 21 article](#): trade and development – growing closer for sustainable rural transformation