WORLD TRADE ORGANIZATION

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AID FOR TRADE IN ACTION

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IN ACTION

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BETTER POLICIES FOR BETTER LIVES

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Foreword

In July 2010, the Secretary-General of the OECD and the Director-General of the WTO jointly called for the submission of cases stories on aid for trade to probe more deeply into the objectives, challenges and processes of trade-related assistance so as to better understand the results – in particular, what was working in the provision of aid for trade, what the key ingredients of success were, and what governments and practitioners could learn from experience.

The response was overwhelming and the 269 case stories provide a rich and varied source of information on the results of aid-for-trade activities on the ground – an indication of the progress the Aid-for-Trade Initiative has achieved. The case stories cover more than 150 countries – ranging from the smallest states, such as Lesotho, Solomon Islands and Comoros, to the largest, such as China and India – and all major developing regions and income categories.

The sheer quantity of activities described in these stories suggests that aid for-trade efforts are substantial, that they have taken root across a wide spectrum of countries, and that they are becoming central to development strategies. The fact that nearly half of the stories were provided by developing countries underlines the salience of these programmes – and highlights the potential for knowledge-sharing.

Collectively, they reveal in rich detail the efforts governments and the international community are making to promote trade. Moreover, although not always easy to attribute cause and effect, the case stories show clear results of how aid-for-trade programmes are helping developing countries build the human, institutional and infrastructure capacity that they require to integrate into regional and global markets and to benefit from trade opportunities. Results reported range from increased export volumes to more employment, to faster customs clearance times and impacts on poverty.

In addition, the case stories highlight several factors that are essential for successful aid-for-trade programmes. Country ownership at the highest political level and effective intra-governmental coordination are frequently reported as critical factors for success. Active local participation and involvement of stakeholders (including the private sector and civil society) in the preparation and implementation of activity is also crucial. Integrated approaches to development, for instance, by combining public and private investment with technical assistance, increase the success rate.

Equally, long-term donor commitment and adequate and reliable funding are considered essential. Other elements of success highlighted include leveraging partnerships − including with providers of South–South co-operation − keeping project design flexible to facilitate adjustments in initial plans.

Furthermore, supportive macroeconomic and structural adjustment policies as well as good governance are also vital for delivering the longer-term trade and development objectives of the Aid-for-Trade Initiative. Conversely, delays and changes caused by exogenous factors such as natural disasters, political crises and global recessions threaten successful outcomes.

In response to the conclusions of the 3rd Global Review on Aid for Trade and the request from the G-20 Development Working Group, this book analysis in more detail the case stories to share knowledge about transferable lessons for local and global dialogue on aid for trade.

Acknowledgements

This book has been made possible because partner countries, donors and civil society responded overwhelming to the call by the Secretary-General of the OECD, Angel Gurría, and the Director-General of the WTO, Pascal Lamy, for case stories about aid for trade policies, programmes and practices.

The book was written by Liliana Foletti, with support from Masato Hayashikwa and William Hynes (OECD) and Maria Alvarez and Deborah Barker (WTO). It was edited by Anthony Kleitz. An initial analysis of the case stories was included in the joint OECD-WTO publication *Aid for Trade at a Glance 2011: Showing Results*. Special thanks go to Richard Newfarmer, who was the co-author of the initial chapter on the case stories.

This project was managed by Frans Lammersen (OECD) and Michael Roberts (WTO).

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Acronyms

AAEC	African Alliance for Electronic Commerce
ACGSD	African Centre for Gender and Development (UNECA)
ACP	African, Caribbean and Pacific
ACTT-CN	Autorité de Coordination du Transport de Transit du Corridor Nord
ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AHFS	Agricultural Health and Food Safety
AMU	Arab Maghreb Union (or UMA, Union du Maghreb arabe)
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEPEX	Agence sénégalaise de promotion des exportations
ASYCUDA	Automated SYstem for CUstoms Data
ATPC	African Trade Policy Centre (UNECA)
AWARD	African Women in Agricultural Research and Development
BAD	Banque Africaine de Développement
BFC	Better Factories Cambodia
BFTI	Bangladesh Foreign Trade Institute
CABEI	Central American Bank for Economic Integration
CAF	Andean Development Corporation (Corporación Andina de Fomento)
CAFTA	Central America Free Trade Agreement
CAFTA-DR	Dominican Republic-Central America Free Trade Agreement
CAHFSA	Caribbean Agricultural Health and Food Safety Agency (CARICOM)
CAIC	Caribbean Association of Industry and Commerce
CAPAD	Confédération des Associations des Producteurs Agricoles pour le Développement

CARICOM	Caribbean Community
CAROFORUM	Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States
CARTFund	Caribbean Aid for Trade and Regional Integration Trust Fund
CBTA	Cross Border Transport Agreement
CBTF	Capacity Building Task Force on Trade, Environment and Development (UNCTAD and UNEP)
CCGD	Collaborative Centre for Gender and Development (Kenya)
CDB	Caribbean Development Bank
CDEI	Centre for International Economic Law (Centro de Derecho Económico Internacional)
CECO	Centro de Estudios Económicos y Comerciales (Spain)
CEDA	Caribbean Export Development Agency
CEN-SAD	Community of Sahel-Saharan States
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
COMESA	Common Market for Eastern and Southern Africa
COPE	Centre of Phytosanitary Excellence for Africa
CPM	Commission on Phytosanitary Measures
CRS	Creditor Reporting System (OECD)
CSEND	Centre for Socio-Eco-Nomic Development
CSME	Caricom Single Market and Economy
CTA	Technical Centre for Agricultural and Rural Cooperation
CUTS	Consumer Unity and Trust Society
DANIDA	Danish Ministry of Foreign Affairs development co-operation
DDA	Doha Development Agenda
DFID	Department for International Development (United Kingdom)
DIE	German Development Institute (Deutsche Institut für Entwicklungspolitik)
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EACU	East African Customs Union
EAOPS	East African Organic Products Standard
EBRD	European Bank for Reconstruction and Development
ECDPM	European Centre for Development Policy Management

ECLAC	Economic Commission for Latin America and the Caribbean (United Nations)
ECOWAS	Economic Community of West African States
EDF	European Development Fund (EU)
EFAL	Ethical Fashion Africa Limited
EGS	Environmental goods and services
EIB	European Investment Bank
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement (EU)
EPOPA	Export Promotion of Organic Agriculture Products from Africa
EPZ	Export processing zone
ESAMI	Eastern and Southern African Management Institute
ESCAP	Economic and Social Commission for Asia and the Pacific (United Nations)
ESCWA	Economic and Social Commission for Western Asia (United Nations)
ETLS	ECOWAS Trade Liberalization Scheme
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
FEDEXPOR	Ecuadorian Federation of Exporters (Federación Ecuatoriana de Exportadores)
FIDE	Foundation for Investment and Export Development (Honduras)
FPFD	Fédération des Paysans du Fouta Djallon (Guinea)
FSM	Federated States of Micronesia
FTA	Free trade agreeement
FTAA	Free Trade Area of the Americas
GI	Geographical indication
GIZ	German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GMS	Greater Mekong Subregion
GSP	Generalized System of Preferences (United States); generalized scheme of preferences (EU)
GTZ	German Technical Cooperation Agency (Gesellschaft für Technische Zusammenarbeit)
HACCP	Hazard Analysis and Critical Control Point

IaDB	Inter-American Development Bank (also IDB)
ICBTs	Informal Cross Boarder Traders
ICDF	International Cooperation and Development Fund (Chinese Taipei)
ICT	Information and communications technology
ICTSD	International Centre for Trade and Sustainable Development
IDA	International Development Association
IDH	Sustainable Trade Initiative (the Netherlands)
IDLO	International Development Law Organization
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements
IICA	Inter-American Institute for Cooperation on Agriculture (Instituto Interamericano de Cooperacion para la Agricultura)
IIRSA	Initiative for the Integration of Regional Infrastructure in South America (Iniciativa para la Integración de la Infraestructura Regional Suramericana)
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
IMF	International Monetary Fund
IPR	Intellectual property rights
IsDB	Islamic Development Bank (also IDB)
ISF	International Solidarity Foundation of Finland
IT	Information technology
ITC	International Trade Center
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
JITAP	Joint Integrated Technical Assistance Programme
LDCs	Least developed countries
LICs	Low income countries
LMICs	Low and middle income countries
MCC	Millennium Challenge Corporation (United States)
MDB	Multilateral development bank
MDGs	Millennium Development Goals (United Nations)
MFA	Multi-Fibre Arrangement

MINCETUR	Ministry of Foreign Trade and Tourism (Ministerio de Comercio Exterior y Turismo) (Peru)
MOU	Memorandum of understanding
NCTA	Northern Corridor Transit Agreement (Africa)
NCTTCA	Northern Corridor Transit Transport Coordination Authority (Africa)
NDTPF	National Development and Trade Policy Forum (Africa)
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
NTB	Non-tariff barrier
NTIS	Nepal Trade Integration Strategy
NTM	Non-tariff measure
OAPI	African Intellectual Property Organization
OAS	Organization of American States
ODA	Official development assistance
ODI	Overseas Development Institute
OECS	Organisation of Eastern Caribbean States
OFTCC	Organic & Fairtrade Competence Center
OHADA	Organisation for the Harmonisation of Business Law in Africa (Organisation pour l'Harmonisation en Afrique du Droit des Affaires)
OIC	Organization of the Islamic Conference
OIE	World Organisation for Animal Health
OSBP	One-Stop Border Post
PACT	Programme for Building African Capacity for Trade
PAHO	Pan American Health Organisation
PAPED	Programme de l'Accord de Partenariat Economique pour le Développement (Western Africa and the EU)
PTB	Physikalisch-Technische Bundesanstalt (German national metrology institute)
PVS	Performance, Vision and Strategy (IICA)
QI	Quality Infrastructure
R&D	Research and development
REC	Regional economic community
RICAM	International Network of Mesoamerican Highways (Red Internacional de Carreteras Mesoamericanas)

RMG	Ready-made garments
RQI	Regional Quality Infrastructure
RTA	Regional Trade Agreement
SACAU	Southern African Confederation of Agricultural Unions
SADC	Southern African Development Community
SCM	Subsidies and countervailing measures
SDC	Swiss Agency for Development and Cooperation
SECO	State Secretariat for Economic Affairs (Switzerland)
SENIS	Sudan EPA [European Partnership Agreement] Negotiations and Implementation Support
SIDA	Swedish International Development Cooperation Agency
SIEPAC	Central American Electrical Interconnection System (Sistema de Interconexión Eléctrica de los Países de América Central)
SLAB	Sri Lanka Accreditation Board for Conformity Assessment
SLM	Sustainable land management
SMEs	Small and medium-sized enterprises
SPECA	Special Programme for the Economies of Central Asia (United Nations)
SPS	Sanitary and phytosanitary
SQMT	Standardisation, Quality Assurance, Metrology and Testing Act (East Africa)
STABEX	Stabilization of Export Earnings of Agricultural Commodities
STDF	Standards and Trade Development Facility
SVE	Small vulnerable economy
SWEP	Strengthening Women Entrepreneurs Project (Uganda)
TBT	Technical barriers to trade
TIM	International Transit of Goods (Tránsito Aduanero Internacional de Mercancía)
TMEA	TradeMark East Africa
TPR	Trade Policy Review
TRACECA	Transport Corridor Europe-Caucasus-Asia
TRIPS	Trade-related aspects of intellectual property rights
TRTA	Trade-related technical assistance
TTCA-NC	Transit Transport Co-ordination Authority of the Northern Corridor (Africa)

UEMOA	Union Economique et Monétaire Ouest Africaine
UMA	Union du Maghreb arabe (or AMU, Arab Maghreb Union)
UMICs	Upper middle income countries
UNCCD	United Nations Convention to Combat Desertification
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa (also ECA)
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UN WOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
UPU	Universal Postal Union
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
UWEAL	Uganda Women Entrepreneurs Association Ltd
WAEMU	West African Economic and Monetary Union (or UEMOA)
WCO	World Customs Organization
WHIP	Wider Harmonization in Practice
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WIRSPA	West Indies Rum and Spirits Producers' Association Inc.
WTO	World Trade Organization

Executive summary

History has shown that openness to trade is a key ingredient for economic success and for improved living standards. Steady reductions of trade barriers have enabled many developing countries to rapidly integrate into world markets through export-led industrialisation, and to share in the prosperity generated by globalisation. But simply opening the economy to international trade is not enough. Developing countries – especially the least developed – require help in building their trade-related capacity in terms of information, policies, procedures, institutions and infrastructure, so as to compete effectively in the global economy.

Following the WTO's 2005 Hong Kong Ministerial Conference, where countries agreed to increase aid to support developing countries in expanding their trade and benefit from improved market access, the Aid-for-Trade Initiative was launched to bring the aid and trade policy communities together more closely and coherently. Aid for trade is an integral part of regular official development assistance. It aims to help developing countries overcome the supply-side and trade-related infrastructure constraints that inhibit their ability to benefit from market access opportunities. More open trade, accompanied by regulatory reform and supported by aid for trade, can (when combined with appropriate complementary policies) help attract domestic and foreign investment, thereby stimulating economic growth and poverty alleviation.

The Third Global Review of Aid for Trade, which took place on 18 and 19 July 2011, yielded a strong narrative about the impact of aid for trade programmes. The 2011 OECD/WTO monitoring exercise associated with this review generated a vast amount of unique information through the 269 case stories submitted by partner countries, bilateral and multilateral donors, providers of South-South co-operation, and regional economic communities. Together, these stories are a rich and varied source of information on the results of aid for trade activities – an indication of the progress achieved by the Aid for Trade Initiative.

The case stories cover more than 150 countries (ranging from the smallest states, such as Lesotho, Solomon Islands and Comoros, to the largest, such as China and Indonesia) and all major developing regions and income categories. The sheer quantity of activities described in the case stories suggests that aid for trade efforts are substantial, that they have taken root across a wide spectrum of countries, and that they are becoming central to development strategies. The fact that nearly half the stories were provided by developing countries underlines the salience of these activities, and highlights the potential for knowledge-sharing.

The case stories show clear results of how aid for trade programmes are helping developing countries to build human, institutional and infrastructure capacity to integrate into regional and global markets and to make good use of trade opportunities. The case stories show that aid for trade takes many forms and illustrated that the Aid for Trade Initiative can be categorised into three groups: *(i)* initiatives to reduce trade costs through *trade facilitation programmes*; *(ii)* initiatives to improve a country's position in the international trading system by strengthening the *public sector*; and *(iii)* initiatives to develop the *private sector* through sector-wide programmes as well as industry-specific policies. Analysis of the case stories illuminates the following messages:

First, trade costs can be reduced by promoting efficient soft and hard infrastructure. Soft infrastructure can be promoted by improving the business climate. For example, strengthening administrative trade processes, training customs officials and improving the efficiency of regulation of cross-border trade, all help to reduce clearance times at borders. Hard infrastructure can be improved with tangible transport and communications networks contributing to faster movement of goods and services. Also many case stories cited the importance of national ownership and political commitment, strong involvement in planning and implementation by local stakeholders, especially those in the private sector, and efficient co-ordination among donors.

Second, strengthening the public sector will promote developing country's participation and integration into the regional and global economy. This may be done through regulatory reform that improves the business environment and helps attract domestic and foreign investment. Policies can assist workers and firms to adjust to greater trade openness. Furthermore, programmes to build human capacity in the public sector can help developing countries to better implement and negotiate trade policy, particularly in fairly technical multilateral talks such as those on standards and regulations, fostering greater regional and international harmonization in these fields.

Third, developing and strengthening the private sector can be attained by adequate and reliable external funding and support to small and medium-sized enterprises (SMEs) as well as women entrepreneurs is needed. These programmes cover capacity building for entrepreneurs on business and trade-related subjects and thus promote trade in developing countries.

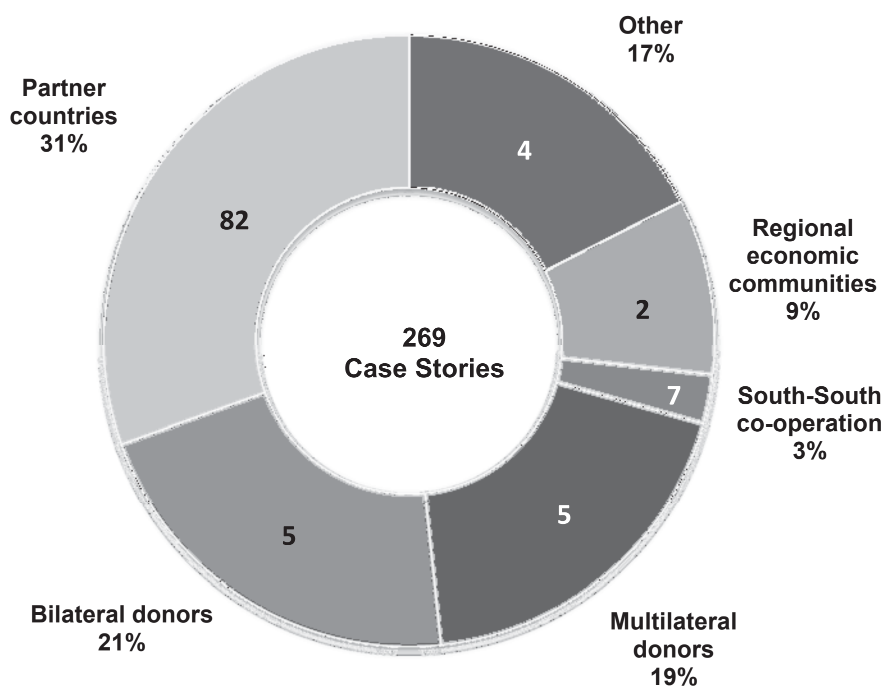
Chapter 1

Diversity of aid for trade efforts

In July 2010, the OECD and WTO sent out a call for case stories on aid for trade programs and projects. The goal was to collect information on the policies, processes, practices and processes of aid for trade programmes. This overview chapter provides snapshots of the structure of the response to the call that amounted to 269 case stories. The case stories cover more than 150 countries – ranging from the smallest states, such as Lesotho, Solomon Islands and Comoros, to the largest, such as China and India – and all major developing regions and income categories. The sheer quantity of activities described in these stories suggests that aid for-trade efforts are substantial, that they have taken root across a wide spectrum of countries, and that they are becoming central to development.

In July 2010, the Secretary-General of the OECD and the Director-General of the WTO jointly called for the submission of "case stories" on aid for trade and the Third Global Review on Aid for Trade generated a vast amount of unique information through the 269 case stories submitted by partner countries, bilateral and multilateral donors, providers of South-South co-operation, and regional economic communities (Figure 1.1). The purpose of the case stories was to probe more deeply into the objectives, challenges and processes of trade-related assistance so as to better understand the results – in particular, what was working in the provision of aid for trade, what the key ingredients of success were, and what governments and practitioners could learn from experience.

Figure 1.1 Case stories by type of author



It should be noted that the case stories were not meant to represent a scientific approach to evaluation. The collection, by the nature of the open call for case stories on which it is based, contains a selection bias, and conclusions have to be drawn with care because of omitted variables and attribution problems (Box 1.1).[1] Nonetheless, these case stories are first steps in assessing the results from aid for trade, and their volume and diversity make them an important resource. They start from the "nitty gritty" of the real world and therefore convey important nuances and narratives that are not easily captured in other, more abstract methodologies. One possible advantage of a collection of case stories is that determinants of success or failure which, viewed in isolation, may appear to be project-specific are revealed to be part of a pattern when seen repeatedly in other stories – thus providing the basis for new hypotheses to be tested by researchers and practitioners.

Box 1.1 Generalisations from the case stories should be taken with a grain of salt

Any conclusions from the collection of case stories must be tempered by an awareness of their limitations.

First, the case stories were written by the participants: governments, donors, or consultants working on a programme or project. This introduces two *selection biases*: respondents are less likely to report on failures since no one wants to advertise their mistakes; moreover, self-evaluations are likely to be somewhat more forgiving and less objective than outside evaluations of any given project. Indeed, nearly all case stories reported some form of success, if sometimes with qualifications.

Second, the intentional call for heterogeneity is a virtue if the exercise is intended to elicit broad participation, but it can also be a vice insofar as it renders comparisons unsystematic. Without guidance on content, individual authors may *omit variables* that later turn out to be critical for explaining outcomes when compared with other case stories.

Third, the ability to generalise from particular outcomes and to identify factors contributing to those outcomes differs widely. Global stories (such as writing a policy guide or research project) are often too distant from outcomes to draw conclusions about effects on trade, poverty reduction or other performance variables. At the other end of the spectrum, drawing conclusions from specific projects requires – in the words of the Swiss International Development Cooperation Agency (SIDA) (2009) evaluation – walking back through a "results chain" of logic, from project results to desired economic performance. For example, greater trade policy co-ordination is intended to produce better trade policies, implying greater export performance, economic growth and poverty reduction. At any point in this chain, other intervening causal variables may affect the next stage, complicating the *attribution* of outcomes to the project. For example, in Lesotho a project to upgrade labour skills succeeded in training some 625 workers (491 of whom were women). Although the project enjoyed a 75% placement rate, the collapse of the global economy in 2009 undercut exports and slashed incomes [Lesotho, 127]. The same happened in the Solo Raya region in Indonesia, where even with a successful value-chain promotion project under way, the rattan furniture industry saw export value drop by 25% and employment fall by 15% between 2007 and 2009 [Indonesia, 185].

Finally, the case stories rarely speculated about what would have happened in the absence of a project – the *counterfactual*. Only through carefully constructed (and costly) impact evaluations, in which project results are compared with control groups in randomly selected similar situations, can evaluations adequately take counterfactuals into account.

Source : See Strengthening Accountability in Aid for Trade (OECD, 2011).

The original call for case stories provided only a general outline of how they might be structured. Consequently, the case studies varied widely. Some, for example, reported on governments' efforts to foster private sector development. Others described detailed policy efforts to improve the quality of crops for export. Still others reported on efforts at the global level to conduct research or prepare policy guidebooks, for example on women in trade. This diversity of responses underscores that aid for trade can take many forms. The 269 case stories illustrate initiatives that can be categorised in three groups: *(i)* initiatives to reduce trade costs through *trade facilitation programmes*; *(ii)* initiatives to improve a country's position in the international trade system by strengthening the *public sector*; and *(iii)* initiatives to develop the *private sector* through sector-wide programmes as well as industry-specific policies.

(i) The category of *trade facilitation* consists of case stories about policies to reduce trade costs by promoting efficient soft and hard infrastructure. Soft infrastructure refers to policies aimed at improving the efficiency of regulation of

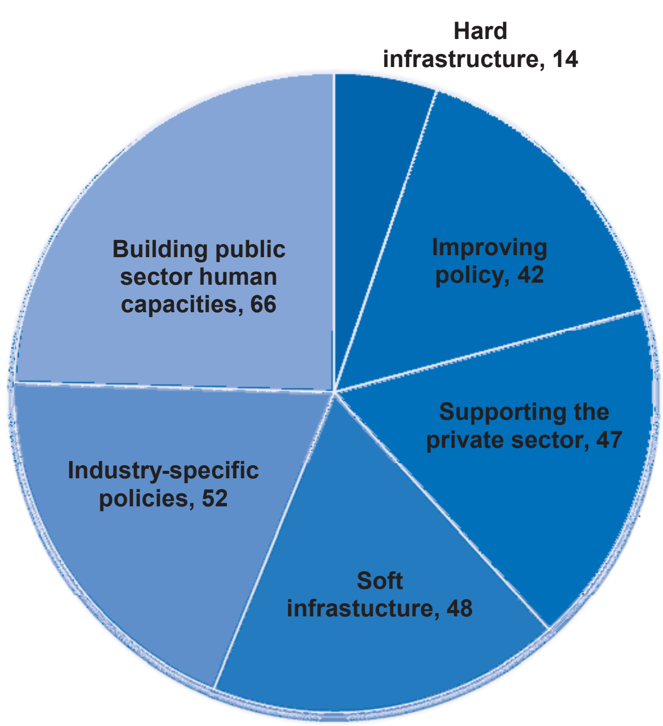
cross-border trade, such as through customs and related regulation. Hard infrastructure refers to tangible infrastructure projects.

(ii) The second category seeks to strengthen the *public sector* in order to provide a coherent and stable policy environment. This category includes the formulation and implementation of policies to assist workers and firms to adjust to greater openness to the global economy. It also comprises programmes to build human capacity in the public sector so as to better implement and negotiate trade policy.

(iii) The last category of case stories contains programmes targeted at the *private sector*. A further distinction can be made here between initiatives for the private sector that are generally available across sectors, such as provision of trade finance and support to small and medium-sized enterprises (SMEs) and women entrepreneurs, and initiatives that are industry-specific and meant to boost productive capacity within a chosen sector.

The case stories are a rich source of information on aid for trade projects. It may not be surprising that their classification within these three broad categories is not always clear-cut. The categories are not mutually exclusive: a case story may refer to a programme that sought to train customs officials (category *(ii)*) on new technology implemented to facilitate border crossings (category *(i)*). However, the classifications offer a neat way to separate case stories according to overall objectives, and they are in line with the different perspectives that aid for trade discussions have taken in international debates.

Figure 1.2 Total case stories submitted by category



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

These caveats notwithstanding, the case stories are spread roughly proportionately across the three categories (Figure 1.2). The largest category consists of efforts aimed at the public sector, although private sector initiatives are almost as numerous. Trade facilitation, particularly relating to hard infrastructure, lags behind in the case story count, which is surprising given the large proportion of aid for trade funding such programmes receive. This may reflect the fact that trade ministries, and their counterparts in the trade sections of donor agencies, generally provided the case stories, and infrastructure, although important for trade, rarely falls under their purview.

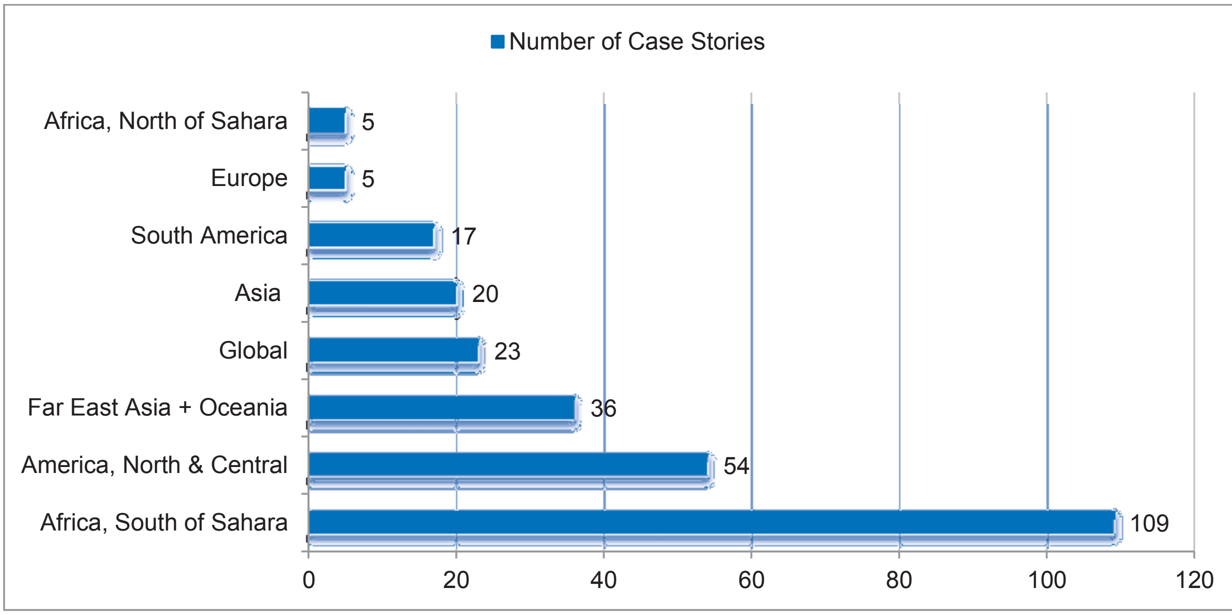
Case stories were submitted detailing activities throughout the developing world…

The call for case stories produced examples of aid for trade from numerous sources. The response from recipient countries (nearly 40% of the total) was particularly encouraging. Bilateral donors, providers of South-South co-operation and UN organisations were also large contributors. The multilateral development banks – perhaps because they oversee a smaller number of total projects, although they are among the largest providers of aid for trade – appear to be under-represented. Private parties and NGOs also submitted few case stories. Taken together, the case stories provide a detailed picture of aid for trade activities throughout the developing world and across virtually all important trade-related activities. The enormous breadth and volume of the case stories demonstrate that governments and donors alike are making trade a central pillar of their development concerns.

..LDCs were prominent … and the largest group of case stories came from Sub-Saharan Africa

The importance of targeting aid for trade to least developed countries (LDCs) is clearly reflected by the number of case stories focusing on programmes in these countries. Out of the 269 case stories, LDC countries submitted 33, while 123 concerned activities undertaken in at least one least developed country. Sub-Saharan Africa is the region with the largest representation in the case stories, accounting for about 40% of the total (Figure 1.3). Case stories concerning programmes in Central America accounted for more than one-quarter of the total submissions, which might come as a surprise if one considers only the concessional funds devoted to aid for trade. Case stories about Asia (including Oceania) totalled 56, which is noteworthy considering that Asia receives on average one-third of total aid for trade commitments. Case stories about global programmes accounted for a little less than one-tenth of the total, which reflects the share of total aid for trade commitments devoted to these programmes.

Figure 1.3 Geographical distribution of the case stories

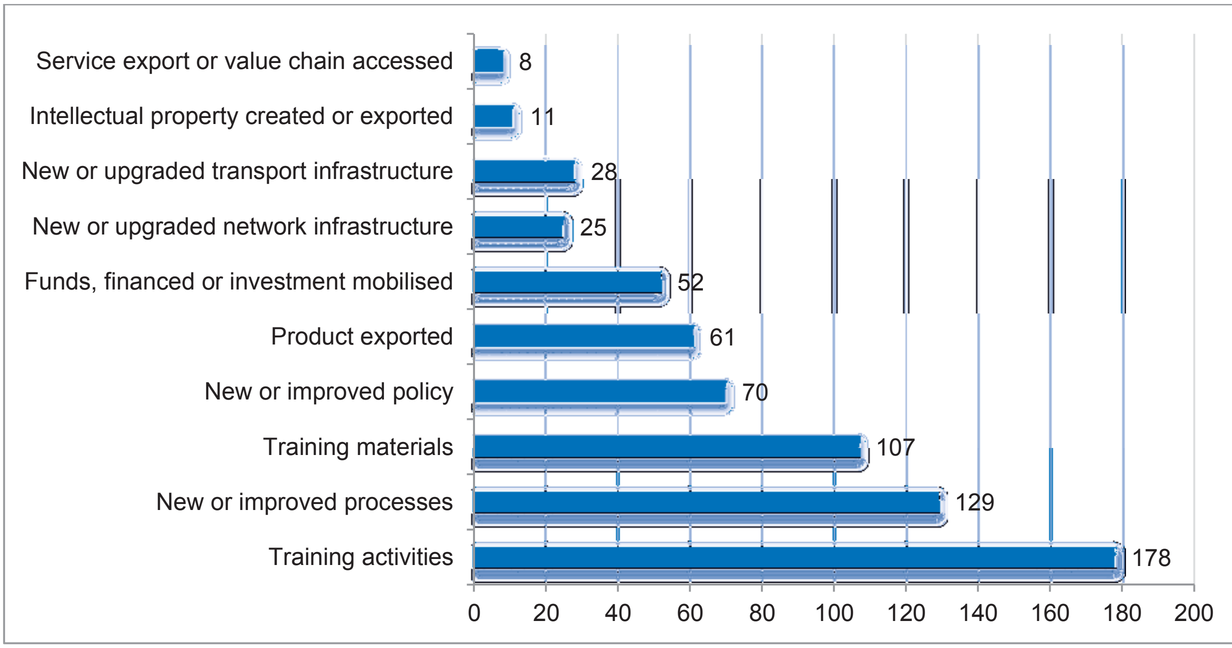


Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

The Case stories profile a range of results and highlight a number of lessons

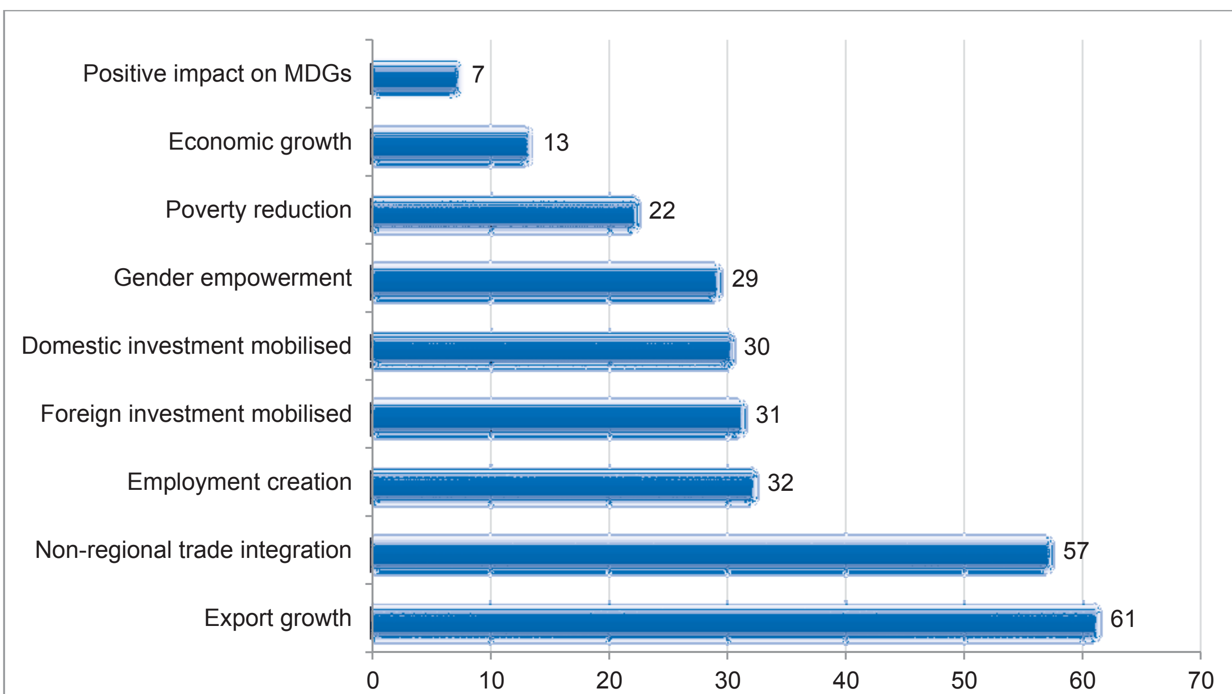
The case stories show that aid for trade efforts are substantial, and that they demonstrate that aid for trade efforts are becoming central to development strategies. Some case stories contain detailed information (e.g. donors' involvement, amounts invested, and associated results) and others less so. Collectively, they reveal in rich detail the efforts governments and the international donor community are making to promote trade and poverty reduction. Moreover, although it is not always easy to attribute cause and effect, the case stories show clear results of how aid for trade programmes are helping developing countries to build the human, institutional and infrastructure capacity they require to integrate into regional and global markets and to benefit from trade opportunities. The results reported range from improved policies and processes, as an output of technical assistance programmes, to additional funding, improved infrastructure, and linkages to value chains. Impacts reported cover export growth, regional integration, employment creation, mobilisation of foreign and domestic investment, gender empowerment, poverty reduction, economic growth, and achievement of the Millennium Development Goals (MDGs) (Figures 1.4 and 1.5).

Figure 1.4 Outputs reported in the case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Figure 1.5 Impacts reported in the case stories



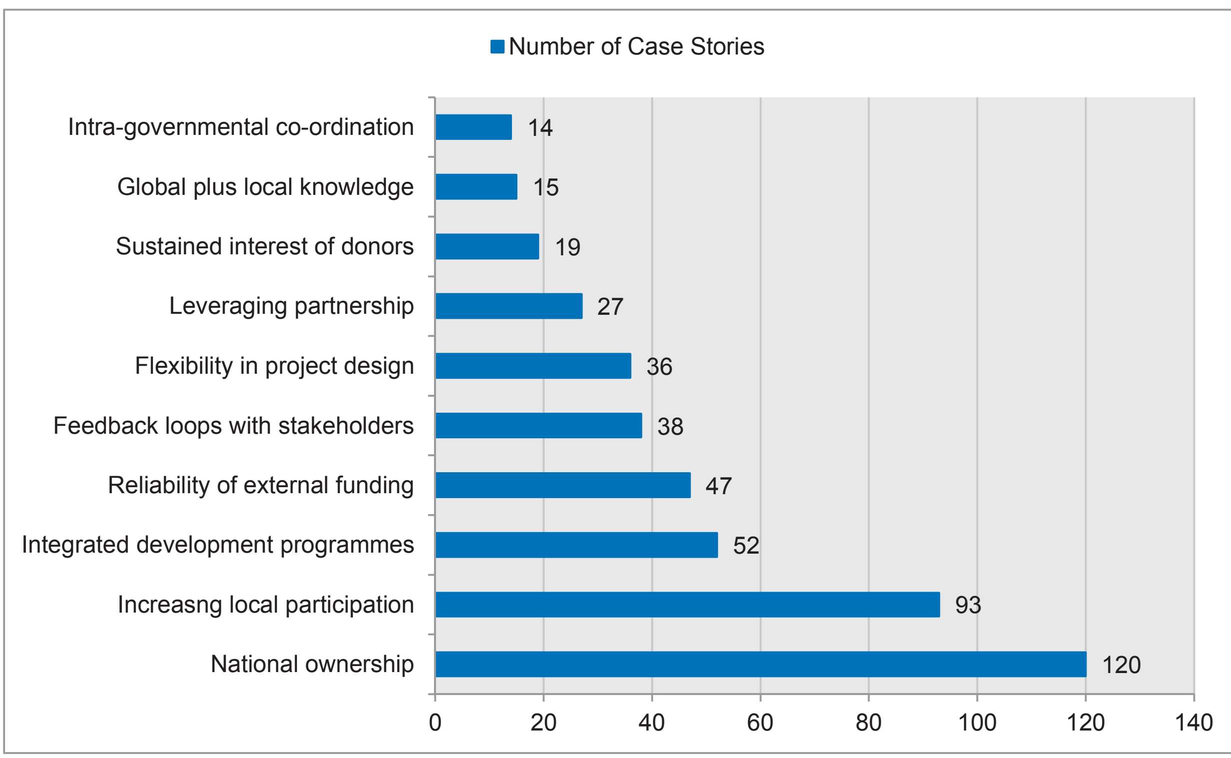
Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

For the great majority of programmes and projects in the case stories, at least some elements of success were reported. These, in combination with discussions of problems encountered, reinforce messages coming out of the larger evaluation literature (Figure 1.6).[2] The messages include:

Success has been built upon ownership … in the form of government commitment and high-level leadership…

The most frequently reported success factor was national ownership of the aid for trade activity, which was mentioned in 120 of the 269 stories. This was commonly seen as necessary to push a project through recalcitrant bureaucracies or resistive private lobbies. Sometimes the case stories mention the involvement of ministers or, less frequently, the president or prime minister. For example, in Peru government commitment was credited with providing the initial push (as well as continuous follow-up) to the economic reforms discussed in the case story. In Zimbabwe it was noted that support and commitment at the highest political levels was essential for the Chirundu One-Stop Border Post to become a reality. The opposite is also true: in South Africa, lack of high-level and dedicated leadership in the initial days of the Beitbridge Border Post impeded steady progress on an otherwise valuable project.

Figure 1.6 Success factors mentioned in the case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

… as well as active participation and involvement of stakeholders…

National ownership depends on the involvement of local stakeholders in the preparation and implementation of the activity. Moreover, the private sector can advocate projects and anchor them throughout changes in administrations and governments. Such involvement was reported as a success factor in 93 of the 269 case stories. For example, according to the African Development Bank (AfDB), in Africa the most important lesson from the project to interconnect the electricity grids of Benin, Burkina Faso, Côte d'Ivoire, Ghana, Nigeria and Togo was country ownership and government commitment to the project. Similarly, one of the success factors in the Cameroon Customs Reform project was the involvement of local customs inspectors in the design of performance contracts that would be used in evaluating their performance.

…leveraging partnerships at the inter-ministerial level…

Trade policy is interdisciplinary by nature. Thus, co-ordination and co-operation among the numerous actors involved is critical. Ministries of trade, economics, infrastructure, agriculture and industry, to name just a few, must work together to design effective policies. The case stories reflect this as a factor for success – or failure. For example, Costa Rica sought to attract foreign direct investment (FDI) to link local producers to global value chains, but lack of co-ordination among public institutions was cited as a key factor holding the initiative back. On the other hand, Malawi's success in improving its trade facilitation was credited to the establishment of an inter-ministerial task force with participation by numerous public institutions as well as private sector actors.

…and with donors…

Another common theme reported in the case stories was the effective integration of the combined expertise of several donors to achieve a particular programme or project objective. In the corridor projects, for example, donors typically worked together in several component parts, building towards a larger objective. Azerbaijan recommended dealing with such multi-donor projects by having a single development partner act as the leader of the co-ordination process in order to achieve the highest level of synergies. This is analogous to the model of the Enhanced Integrated Framework (EIF), which provides for a donor facilitator for all aid for trade projects. Deep commitment by all partners and a clear common vision were also the recipe for success in projects to promote organic agricultural products in East Africa, and in the effort to improve compliance with sanitary and phytosanitary standards in Latin America.

…with feedback loops linking government and stakeholders

Continuous feedback between governments and stakeholders is also critical to national ownership and local participation. A case story from the Caribbean noted that identifying potential problems at an early stage speeds up finding solutions. In Kenya, the success of business regulatory reform was mainly the result of close co-operation and co-ordination between government officials and all the stakeholders in the reform process. India, in collaboration with the UN Conference on Trade and Development (UNCTAD), developed strong stakeholder consultation mechanisms as part of its technical assistance programme. This contributed to the programme's success. Grenada's case story demonstrated that feedback and co-operation can lead to strong ownership, and thus more sustainable projects.

Adequate and reliable external funding is needed for…

One recurring problem reported in the case stories was inadequate funding. In one example, Malawi noted that although funding had been approved it was not disbursed in time, which disrupted the sequencing of activities. While inadequate funding was reported in 47 case stories, the cause was not always clear. As might be expected, the case stories tended to assign blame for these problems either to donors or to the developing country's government, depending on the institutional affiliations of the authors.

…Integrated projects combining investments with technical assistance…

Several case stories mentioned the need for complementary investments in both equipment and capacity building. For example, a capacity building programme in Cambodia, sponsored by the Republic of Korea, budgeted for office equipment and maintenance. Similarly, when new information technology (IT) based postal procedures were introduced in Brazil, training was organised for postal workers, government officials and customs officials so they could learn to operate the new systems.

…but delays and changes can occur due to exogenous factors

A number of case stories noted that there are always idiosyncratic risks that projects must adapt to and deal with. For example, programmes in Azerbaijan, Grenada and Montserrat faced significant delays and cost overruns due to natural disasters in their respective regions, but managed to resume progress after the crises. In Ecuador, Fiji and Honduras, political instability led to temporary stoppages, but there, too, projects were resumed. The recent international financial crisis also interfered with projects in the Caribbean, Ghana and Indonesia.

Structure of the book

The remainder of this book is structured as follows:

Chapter 2 assembles the case stories describing trade facilitation programmes and projects that incorporate policies and investments to reduce trade costs. Of the 269 case stories, 62 are classified under trade facilitation.

Chapter 3 illustrates the important role the public sector plays in making a country an active player in the international trade arena. This chapter covers the largest number of case stories: 108.

Chapter 4 concentrates on programmes and projects that build capacities in the private sector. This chapter covers 99 case stories.

Chapter 5 concludes with an analysis of the volume and reach of the case stories submitted, and how this reflects on what is working in aid for trade and what is working less well. The call for case stories resulted in significantly more submissions than expected. This points to strong interest on the part of the actors involved in sharing their experiences, and the important role that aid for trade programmes and projects play in developing countries. The variety of subjects presented in the case stories also reflects the diversity of aid for trade efforts.

Notes

1. For a comprehensive and thoughtful discussion of impact evaluation, see Banerjee and Duflo (2011); for an application to aid for trade, see O. Cadot, A. Fernandes, J. Gourdon and A. Mattoo (2011).

2. Many of these lessons can be found in OECD (2008a, b) and USAID (2010).

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Chapter 2

Lowering trade costs

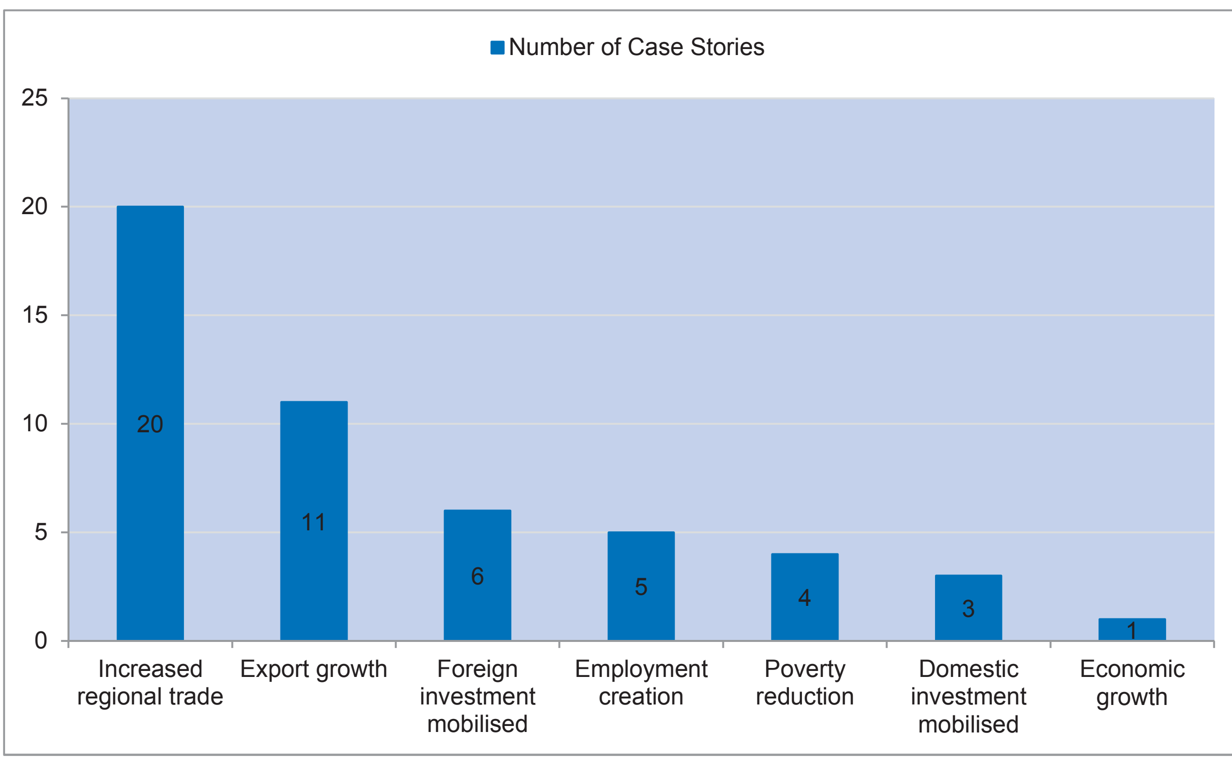
Reducing trade costs is essential to promote trade. Aid for trade facilitation programs aim to reduce trade costs for developing countries by building efficient soft and hard trade-related infrastructure. Soft infrastructure refers to the intangible regulatory framework, while hard infrastructure refers to tangible infrastructure like roads and ports. Of the sixty-two case stories covered in this chapter, 42 programmes developed new processes to increase regulatory efficiency, seventeen implemented new policies and sixteen case stories reported successful improvement in transport infrastructure.

Executive summary

Lowering trade costs is an essential part of promoting trade, especially in developing countries. While the overall objective of trade facilitation programmes is to reduce trade costs and thereby to create conditions for increased trade, these programmes themselves may be narrow or broad in focus. In the first case, they aim at the reform of specific policies, such as those relating to customs procedures; in the second case, they may form part of an integrated reform of regulatory policies and strategies. Depending on the nature of the programmes and their implementation, outcomes may vary both in substance and in degree. For example, government revenues may be increased due to improved revenue collection at the border, or local producers and exporters may benefit from economies due to smoother trading procedures.

Of the 269 case stories submitted,[1] 62 were classified as mainly concerned with trade facilitation. The most cited impacts referred to increased regional trade, followed by export growth, the mobilisation of foreign and domestic investment, job creation, poverty reduction and economic growth (Figure 2.1). One-third of the case stories on trade facilitation did not report any impact explicitly. This does not necessarily imply that the programme produced no impact, but only indicates that the authors did not mention any impact in the case story they submitted.

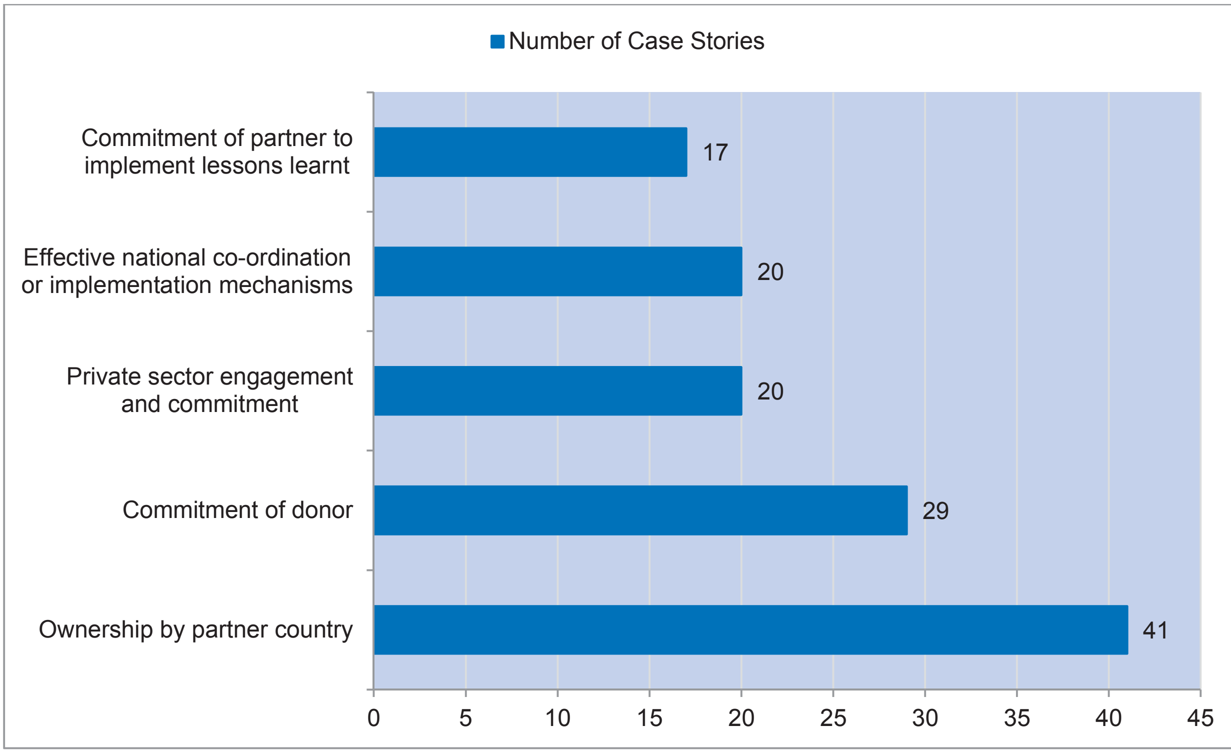
Figure 2.1 Impacts reported in the trade facilitation case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Among the factors behind successful aid for trade facilitation programmes (Figure 2.2), many case stories cited the importance of national ownership and political commitment. A second factor frequently mentioned was strong involvement in planning and implementation by local stakeholders, in particular the private sector. An additional influential factor was efficient co-ordination among donors and among recipients. Since many trade facilitation programmes reported on in the case stories were multi-country, co-ordination among the numerous recipients and donors could be complex but also important for success.

Figure 2.2 Success factors mentioned in the trade facilitation case stories



Some results at a glance

Integrated trade facilitation programmes

In Mexico, it has been projected that over USD 3.9 billion will be saved during a six-year period through regulatory reform integrating unilateral tariff reductions, the elimination of many export requirements, the establishment of an electronic single window, and the elimination of many bureaucratic rules. In Costa Rica, policy reform to attract foreign direct investment (FDI) and liberalise trade has allowed the private sector to link to five global value chains. In Mozambique, border clearance time was reduced from 30 days to 2-5 days following assistance from the United States Agency for International Development (USAID) Trade Hubs programme.

Customs reform

In Ethiopia, customs reforms increased imports and exports by around 200% and revenues by more than 51%. In Burundi, tax revenues increased by one-quarter between 2009 and 2010. In Mongolia, import clearance time was reduced from 3 hours and 6 minutes to 23 minutes, and export clearance time was reduced from 2 hours and 20 minutes to 13 minutes. In Tunisia, cargo delays fell from an average of 10 days in 2003-

04 to 3.3 days in 2010, and 50 000 full-time and 50 000 part-time jobs were added for the firms involved. In Cameroon, the time between broker registration and officer assessment was cut on average by 75%, and revenues per container increased by 11.7% in 2010 compared with 2009. In Haiti, the clearance time fell from 4 days to 2 hours for certain products that met the "green channel" conditions. In Kyrgyzstan and Tajikistan, the number of export forms was reduced by 60% compared with 2007, translating into a reduction of one day for taking a 20-foot container to the nearest port.

Corridor projects and logistics management

In Brazil, improved postal logistics coupled with customs reform allowed 10 000 businesses to export for the first time. The number of forms required to export parcels weighing less than 30 kg and worth less than USD 50 000 was slashed.

Border crossings

The creation of the Chirundu One-Stop Border Post reduced clearance times by 50% for buses and automobiles and by 80% for trucks (to less than 24 hours), with the addition of a "fast lane" for trucks that can clear in less than 5 hours. Moreover, automated and standardised clearance procedures reduced illicit payments, while shorter border delays decreased the sex trade and the spread of sexually transmitted diseases.

Energy

An 865 km pipeline built by Mozambique and South Africa to connect two gas fields in Mozambique with a South African company, Sasol, is expected to yield the equivalent of 440 million barrels of oil. In Tanzania, submarine cables connecting the Island of Pemba (part of the Zanzibar Archipelago) to the national electricity grid are expected to provide more reliable electricity and make tourism investments feasible. The regional integration of energy grids between Benin, Nigeria and Togo benefitted all countries involved. In El Salvador, aid-funded investments in rural electricity allowed more than 7 000 users to save an average of USD 41 per family per year on electricity bills.

Ports

In Fiji, improvements at the King Wharf increased load-bearing capacity, with an increase in the number of containers moved per hour from 5.2 in 1998 to about 8 in 2011.

Roads

Kazakhstan and Kyrgyzstan collaborated to rehabilitate 226 km of road between Almaty and Bishkek, with numerous benefits including the creation of new businesses and a 160% increase in exports from Kyrgyzstan to Kazakhstan. In Morocco, a programme for the development of transport infrastructure in rural areas resulted in an increase in road construction from 1 000 km/year in 2002 to over 2 000 km/year in 2009.

Introduction

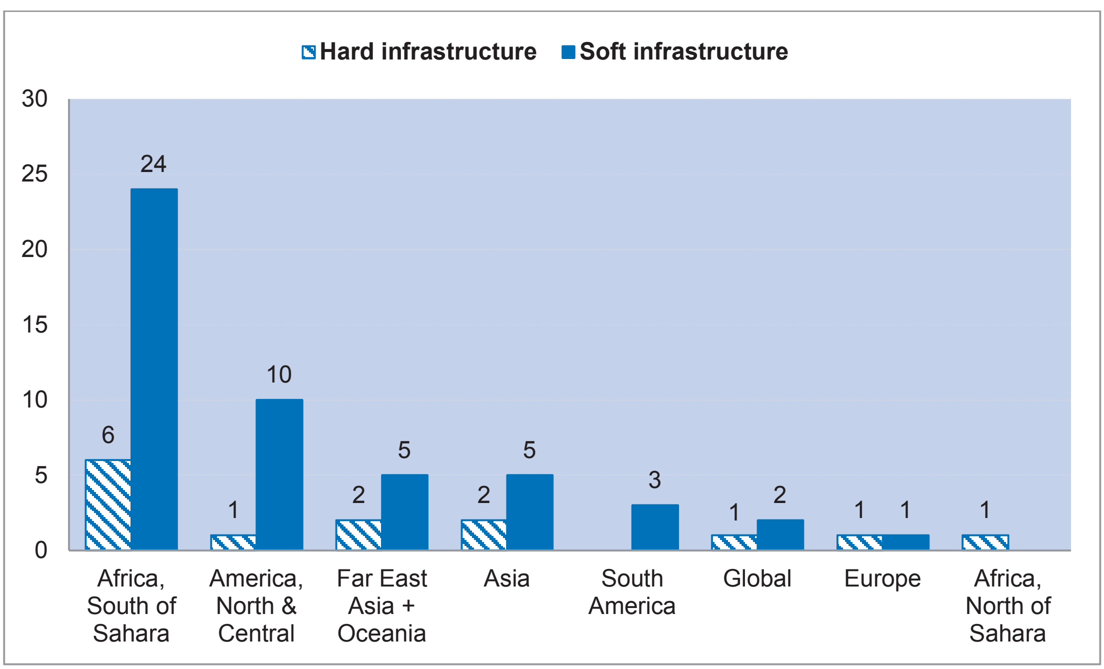
Trade costs are usually considered to include all transport, border-related and local distribution costs from producer to final consumer in different countries. Trade costs are crucial determinants of the value and volume of international trade, and can thus have a major influence on achieving the objective of trade expansion. Anderson and van Wincoop (2004) calculated total trade costs for a representative rich country to have an *ad valorem* tax equivalent of 170%. They also found that trade costs in developing countries on average were significantly higher (sometimes twice as high) as those in advanced countries. The determinants of trade costs are various; they can emanate from policy instruments such as tariffs, burdensome regulations at the border, non-tariff barriers such as technical requirements, and transport costs. Trade facilitation programmes aim to tackle one or more of these trade costs.

For the purpose of this analysis, trade facilitation refers to policies and investments that reduce trade costs and thus facilitate trade. In general terms, trade facilitation can be divided between investments in soft infrastructure and those in hard infrastructure. *Soft* infrastructure refers to institutional features such as trade policy, customs regulations, border crossings and the business environment. *Hard* infrastructure refers to physical infrastructure such as energy grids, ports, railways and roads. Portugal-Perez and Wilson (2008) found significant evidence that elements from both categories increase the *intensive* and *extensive* margin of exports from developing countries, and that soft and hard infrastructure investments complement each other in the promotion of trade.

The largest number of case stories concerned hard and soft infrastructure investments in Sub-Saharan Africa

In total, 62 case stories were classified under soft and hard infrastructure; 48 addressed institutional features such as trade policy, customs regulations, border crossings and the business environment; and 14 reported on hard infrastructure investments. The largest number of case stories concerning soft infrastructure covered countries in Sub-Saharan Africa, followed by North and Central America and Far East Asia and Oceania (Figure 2.3).

Figure 2.3 Geographical distribution of trade facilitation case stories

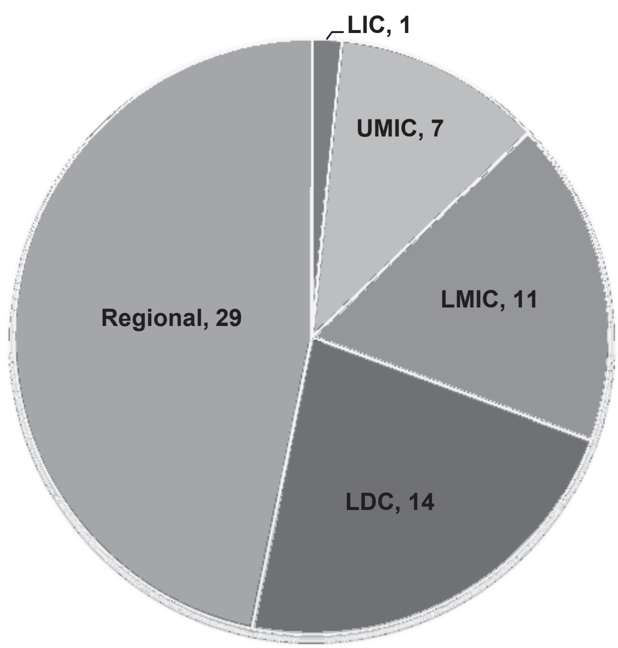


Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

The largest number of trade facilitation case stories described multi-country programmes and projects

Most case stories on aid for trade facilitation described multi-country programmes and projects with a regional focus. Of the 62 case stories, 29 were about programmes and projects that spanned multiple countries, covering regional economic communities (RECs) such as the Association of Southeast Asian Nations (ASEAN), the East African Community (EAC) and the Southern African Development Community (SADC). Because trade facilitation (both soft and hard infrastructure) is especially important for cross-border trade, such dominance on the part of regional programmes and projects is expected. In terms of income groups, the distribution of trade facilitation is in line with the general distribution, as least developed countries (LDCs) are the most prominent income group, followed by low and middle income countries (LMICs), upper middle income countries (UMICs) and low income countries (LICs) (Figure 2.4).

Figure 2.4 Number of trade facilitation case stories by country income group

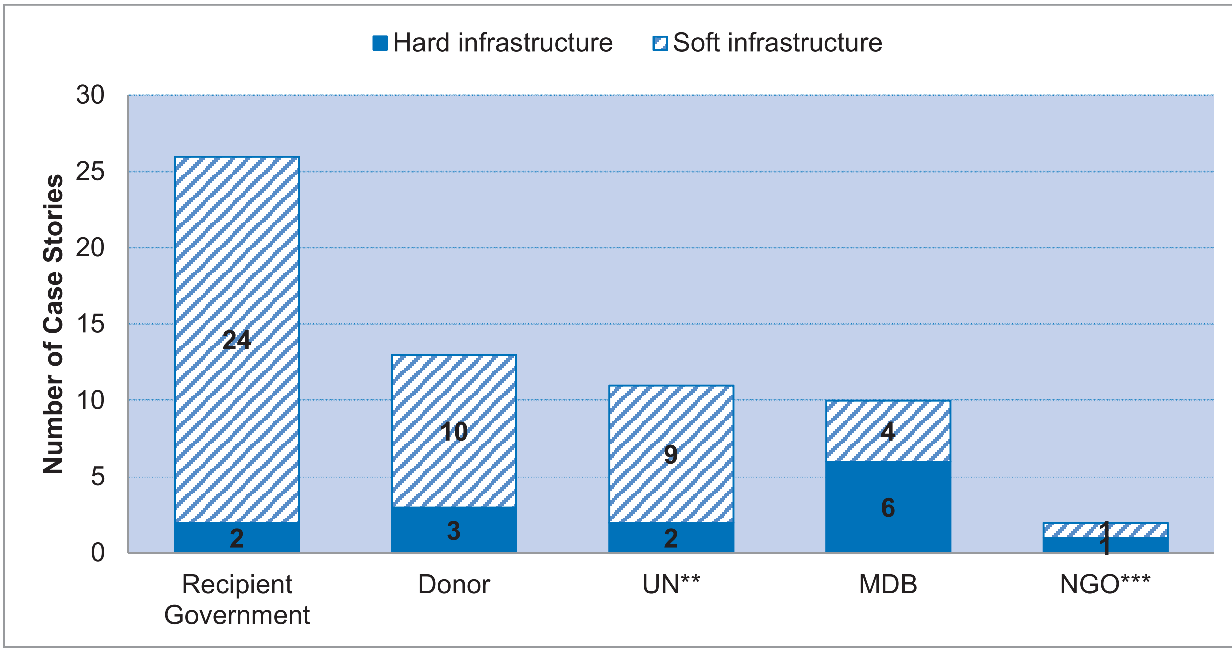


Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

The two sub-categories of trade facilitation programmes and projects differed with regard to the authorship of the case stories (Figure 2.5). In the case of soft infrastructure, most case stories were submitted by the recipient, whether a government or a regional economic community or organisation. In the case of hard infrastructure, multilateral development banks (MDBs) submitted the most case stories. This is in line with the observation that not many case stories were submitted on hard infrastructure to begin with, due to the fact that government ministries other than ministries of trade usually lead those programmes and projects.

Poor-quality or inadequate hard infrastructure is a significant supply-side constraint on trade, with varying importance across countries. For example, OECD (2012) found that for small vulnerable economies (SVEs) infrastructure is key in spurring trade performance and thus overcoming limited market size. Some of the studies that made the link between investments in infrastructure and increasing capacity to trade are described in the following paragraphs[2] and are followed case stories focusing on improvements in particular types of infrastructure.

Figure 2.5 Recipient governments submitted the largest number of case stories on trade facilitation



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

* Includes case stories from regional economic communities and organisations
** Includes other international organisations
*** Includes unaffiliated authors

This chapter is structured as follows: the first section below covers soft infrastructure investments for trade facilitation, with a focus on the major types of programmes and projects attracting such investments. The second section includes case stories of trade facilitation investments in hard infrastructure, such as energy, ports, roads and railways. Both sections begin with a sub-section that describes some recent econometric studies, followed by discussions of the relevant aspects and conclusions from case stories.

Soft infrastructure investments

Soft infrastructure initiatives aimed at reforming customs to increase efficiency, reducing transactions at the border, and eliminating bureaucratic interventions that create opportunities for corruption can lower trade costs for importers and exporters alike. After a brief literature review of some recent studies of different aspects of such initiatives, this section looks at the 48 case stories classified under soft trade facilitation, which reveal a wide variety of efforts to lower the costs affecting cross-border trade. These principally take the forms of: (i) integrated trade facilitation programmes and projects spanning strategy and investments, sometimes with a regional focus; (ii) customs and logistics reform efforts; and (iii) corridor-focused programmes and projects.

Studies of potential effects

Helble, et al. (2009) undertook an analysis of the potential benefits of aid for trade facilitation, using gravity estimates from cross-country regressions. In particular, they compared the effects of trade development assistance (as a subcategory of productive capacity building), trade policy assistance and infrastructure assistance on bilateral trade flows. They concluded that aid for trade targeted at trade policy and regulatory reform projects produces a high rate of return.

Reducing delays at the border and in transit can also have a dramatic impact on reducing import and export costs, thereby improving competitiveness (Engman, 2005). Djankov, et al. (2010) provided evidence of the stark differences between developing and advanced countries in regard to the time needed to move an export container from a factory to the nearest port, having fulfilled all customs, administrative and port requirements. They found that the process took 116 days from Bangui, Central African Republic, 93 days from Almaty, Kazakhstan, 16 days from Kuala Lumpur, Malaysia, and only 6 days from Berlin, Germany. In regard to trade, every day counts. The same study found that each additional day in transit had the effect of reducing trade volumes on average by slightly more than 1%.

Hummels (2001) calculated that a one-day border delay drove up costs by about 0.8% on average around the world. Building on this work (and based on a study of 126 countries using a gravity model), Djankov, et al. (2010) found that each day in transit had the effect of reducing trade volumes on average by slightly more than 1%. They were able to capture the effects of administrative delays by using as a proxy the number of signatures required to export or import. These delays had the equivalent effect of adding 70 km to the distance between the plant and the final market. The situation was more serious for exporters of perishable agricultural products since delays increased wastage. For these exporters, every additional day of delay reduced exports on average by 6%. Hoekman and Nicita (2010, 2011) estimated that efforts to move the logistics and trade facilitation performance of low-income countries (as measured by the World Bank's Logistics Performance Index and Doing Business "cost of trading" indicator) closer to middle-income country levels would increase trade by 15%, double what would be achieved by converging on middle-income average import tariffs.

Two case stories reported on studies using cross-country data and econometric analysis to examine the link between aid for trade and trade costs. The UN Economic Commission for Africa (UNECA) drew attention to a forthcoming study which will show that an increase in aid for trade is associated with both greater export diversification and lower transportation costs [Africa, 104]. The Commonwealth Secretariat reported on studies which found that a 100% increase in aid to trade facilitation had been associated with a 5% fall in the cost of importing. Furthermore, there is evidence of a notable impact of aid for trade on export performance, where each additional 100% of aid for trade is associated on average with a 3.5% increase in merchandise exports, driven mainly by aid to economic infrastructure [Global, 34]. More generally, a study described in the German Development Institute's (DIE) case story discusses the difficulties and challenges faced by all actors and stakeholders in reconciling national and regional priorities in the design of their strategies [Zambia, 106].

Some additional case stories were not about specific trade facilitation programmes or projects, but focused instead on studies and reports conducted to analyse such initiatives. For example, in Uganda the World Customs Organization (WCO) Time Release Study (TRS) identified constraints to smooth customs procedures and made recommendations to enhance efficiency at the borders [Uganda, 239]. The Collaborative Centre for Gender and Development (CCGD) in Kenya submitted a case story on a project that included an analysis of the EAC customs protocol to determine its responsiveness to the needs of informal women cross-border traders; two surveys on the situation of informal cross-border women traders on the Tanzania-Kenya, Uganda-Kenya and Rwanda-Burundi borders; and sensitisation and advocacy activities concerning the findings of the studies, as well as measures to enhance women's participation in trade [Kenya, 54]. Also concerning gender, the International Trade Center (ITC) submitted a case story focusing on the need to mainstream gender in policies that establish special export zones [India, 58].

Another example is a case story submitted by the research centre, the Centre for International Economic Law (CDEI), on the unintended consequences of the International Network of Mesoamerican Highways (RICAM). The report bases its arguments on studies that have found that facilitating trade and travel, which is a clear objective of aid for trade infrastructure projects like RICAM, can have serious social and health-related consequences, such as the spread of HIV/AIDS. The authors suggest that RICAM and similar projects should adopt prevention strategies aimed at vulnerable groups [Central America, 3].

Integrated trade facilitation programmes

Mexico presents an example of linking the "export side" of trade facilitation with a more efficient "import side", as well as with improvements in domestic business regulations. A central component of Mexico's National Agenda for Competitiveness is the goal of improving import efficiency by reducing and simplifying tariffs. Between 2008 and 2010, the country unilaterally reduced its average industrial tariffs from 10.4% to 5.3%. By 2013, it expects that 63% of its tariff lines will be duty free, reducing its average industrial tariff to just 4.3%. All of these changes allowed Mexico to move up from 74 in 2008 to 22 in 2010 in the World Economic Forum's rankings for market openness. At the same time, the trade-distorting variance of tariffs will drop by one-quarter in standard deviation, i.e. from 9.0% to 6.6% by 2013. On the export side, Mexico has eliminated several export requirements and established an electronic single window to simplify access to required filings. In addition, an electronic application process has been adopted to accelerate business registrations. Mexico has also eliminated 12 234 internal regulations and 1 358 bureaucratic steps for businesses. It has been projected that this combination of regulatory improvements will save Mexican businesses and citizens USD 3.9 billion over a six-year period [Mexico, 114].

The case story from Costa Rica describes a process of combining gradual trade liberalisation and reform with a sustained policy of attracting foreign direct investment (FDI). Costa Rica is aiming for greater participation in global value chains through more targeted FDI policy. Its strategy for boosting FDI is based on further improving economic infrastructure, simplifying bureaucratic regulations, and increasing investment in research and development activities. Costa Rican officials saw the need to back domestic reform in regulations with an outward trade liberalisation effort, and to forge ahead with multilateral and bilateral trade agreements. The Inter-American Development Bank (IaDB) assisted the country in its efforts to develop capabilities to supply high-technology multinationals. This strategy has been fruitful: Costa Rican businesses are present in five major global value chains: electronics; medical devices; automotive; aeronautics/aerospace; and film/broadcasting devices [Costa Rica, 156].

Nigeria, the Lao People's Democratic Republic (Lao PDR) and Suriname provided case stories on projected outcomes of integrated facilitation programmes and projects. Nigeria's Strategic Trade Facilitation Action Plan tackles trading obstacles for both exporters and importers. It aims to reduce the number of documents needed to export from 10 to 4, while decreasing the time needed to export five-fold and lowering the average cost per container from USD 1 179 to USD 1 000. It also hopes to reduce the number of documents needed to import from 9 to 4 in order to keep the average time to clear an import below 5 days, and to cut the average cost of an imported container by around 23%, also to USD 1 000 [Nigeria, 7]. With a strong emphasis on infrastructure improvement and investment, Suriname's Improving the Trade Facilitation Environment project also integrates institutional improvement and customs reforms to reduce trade costs and thus attract increased trade through its ports [Suriname, 94]. However, this case story indicates the need to establish a formal body for co-ordination of trade facilitation projects, something that Nigeria has achieved successfully with a Trade Facilitation Task Force. Lao PDR [155] established a National Integrated Framework Governance Structure to improve communication between government ministries, development partners and the private sector, which is considered a success. Not all case stories are success stories or works in progress. Mongolia's Chamber of Commerce seems to have taken up the government's job of implementing trade facilitation projects, in response to complaints from the private sector that not enough was being done to achieve integration into international markets [Mongolia, 6].

Regional integration programmes and projects

The Regional Strategy for the West African Economic and Monetary Union (WAEMU) has spearheaded a wide variety of activities to promote trade, ranging from streamlined border crossings and customs procedures to harmonised tax policies and investments in capacity building. A case story provided by the Commission of the WAEMU gives an overview of the policies implemented to facilitate regional and international trade relations. A first evaluation in 2006 of the common trade policy showed an increase in both intra-regional and extra-regional trade for the Union, with intra-regional exports growing faster than extra-regional ones. Between 1996 and 2004, average intra-regional export growth reached 4.80%, against an average of 2.42% growth for international exports [West Africa, 266]. One of USAID's aid for trade programmes supporting regional trade facilitation, African Trade Hubs, seeks to encourage intra-regional trade by harmonising REC standards and trade protocols. This programme is considered a success. Contributing factors are local ownership, a regional focus, a mix of policy- and firm-level assistance, and effective private sector involvement [Africa, 175].

The United Kingdom submitted a case story on the establishment of its regional TradeMark Southern Africa, which supports regional integration efforts by the Common Market for Eastern and Southern Africa (COMESA)-East African Community (EAC)-Southern African Development Community (SADC) Tripartite to create an inter-regional free trade area and expand the region's capacity to trade. This case story highlights the need for flexible instruments and timing, as well as the importance of having both strong strategic leadership region-wide and REC ownership of the programme. Moreover, it emphasises the importance of regional and inter-regional programmes to lower the risk of duplication across the region [Africa, 148]. The importance of this approach also figures in the case story submitted by the Economic Community of West African States (ECOWAS) regarding the process of the Economic Partnership Agreement (EPA) development programme, Programme de l'Accord de Partenariat Economique pour le Développement (PAPED), between the Western Africa region and the European Union. The PAPED has been successful in providing a platform for development partners and EU members to co-ordinate their efforts and avoid duplication [Africa, 40].

Another case story submitted by the United Kingdom shows how the Comprehensive Tripartite Trade and Transport Facilitation Programme included steps to overcome the co-ordination challenges of implementing regional trade facilitation programmes. The first step was to identify existing trade facilitation programmes, at both the national and regional level, within the three participating RECs (COMESA, EAC and SADC). On this basis, the subcommittees of the Task Force decided whether to combine programmes or whether a particular initiative in an REC might be suitable for the rest to follow. This case story not only underlines the importance of having a coherent regional strategy, but also emphasises that implementation should be at the national level to ensure strong country ownership. The programme included among its objectives the harmonisation of customs, immigration and transport procedures throughout the region and the creation of a Joint Competition Authority on Air Transport Liberalisation [Africa, 145]

Building on existing trade facilitation programmes and instruments, Central American countries are also pursuing deeper integration. Mexico submitted a case story on efforts in this direction through merging the existing trade agreements among the region's countries: Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua. Despite delays in the start-up of negotiations, there is high-level political commitment to deeper integration (with full and early engagement of the private sector), which has resulted in the development of a Convergence Action Plan and a clear schedule of negotiations [Central America, 108]. Similarly, the Community of Sahel-Saharan States (CEN-SAD) submitted a case story referring to a potential merger of free trade agreements (FTAs) in its region, notably those of the Arab Maghreb Union (AMU) and ECOWAS. According to the case story, a key factor promoting a CEN-SAD free trade agreement (FTA) is the synergy between the existing RECs in the region, in addition to the proposed liberalisation scheme [Africa, 224].

Customs reform and logistics management projects

Some projects combined investments in infrastructure and accelerated customs procedures with regional integration programmes or projects. Sixteen case stories described government efforts to improve customs and logistics, while four reported results from studies analysing such efforts.

The Mesoamerica Project, for example, seeks to improve the ease with which goods are moved within Central America. This project, begun in 2008 and financed by the IaDB, has entailed investments in road infrastructure that by 2015 are projected to cut average freight travel times from 8 days to 2.25 days; accelerated customs procedures forecast to reduce the average border crossing time from 60 minutes to 8 minutes; and the creation of a regional electricity grid projected to reduce power generation costs by up to 20%. The project has modest accomplishments to date, including completion of survey work on the quality of roads, initial implementation planning for key measures, and completion of 90% of the backbone fibre optic cable for the region. While the overall project is generally on schedule, continued high-level official involvement is necessary to ensure its timely completion [Latin America, 120].

In Southern Africa, SADC is sponsoring the reform of a region-wide tariff system and customs administration as it moves towards full customs union. This project includes work on the legal and institutional framework, the common external tariff, a three-year training strategy to build capacity, and the organisation of Business Partnership Forums. These efforts, sponsored by the EU, are still in their initial phases [Africa, 15].

In Ethiopia, the World Customs Organization (WCO) reviewed the establishment of the Ethiopian Customs Authority. The case story describes the two phases of WCO support: an assessment; and implementation of the Customs Reform Programme. With the creation of the Ethiopian Revenue and Customs Agency, reforms were gradually implemented and higher levels of efficiency and effectiveness were reached [Ethiopia, 166]. In Uganda, the WCO supported the use of its Time Release Study (TRS), a tool developed to assist customs administrations in identifying bottlenecks and propose solutions to improve trade flows. With data collected through automated systems on records, questionnaires and surveys, the task force delivered very specific observations on the work needed to facilitate trade to and from Uganda. For example, border stations cleared goods much faster than inland stations (e.g. airports), with an average of one day of clearance time at the former compared to five days at the latter. Goods exempt from duties took longer to clear than those which were dutiable; the authors of the case story suggest the reason for this counter-intuitive finding is that exempt goods are examined more closely than dutiable ones [Uganda, 239].

The Asian Development Bank (ADB) submitted a case story on the Mongolia Customs Modernization Project, which sought to address outdated data processing systems, inadequate customs procedures and poor governance. The focus was on increasing and facilitating trade flows, enhancing duty and tax revenue collection, lowering the incidence of corruption, reducing trade barriers, improving the investment environment, and providing an information and communications technology (ICT) platform. The project resulted in an increase and upgrading of supply-side capacity in regard to hard and soft infrastructure, modernisation of customs procedures and implementation of an ICT platform, allowing 100% online submissions for export and import clearance. There was a dramatic decrease in import clearance time, from roughly 3 hours to 23 minutes, while export clearance time fell from 2 hours and 20 minutes to 13 minutes [Mongolia, 260].

It was estimated that the customs and logistics components of Tunisia's export development programme[3] would reduce cargo delays by about two-thirds – from an average of 10.1 days in 2003-04 to 3.3 days in 2010. Not only were the results seen at the border, but the project increased exports by more than USD 400 million by May 2010, with more than one-third representing new exports to new markets. Moreover, according to the case story, the project resulted in the creation of some 50 000 full-time and 50 000 part-time jobs for the firms involved [Tunisia, 130].

A much cited customs reform in Kyrgyzstan included implementation of a single window system, whose benefits are clearly illustrated in the case story submitted by the German Agency for International Cooperation (GIZ). This system led to a reduction in the number of export forms for some destinations by 60% between 2008 and 2011. The reform contributed to Kyrgyzstan's ranking in the World Bank's Doing Business index improving by 25 places from 2008 to 2010 in the foreign trade category, highlighting it as one of the top ten reforming countries. The way the system was introduced is notable. Together with local officials, specialists working with GIZ and the UN Economic Commission for Europe (UNECE) found that given the geographic and bureaucratic characteristics of Kyrgyzstan, Senegal had a single window system that would seem to fit it well. Experts from the GIZ and Central Asian officials therefore visited Senegal, where they were shown the technical aspects of the single window, its benefits, and, most importantly, challenges as well as solutions [Kyrgyzstan, 186]. Positive results were also obtained with the data harmonisation process to introduce the single window in the Former Yugoslav Republic of Macedonia. An independent survey in 2009 "reported a general reduction in costs and time across all procedures" [Macedonia (FYR), 189].

The examples so far have clearly shown the positive consequences that streamlined customs procedures and policy can have on international trade, employment, and business in general. The case stories from Burundi and Cameroon illustrate other important benefits: increased tax revenues, and greater transparency. In Burundi, tax revenues increased by one-quarter between 2009 and 2010 following implementation of the Burundi Revenue Office.[4] They exceeded the total five-year project investment [Burundi, 211]. Cameroon launched major customs reforms in 2007 and 2010 with the support of the Agence Française de Développement (AFD), the WCO and the World Bank. The purpose of these reforms was not only to facilitate trade by streamlining and modernising customs procedures, but also to increase transparency and reduce corruption in customs offices. Performance indicators showed the following results: the share of customs declarations assessed during the day they were registered increased; the variance in clearance time diminished, reducing uncertainty for traders; and tax revenue increased by 11.7%. Corruption was tackled by removing bad practices such as the possibility to readjust an already assessed customs declaration, although the authors of the case story believed that more needed to be done to eliminate corruption in customs offices [Cameroon, 64].

IT upgrading programmes

Some case studies described efforts to modernise information technology (IT) at border posts and customs offices. For example, the IaDB submitted a case story on the international transit of goods through the El Amatillo border crossing between El Salvador and Honduras, a border with one of the highest trade volumes in Central America. The IaDB supported the USD 2 million project to improve border clearance times and procedures through an electronic system for managing the flow of goods in transit by harmonising procedures and consolidating information and certificates into a single electronic document. Clearance times were reduced from 62 minutes to an average of 8 minutes. The project's success stimulated interest in neighbouring countries. With another USD 950 000 the IaDB helped to extend the procedures to Costa Rica, Guatemala, Mexico, Nicaragua and Panama. The customs clearance procedures will contribute to the realisation of the Mesoamerica Project [Central America, 122].

Colombia submitted a case story on digitalised certificates of origin. With the assistance of the IaDB, new procedures were put in place for issuing and receiving these certificates of origin. The new system helped reduce clearance times from an average of 2-3 days to 10 minutes, generating significant savings in both staff and administrative costs. The project was deemed highly successful, and survey results show that the single trade export window is making a solid contribution to trade facilitation, transparency and product traceability [Colombia, 226].

The introduction of the Automated System for Customs Data (ASYCUDA) was the main theme of three case stories. ASYCUDA, a customs management system developed by UNCTAD, is used by many countries to reduce customs approval times. Haiti, which showcased the introduction of the ASYCUDA system through a project funded by the IaDB, reported a reduction of clearance times from 4 days to 2 hours for some declarations. Haitian customs officials now also have the ability to pre-clear perishable goods and to exercise control over risk management. More importantly, ASYCUDA encouraged standardisation of customs procedures at as many as 10 Haitian customs offices [Haiti, 246]. Dominica also submitted a case story on the implementation of ASYCUDA, funded by the EU and the World Bank. This project focused on improving Dominica's trade facilitation and customs procedures and strengthening the country's Customs and Excise Division. The project had not been finalised, and no results were presented [Dominica, 230]. The EU funded a multi-country programme to implement the ASYCUDA World system in Aguilla, Montserrat, and the Turks and Caicos Islands. Due to financial strains caused by natural disasters in the countries involved, it stalled in early 2009. However, the EU granted an extension and, in December 2010, Montserrat finalised its migration to the system, which is now in the pilot phase [Montserrat, 5].

Brazil and Ecuador submitted case stories on the implementation of logistics-improving programmes to increase trade. Ecuador presented the establishment of the National Policy for Logistics, a strategy to strengthen logistics and trade facilitation with the financial support of the Andean Development Corporation (CAF) and technical support from the IaDB [Ecuador, 43]. From Brazil, the Universal Postal Union (UPU) presented the Exporta Fácil project, a postal export project for micro, small and medium-sized enterprises in South America. The project benefitted from the expertise of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) and technical co-operation provided by the Ministry of Communication of Brazil. Its main objective was to link these enterprises to international markets. Exporta Fácil was able to do this with the Brazilian post office becoming *de facto* a "single window". Exporters of parcels that weigh less than 30 kg and are valued at less than USD 10 000 need only go to the post office, fill in significantly fewer forms than would otherwise be the case, and pay less than with other shippers; moreover, the post office would act as guarantor towards the other institutions concerned, such as the Customs Office and the Ministry of Health. Four countries have so far adopted Exporta Fácil: Brazil, Colombia, Peru and Uruguay. The results have been significantly positive and encouraging [Brazil, 16].

Corridor projects

Increasingly, trade facilitation is being treated not simply as a border issue, but as an integrated challenge involving the whole of a transport corridor and multiple facets of trade. For example, the Greater Mekong Subregion (GMS) constructed bridges and roads in conjunction with its GMS Cross Border Transport Agreement (CBTA). Although politically complicated, the project eventually led to an agreement in 2006 among Lao PDR, Thailand and Viet Nam whereby each country would license 500 trucks to operate without restrictive cabotage provisions along the newly created East-West corridor. The savings, in terms of lower transport costs and reduced trans-shipment times, are expected to have a major impact on the region's development [Southeast Asia, 163].

Another example is the Northern Corridor Transit Agreement (NCTA) among Burundi, the Democratic Republic of the Congo, Kenya, Rwanda and Uganda, signed in the 1980s. The NCTA was created to harmonise customs procedures in order to ensure transit of goods, especially in the case of landlocked countries. Although no results are given in the case story, a comparison of trade costs incurred in transit across various corridors provides some interesting perspectives; for example, port clearance[5] takes 68 hours in the Northern Corridor but only 24 hours in the South Africa Corridor (Maputo-

Johannesburg), pointing to the fact that there is still room for improvement. One of the problems faced in this project is that signatories of the NCTA are members of different RECs with different rules on trade and transport, which inevitably complicates harmonisation of customs procedures [Africa, 265].

The East Africa Trade and Transport Facilitation Project, jointly undertaken by the member countries of the EAC and the Northern Corridor Transit Transport Coordination Authority (NCTTAA) with funding by the AfDB and the World Bank, has been successful in reducing trade costs in the region. The project is designed to improve traffic through the Northern Transit Corridor by supporting the implementation of the EAC Customs Union, strengthening the NCTTAA, providing investment and institutional support for trade and transport facilitation, and financing the key joint border posts in the region, among other components. The case story submitted on this project by the World Bank highlighted the following results: transit times from Mombasa, Kenya, to Kampala, Uganda, have dropped from 15 days to 5 days; and average waiting times in the port of Mombasa have fallen from 19 to 13 days. This means the average truck can make three trips per month along the corridor rather than the previous 1.5 trips, improving truck utilisation and reducing costs. These savings translate into higher incomes for farmers through earnings on a greater volume of exports. However, the case story stresses the need to continuously improve the capacity and efficiency of the corridor to deal with increasing trade volumes [East Africa, 129].

A case story from the ECOWAS Commission points to an important challenge faced by regional corridor projects like those mentioned above: effective dissemination of information to stakeholders. Through a gap analysis undertaken with the support of USAID, it was found that national laws and procedures relating to the ECOWAS Trade Liberalization Scheme (ETLS) were exceptionally hard to locate even for experts. This meant that traders and transporters were very unlikely to take full advantage of the trade facilitation instruments already in place. A survey among private sector respondents indicated a complex web of contradictory procedures and regulations which, in turn, lead to opportunities for corruption and unpredictable delays and costs – all strong trade deterrents [West Africa, 42].

Border crossing programmes

A notable objective of infrastructure programmes has been to simplify border crossings through one-stop border posts. Three case stories describe improvements to the Chirundu Border Post in Africa's North-South Corridor [Zimbabwe, 107; Southern Africa, 140; Zambia, 171]. With approximately 270 trucks passing each day, the journey through this border post between Zimbabwe and Zambia (the major port of entry into Zambia, and the busiest inland border point in eastern and southern Africa) was said to require "one-third driving and two-thirds waiting" [Southern Africa, 140].

The creation of the Chirundu One-Stop Border Post (OSBP) has greatly expedited movement through a common control zone, with equipment to provide pre-clearance of persons, vehicles and goods and improved work-flow efficiencies. The COMESA Secretariat has provided the institutional "home" and offices for the project, and the relevant national ministries of trade and commerce have provided essential political and policy leadership – vital because the project required legal reforms, the redesign and revamping of procedures on both sides of the border, new infrastructure, and new investments in information and communication technologies (ICT). Donors, including the Japanese government, DFID and the World Bank, provided resources for critical components. The benefits have been tangible: clearance times for buses and automobiles have been reduced by one-half, and those for commercial trucks have been reduced from 5 days on average to less than 24 hours. "Fast lane" trucks can be cleared in less than 5 hours. The OSBP resulted in more efficient traffic circulation, increased capacity for handling large volumes of traffic, reduced costs of doing business in the region, and increased revenues for customs offices. Moreover, positive spin-offs have been significant. Rapid, automated and standardised clearance procedures have reduced the illicit payments that multiple agencies previously charged for clearance procedures, while shorter border delays have reduced the sex trade and the spread of sexually transmitted diseases such as HIV/AIDS [Southern Africa, 140].

Zambia's case story on the Chirundu OSBP was presented jointly with the Ministry for Foreign Affairs of Finland. In their experience, the sequencing of activities was challenging, as was co-ordination at intra- and inter-country levels. Despite the progress made, human capacity and infrastructure constraints continue to hinder full implementation of the OSBP concept [Zambia, 171]. Zimbabwe also submitted a case story about this programme, funded by several donors, and noted that commitment from all stakeholders (including national governments and the private sector) was vital for the Chirundu OSBP to be successful. One major challenge, according to the authors, was to deal with the timely disbursement of funds. In light of the perceived success of the Chirundu OSBP, the Zimbabwean government recommends that additional aid for trade funds be targeted towards establishing more one-stop border posts across the region [Zimbabwe, 107].

Multi-country one-stop border posts are difficult to orchestrate and implement. As mentioned above, complex political, procedural and institutional changes are often required to advance the projects. These changes often threaten interest groups profiting from the status quo. Moreover, one-stop border posts usually require a level of intra- and inter-governmental co-ordination that can be politically challenging because it involves multiple levels of bureaucracy on both sides of the border. The difficulties involved in attempting to improve the Beitbridge Border Post separating South Africa and Zimbabwe – including lengthy delays in signing memoranda of understanding (MOUs) – highlights the need for effective and high-level intergovernmental co-ordination [Southern Africa, 267].

Hard infrastructure investments

Only about 5% of the case stories submitted addressed hard infrastructure programmes, which comes as a surprise given the significant amount of aid dedicated to such programmes. There might be several reasons why infrastructure was not better represented: in some case stories hard infrastructure might not be the main story, so that they were classified under another category; or the reported infrastructure projects might not be seen by recipient governments as directly related to trade. In fact, of the 14 case stories classified here as hard infrastructure, only 2 were submitted by recipient governments. Nevertheless, the case stories provide valuable insights into the importance of regional co-ordination of infrastructure initiatives and potential side effects, such as reducing the spread of HIV/AIDS along road networks.

Inadequate hard infrastructure is a significant supply-side constraint for trade, with varying importance across countries. OECD (2012) found that, for small vulnerable economies (SVEs), infrastructure is key to spurring trade performance and thus overcoming limited market size. Various studies have made the link between capacity to trade and different types of infrastructure. For example, Limao and Venables (2001) found that improvements in transport and communications infrastructure significantly reduce trade costs. Buys, Deichmann and Wheeler (2010) and Shepherd and Wilson (2009) found that road improvements can have substantial positive effects on trade volumes. Wilson, et al. (2005) found the same positive relationship between trade volumes and port improvements. Telecommunications are seen as increasingly important, as technology becomes more widespread and accessible. Freund and Wiehbold (2000), Park and Koo (2005) and Wheatley and Roe (2005) are just some of the studies that have found a positive link between telecommunications and trade flows.

Studies on trade-related infrastructure

For example, studies have found that an improvement in *transport and communications infrastructure* from the median score on surveys to the highest percentile is associated with a 12% decrease in transport costs, and this in turn is associated with an increase in trade volumes of 28%.[6] Moreover, these studies have shown that landlocked countries face higher transport costs, which are strongly related to the infrastructure of neighbouring transit countries. In East Africa, for example, goods bound for landlocked countries faced the time equivalent of at least three clearance processes in coastal countries. “Poor infrastructure accounts for 40% of predicted transport costs for coastal countries and up to 60% for landlocked countries.”[7] Furthermore, in the case of landlocked countries, it was calculated that improvements in their infrastructure from the 25th percentile to the 75th percentile would effectively overcome more than half the disadvantage of being landlocked (Limao and Venables, 2001).

Roads and railways are also critical to trade. Buys, Deichmann, and Wheeler (2010), in a study for the AfDB, estimated that an investment of some USD 20 billion, together with USD 1 billion in annual maintenance, would generate about USD 250 billion in overland trade over 15 years. Similarly, Shepherd and Wilson (2009) reached the conclusion that an “ambitious but feasible” road upgrade could increase trade by 50%. Burgess and Donaldson (2010) found that the vast railroad system built by the British in colonial India not only decreased trade costs, but narrowed inter-regional price gaps, increased regional and international trade, and increased real income levels.

Efficient *ports* are also essential to trade. Wilson, Mann and Otsuki (2005), in their study of trade facilitation in the Asia-Pacific Economic Cooperation (APEC), used a measure of port efficiency (an amalgamation of port efficiency, port facilities and air transport efficiency) and found that bringing below-average countries on the index up to the APEC average would produce USD 117 billion in additional trade within APEC.[8]

Telecommunications have also been shown to be critical and probably of increasing importance. Examining the impact of the internet, an early article by Freund and Weibhold (2000) looked at its potential role in regard to trade and concluded that a 10% increase in the relative number of web hosts in one country would have increased trade flows by 1% in 1998-99. The explosion in connections all over the world has undoubtedly altered these estimations. Park and Koo (2005) found telecommunications infrastructure to be a significant determinant of bilateral trade levels. Wheatly and Roe (2005) looked at international trade in agricultural and horticultural commodities between the United States and its partners, and undertook an analysis that differentiated the export and import effects of internet infrastructure and cost; they concluded that telecommunications effects depend critically on the perishability of products. Today the great majority of searches for internationally supplied inputs and consumer goods are likely to begin with the internet. This clearly indicates the importance of being online in order to advertise, purchase, and seek suppliers and markets.

Similar conclusions are found in studies that measure the combined effects of multiple types of infrastructure to examine their impact on trade. For example, Nordås and Piermartini (2004) looked at the quality of ports, the density of airports with paved runways, and the density of internet users and of mobile phone subscribers. They showed that port infrastructure matters for all sectors, while timeliness and access to telecommunications matters most in the clothing and automotive sectors.

Energy and electricity

OECD (2012) showed that electricity access appears to be a main constraint on trade expansion, particularly lack of reliability. Improving the reliability of electricity by 10% increased trade openness by almost 2% on average. The impact was larger on exports (2.4%) than on imports (1.7%). Zanzibar, together with the Union Government (of the United Republic of Tanzania) and Norway, provided NOK 400 million to finance the installation of submarine cables connecting the electricity grid on the Island of Pemba (in the Zanzibar Archipelago) to Tanzania. The 78 km cable will replace three diesel generators and increase electricity reliability, providing more efficient electricity to inhabitants for the next 20-25 years. This has had downstream effects: the availability of electricity made it feasible for the private sector to invest in a new hotel, with concomitant benefits for tourist export earnings [Tanzania, 135]. New employment opportunities, such as in hotels, were also mentioned as a result of the regional integration of energy grids between Benin, Nigeria and Togo under the NEPA-CEB Interconnection Project connecting Nigeria's power grid (NEPA) with that of Benin (CEB). One direct way in which the additional electricity benefitted trade was by providing farmers with refrigeration. This allowed them to preserve produce longer, giving them time to reach new markets with better quality goods. Nigeria, in particular, benefitted from the revenues of energy exports to the other two countries [Africa, 1].

El Salvador's FOMILENIO project is an integrated rural development initiative that focuses on human development (through education and training), productive development (through technical assistance in entrepreneurial development) as a result of investment in and loans to in six productive chains, and connectivity (through the construction of the Northern Longitudinal Highway), combined with investments in rural electricity. In total, 950 solar panels and 634 km of new electricity cables were installed, connecting more than 7 000 new rural households. The case story reports that an average of USD 41 was saved per family per year on electricity bills. Financed by the United States Millennium Challenge Corporation, the project has raised incomes, generated employment, and improved the rate of technological adoption [El Salvador, 233].

Roads

Improving roads is a common theme in the case stories. Kazakhstan and Kyrgyzstan collaborated to rehabilitate 226 km of road between their respective capitals, Almaty and Bishkek. The project was coupled with technical assistance to improve customs facilities, including new equipment and training for customs officials. The Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD) financed the roadwork, implemented by the ministries of transport and communications in the two countries. The EU's Transport Corridor Europe-Caucasus-Asia programme provided a parallel grant for customs reform. The project had numerous benefits: best practices were introduced into road planning and construction; and new livelihoods were opened up along the corridor, such as retail shops, taxis, car washing, roadside cafes and hair salons. Border crossings increased by 38% annually between 2000 and 2007, traffic volumes rose by 25% (relative to 1998), and Kyrgyzstan's exports rose by 160% [Kazakhstan and Kyrgyzstan, 10]. In Croatia, with partial financing from European development banks, a motorway of almost 150 km linking the capital, Zagreb, with the country's largest port, Rijeka, was completed in 2008. The volume of traffic to and from the port has risen in terms of both passengers and goods [Croatia, 228].

The United Kingdom submitted a case story on the North-South Corridor programme, a flagship programme of the COMESA-EAC-SADC Tripartite supported by TradeMark Southern Africa. This regional programme aims at assessing the rehabilitation and maintenance needs of the North-South Corridor road network. A noteworthy feature of the programme is an interactive global information system (GIS) map that allows anyone visiting the website (*www.trademarksa.org*) to access a constantly updated database on the roads of the North Corridor. The case story argues that the success of a regional aid for trade programme in reducing cross-border trade depends on the strength of regional institutions, as well as in solid technical and financial assistance [Southern Africa, 149].

In the Mekong Delta region, the governments of Lao PDR, Thailand and Viet Nam launched an effort in 1998 to connect their respective road networks in order to expand trade. With the support of the Asian Development Bank (ADB), the project identified critical road links necessary to expand regional trade among the three countries. To support transport and facilitate trade, the authorities reached a Cross Border Transport Agreement (CBTA) that covered nearly all aspects of goods and services flows, including customs inspections, transit traffic, and road and bridge design. As a consequence, average trade value rose by more than 50% to USD 142 million in 2006-07 compared with USD 93.5 million in 1999-2000. Average travel times were cut by half along the corridor. Time spent crossing selected borders also fell by 30-50%, and the average number of vehicle crossings per day increased. In June 2009 a CBTA allowed the issuance of licenses for some 500 trucks to operate along the corridor without trans-shipment fees [Asia and Pacific, 9].

A case story submitted by the Islamic Development Bank (IsDB) describes the Silk Road Project in Azerbaijan. This project sought to provide a direct land transport service by rehabilitating and reconstructing the Silk Road section of the Transport Corridor Europe-Caucasus-Asia (TRACECA) programme. The project involved more than 500 km of roads. The case story highlights that organising and implementing a project of such dimensions is a complex task that is rendered more difficult if local governments need to reach out to various donors, each of which has its own *modus operandi* [Azerbaijan, 74].

The WTO Academic Chair at the Mohammed V-Soussi University in Rabat, Morocco, submitted a case story on Morocco's national programme for the development of transport infrastructure in rural areas. This case story examines the mobilisation of resources from the AfDB, the AFD, the Arab Fund for Economic and Social Development (AFESD), the European Investment Bank (EIB), the Japan Bank for International Cooperation (JBIC), the Kuwait Fund for Arab Economic Development and the World Bank to support construction of rural roads. Despite some problems related to unforeseen costs and institutional co-ordination, work has proceeded smoothly, allowing a larger share of the local population than initially forecast to benefit from the programme [Morocco, 82].

Another case story underscored the importance of linking infrastructure investments to design safety in highway construction and driver and pedestrian education. The United Nations has noted that "road crashes claim the lives of more than 1.3 million people and at least 50 million people are injured on the roads every year" [Global, 236]. Similar issues were raised by the UN Economic and Social Commission for Western Asia (ESCWA), with the addition of the need to focus on harmonising institutional frameworks in the transport sector [Asia, 238]. A case story from Africa, which has particularly high road casualty rates, argued for setting up more adequate information systems, a clear locus of government accountability, regional targets for reducing casualties, public education, and improved road design [Africa, 229].[9]

The case stories also contain cautionary tales. One story noted that improved road infrastructure in the Central America-Mexico corridor *could* lead to the increased spread of disease, most worrisomely HIV/AIDs, if appropriate policies are not adopted [Central America, 3]. In Africa it has been shown that transport schemes that incorporate health measures at the programme or project level can slow the spread of disease significantly. Only recently have similar initiatives been incorporated in Central American road projects, and these are too new to be evaluated.

Ports

Efficient ports are also essential to trade. Wilson, Mann, and Otsuki (2003), in their study on trade facilitation in APEC, used a measure of port efficiency (an amalgamation of port efficiency, port facilities and air transport efficiency) in a gravity model and then carried out some simulations; they found that bringing below-average countries on the index up to the APEC average would produce USD 117 billion in additional trade within APEC.[10]

Fiji provides an example of how improving port services can be essential to boosting trade. The government, with support from the ADB, invested in the ports of Suva and Lautoka on the island of Viti Levu. Originally built in 1963, the port facilities were run down by the time the project commenced. They failed to meet modern standards and had insufficient space for container cargo. The project figured prominently in both the government's Strategic Development Plan 2003-2005 and the subsequent ADB programme. As a result, investments led to an increase in turnaround times and productivity improved from 5.2 to 8 containers per vessel-hour. Moves of cranes per hour nearly doubled from 11 to 20 [Fiji, 29].

Railways

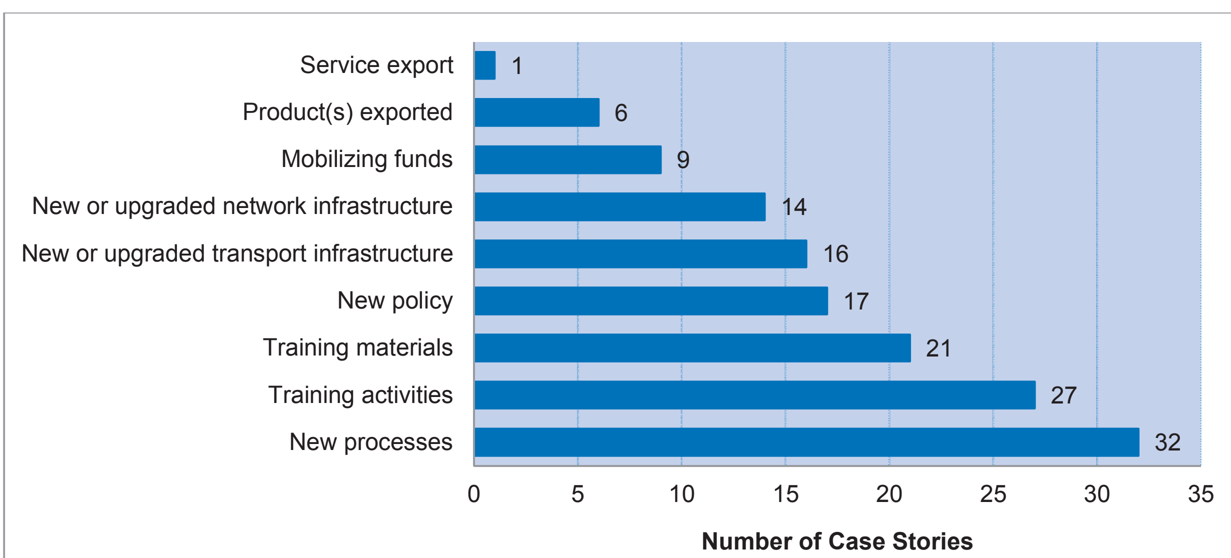
Adequately functioning railways are fundamental to effective participation in regional and global trade. Governments are just beginning to look for new ways to revitalise this type of infrastructure, often through public and private partnerships. Establishing well-functioning arrangements, however, is not easy and results are not automatic (Fischer, 2011). The success of any revitalisation effort hinges on getting designs right for anticipated volumes and speeds, getting operating regulations right to encourage full utilisation based upon adequate maintenance, and getting incentives right through correct pricing, investment provisions, and clearly stated obligations. A case story submitted by TradeMark Southern Africa reports that efforts to privatise railways in Southern Africa between 1990 and 2005 through long-term concessions, often with donor support, largely failed – mainly because of process and design flaws. The process took much too long, funding provisions were inadequate, the agreements were generally weak, and the choice of concessionaires was often poor in that there was a lack of serious bidders with appropriate skills and resources [Africa, 144].

Conclusions

Anderson and van Wincoop (2004) found that trade costs for developing countries can sometimes be twice as high as in developed ones. This chapter has looked at how investments in soft and hard trade-related infrastructure have led to new and improved policies, mechanisms and processes as well as better transport and network systems. Extensive delays in transporting and clearing goods at the border are a significant source of trade costs. In the sub-category of soft infrastructure, the integrated trade facilitation programmes in Mozambique [175] reduced clearance times from 30 days to 2-5 days. In Mongolia [260], a customs reform lead to a 90% reduction of export clearance times. However, the impact on trade of these reductions of time is not always straightforward. The case stories mostly have not yet been able to assess the long-term impacts of the programmes and projects described.

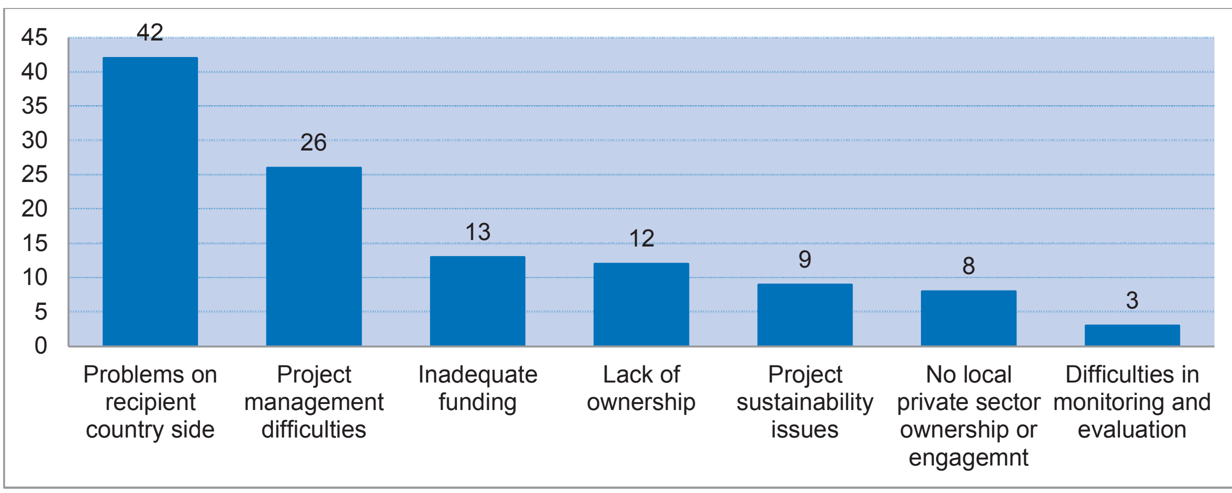
Figure 2.6 shows the number of case stories that report specific impacts. In a majority of cases, successful outcomes were reported in improving administrative trade processes and reducing clearance time at borders; many programmes also made good progress in training officials, particularly customs officials. Overall, this progress in terms of soft infrastructure has been seen to contribute to an improved business climate. In addition, a minority of cases focused on initiatives to improve hard infrastructure, where success was reported in fields such as transport and communication networks, contributing to faster movement of goods and communication. Relatively few of the stories referred explicitly to increased trade as an outcome, although this may be because of the time lag necessary to experience the actual effects of trade facilitation programmes and projects on trade flows.

Figure 2.6 Specific results reported in the trade facilitation case stories



The richness of the case stories lies in the fact that they were not meant to be technical reports on the results of programmes or projects, but to solicit information about what stakeholders consider are factors of success and failure. Some of the problems mentioned in case stories were recurring. Figure 2.7 shows how many times a problem was mentioned. Overall, the one mentioned most often related to conditions in the recipient country, including challenges such as inadequate staffing, high staff turnover, lack of local financial resources and political instability. These conditions were also cited most often in the case stories submitted by the governments who benefitted from aid for trade facilitation. The second most cited problem related to project management difficulties, including the lack of flexibility in case of exogenous factors that delay the implementation of a programme or project, or insufficient co-ordination between donors and recipients or donors' co-ordination.

Figure 2.7 The problem cited most often in the trade facilitation case stories was unfavourable conditions in the recipient country



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Although the impact of trade facilitation programmes and projects is not extensively reported in the case stories, the case stories that did mention results such as improved processes, training of officials, reductions of border clearance time, and improved business climate conveyed a positive message on the overall effects that such initiatives can have on trade expansion and economic growth. Achieving these results is strongly dependent on national ownership and political support at the highest levels: "presidential support was key to securing agreement and co-operation between ministries" [Kyrgyzstan, 186]. The case stories also highlighted the challenges of large-scale programmes and projects that involve not only several countries, but also multiple government agencies. However, they also indicated the great potential of such investments.

Notes

1. A further six case stories were submitted after the final deadline for submission. These case stories can be consulted on the joint OECD-WTO website: *www.aid4trade.org.*

2. Methodological problems abound in studying this relationship. Association by itself does not demonstrate causality, and the better studies employed lagged variables and other techniques to strengthen conclusions. Much of the empirical literature on the relationship of infrastructure to trade is based on the "gravity model". This model applies cross-country regression equations to bilateral trade among all trading partners and takes into account the volume of trade, controlling for the size of the respective economies and the distance between them. For example, two large countries will normally have greater bilateral trade than two small countries, all the more so if they are close to each other. The gravity model provides a way to control for expected trade levels and then measures the impact of other variables on trade volumes.

3. Tunisia's USD 50 million export development programme, funded by the World Bank, included a market access fund, a pre-shipment export finance guarantee facility, improved logistics management, and a customs procedures efficiency project.

4. With support from the Belgian government, the United Kingdom's Department for International Development (DFID), the German Technical Cooperation Agency (GTZ), the International Monetary Fund (IMF), the Rwanda Revenue Authority and the World Bank.

5. Includes only customs procedures, not physical clearance or movement of goods.

6. They took as an infrastructure indicator four components: the density of the railway per square km, the density of road and of paved road per square km, and the number of telephone mainlines per capita. This indicator has been widely used by other researchers to proxy for the quality of infrastructure cost, and thus the cost of transport and communication. See Carrère (2006).

7. Limão and Venables (2001), page 452.

8. Wilson, Mann and Otsuki (2003), page 16.

9. The World Health Organization (WHO) and the World Bank, working with other agencies, have mounted a major initiative on road safety. See WHO and World Bank (2004).

10. Wilson, Mann, and Otsuki (2003), page 16.

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Chapter 3

Building public sector capacities

Strengthening the capacities of the public sector in developing countries helps to promote their participation and integration into the increasingly complex international and regional trading systems. The 108 case stories in this chapter include programs that assist countries to adjust to trade liberalization and trade reform; technical assistance programmes to mainstream trade in development strategies; and training programs for government officials in trade policy.

Executive summary

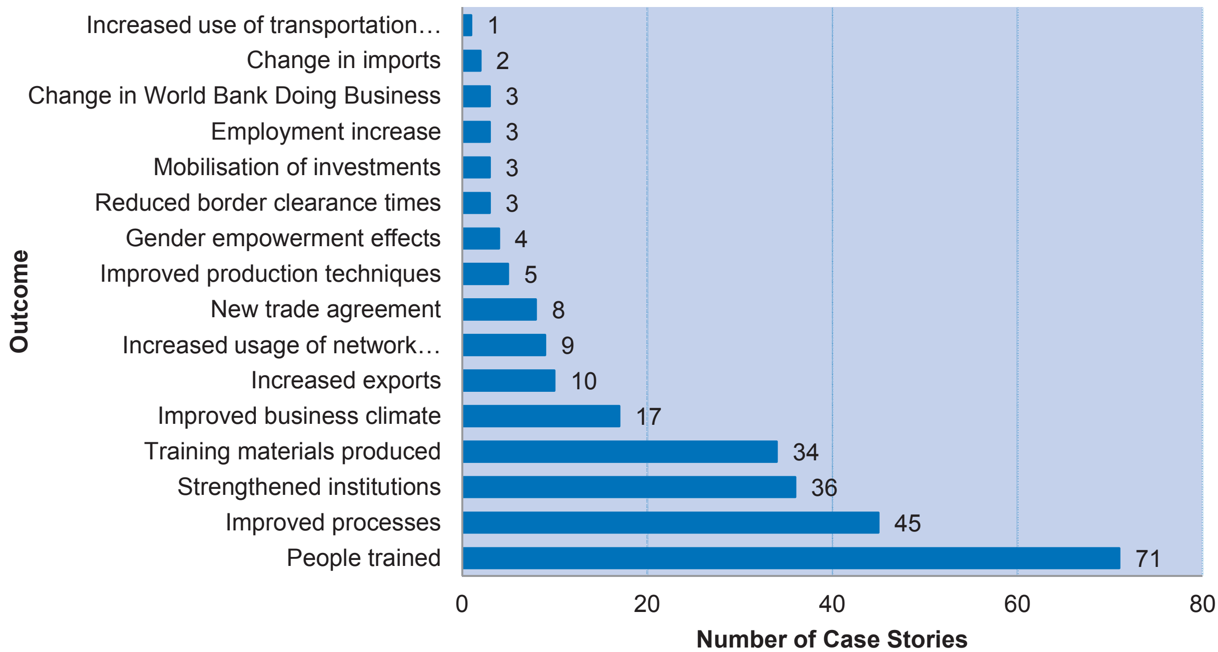
Developing countries integrating in the global economy need institutional and human capacities. Actively participating in the multilateral trading system also requires institutional capacities to implement coherent trade policies, as well as human capacities to identify the country's needs and design policy accordingly. The economic literature emphasises that the overall policy environment is crucial if trade openness is to provide long-term beneficial effects (Winters, 2004). Sound macro and fiscal policies (Baldwin, 2004), policies that incentivise private investment (Winters, 2004; Freund and Bolaky, 2008) and policies that promote human capital accumulation give trade policies more impetus. "Supporting compatible and complementary policies will help aid for trade to reach its objective of using trade as a development tool" (OECD, 2012).

This chapter covers case stories that deal with improving policy and building human capacity in the public sector. The first section concerns programmes and projects that assist countries to adjust to trade liberalisation or regulatory reform, but which leave domestic production vulnerable to international competition; technical assistance to better integrate trade policies in national development strategies; and programmes and projects that help developing countries comply with international standards for products and labour. The second section includes case stories that discuss initiatives to strengthen human capacity in the public sector by providing training on trade-related topics and on research for government officials, as well as building skills to implement and negotiate trade policies effectively.

This chapter covers the largest number of case stories, with 108 classified under efforts to improve policy (institutional capacity) or build human capacity. The most common results of the programmes and projects covered in the case stories include regulatory reform that improved the business environment and spurs investment; and the successful training of government officials, e.g. so they could participate effectively in fairly technical multilateral talks, such as those on standards and technical regulations, and help move their countries towards greater regional or international harmonisation in these fields. One specific benefit of such training has been its contribution to easing trade through the creation of local certification and accreditation systems.

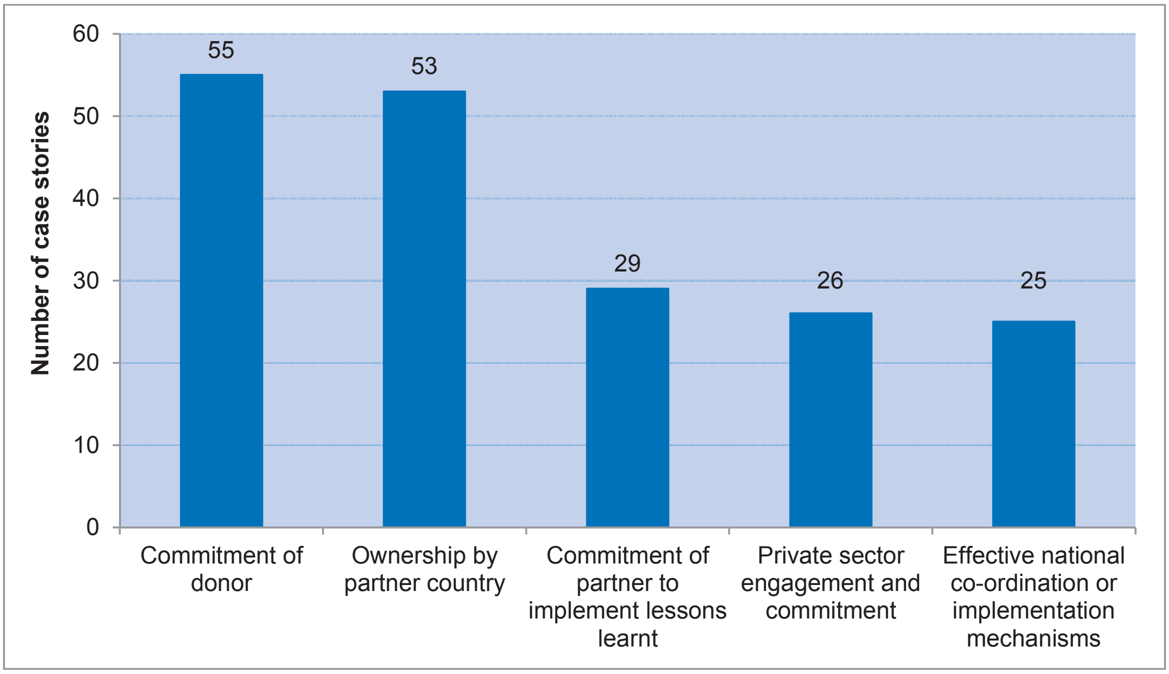
Figure 3.1 lists the outcomes mentioned most often in the case stories on building public sector capacities. It shows that 71 of the 108 case stories report that these programmes and projects resulted in increased capacity through training, which led in 45 cases to improved trade-related processes and in 36 cases to strengthened institutions. Some case stories also reported an improved business climate and increased exports as outcomes of capacity-building initiatives. Results in the area of reduced clearance time at the border, mobilisation of investment, employment increases, or change in imports were mentioned less frequently.

Figure 3.1 Outcomes reported most often in the case stories on public sector capacity building



Initiatives to build public sector capacities are highly dependent on national ownership to ensure results. This is especially true for those that focus on policy reforms. The case stories also highlighted the importance of involving all stakeholders in the design and implementation of a programme or project in order to take account of the views of as many people as possible when formulating policy.

Figure 3.2 The most frequently cited success factors in the case stories on public sector capacity building were donor commitment and ownership by the partner country



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Furthermore, engaging broadly with private sector stakeholders and civil society and obtaining their engagement in the reform process ensures greater sustainability of the reform process. Private stakeholders might pursue the objectives of the reform agenda, while governments might change their policies more frequently.

Some results at a glance

Support for trade adjustment

Mauritius, with the support of the Agence Française de Développement (AFD) and the World Bank, undertook around 40 different policy reforms to address the phasing out of sugar quotas, the end of the Multi Fibre Arrangement (MFA) and rising oil prices. As a result, exports and foreign direct investment (FDI) increased and gross domestic product (GDP) grew from 1.5% in 2005 to over 5% in 2007-08. China, with the help of the Canadian International Development Agency (CIDA), developed a programme to help small farmers adapt to increased import competition as a result of Mauritius's accession to the WTO. This programme trained more than 20 000 farmers, agricultural extension workers and government officials in food safety and WTO rules.

Improving national development strategies

In Honduras, exports increased by 23% following implementation of the country's National Competitiveness Programme. Countries in Latin America are more active in international sanitary and phytosanitary (SPS) discussions because the Inter-American Institute for Cooperation in Agriculture (IICA), with support from the United States

Department of Agriculture (USDA), trained 230 experts from 32 countries. In Kenya, the Centre of Phytosanitary Excellence for Africa has trained officials from National Plant Protection Organizations (NPPOs) from seven countries on pest risk analysis

Raising product and labour standards

A USAID funded programme resulted in the training of 4 300 people in the public and private sectors in Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua on SPS measures. In Niger, the UN Industrial Development Organization (UNIDO) implemented an EU funded programme to certify two laboratories and five firms in order to support SPS compliance. UNIDO also implemented a project to establish the Egyptian Traceability Centre for Agro-Industrial Exports, which trained over 1 500 people to conform with international food quality and safety standards. In Pakistan and Sri Lanka, 18 and 7 laboratories, respectively, attained international accreditation after receiving technical assistance. Results included higher revenues for the laboratories and an increase in the number of local firms receiving international standards certification.

Enhancing knowledge and capacities in the public sector

The Eastern and Southern African Management Institute and Lund University in Sweden, financed by the Swedish International Development Cooperation Agency (SIDA), provide vocational and university training to about 300 government and private sector representatives from least developed countries (LDCs) annually. Honduran officials have enhanced their active participation in the WTO following training of the country's officials in negotiation strategy by UNCTAD. Since 1996, the Singapore Cooperation Programme has trained more than 70 000 government officials from 169 developing countries.

Improving capacities to enforce intellectual property rights

In Viet Nam, the Swiss government provided assistance to establish an intellectual property regime compliant with trade-related aspects of intellectual property rights (TRIPs). Training of 240 enforcement officials was associated with accelerated IPR enforcement and raids to shut down violators.

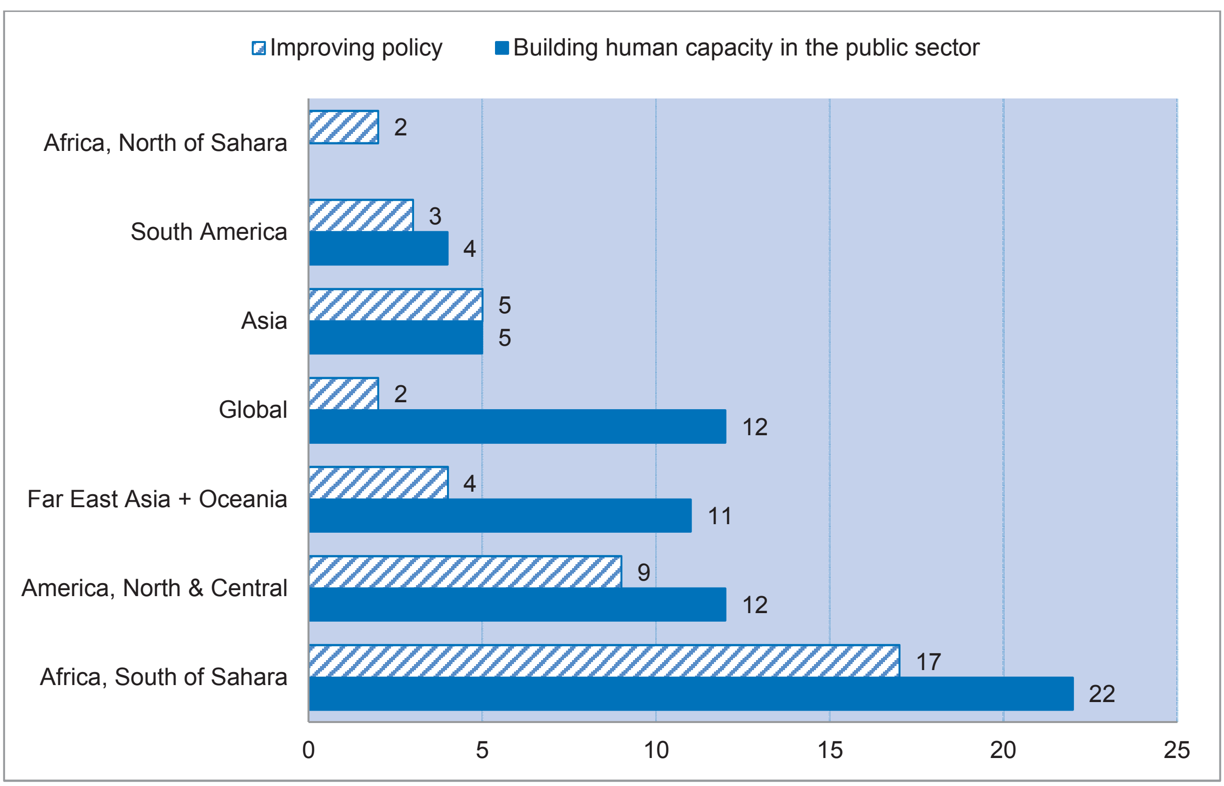
Introduction

The economic literature emphasises that the overall policy environment is essential to trade promotion – for increasing exports, importing more efficiently, or creating incentives for efficient import substitution This theme runs through Winters' twin reviews of trade and poverty reduction and trade and growth (Winters, 2004; Winters, et al., 2004). and the OECD's extensive work on aid for trade (e.g. OECD, 2012). The consensus is that increasing a country's openness can lead to long-term economic growth if complemented with sound macro and fiscal policies (Baldwin, 2002; Winters, 2004). However, developing countries have scarce financial and human capacities to implement such policies. The challenges posed by the increasingly complex economic context and the growing number of regional, bilateral and multilateral trade agreements are often too demanding for developing countries with scarce financial, institutional and human capacities. The Aid for Trade Task Force recognised this when it emphasised the need for adjustment assistance to accompany the Doha Development Agenda (DDA).

The potentially important role that adjustment programmes can play in assisting workers and firms to move from pre-liberalisation uncompetitive sectors into post-liberalisation competitive sectors is a main focus of this chapter. This chapter contains the largest number of case stories and covers the two sub-categories of programmes and projects intended to support a more efficient public sector. Forty-two case stories reported on programmes and policies that support policy reform aimed at helping developing countries adjust to a new post-liberalisation environment, integrating trade policy into national development strategies in line with the country's needs, and, among other things, improving the country's standards and standard-making procedures so as to better comply with international practices and thus better integrate into the global economy. Sixty-six case stories dealt with building institutional and human capacities in the public sector. A significant portion covered efforts aimed at building the capacities of government officials to design effective policies; to represent their country's needs effectively and with improved skills for engaging in bilateral, regional and multilateral trade negotiations; and, finally, to implement policies in a sustainable and coherent manner.

Figure 3.3 shows the regional distribution of case stories regarding efforts to strengthen the public sector. Sub-Saharan Africa was the region most frequently covered, followed by North and Central America, Far East Asia and Oceania, and global coverage. Least developed countries (LDCs) were the subject of 28 case stories that covered single countries, while only 14 case stories covered lower middle income countries (LMICs). Partner countries submitted almost half the case stories in this category, followed by international organisations.

Figure 3.3 Geographical distribution of case stories on public sector capacity building

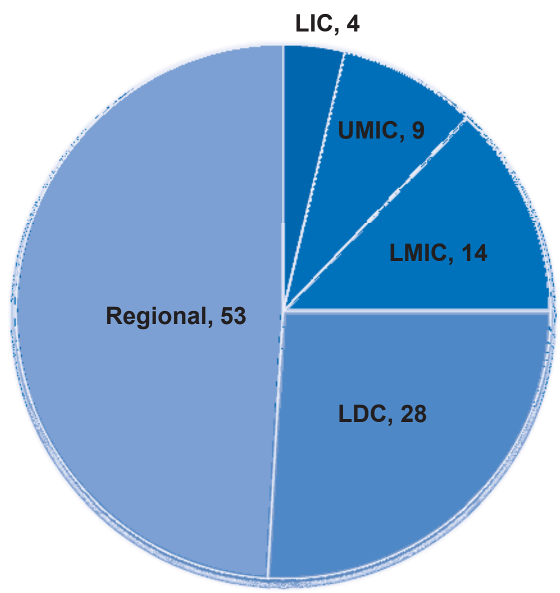


Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm*.

The largest number of case stories concerning public sector capacity building covered regional programmes, many of them LDCs

As shown in Figure 3.4, almost half the case stories (53) on public sector capacity building initiatives concerned initiatives at the regional or multi-country level. Among the single-country case stories, least developed countries (LDCs) accounted for the largest number (28) followed by low and middle income countries (LMICs), upper middle income countries (UMICs) and low income countries (LICs). This ranking is consistent with the overall distribution of the case stories and with the category on trade facilitation.

Figure 3.4 Number of case stories on public sector capacity building by country income group



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Improving policy

Of the 269 case stories submitted, 42 focused primarily on programmes that sought to improve policies to promote trade. These case stories can be grouped in three general areas: (i) programmes and projects that supported *trade adjustment*; (ii) those that supported changes in national *development strategy*; and (iii) those that supported adherence to *standards*.

In all, 12 case stories described efforts to assist workers in markets affected by increased competition due to trade liberalisation. In most cases, these governments' programmes and projects were supported by donors whose companies were competing in liberalised markets; in some case programmes and projects were financed domestically by a developing country. The case stories show that these initiatives have helped generate support for trade liberalisation and import competition by assisting displaced workers to find alternative employment, or by helping domestic firms to be more competitive on domestic and foreign markets. They also show that comprehensive programmes and projects are more successful.

Support for trade adjustment

The Mauritius case story involves archetypical "trade adjustment assistance", as recommended by the Aid for Trade Task Force. By 2006 Mauritius was suffering from a triple shock – the phase-out of sugar quotas, the end of the Multi Fibre Arrangement (MFA) and rising oil prices – that had dramatically slowed its previous high growth. In response to a government request, the World Bank provided diagnostics work that helped to lay the analytical foundations for subsequent reforms (World Bank, 2006a). Subsequently, the government announced a major reform programme comprising some 40 different policy initiatives. These included, among others, a reduction of tariffs and the establishment of an Empowerment Programme to assist workers and firms during the adjustment period. In a co-finance arrangement with the Agence Française de Développement (AFD), the World Bank provided several budget support loans totalling USD 175 million. The case story reported that, as a result, FDI increased, exports expanded and economic growth rates rose from 1.5% in 2005 to over 5% in 2007-08 (before the "Great Recession" induced another slowdown in 2009). The case story also noted that despite repeated requests for assistance, donors did not provide concessional finance because of Mauritius's status as a middle income country [Mauritius, 131].

To help China's agricultural sector adjust to international competition arising from its accession to the WTO, the Canadian International Development Agency (CIDA) worked with the Chinese government to develop a programme to help small farmers adapt to import competition. The five-year programme, launched in 2003 and funded with CAD 40 million, helped to train more than 20 000 farmers, agricultural extension workers and government officials in food safety and WTO rules. This was effectively a pilot programme that eventually led to follow-up programmes that are still being implemented in China [China, 89].

Private sector sugar producers in African, Caribbean and Pacific (ACP) countries were assisted by the Sugar Protocol Adjustment Measures Programme, funded by the EU, to adjust to the end of their preferential access to the European market. The programme aimed to help the private sector enhance the competitiveness of sugar and sugar cane production and to promote the economic diversification of sugar products [Caribbean, 31]. A case story from Antigua and Barbuda also referred to EU assistance to its rum producers and how these companies banded together, advocated a slower timetable for preference phase-outs, and invested in improving quality and product differentiation. In the end this programme helped the country's exports [Caribbean, 200]. The Caribbean Community (CARICOM) Secretariat highlighted the Caribbean Rum Sector Programme, also funded by the EU. A main focus of the programme was helping producers to offer more higher-value, branded products through upgrading existing manufacturing plants as well as through better marketing and branding support activities. The programme resulted in the introduction on the EU market of 18 new brands from the region. Locally, there was a 140% increase in the number of tourists visiting rum production facilities compared with 2003. Although employment in the sector remained stable at 6 000 jobs, the number of women employed in rum production rose 20% from 2003 levels. The programme also generated USD 140 million in tax receipts for governments, a 40% increase over 2003 [Caribbean, 23]. However, Fiji submitted a case story on the EU's refusal to disburse committed EU funds under the Adjustment Measure programme because of the country's 2006 political crisis. The case story reports that Fiji's sugar industry has suffered subsequently [Fiji, 243].

Another EU sponsored programme aimed to assist Azerbaijani exporters to take full advantage of the generalized scheme of preferences (GSP), which was being underutilised in that country. Through training public officials on the workings of the GSP and improved dissemination of information to SMEs, this initiative led to 2 154 certificates of origin being issued on goods exported in the first quarter of 2010, including 233 for products included in the EU's GSP scheme. With such certifications the products can now benefit from preferential tariff rates under the GSP [Azerbaijan, 12].

Some case stories described the adjustment process after import tariffs and non-tariff barriers (NTBs) are cut. Costa Rica, for example, implemented an ambitious programme of trade opening which saw tariffs reduced from an average of 46.3% in 1982 to 16.8% in 1989 and then (after it joined GATT in 1990 and CAFTA in 2009) to just 5.87%. During this period, the government received external support from the IaDB, the Central American Bank of Economic Integration (CABEI), the UN Economic Commission for Latin America and the Caribbean (ECLAC), the UN Conference on Trade and Development (UNCTAD), the Organization of American States (OAS) and the WTO. This assistance took different forms, including training of trade negotiators, the acquisition of specialised hardware and software, and programmes for small rural farmers, SMEs, and officials in charge of scaling up standards and certification (to help Costa Rica participate in global supply chains). Building on its growing trade negotiation experience, Costa Rica entered into FTAs with 42 countries – with the result that more than 75% of the country's exports entered foreign markets under preferential agreements. This contributed to strong economic growth and the reduction of poverty by more than one-third (from 28.3% of the population in 1989 to 18.5% in 2009) [Costa Rica, 157]. In Southern Africa, a project financed by TradeMark Southern Africa was aimed at monitoring and subsequently eliminating NTBs. Although the online monitoring system was still in its initial phases, the project had already raised awareness of the negative effects of NTBs on trade and resulted in co-operation among member states to remove them [Africa, 142].

During the Doha Round, 102 countries substantially reduced their tariffs on environmental goods and services (EGS), with positive impacts on import growth. It has been estimated that a 5% tariff reduction was followed by an import increase of 78.9% [Global, 167]. The example of Costa Rica and the analysis of EGS tariffs highlight the positive effects that cutting tariffs can have on international trade. However, reducing import tariffs has the immediate effect of decreasing government revenues per imported product; such revenue reductions should be accounted for as adjustment costs. A case story submitted by the Overseas Development Institute (ODI) made the argument that aid for trade disbursements do not reflect the adjustment costs incurred by some regions in Africa, and that monitoring should therefore ensure that aid for trade commitments are more reflective of regional and national needs [Africa, 147].

A case story submitted by TradeMark Southern Africa described COMESA-EAC-SADC efforts to create an FTA that encompassed existing regional agreements, with the objective of facilitating adjustments to the multiple engagements to which member countries of all three RECs are bound. The challenge is that many countries belong to multiple RECs and find it hard to implement different policy commitments which, at times, could be contradictory. The main objectives of the larger FTA envisaged by the Tripartite included eliminating tariffs and NTBs; harmonising rules of origin, intellectual property rights and standards and technical requirements (e.g. SPS); enhancing trade in services; and developing an effective trade dispute settlement process [Africa, 49].

Improving national development strategies

Experience has shown that trade reforms do not always deliver expected economic growth and poverty reduction benefits. OECD (2012) has argued that the impact of trade reforms on both trade and economic growth will depend on compatible and complementary policies. First, compatible policies such as an appropriate macroeconomic environment are needed to reduce the risk of policy reversal and make trade reform sustainable. Second, it is necessary to take steps so that firms can take advantage of new price incentives: steps such as building infrastructure, supporting financial and banking sector development, building public and private sector capacities, and undertaking regulatory reform.

The case stories provided many examples of national regulatory reforms supported by donors and partner countries under the umbrella of aid for trade:

- In Ghana, the Private Sector Development Strategy (PSDS) aimed to stabilise the macroeconomic environment by strengthening the financial sector, introducing new business registration procedures, developing infrastructure, and reforming the public sector, the legal system, and land and property rights. The programme resulted in several procedural improvements that appear to have lowered the costs of doing business and expanded trade [Ghana, 65]. Fiji's Trade Policy Framework was expected to provide a comprehensive policy and regulatory guideline for that country's trade and economic development policy, aligned with the overall national strategy [Fiji, 244].

- In Kenya, the Business Regulatory Reform Unit was created to oversee business licenses, fees and user charges. This entity, complemented by the elimination of burdensome bureaucratic requirements and increased dissemination of information for the private sector, led to "gains… in FDI flows, growth in local investments and business start-ups...growth in employment...and more efficient delivery of public services" [Kenya, 17]. Although not at such an advanced state as Kenya in this regard, Cape Verde has also started business regulation reform, likewise leading to increases in FDI [Cape Verde, 222].

- In Tanzania, Business Sector Program Support (BSPS) integrates three components to facilitate business and trade: reducing the costs of and simplifying doing business; building human and institutional capacity to enhance the country's access to international markets (including trade negotiations); and facilitating access to financing for SMEs. Results include greater participation in negotiations and increased awareness of international trade policy; however, it is not clear what results have been achieved so far regarding export capabilities [Tanzania, 248].

Regulatory reforms with a focus on increasing competitiveness were also common, and some had tangible results.

- For example, Peru's National Strategy for Trade Capacity Building (ENFCC) led to the reduction of tariffs from an average of 66% to 3.4%, and all forms of para-tariff restrictions on imports of goods were eliminated. Customs procedures were simplified and the state monopoly on food imports was liberalised. Peru held first place among

Latin American countries in the World Bank's *Doing Business 2011* report, ranking 36th overall in 2010 compared with 56th in 2009 [Peru, 137].

- Guyana launched its National Competitiveness Strategy (NCS), which included the Trade Transactions Public Private Dialogue Body, the Total Revenue Integrated Processing System (TRIPS) and the Single Window Automated Processing System (SWAPS) for Trade Transactions. Guyana was ranked 100th in the World Bank's *Doing Business 2011* report, compared with 113th in 2009 [Guyana, 245].

- Honduras presented its National Competitiveness Programme, *Honduras Compite*, which illustrated its efforts to translate the success of its textiles and apparel industry to other sectors of the economy. The main goals were to improve general productivity, improve the country's FTA benefits, and prepare key sectors to take advantage of regional integration strategies such as the Mesoamerica Project mentioned above. Results included effective strategic advice and training for Honduran officials involved in trade negotiations, reduced transaction costs through simplified administrative procedures for SMEs, security certification so that a major port could easily export to the United States, and quality certification of 30 companies through technical assistance. The programme also created awareness among participating SMEs of the value of customer preferences. During its effective period, Honduran exports increased by about 23%, with some products such as coffee experiencing an increase of up to 30% [Honduras, 247].

- In Jamaica, the National Export Strategy focused on the key export sectors: food and beverages, coffee, education, entertainment services, information technologies, fashion and minerals. No results were given in the case story, as most of the initiatives had yet to be implemented [Jamaica, 143].

- Several donors, including the UN Development Programme (UNDP) and the WTO, had supported Madagascar's trade capacity strengthening programme since 2003. This resulted in a more comprehensive trade policy that better reflected Madagascar's interests [Madagascar, 255].

Raising product and labour standards

Meeting international standards can create major barriers for exporters, particularly in low-income countries. The numerous case stories describing programmes to address this challenge therefore provide valuable lessons for future programmes. For example, a case story submitted by the Inter-American Institute for Cooperation on Agriculture (IICA) illustrated how the IICA helps developing countries improve their health and food safety systems, and thus expand their export possibilities, by providing all-round support from technical capacity building to the provision of financial and human resources, facilitation of contacts with the private sector, and easing access to markets for farmers [Latin America, 253]. Another example of a large-scale programme, submitted by the PTB,[1] was support for the creation of Quality Infrastructure (QI) in East Africa that would allow local producers to receive metrology certification for their produce in compliance with international standards. Two important lessons drawn from this programme are the need for strong national and regional ownership, and the need for commitment by recipient governments to make the medium- to long-term investments required for successful QI. Another lesson that emerged from the case studies is the need, as in Egypt, to have local staff with strong technical skills that provide continual support in regard to the sometimes very technical aspects of standard certification [Egypt, 159].

Overall, the case stories dealt with both product standards and labour standards. Of the 16 case stories concerning product standards, 10 focused on helping developing countries comply with sanitary and phytosanitary (SPS) measures. SPS measures have become an increasingly important topic in trade literature. De Frahan and Vancauteren (2006), Gebrehiwet et al. (2007) and Anders and Caswell (2009), to mention a few, found that these measures have a negative effect on trade, as they often impose requirements that are difficult for developing countries to meet. Moreover, Disdier et al (2008) found that SPS measures significantly reduced exports from developing countries to OECD countries while having no effect on intra-OECD trade. Assisting developing countries to comply with SPS measures, and thus to be able to enter developed markets, is important, especially since agriculture tends to be a major source of exports for developing countries.

Health and safety standards

The Inter-American Institute for Cooperation on Agriculture (IICA) in Latin America provided good examples of ways that donor assistance can be used to promote compliance with international agricultural standards and expand exports. With support from the United States Department of Agriculture (USDA), the IICA developed a five-year project, supplemented by WTO training courses, to encourage discussions on standards prior to each SPS meeting in Geneva. The project trained 230 experts from 32 countries during a series of 19 meetings between 2002 and 2008. It also supported the creation of national SPS committees in Latin American countries. The case story describes the project as a success, as Latin American countries are now able to play a bigger role in the SPS Committee at the WTO and to defend their interests more actively. IICA also put together Performance, Vision and Strategy (PVS) tools to help countries improve their national agricultural health and food services, improve compliance with SPS measures, create a common vision for public and private stakeholders in regard to their performance, and facilitate strategic planning. The major PVS components are technical capacity building, human and financial resources, interaction with the public and private sectors, and improving access to markets. The case story is optimistic about the results, in that the PVS tools have been applied in a number of Latin American countries. Countries have modernised their systems and designed specific strategies to address shortcomings [Latin America, 253].

The IICA also strives to consolidate the active participation of Latin American countries in the SPS Committee and help them make progress with implementation of the WTO/SPS Agreement. In all, 28 of the 34 IICA member countries participated in this project, which focused on preparing national agendas for SPS measures and then implementing four regional sub-projects in the Andean, Caribbean, Central American and South American regions. The project resulted in numerous training activities at the national and regional level, as well as in the production of operation manuals for national Codex and SPS committees [Latin America, 252]. According to one case story, the biggest obstacle to the success of this project was political influence that channelled human, institutional and financial resources away from SPS-related issues since these issues were not considered “important” enough [Latin America, 251].

The case stories provided many examples of programmes that train government officials on health and agricultural standards. The Caribbean Community (CARICOM) established the Caribbean Agricultural Health and Food Safety Agency (CAHFSA) and a regional SPS regime to help member countries strengthen and co-ordinate their agricultural health and safety systems by training officials. More than 100 officials were trained over five years in specific pest surveillance, identification and diagnostics [Caribbean, 24]. In Kenya, the Centre of Phytosanitary Excellence for Africa (COPE) regularly hosts workshops on phytosantiary regulation to improve national phytosanitary quality controls and increase the ability of African countries to compete in international markets by meeting international phytosanitary standards. The project has trained officials of National Plant Protection Organizations (NPPOs) from seven countries on pest risk analysis (PRA) and has created a PRA regional network [Africa, 92].

The German Agency for International Cooperation (GIZ), partnered with the EAC, has been implementing a project called "Establishment of a Regional Quality Infrastructure in the East African Community" that began in 2004 and runs until 2013. This project seeks to improve the Regional Quality Infrastructure (RQI) system in East Africa. The first phase consisted in laying out the legal framework that allowed the passage of the Standards, Quality, Metrology and Testing (SQMT) Act, which provides for harmonisation of standards in the region, mutual recognition of conformity assessments and quality marks, the establishment of testing laboratories, and the implementation of technical regulations. The project then provided technical assistance and human capacity building to support implementation of the SQMT Act. The results are promising: more than a thousand standards have been harmonised, accreditation services have been improved, all metrology laboratories in the EAC have been improved, linkages with international accreditation and standards bodies have been established, and intra-regional trade has ultimately benefitted, as shown by an impact study. A key factor of success was strong ownership on the part of the EAC [East Africa, 66].

The Southern African Confederation of Agricultural Unions (SACAU) supports the Southern Africa Development Community (SADC) by preparing delegates from member countries to attend conferences in international standards-setting bodies such as the Commission on Phytosanitary Measures (CPM) in Rome. This project seeks not only to sponsor delegates' trips to attend meetings, but also to prepare officials before the meetings on technical and scientific issues relevant to the CPM. This initiative has been a success, in that SADC members have been participating increasingly in the CPM and are aware of its workings. This should translate into better compliance with standards in their countries. However, more work remains to be done. As the case story mentioned, this project had only been active for four years [Southern Africa, 204].

The United States funded and implemented a programme to assist five Central American countries (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua) to comply with US and international SPS standards. This programme's implementation resulted in the training of 4 300 people in the public and private sectors in these countries [Central America, 223]. Chile provided funds through the OAS to contribute to strengthening the technical capabilities of officials responsible for the design and management of SPS systems in CARICOM countries. A capacity building strategy was developed, focusing on border inspection systems, laboratory systems, and procedures for inter-institutional co-operation among all agencies involved in animal and plant health and food safety. The project was considered to have been successful in strengthening the capabilities of CARICOM officials in charge of SPS issues [Caribbean, 169].

The Australia Fumigation Accreditation Scheme (AFAS) provided assistance directly to producers in India, Indonesia, Malaysia, Papua New Guinea, the Philippines and Thailand on quarantine risks at source. This project led to a significant reduction in the number of failed fumigations and facilitated cost reduction through increased surety of border clearance. It is estimated that USD 4.6 million was saved in re-treatment costs [Indonesia, 151]. Similarly, the Quality Support Export Diversification Programme funded by the European Union in Bangladesh aimed to increase the awareness of exporters, especially SMEs, concerning standards and conformity assessments for export markets in line with the WTO SPS and technical barriers to trade (TBT) agreements [Bangladesh, 208]. An important area in regard to such efforts has been improving the understanding of packing requirements, the lack of which had led to Benin's exclusion from the EU market in fisheries products in 2002. Belgium subsequently financed a project that allowed Benin to improve packing and harvesting standards in the fisheries sector and to re-enter the EU market [Benin, 14].

Meeting specific food and safety standards might have been considered a "niche" market a decade ago, but today it is becoming more mainstream, offering exporters that comply with such standards the potential for significant growth and product differentiation. For example, certified-organic exports from Uganda increased from USD 10 million in 2004-05 to USD 37 million in 2009-10 [East Africa, 102]. Developing and reinforcing organic production is not only a way to enter new markets with strict regulation. It is also important for protection of the environment in developing countries. The UN Environment Programme (UNEP) submitted a case story on the adoption of the East African Organic Products Standard (EAOPS) as the official standard for organic agricultural products in the region. The development and adoption of this standard has assisted in promoting organic production in East Africa and has served as a model for the development of other regional standards [East Africa, 61].

Setting up test laboratories

Setting up laboratories to perform quality checks is another approach aimed at improve developing countries' trade by meeting international standards.

- In Morocco, Spain supported a project to support the Technical Industrial Centres of the industrial complex of Sidi Maarouf, which included quality certification laboratories [Morocco, 179].

- In Niger, UNIDO implemented a programme, funded by the EUnion, to ensure that exports were meeting international SPS standards. Two laboratories and five firms received international certifications. An onion producer set up a system of traceability, and a metrology laboratory was installed to accompany a system of quality management [Niger, 83].

- In Egypt, UNIDO implemented a project to establish the Egyptian Traceability Centre for Agro-Industrial Exports. The four-year project trained over 1 500 farmers, food producers and packing houses on the implementation of traceability schemes that conformed to international food quality and safety standards [Egypt, 159].

- In Gambia, UNIDO assisted in the establishment of a National Standards Bureau to oversee national SPS and Codex standards for edible oil, labelling and advertising. It was also nearing completion of the refurbishment of a metrological laboratory.

Moreover, this project facilitated creation of the legal instruments to establish the National Standards Bureau [Gambia, 45].

- In Pakistan and Sri Lanka, UNIDO, with funding from the Norwegian Agency for Development Cooperation (NORAD) and the EU, helped 18 and 7 laboratories, respectively, to attain international accreditation and provide conformity assessments at lower costs. The success was evident: in Sri Lanka, the number of companies seeking accreditation from the laboratories grew by 72% between 2002 and 2009, while the laboratories' income increased significantly due to the increase in the number of customers. The laboratories also made a significant contribution to the impressive rise in fishery exports from both Pakistan and Sri Lanka [Pakistan, 115].

- Reinforcing these efforts, the Quality Infrastructure Development programme financed by the Swedish International Development Agency (SIDA) focused on aligning the regulatory and quality infrastructure in Sri Lanka with WTO and EU requirements. The project had impressive and fast results: the Sri Lanka Accreditation Board for Conformity Assessment (SLAB) received international accreditation from two major accreditation bodies (Mutual Recognition Arrangements of the Asia Pacific Laboratory Accreditation Cooperation [APLAC] and International Laboratory Accreditation Cooperation [ILAC]) before the project was even finished. The project provided technical assistance to more than 30 laboratories, which was more than expected, and the SLAB now has more than 75 trained assessors [Sri Lanka, 91].

To improve both product quality and market access, a standards-setting process must involve businesses as well as public officials. One lesson from ITC's Ethiopian Coffee Improvement Project was the importance of involving international buyers in the project's design. Their direct knowledge of export markets proved invaluable in designing effective interventions that led to the establishment of seven quality-testing laboratories [Ethiopia, 75].

Monitoring labour standards

In Cambodia, the World Bank's International Finance Corporation (IFC) joined with the International Labour Organization (ILO) to launch a programme called "Better Factories Cambodia" (BFC). Better labour standards attract reputation-conscious buyers who can turn to the BFC for monitoring results for a given factory. Using the BFC's factory-level data, Oka (2009) found that having at least one reputation-conscious buyer encourages factories to improve compliance. Other studies have shown that during the recent downturn, factories participating in the BFC programme (and similar certification programmes in other countries) suffered fewer order cancellations than non-participating factories. The BFC's monitoring mechanism involves unannounced factory inspection visits to ensure that working conditions (e.g. emergency exits, lavatory facilities, hours worked) meet approved labour standards. Moreover, by sharing supervision efforts, multinational companies and local inspections were able to consolidate their inspections and audits, all of which had the imprimatur of the IFC and the ILO. The programme was supplemented by training of supervisors and by an information management system to monitor working conditions. It is widely viewed as a success, improving not only working conditions but also productivity, as absenteeism and worker turnover rates have declined [Cambodia, 126].

Leveraging private standards

One emerging area of concern for developing countries is the way private standards increasingly impact trade flows. Their main critique of private standards is that, while not strictly mandatory, they effectively limit the potential exports of developing countries by imposing costs and challenges that harm small farmers, in particular (Dinham, 2003; Trienekens and Zuurbier, 2008; Narrod et al., 2009). Others, however, have pointed out that the incentive of being able to access larger markets through contracts with large retail stores improves farming prospects and practices in developing countries, which is beneficial in the long run (Jaffee and Masakure, 2005; Will, 2011). Large importing retailers or their associations often set these standards, whose relationship to national governmental measures is ambiguous. In 2008, UNIDO launched a forum to discuss these emerging standards involving private producers, governments and stakeholders. Sponsored by Norway, this dialogue eventually led to a guide, *Making Private Standards Work for You,* that shed light on a range of standards in three labour-intensive sectors (garments, footwear and furniture) of particular concern to developing countries [Global, 112].

Building human capacity in the public sector

Programmes that provided technical assistance to build government capacity in the fields of human and institutional resources figured prominently in the case story submissions. Almost one-quarter of the case stories (66) included descriptions of improvements in specific capacities at the country level. These included aid for trade for technical assistance and capacity building designed to improve skills for trade policy formulation, trade administration, negotiation and implementation of trade-related issues, and better business regulation.

The largest number of case stories about technical assistance involved countries in Sub-Saharan Africa, although there were also case stories from Cambodia, the Caribbean, and Comoros. While this category covered the most diverse activities, the case stories tended to cluster around three types of technical assistance projects.

- One cluster involved efforts at the global, regional, and country level to *enhance knowledge and capacities* to integrate trade policies into broader development strategies.

- A second cluster involved government assistance *to improve trade policy formulation* or to help with trade negotiations.

- A third cluster concerned efforts to help governments understand and implement specific trade-related laws and regulations, including new intellectual property regimes.

Projects to enhance knowledge and capacities

The Enhanced Integrated Framework (EIF)

The Enhanced Integrated Framework (EIF) was mentioned in 31 case stories, reflecting its importance as one of the most ambitious international programmes to build capacity for formulating and implementing trade policy. Created in 2007 out of earlier efforts to strengthen trade management capacities in LDCs, the EIF has its own secretariat and a multi-donor trust fund. These resources are put at the disposal of LDC governments to remedy shortcomings in technical staff and to finance small "seed" projects of their choosing. The programme also contributes to financing Diagnostic Trade Integration Studies (DTISs), which were started in 2001 to provide a comprehensive analysis of obstacles to the LDCs' integration into the global economy. These studies highlight technical assistance needs, around which donor support can be mobilised. Several of the case stories specifically mention experience with EIF-sponsored activities to improve the design of their trade policy.

Lesotho [150] described the ongoing effort to deal with the enormous trade problems it confronts, including being landlocked, being dependent on a single industry (i.e. garments), and having limited technical capacity. The EIF-assisted effort was essential to help Lesotho access aid for trade, as previously most donor support was directed towards the social sector at the expense of investments in potential sources of growth, many of them trade-related.

Zambia's case story [154] reports on the long (and at times bumpy) road to implementing a consistent trade strategy with the support of the EIF and its predecessor. The country's DTIS was validated by donors and government officials in July 2005, but because of insufficient stakeholder consultations, including within the government, the document was not approved until the following year. Implementation was further complicated by staff turnovers and limited technical expertise in the donor community – combined with the key implementing agency's limited capacity to carry out the reforms and projects suggested in the DTIS. Despite these difficulties, the EIF "achieved some notable results in Zambia". Raising awareness of the importance of trade to growth led to the inclusion of trade in Zambia's National Development Strategy and Poverty Reduction Strategy. It helped to introduce efficiencies in the economy and to mobilise additional donor resources; it also became the main mechanism through which Zambia accessed additional aid for trade resources and built productive partnerships with donor and NGO groups. This was demonstrated by Zambia's partnership with CUTS International, and the Finnish government, to identify new potential for economic diversification, promote awareness of trade opportunities through workshops, and identify supply-side constraints (such as infrastructure) that the government could redress with donor support [Zambia, 180].

Malawi's experience with the Integrated Framework (the predecessor of the EIF) has matured, but not without significant challenges and valuable lessons learned. The case story authors cited lack of government ownership in the process, inadequate funding, and lack of integration with national strategy as key factors that worked against the success of the programme. Especially important was the involvement of the Malawi government in the identification of needs and challenges. Results included the identification of supply-side constraints; the inclusion of trade policy within a more general framework of national policies; and improved data collection for customs and revenue through technical training for officials of the Malawi Revenue Authority (MRA) and the National Statistical Office. However, the authors of the case story mention that important projects identified in the Action Matrix were not addressed due to scarce financial resources [Malawi, 161].

In Nepal, capacity building provided within the EIF led to the creation of institutional structures that are now fully active: the National Steering Committee, the EIF Focal Point unit, the National Implementation Unit and the Inter-Ministerial Committees. Increased capacities have strengthened public-private co-ordination mechanisms, enhanced ownership of the trade development agenda, and allowed a promising initial phase of implementation of the Nepal Trade Integration Strategy [Nepal, 269].

The Democratic Republic of the Congo also presented a case story on implementation of the EIF. It showed the steps taken in implementing the recommendation and action matrix contained in the DTIS, which was validated in July 2010. The government was confident that the EIF programme would have positive results in terms of export promotion, competitiveness and market opening, with positive spillover effects on wealth creation and poverty reduction [Congo DR, 36].

Individual donors also provided technical assistance to trade officials in developing countries

There were examples of individual governments providing assistance for building human capacity and knowledge. The Chinese government assisted Lao PDR in preparing its Overall Plan for Comprehensive Development of the Northern Area in Laos. This plan consisted in having Chinese experts assist Lao PDR officials in formulating seven development documents to provide the basis for seeking international aid and attracting FDI [Lao, 109]. In a similar fashion, Japan assisted Cambodia in formulating a master plan for strengthening investment promotion data collection and dissemination and transfer of knowledge [Cambodia, 78]. Also in Cambodia, the Republic of Korea provided assistance that included joint research on key related topics, human capacity building and provision of equipment. The aim of this assistance was to build capacity to enhance both Cambodia's implementation of its commitments to the WTO and its integration in the ASEAN free trade area. Training was given to government officials working on trade of both goods and services. Although no results were explicitly mentioned, the case story considered the project a success [Cambodia, 79].

Trinidad and Tobago submitted a case story on its Services Trade Mission to Guadeloupe and Martinique. Its purpose was to allow officials of different government departments of Trinidad and Tobago to share expertise and information with their counterparts in Guadeloupe and Martinique. One of the main conclusions was that for Trinidad and Tobago to benefit from more aid for trade funds, it must improve the skills of its officials in project management to better prepare project proposals to potential donors [Trinidad and Tobago, 188].

The Czech Republic submitted a case story on government efforts to support officials in the Republic of Moldova in encouraging SMEs through the development of economic clusters. The project was well received by the Moldovan authorities, who showed an interest in establishing further contacts with Czech business entrepreneurs and experts to share their experience in economic clustering [Moldova, 35].

Region-wide efforts to increase knowledge on trade policy

In addition to efforts at the national level, regional capacity building projects were common in the case stories. One of the most ambitious training programmes arose from a 2006 joint venture between the Eastern and Southern African Management Institute and Lund University in Sweden, financed by SIDA, to provide sustained vocational and university education for African policy makers, particularly those from LDCs. Some 300 government and private sector representatives have been trained annually since the programme was launched. In 2010 alone, 617 participants were enrolled [Africa, 95]. Spain reported on its capacity building and training activities carried out in support of EIF countries. Participants from a list of priority countries were trained to act as focal points in the EIF development programmes [Global, 191]. Another case story described the OAS-sponsored programme for a Masters in International Trade Policy (MITP) in Barbados, offering a comprehensive course on trade policy theory and practice in the context of the Caribbean. Although the course was designed to build the skills of government officials, especially those involved in trade negotiations, the MITP has also led the way for certificate courses on trade policy for private sector representatives in the region. The programme is deemed a success, with increasing applicants as well as requests from other countries for assistance in developing similar programs (e.g. Colombia) [Latin America, 84]. Also in Latin America, the CIDA funded Trade Capacity Building Programme for the Implementation and Administration of Trade Agreements is training 500 government officials in trade policy and is helping to strengthen institutions responsible for trade policy design and management in Latin American and Caribbean countries [Latin America, 168].

In South East Asia, similar training programmes are under way. The International Monetary Fund-Singapore Regional Training Institute is a joint venture training officials in the region in macroeconomic and financial management and related legal and statistical issues. Since its establishment in 1998, it has provided over 200 courses for more than 8 000 officials from the Asia-Pacific region [Asia and Pacific, 261]. Singapore also submitted a case story on its continued efforts to build trade-related capacity for government officials around the world under the Singapore Cooperation Programme (SCP). Since 1996 the SCP has worked with the WTO on the Third Country Training Programme (TCTP), which runs about three capacity building programmes annually for countries in the Asia-Pacific region on topics such as TRIPS. The SCP capacity building programmes go beyond the Asia-Pacific region, with programmes in ASEAN countries on the Doha negotiations and in Latin America on airport and port management operations. Since its establishment in 1992, SCP has trained more than 70 000 government officials from 169 developing countries [Global, 263]. In partnership with the National University of Singapore and the WTO, annual three-month courses were organised between 2007 and 2010 on regional trade policy for senior officials from LDCs in the Asia-Pacific region [Global, 262].

The UN Economic and Social Commission for Western Asia (ESCWA) submitted two case stories [234 and 235] on strengthening the capacities of its members' civil servants of its members:[2] the first deals with training officials to negotiate bilateral investment treaties, and the second refers to a programme that trains officials to compile, disseminate and analyse data on FDI. In the first case study, about 50 government officials from Jordan and Syria were trained on issues concerning bilateral investment treaties. Some had never received such training. No results were given, as the case story the project was still under way at the time of writing. In the case study on data on FDI and its dissemination, encouraging results include the fact that numerous ECSWA members have adopted the software developed by the programme and are beginning to record data. In addition to providing the software, the programme held nine national training workshops for data collection officers with 280 participants. Separately, policy makers from SADC are receiving training sessions on how to mainstream gender into trade policy effectively. Customs officials have also been made aware of the vulnerability of informal cross-border traders, who are mostly women [Southern Africa, 55].

Making knowledge available

At the global level, several case stories showcased efforts to mobilise information for the use of developing countries. For example, the International Trade Center (ITC) described its efforts to provide data on market access for developing country exporters, including data on tariff and non-tariff barriers in major markets. Launched in 1999 at a cost of USD 22 million, the ITC's Trade Map and Market Access Maps now boast some 130 000 users. Originally a subscription service, the ITC began offering these tools at no cost in 2008 to allow the widest possible number of developing country users to better formulate negotiating positions and to seek new export opportunities [Global, 73]. Another example of a globally available tool – but one with a narrower user base – is UNIDO's *Trade Capacity Building Resource Guide,* a compilation of all current capacity building activities offered by the bilateral and multilateral donor community [Global, 113]. A third example of a global initiative is the Commonwealth Secretariat's effort to generate data and research on women in trade at the global, regional and national levels. This effort has produced, among other things, a *Gender and Trade Action Guide*, a website devoted to gender and trade issues, a research project on Gender and Women's Rights (sponsored by the EU), a women and trade advocacy campaign in several international forums [Global, 50], and a training programme which supported SADC's Gender Program in Southern Africa [Southern Africa, 55].

An additional channel for building capacities is through studies that evaluate and monitor completed or ongoing initiatives. Four case stories were dedicated to such studies. The Standards and Trade Development Facility (STDF) submitted three case stories that exemplify how these studies can serve to enhance capacity building programmes.

- The first case story concerned the STDF's work to establish the role of multi-stakeholder partnerships in promoting compliance with SPS requirements. It summarised the main findings and conclusion of this work, which included research and a workshop organised in co-operation with the Dutch Ministry of Agriculture, Nature and Food Quality and the World Bank. The case study concluded that establishing multi-stakeholder partnerships to address SPS capacity constraints and compliance is an effective approach that could be developed further in the context of the Aid for Trade Initiative [Global, 162].

- The second case story submitted by the STDF focused on the ongoing STDF/OECD work to identify indicators to measure the performance of national SPS systems. This case story highlighted preliminary conclusions and the potential to establish indicators for results-based management frameworks as policy tools to estimate impacts and support SPS decision making [Global, 250].

- The third STDF case story described the use of economic analysis methodologies to inform SPS decision making. The STDF has been working to develop a decision support tool through the application of multi-criteria decision analysis (MCDA) to enhance the quality and effectiveness of decision making on the allocation of resources for SPS capacity building in developing countries. The MCDA will be accompanied by a training package to equip experts in developing countries with the knowledge and skills to apply this tool [Global, 268].

With a focus on women, the Consultative Group on International Agricultural Research (CGIAR) presented its Gender and Diversity Programme and its flagship project AWARD (African Women in Agricultural Research and Development), which promotes the inclusion of more African women scientists in research and development (R&D) institutions. While the total number of women employed has increased significantly, women hold only 16% of management positions and women from developing countries hold only 6% [Global, 51].

Projects to enhance negotiating and implementation capacities

Aid for trade has been increasing the capacity of officials to negotiate effectively, to understand the full policy and legal implications of agreements, and to implement them once they are agreed. For example, the Organisation of Eastern Caribbean States (OECS) participated more effectively in WTO negotiations because of the support it had received from the Canadian International Development Agency (CIDA) since 2000. The OECS set up a mechanism to facilitate and maintain a common OECS trade strategy, improve its ability to meet trade agreement obligations, and strengthen its negotiating capacity at international trade arenas. The programme included training activities for trade policy officials, technical studies to provide more information for better negotiations, and financial resources to allow countries' delegates to attend international forums. The OECS considers the activities to have yielded satisfactory results for its member states [Caribbean, 259]. Spain also submitted a case story [203] on how, through its financing, UNCTAD provided distance learning courses that, among other things, aimed to improve the negotiating capacities of civil servants so as to facilitate investment flows towards Latin America. UNCTAD and DFID joined forces in the project "Strategies and Preparedness for Trade Globalization in India" to enhance trade negotiations and supporting submissions from India to the WTO Doha Development Agenda. The first component of the project organised 76 stakeholder consultations, which brought together a broad range of stakeholders (from remotely located farmers to academics, consumer organisations and policy makers), provided technical assistance to the Department of Commerce in India, and set up quantitative tools for analysis in sectors where it was lacking. The second component included trade adjustment assistance to SMEs that would face stronger competition in the case of FTAs, and training sessions to improve the quality of agricultural produce as well as to improve the general awareness of international standards on health, safety and the environment. Initial results show increased exports in the agricultural products covered [India, 53].

In Latin America, UNCTAD also implements capacity building programmes. For example, Honduras requested assistance to create a trade facilitation task force with which to develop the country's negotiation strategy and position in WTO negotiations. Honduran officials have since actively participated and co-sponsored initiatives in WTO working groups [Honduras, 101]. In Indonesia and Viet Nam, the EU funded trade support programmes to provide training on WTO commitments and negotiating capacities. In Indonesia, special attention was given to training on health standards for the country's frozen fish and shrimp industries [Indonesia, 72 and Viet Nam, 195]. The Trade and Poverty Programme in Botswana, funded by the United Kingdom, also includes training officials in trade policy formulation, negotiation and implementation [Botswana, 219].

A requirement for WTO membership is a periodic Trade Policy Review (TPR) of each member's policies. The WTO has piloted the inclusion of a review on aid for trade within the TPR process in six countries (Belize, China, Honduras, Malawi, the United States, and the joint TPR of Benin, Burkina Faso and Mali). This process has proven especially useful for middle income developing countries (MIDCs) and LDCs, which have used the TPR process to enhance internal co-ordination on aid for trade priorities, develop national aid for trade strategies, and collaborate with regional institutions to take forward recommendations made during the TPR process [Global, 205]. In view of

Viet Nam's accession to the WTO, USAID helped mobilise 52 state agencies to reform policies to better adapt to a market-driven economy. The results of the programmes were not limited to increased trade between the US and Viet Nam. Government officials were also trained in bilateral trade negotiations, and the judiciary system was strengthened [Viet Nam, 232].

Projects supporting Economic Partnership Agreements (EPAs)

Support for the negotiation of Economic Partnership Agreements (EPAs) with the EU was a common thread running through many of the case stories. The EU, through its Hub and Spokes programme, has endeavoured to strengthen the capacity of trade policy officials in the African, Caribbean and Pacific (ACP) countries to formulate negotiating positions in the WTO and in EPAs.

- The Caribbean project adopted a "bottom up" approach that included the formation of Public-Private Consultative Groups (involving entrepreneurs, NGOs and government officials), the appointment of a regional trade policy advisor to the Caribbean Community secretariat and to the OECS secretariat, and funding of trade policy analysts for Dominica, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. Collectively these efforts laid the foundation for the negotiations of the Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States (CAROFORUM) with the EU on its EPA arrangements, for training staff in rules of origin, and later for setting up an implementation road map for EPA provisions. The programme also sponsored technical assistance to help bring several countries' export subsidy programmes into compliance with WTO rules [Caribbean, 22 and 258].

- In Jamaica, the Hub and Spokes programme financed the consultancy work of an expert trade analyst who helped the Ministry of Foreign Affairs develop policy and negotiating positions on specific issues, notably trade in services [Caribbean, 182].

- Burkina Faso also presented a case story on how the Hubs and Spokes programme provided technical capacity building for formulating, implementing and negotiating trade policy, helping the country meet WTO transparency requirements and increase the information available to negotiating committees. More than 1 100 government officials were trained [Burkina Faso, 220].

- The case story provided by the West African Economic and Monetary Union (WAEMU) describes a similar experience in its region. As a result of the EU's Hub and Spokes programme, the WAEMU Commission established a Regional Advisory Committee for Trade Negotiations with the mandate of formalising policy issues and trade negotiations at the regional and national levels. The programme also provided assistance to improve public-private sector dialogue and intra-regional co-operation between ACP states [Africa, 33].

- In Sudan, the EU funded the Sudan EPA Negotiation and Implementation Support (SENIS) for the development of the country's trade negotiation capacity [Sudan, 93].

Regional technical assistance programmes

Since 2000, the Asian Development Bank (ADB) has also taken a more regional approach to improving countries' trade negotiating capacities. Its objective has been to strengthen the capacities of officials in the Asia-Pacific region to design, negotiate and implement effective trade agreements. The initiative is based on four pillars: information and transparency; capacity building; research; and advocacy. The first pillar includes provision of several databases on key elements on existing FTAs. The second pillar on capacity building comprises training courses on WTO issues and agreements (e.g. the Doha Round negotiations), as well as distribution of printed practical manuals on trade for government officials. The third pillar concerns dissemination of research papers on regional economic integration through working paper series. The fourth pillar relates to the ADB's efforts to facilitate bilateral, regional and global forums to share best practices and create partnerships. The case story is optimistic about results, mentioning hundreds of thousands of downloads of its databases and manuals, more than 600 trained officials, and the publication of a dozen articles and hundreds of working papers [Asia and Pacific, 11].

For more than two decades, the Inter-American Development Bank (IaDB) has made a sustained effort to strengthen trade negotiators' capacities throughout Latin America. This effort has evolved over time, from a focus in the mid-1990s on preparing for the Free Trade Area of the Americas (FTAA) negotiations to the current focus on administering intra-regional free trade agreements, especially implementation of market access commitments (including help with rules of origin) and improving trade facilitation (including the interoperability of single windows). The IaDB's longstanding support for this type of activity has produced distinct benefits: greater negotiating skills, better intra-regional knowledge of existing productive capacity, and improved co-ordination of trade-interested actors within countries [Latin America, 213].

UNECA's African Trade Policy Centre (ATPC), established in 2003 with funding from CIDA, offers trade-related technical assistance to governments in Africa to design and implement coherent trade policies and increase international trade from and to the continent. ATPC can take credit for a number of success stories: it was the driving force behind the African Alliance for Electronic Commerce (AAEC);[3] after a feasibility study of Ethiopia's dry ports was conducted, a number of development partners expressed interest in investing in the country; and it has led the way in discussions on trade and gender, with several workshops organised on the subject [Africa, 97].

The Islamic Development Bank's (IsDB) road map for aid for trade for the UN Special Programme for the Economies of Central Asia (SPECA) seeks to provide member countries[4] with the technical assistance needed to identify regional and national priorities for trade, to mainstream these priorities in their development strategies, and to find financial resources from development partners to implement trade-enhancing projects [Asia, 192].

In addition to these direct efforts to strengthen negotiation and implementation capacities, there are programmes for knowledge creation and research that inform negotiators about the consequences of alternative policies. Development banks, development institutes, universities and NGOs have produced a rich literature on the implications of the Doha Development Agenda (DDA), of regional free trade arrangements, and of bilateral trade and investment. These resources were generally not the subject of the case stories. An exception was the World Bank, which described its analytical work on environmental goods and services in relation to the DDA [Global, 167].

Improving capacities to implement intellectual property rights

One recurrent theme was intellectual property rights. For example, the International Development Law Organization (IDLO) trained some 200 officials and private stakeholders in ways to use intellectual property rules to promote development in four African countries: Ethiopia, Mozambique, Namibia and Zambia. This led to the adoption of a new Intellectual Property Policy [Africa, 69] and a set of recommendations for the Trademark Act of Zambia. It also fed into the intellectual property discussions that were part of the EPA negotiations [Africa, 69]. Similarly, in Cambodia the Republic of Korea sponsored four types of training for 34 government officials in 2005, as well as joint research on policy issues, for the most part associated with the adoption of regional agreements, SPS standards and intellectual property rights. Later, this training helped officials to organise a larger effort in the form of a sector-wide approach [Cambodia, 79]. In Viet Nam, the Swiss government provided assistance to the authorities' efforts to establish a TRIPs-compliant intellectual property regime in three phases as part of their accession to the WTO. This involved help with the legal framework, the provision of administrative services, the teaching of IPR at universities, and sharing work on geographic indications and on the protection of traditional cultural expressions. It contributed to the adoption of a new law on intellectual property in 2005; the setting up of IPR courts in 2007 and of an IP institute; and the transfer of knowledge on valuation issues. Training of 240 enforcement officials was associated with an acceleration of IPR enforcement and raids to shut down violators. Follow-up courses on geographic indications (GIs) provided by Switzerland and France prompted Viet Nam to register three new GIs: Lang Son star anise, Doan Hung grapefruit and Vinh orange. Viet Nam and Switzerland later teamed up to provide similar assistance to Laos [Viet Nam, 96].

The International Centre for Trade and Sustainable Development (ICTSD), with financing from the United Kingdom's Department for International Development (DFID), has provided technical assistance to five countries (Bangladesh, Rwanda, Sierra Leone, Tanzania and Uganda) to undertake needs assessments for the implementation of IPRs beginning in 2007. These efforts helped the countries take advantage of the WTO TRIPS Council invitation to submit needs assessments for possible donor finance [Global, 249]. There is a similar initiative in the Caribbean, where a group of regional stakeholders is beginning a programme to leverage intellectual property rules. This public-private group – including the Caribbean Association of Industries and Commerce, Caribbean Export, the Office of Trade Negotiations of the Caricom Secretariat, the OAS and others – is setting up a training programme for entrepreneurs in three products (Grenadian nutmeg, West Indian Sea Island Cotton, and one to be named from Belize) [Caribbean, 170].

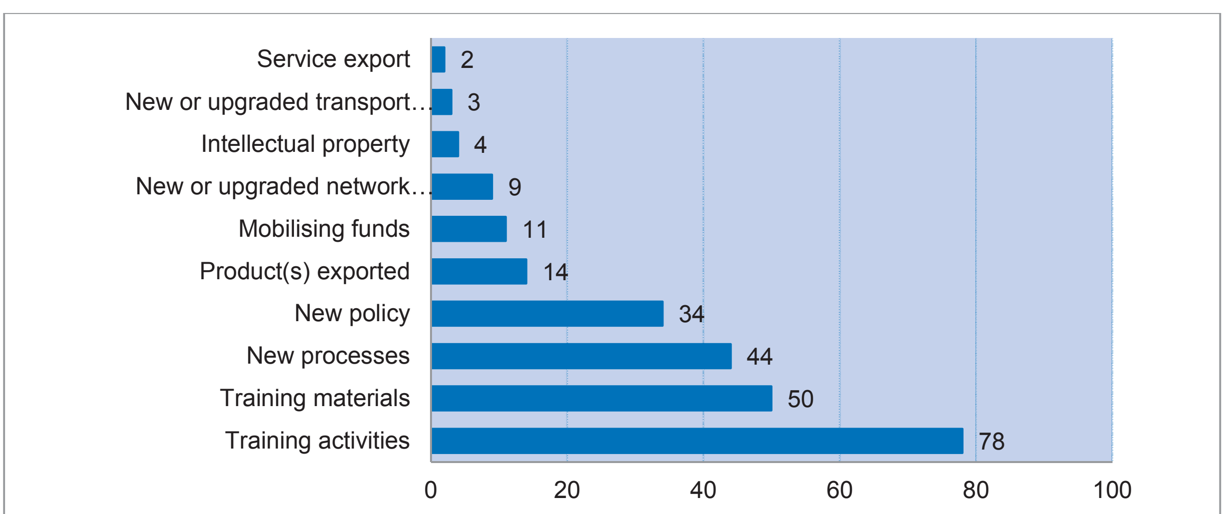
Although specific results from aid for trade in support of IPR are hard to identify in the short term, activities such as those described in the case stories may eventually provide dividends in terms of earnings for music and transitional knowledge and in terms of of greater foreign direct investment (Finger and Schule, 2004; Maskus, 2005; Javorcik, 2005). A few case stories specifically argued that new IPRs could produce significant effects on growth of trade and FDI. In Jordan, for example, the signing of a free trade agreement with the United States provided impetus to put in place new intellectual property regulations in 2001. This was reported to have fostered the expansion of a fledgling generic drug industry. By 2010, 16 pharmaceutical companies had sales of more than USD 500 million and were exporting 81% of their production to over 60 countries. The largest company, Al Hikma Pharmaceuticals, has subsidiaries in the United States, Europe, and throughout the Middle East and has expanded its domestic R&D activities into a global network of laboratories [Jordan, 173]. A case story from Colombia reiterated the importance of implementing IPRs, while pointing out the difficulty of doing so without the technical, financial and human resources needed to prevent, identify and sanction IPR violations [Colombia, 227]. Other similar stories, submitted by the World Intellectual Property Organization (WIPO) using its IP Advantage database, are reported for beer exports from Lao PDR [Lao, 172] and Marula oil from Namibia [Namibia, 134]

Conclusions

The technical assistance programmes and projects described in this chapter can rarely claim to have directly increased trade flows. Nor can their impact on development be easily evaluated. In general, the impacts of initiatives that aim to improve policy and build capacity mainly appear in the longer run. Nonetheless, some impacts were mentioned in the case stories: increases in regional trade were cited in 19, while general export growth received 15 mentions and FDI mobilisation 10. In contrast, the outputs most frequently cited were simply successful capacity building. For example, the case stories provided examples of successful adjustment to post-liberalisation environments, as in China [89] and in the Caribbean [23] rum sector. In all, 21 case stories described initiatives that successfully trained officials, and at times businesses, on health standards with the goals of increasing compliance with international standards and enhancing productivity.

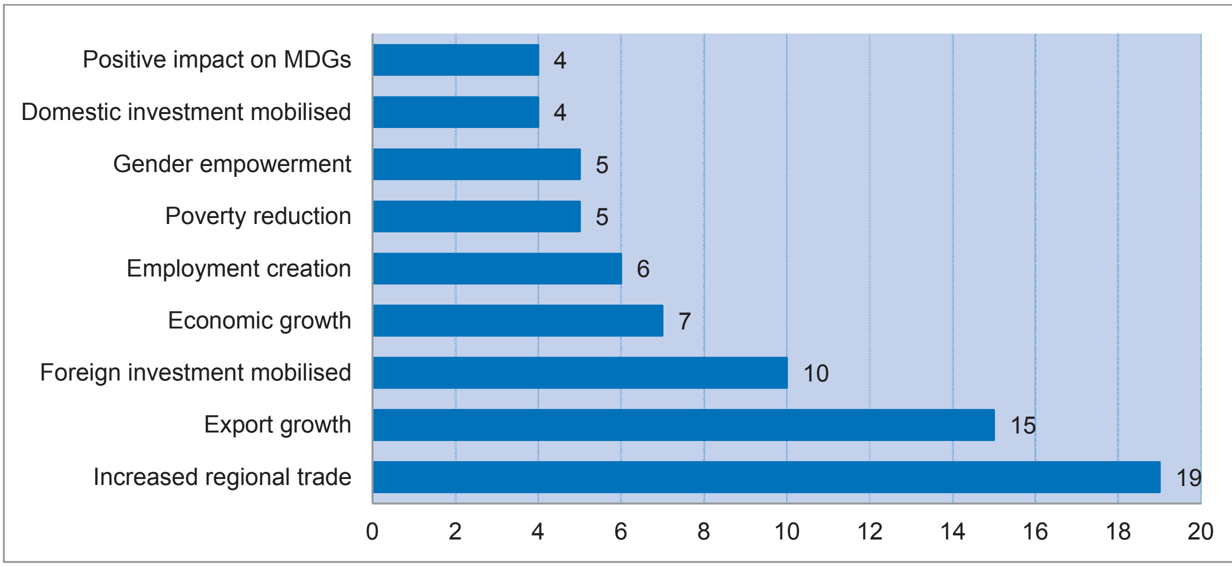
Yet despite the difficulty of specifying in the short term their direct economic results, the case stories provided a rich description of efforts to empower public officials with greater knowledge, and the case stories themselves suggest little dissent about the value of the efforts that have been undertaken. It is clear that the wide range of programmes and projects have led to new insights that have been motivating policy makers and private actors, and in this way show great promise of leading to more effective policies and to sustainable growth in trade and incomes, with likely improvements in social benchmarks such as gender equality and the environment.

Figure 3.5 Outputs mentioned in the public sector capacity building case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Figure 3.6 Impacts mentioned in the public sector capacity building case stories



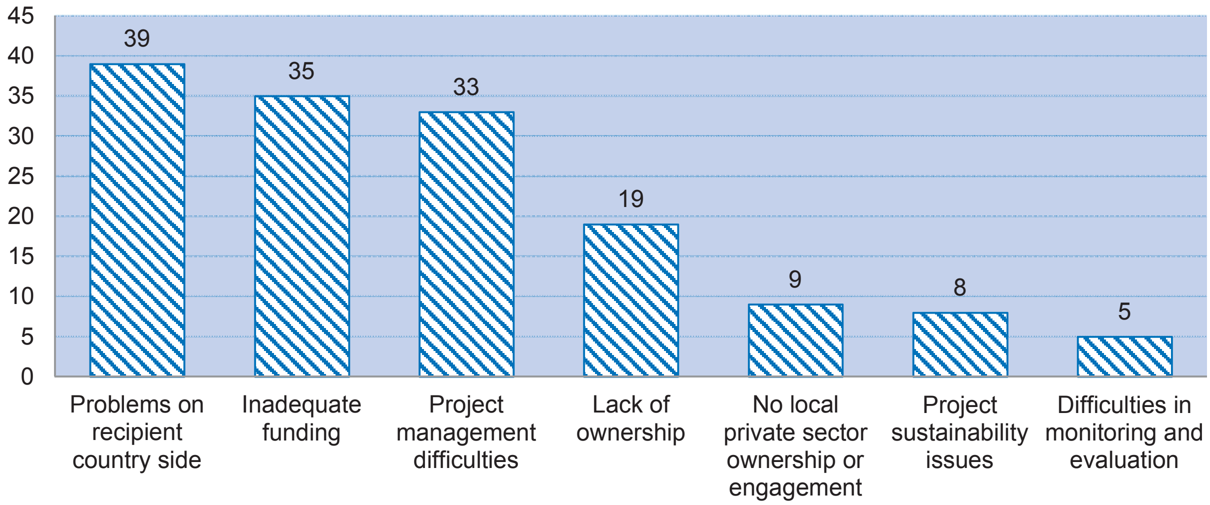
Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Through their variety, the case stories provide numerous examples of the types of skills developing countries need in order to make the most of international trade and the multilateral system. The programmes and projects described have focused on issues such as helping with adjustment costs facing the private sector due to trade liberalisation policies; integrating trade more effectively in national development strategies; and increasing public and private sector awareness of product and labour standards and how to support the private sector most effectively in complying with requirements in these fields for trade.

Moreover, the second part of this chapter has shown the different types of efforts to enhance the knowledge and skills of public sector officials, for example multi-country multi-donor programmes such as the EIF; one-to-one co-operation between governments sharing knowledge on trade policy making and negotiation; and regional training courses for government officials aiming to build negotiation and implementation skills in line with the complexity of today's multilateral trading system.

According to case stories written by recipient governments, the major problems that jeopardised the success of aid for trade projects to build public sector capacity were inadequate financial and human resources in the recipient country; project management difficulties; and insufficient funding. In the case of Zambia, it was said that "The process was further adversely affected by inadequate capacity in the donor community propelled by constant staff changes which resulted in Zambia having four different donor facilitators for the IF in two years" [Zambia, 154]. Such observations provide very useful input for refining aid for trade activities in the future.

Figure 3.7 Conditions in partner countries were often cited as a problem in the public sector capacity building case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Notes

1. Physikalisch-Technische Bundesanstalt (PTB) is the German national metrology institute.

2. The members of ESCWA are Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya (2012), Morocco (2012), Oman, Palestine, Qatar, Saudi Arabia, Sudan, the Syrian Arab Republic, Tunisia (2012), the United Arab Emirates and Yemen.

3. The African Alliance for Electronic Commerce (AAEC) is a platform where experiences on aid for trade are shared, especially those dealing with e-commerce and single window initiatives. One of its objectives is to become a focal point for development partners that are planning to implement single window systems in Africa (*http://aace-africa.net/*).

4. The SPECA member countries are Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

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Chapter 4

Building private sector capacities

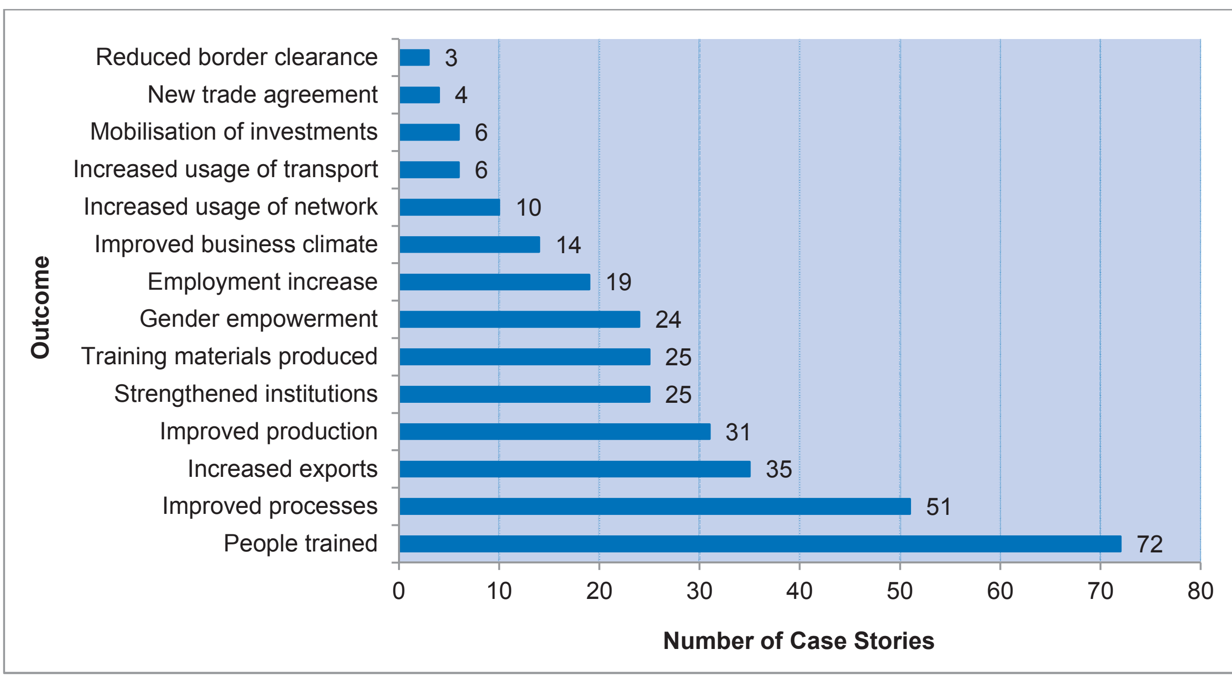
Having a dynamic private sector is key for sustainable economic growth, and SMEs are the backbone of the private sector in developing countries. This chapter includes those case stories that illustrate how aid for trade can help strengthen the private sector in two ways: first, by improving the business environment and providing tangible support to SMEs such as trade finance and second, by building human and productive capacities within specific industries.

Executive summary

A strong, dynamic private sector can play a key role in economic development and poverty reduction. This chapter covers two approaches through which aid for trade can help develop and strengthen the private sector. The first approach aims to *improve the business environment* and addresses market failures such as lack of reliable trade finance, market analysis and export promotion programmes. These programmes cover capacity building for entrepreneurs on business and trade-related subjects, while some programmes have a special focus on supporting women entrepreneurs. The second approach *targets specific industries* or products where the country is perceived to have a potential comparative advantage that could translate not only into greater exports, but also into positive spillovers to the rest of the economy.

The majority of private sector capacity building case stories reported human capacity building through training activities such as workshops and seminars concerning business-related topics, as well as on specific production techniques. The programmes and projects also delivered improved business-related processes, such as administrative procedures for setting up new businesses. It is noteworthy that 35% of the case stories related to the private sector also mentioned increases in exports as an outcome. Such an outcome was noted in only 14.5% of the trade facilitation case stories and in less than 10% of the public sector capacity building case stories. No doubt this percentage reflects the fact that 47 case stories were product- specific, focused particularly on boosting production and exports in those products. The question of attribution might also be less complex in product-specific programmes and projects that directly improve productivity than in the broader ones described in the previous chapters.

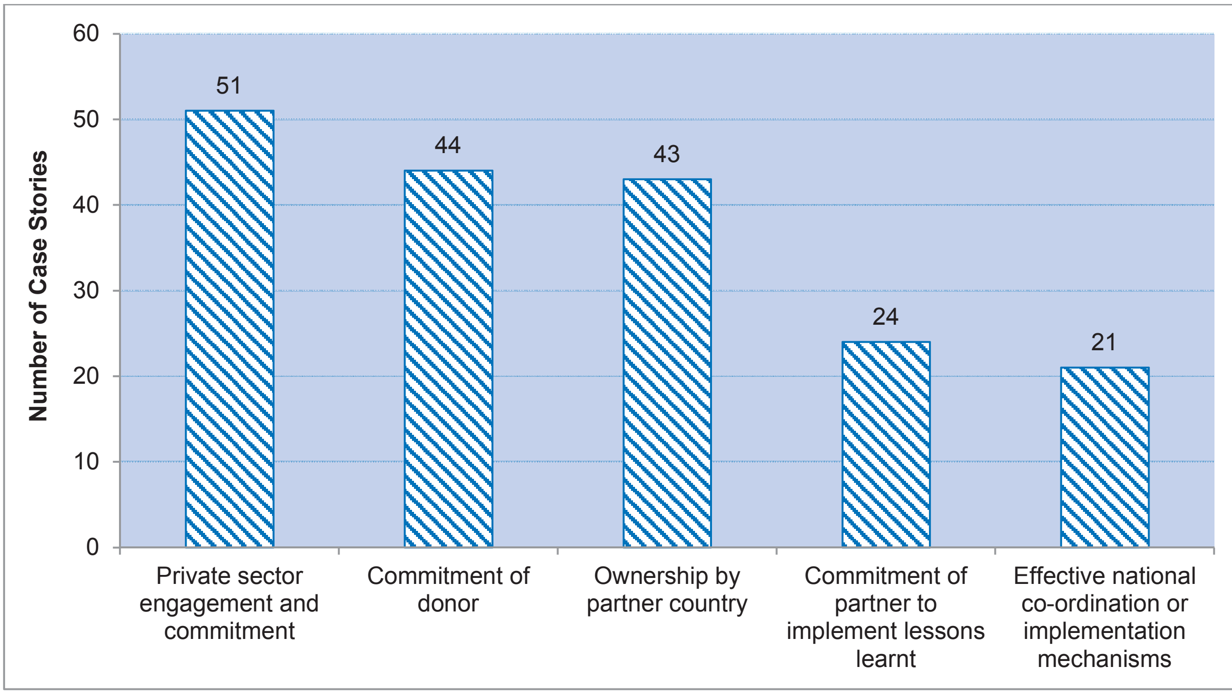
Figure 4.1 Outcomes reported in the case stories on private sector capacity building



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Programmes and projects that focus primarily on building private sector capacity will most certainly need a strong and consistent engagement from private sector constituencies. This is reflected in the mention of factors of success, which are shown in Figure 4.2. The most cited factor of success is, in fact, the commitment and engagement of the private sector, with 51 case stories explicitly mentioning it.

Figure 4.2 The factors for success cited most often in the private sector capacity building case stories were mobilisation of the private sector, donor commitment and strong ownership by the partner country



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

A clear example can be found in the case story submitted by CARICOM on rum production [Caribbean, 23]: “Involvement of the beneficiaries in the design and implementation of the project […] allowed for the programme design to be much closer to what was required in the end.” A case story on supporting honey producers in Nicaragua makes the argument that local companies must be strengthened and supported in creating a long-term vision in order to improve overall trade and business activities [Nicaragua, 98].

Results at a glance

Building entrepreneurial capacities

Trade finance

The Asian Development Bank’s (ADB) Trade Finance Program supported USD 4.3 billion worth of trade in the form of 1 517 separate transactions from January 2008 through October 2010 [Asia and Pacific, 8]. The IaDB Trade Finance Reactivation Program has formed a network of 72 issuing banks in 19 countries, with trade transactions of over USD 1 billion; 73% of the banks focused on SMEs [Latin America, 117].

Export promotion

The export promotion activities undertaken by Tunisia's FAMEX led to export increases of more than USD 400 million from 2005 to 2009 [Tunisia, 130]. In Morocco, the textile and garment export consortium, developed in partnership with UNIDO in 2004, increased exports by 22% from 2005 to 2008, compared to the 10% increase seen in the rest of the sector [Morocco, 105].

Facilitating commercial relations

Africa Organic, a farmers' co-operative in Uganda, ships up to 15 tonnes of fresh fruits and vegetables to Denmark every week through its partnership with Solhjulet, a Danish organic produce retailer [Uganda, 214]. The Ethical Fashion Programme in Kenya and Uganda has created 7 000 jobs for women in marginalised communities [Africa, 76]. Two rice farmer unions in Benin developed high-quality Fairtrade rice, which is now exported to a retailer in Belgium through a partnership launched by a Belgian NGO [Global, 218].

Promoting sustainable development

The Netherlands' Sustainable Trade Initiative (IDH) provides matching grants designed to help SMEs export to the EU market based on sustainable technologies and fair labour practices [Global, 256]. UNCTAD and UNEP have helped establish organic production programmes in several countries in East Africa. Organic exports from Uganda more than tripled in four years, reaching USD 37 million in 2009-10 [East Africa, 102]. Brazil's initiative in C4 countries (Benin, Burkina Faso, Chad and Mali) aimed to organise sustainable, profitable and uniform supply chains to increase farmers' incomes. The yield of the Brazilian cotton variety was three times that of the local variety [Africa, 30].

Private sector development strategies

In Kenya, the Business Regulatory Reform Unit aims to improve the country's business and investment climate. Kenya was one of Top Ten Reformers in the World Bank's *Doing Business 2008* report [Kenya, 17]. According to the case story, jobs were created and trade increased in Burkina Faso through a trade finance fund targeted to SMEs that require technical assistance and consultancies on marketing and management strategies [Burkina Faso, 221].

Programmes benefiting women entrepreneurs

Programmes focused on products produced by women

Marula oil, which is produced by over 5 000 women in Namibia, is used in products made by internationally known companies such as The Body Shop [Namibia, 134]. Women in Business Development Incorporated (WIBDI) gives courses to women, young adults and people with disabilities on technical skills for producing virgin coconut oil in Samoa. The Body Shop has agreed to buy 10-30 tonnes of virgin coconut oil a year from WIBDI [Samoa, 257]. The ITC submitted a case story on ten initiatives that aimed to link poor rural women with export markets and resulted in increased income for the women, as well as improvement in their socio-economic independence [Africa, 48].

Providing business training to women entrepreneurs

The Canadian government and ITC sponsored a Programme for Building African Capacity to Trade (PACT) in Ethiopia, Ghana, Mali, Mozambique, Senegal, South Africa and Tanzania. A sub-programme focused exclusively on women (“Access! African Businesswomen in International Trade”) provided training on exports; training on information technology to gain market information; expert advice on market readiness; and market access missions. These efforts resulted in 600 small farmers in Ghana exporting 210 tonnes of fresh fruit and vegetables a week to Europe. In addition, two South African cosmetic companies now export to Canada [Africa, 46]. Enterprise Uganda trained 3 832 women entrepreneurs in business management, coupled with health education to deal with HIV/AIDs. As a result, the women-led enterprises saw sales increase by more than 50% in two years and 500 people were employed [Uganda, 116].

Programmes supporting gender-sensitive trade policies

The government of Rwanda is implementing macro-policies that address both socio-economic issues and more specific trade-related constraints strategy to ensure more gender equality for women in market access and trade opportunities [Rwanda, 57]. Another case story describes three programmes for women’s empowerment in which the Uganda Women Entrepreneurs Association Limited (UWEAL) pushed for more women’s involvement in export practices. The case story notes that through technical capacity building, more than 50% of 150 women trained saw their sales increase and 20% formally registered a business [Uganda, 62].

Studies on women’s productive activities and their challenges

UNCTAD and DFID undertook studies of the gender impacts of trade in India that found, among other things, that “export intensity has a positive and significant impact on women’s employment.” [India 56]. The UN Development Fund for Women (UNIFEM) submitted a study that found that women's trading activities contribute to poverty reduction, employment and wealth creation in Africa [Africa, 63].

Industry-specific pro-active policies

Upgrading quality

“Market-oriented Promotion of Certified Sustainable Cocoa Production in Côte d’Ivoire” trained 5 600 farmers who delivered 6 000 tonnes of certified cacao of higher yield and quality and increased incomes [Côte d’Ivoire, 187]. The Cocoa Livelihood Rehabilitation Project in the Solomon Islands, funded by AusAid, increased export volumes to 5 481 metric tonnes in 2010 compared to an annual average of 400 metric tonnes in 2003-09 [Solomon Islands, 90]. Around 1 million households in rural regions benefitted from an increase in income due to the processed cashew industry, which was supported by Switzerland’s State Secretariat for Economic Affairs (SECO) [Mozambique, 184].

Chinese Taipei partnered with the Guatemalan government to improve local papaya production, which resulted in production process improvements, greater employment, increased awareness of international standards, and an increase in exports to the United

States and Canada [Guatemala, 133]. The African Cotton Development Initiative provides capacity building to cotton producers, as well as expertise from Asian countries, which has led to an increase in direct sales of African cotton to Asia [Gabon, 110]. Indonesia in co-operation with the Japan International Cooperation Agency (JICA) trained 5 984 persons from a large number of developing countries in artificial insemination and the management of cattle [Indonesia, 70]. Argentina provided technical assistance to Bolivian meat producers and addressed sanitary controls, warehousing, transportation and commercialisation of meat [Bolivia, 197].

Chad invested in its leather industry with support from the ITC. At the time the case story was written, the government was concluding a partnership with the Italian Chamber of Commerce to develop a production line for handmade leather shoes [Chad, 225]. Thanks to organic product certification, training and technical innovation, rural producers in Peru have improved the production of maca, leading to an increase in its price, a decrease in production time, and income growth for 184 families [Peru, 136].

Spurring new products

A programme to develop and improve Grenada's fisheries allowed it to gain access to the EU market [Grenada, 67]. In Honduras, Spain funded a programme that not only built sustainable fishing capacities but also developed 20 alternative products to increase production diversification [Honduras, 178]. In Guatemala, the Entrepreneurial Development of Cooperative Federations project provided technical assistance to cardamom producers. Guatemala is now a major cardamom exporter [Guatemala, 118]. In Burundi, ITC provided technical assistance to develop the production of essential oils, patchouli and lime that should provide employment to about 40 000 families [Burundi, 18].

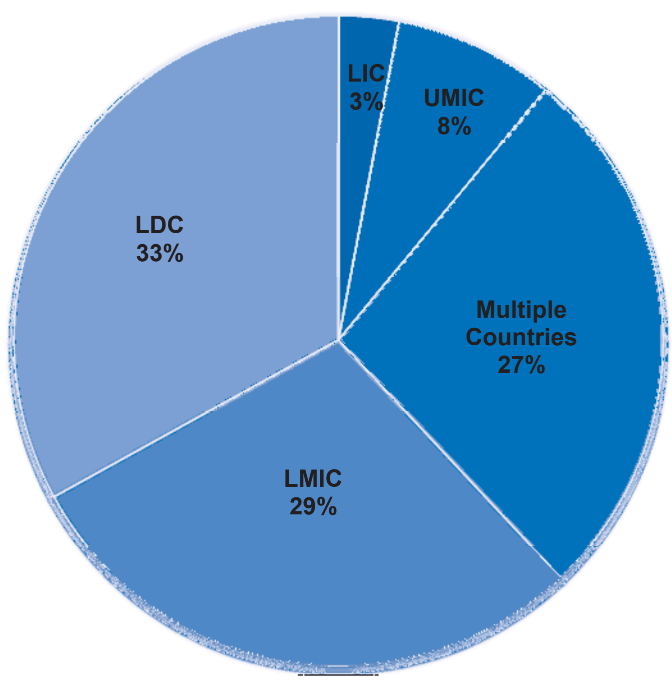
Introduction

Small and medium-sized enterprises (SMEs), which make up the bulk of the private sector in developing countries, face serious challenges in expanding their businesses. The most common binding constraints confronted are inefficient regulation, limited access to financing, outdated technology, and weak technical and entrepreneurial skills. This chapter illustrates two ways in which aid for trade is helping the private overcome these bottlenecks. The first approach that donors take to help develop the private sector and promote exports is to provide assistance in improving the business environment. The second approach consists in building human and productive capacities within specific industries.

The first approach includes programmes and projects that aim to help enterprises, particularly SMEs, through providing access to adequate and reliable trade finance, training in market analysis, export promotion services and training for entrepreneurs. The role of trade finance is evident and became ever more important during the financial crisis. Export promotion programmes also play an important role; Lederman et al. (2010) found that increasing the budgets of export promotion agencies by 10% led to increases in exports of 0.6-1%. The second approach discussed concerns industry-specific policies. Such policies are targeted to sectors where a country is perceived to have a potential comparative advantage, which deserve to be given a jump start, with a view to promoting faster development and favouring spillovers to other sectors. Such policies are controversial because they assume there can be justifiable and efficient public interventions that address market failures. While this debate is unresolved, most of the case stories examined here involved "soft industrial policies" that were successful in promoting certain clusters of industries through training and more efficient regulatory policies.

Of the total of 269 case stories submitted, 99 were classified as private sector support, with almost equal distribution between sector-wide (52) and industry-specific (47) interventions. It is noteworthy that about 30% of case stories on private sector capacity building were submitted by lower middle income countries (LMICs), which were not as prominent in the other categories. Most of the LMICs in question are in Latin America, with case stories on programmes and projects in Costa Rica, Guatemala, Honduras, and Nicaragua, to name a few. Sub-Saharan Africa still had the most case stories, with 40 attributed to initiatives in this region, followed by Latin America (North and Central America plus South America) with 29 and Far East Asia and Oceania with 25. The remaining case stories were spread between Asia, Eastern Europe, North Africa and multi-country.

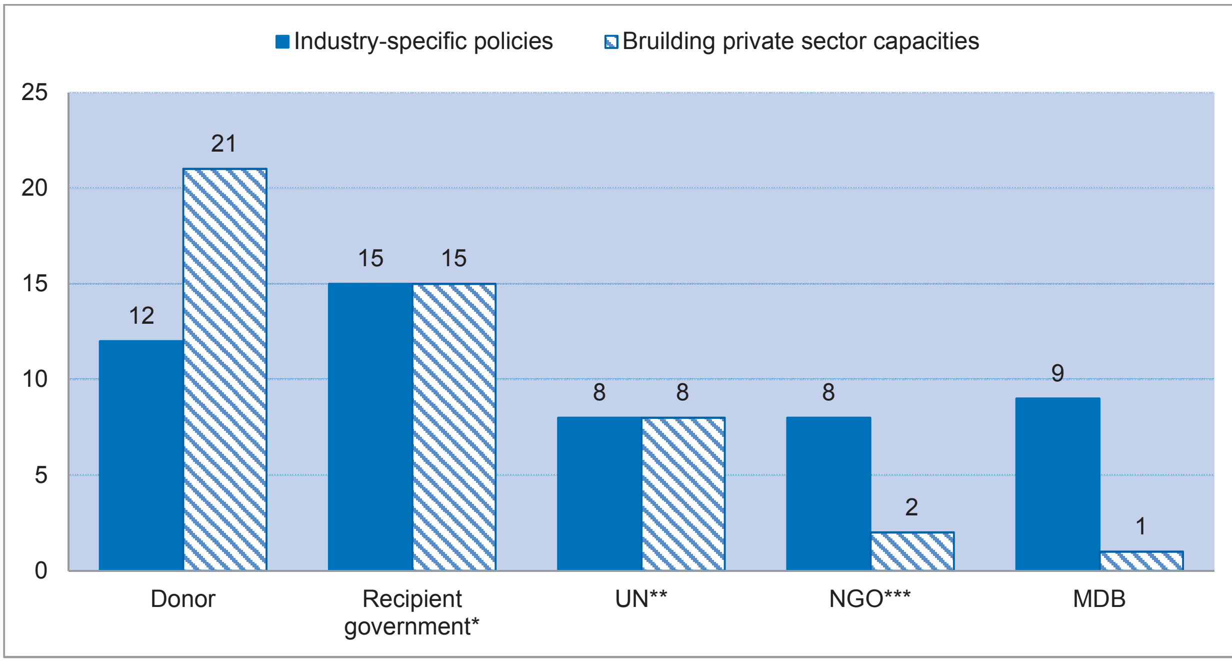
Figure 4.3 The largest number of case stories on private sector capacity building were about LMICs



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

It is also noteworthy that donors provided the majority of the case stories that focused on developing and invigorating the private sector. In fact, 33 case stories were written by donors, followed by 30 case stories from the recipient government, with the remainder shared by the UN, NGOs and MDBs (Figure 4.3). The reason for these numbers is that programmes and projects categorised as industry-specific were mostly about partnerships between donors and small-scale producers or co-operatives of producers. This chapter is rich in detailed case stories describing practical initiatives that led to tangible results, such as increased exports of a specific product or the creation of new businesses.

Figure 4.4 The largest number of case stories on private sector capacity building were written by donors



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

* Includes stories from regional economic communities and organisations
** Includes other international organisations
*** Includes unaffiliated authors

Strengthening the private sector and building entrepreneurial capacities

Theoretical arguments and motivations for private sector support are generally well articulated in the literature. Non-market factors including the rule of law (contract enforcement, intellectual property rights, investor protection), corruption and political instability influence private sector behaviour everywhere, but they loom particularly large in poor countries, where market and contracting failures play a much larger role. A sound business climate for investment, enhanced productivity, competitiveness and entrepreneurship is a prerequisite for raising living standards and alleviating poverty. The premise for using aid to promote the private sector is straightforward. The main objective of development co-operation is poverty reduction, and economic growth is central to development. Economic growth is best achieved through the private sector. Government has a central role to play in making it possible for the private sector to flourish and ensuring that growth contributes to poverty reduction.[1] Private sector development is thus crucial for increasing the pace of growth. But the way the private sector develops also has a strong bearing on the pattern of growth, influencing whether growth is broad or narrowly based and whether it is more or less inclusive of the poor (OECD, 2008a).

In practice, aid for the private sector encompasses many types of activities. Most bilateral and multilateral donors provide support to the enabling environment, but others go beyond this. White (2004) showed that donors mostly support the business environment, including macroeconomic strategies, governance issues, and policy, legal and regulatory frameworks. The rather minimalist approach focused on the need to establish a "level playing field" tends to disregard selective supportive interventions has been criticised as unrealistic, with a lack of empirical evidence. Altenburg and von Drachenfels (2006) suggested that a range of complementary public policies is needed to create competitive sectors and overcome internal constraints, especially in small-scale economies. In a review of donor activities, Te Velde, et al. (2008) highlighted the different approaches of development agencies. Donors such as DFID are more closely aligned with the view that support for the enabling environment is the most that can be done to support PSD, while those such as GTZ and DANIDA are more engaged at the business services and engagement level. Donors like GTZ and UNIDO believe that more selective policies (e.g. industrial policy) may also be appropriate. There may well be complementarities and different comparative advantages, so that some donors specialise in some operations and other donors in others. Schulpen and Gibbon (2002) critically reviewed private sector development policies, arguing that they are shaped mostly by the nature and interests of private sectors in the donor countries themselves, incorporate a high proportion of tied aid, and fail basic tests of coherence.

The 52 case stories that described sector-wide initiatives aimed at strengthening the private sector in developing countries generally fell into five broad categories: (i) efforts to provide trade finance; (ii) export promotion programmes; (iii) specific SME programmes; (iv) private sector development strategies; and (v) efforts to promote women in trade.

Trade finance programmes

Access to credit generally, not only trade finance, is crucial for the private sector. According to the Enterprise Surveys (World Bank, 2010)[2], access to credit is reported as a major business constraint. Econometric studies show that limited access to credit is a significant barrier to trade; a 10% increase in credit-to-GDP ratio boosts economic growth through its trade impact by 1.8% (OECD, 2012). This result is consistent with the case stories undertaken in many developing countries. Access to credit became even more important in the wake of the 2008 recession, when financial markets seized up, risk premia rose, and banks in rich countries recalled funds to recapitalise (Chauffour and Farole, 2009; Haddad, 2009; Chauffour and Malouche, 2011). The recent report of the WTO Expert Group on Trade Finance to the G-20 emphasised the need for increased trade finance for developing countries, as only one-third of the 60 poorest countries benefit from trade finance programmes.[3]

Only a few of the case stories that were submitted discussed trade finance programmes. At the urging of the WTO and others, the World Bank, the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the Islamic Development Bank (IsDB) and others expanded their support to banks providing credit in developing countries. This effort was portrayed in the ADB's Trade Finance Programme case story.

- The ADB provided finance for some USD 2.8 billion of trade in 2010, half of it for South-South trade. The ADB worked with over 200 banks in 14 countries in East and South Asia. It also supported some 500 SMEs [Asia and Pacific, 8].

- The EBRD reported on a similar programme based upon counter-guarantees to private finance. By 2008, the programme was active in 18 countries, with 56 participating banks, and 119 confirming banks and supporting businesses, with a total volume of more than USD 900 million. The programme also provided technical assistance to participating banks that helped them improve the accuracy of operations – two-thirds reported significant reductions in processing time, and one-half reported improvements in risk management [Eastern Europe, 39].

- The IaDB also augmented its trade finance activities with its Trade Finance Reactivation Program (TFRP). By the end of 2010, the TFRP had approved over USD 1.2 billion in credit lines, issued guarantees of over USD 800 million, and built a network of 72 issuing banks in 19 countries. Nearly three-quarters of these banks count SMEs as their main business focus. As with the ADB, a large portion of the trade financed was South-South intra-regional trade [Latin America, 117].

- In Central Asia, for example, the IsDB has played a catalytic role, providing trade finance assistance and developing a road map for aid for trade within the region [Central Asia, 192].

- The World Bank through its private sector arm, the International Finance Corporation (IFC), doubled its Global Trade Finance Program – a programme of trade finance counter-guarantees – to USD 3 billion and established a Global Trade Liquidity Program that will provide USD 50 billion in trade liquidity support in public-private partnership.[4]

PricewaterhouseCoopers submitted a case story on *export credit agencies* as an engine for growth and development. This case story examines five phases for setting up an export credit agency. It identifies financial challenges and lack of expertise as the main obstacles to developing countries in setting up this kind of institution [Global, 146].

Export promotion programmes

Efforts to actively promote exports were common to many case stories and were often embedded in national or regional export strategies. For example, the Caribbean Export Development Agency received assistance from the EU to help companies address shortfalls in efforts to upgrade the quality of products and services, increase productivity and reduce transport costs. Grants were made to some 197 companies throughout the region [Caribbean, 207], and Trinidad and Tobago were among the successful users of this facility [Caribbean, 188].

Tunisia's export promotion programme, Famex, has recently been subjected to a series of rigorous impact evaluations that show contradictory results. One study finds that the programme significantly raised the export performance of benefitting firms, especially in the case of service firms (Gourdon*,* et al*.,* 2011). Another study, however, finds that manufacturing firms benefitting from the programme do not have a persistent increase in exports (Cadot, et al*.* 2011). The three main components of Tunisia's export promotion programme are an export market fund to help Tunisian firms increase their competitiveness, an export finance guarantee facility to encourage financial institutions to provide pre-shipment financing, and an effort to improve customs efficiency. According to the case story, implementation of these components had already contributed to export increases of more than USD 400 million from 2005 to 2009 and an additional USD 319 million as at the end of May 2010 [Tunisia, 130].

There were also ambitious efforts at the sub-regional level. One such example is the Caribbean Export Development Agency's initiative that provides an array of trade and investment services to firms, including SMEs, within the region. The authors of the case story give credit to the Agency for having enhanced competitiveness of firms, supported firms in taking advantage of the CARIFORUM-EC EPA, and improved the commercial relations of SMEs with international counterparts [Caribbean, 20]. The Inter-American Investment Corporation of the IDB has a similar programme. It was initially launched in Guatemala, but has now been expanded to all of Central America and the Caribbean. The programme aims to enable SMEs to access export markets by providing help in researching potential markets, gathering data on company operations, and providing technical assistance to select groups of companies [Central America, 121].

Chile presented a programme to strengthen the commercial and institutional management of EXPORTA in El Salvador. This programme, funded by the IaDB, consisted of needs assessments, identifying best practices for the implementation of export strategies and analysing market information. Furthermore, El Salvadorian officials were provided with training in the Chilean export offices and were offered internships in Chile. The training successfully strengthened El Salvador's capacity to promote exports, with officials gaining a better understanding of what an "export culture" represents for their country [Chile, 124].

UNIDO submitted a case story on the establishment of export consortia in Morocco as an example of the impact that SME networks can have on enhancing competitiveness. Having set up 20 consortia by 2008 (the programme started in 2004), UNIDO found that export consortia not only boost exports by SMEs, but also provide a cost-effective way of pooling resources to reach more beneficiaries [Morocco, 105]. Uganda, working with ITC, undertook a firm survey to lay the basis for assistance and policy revision. The survey found that although obstacles to trade still remain, the private sector had noted substantial improvements in factors such as economic and physical infrastructure and information and communications technology over the last five years. Positive performance was also registered for the services sectors, where the capacity of Ugandan exporters improved and the value of their exports increased. The authors recommend strengthening the dialogue between development agencies and the private sector to enhance the positive effects of aid for trade initiatives [Uganda, 77]. At the global level, ITC has devoted considerable energy to export promotion programmes, including the development of a modular learning system for supply chain management for exporters. The programme is now offered in more than 120 licensed partner institutions in 61 countries. More than 25 000 people have taken the 18-module course [Global, 193].

Programmes aimed at SMEs and training entrepreneurs

Numerous case stories (i.e. 34) told of initiatives aimed at strengthening the entrepreneurial capacities of the private sector, particularly those of SMEs. The EBRD submitted a case story on its Business Advisory Services Programme, which provides technical assistance to help micro, small and medium-sized enterprises (MSMEs) build knowledge and capacity in the areas of market performance and branding, management effectiveness, cost reduction, quality management and environmental management. Since 2008, 20% of the 995 companies benefitting from the programme reported improvement in exports [Eastern Europe, 38].

EXPECT (Exports Promotion & Enterprise Competitiveness for Trade) is an initiative in West Africa that seeks to reinforce value chains of products with high export potential and to empower the SMEs within these value chains to better perform in regional and global markets. At the time the case story was written, no results were yet documented

[Africa, 41]. The Ministry of Trade of Senegal submitted a case story on the implementation of a project funded by France to support the competitiveness and sustainability of the agricultural sector. Activities included financial support for enterprise participation in numerous trade fairs and market access missions [Senegal, 87]. In Jamaica, a project funded by the IaDB aims to help the Jamaican Business Development Corporation assist SMEs to become more competitive and sell more products abroad. A main challenge was to convince owners of small businesses to engage in the formal sector [Jamaica, 181].

As part of the EIF, Madagascar received support from the World Bank and UNDP to support SMEs in developing sustainable export capacity. The project included training on market information tools, supporting SMEs' participation in regional and international product fairs, creating co-operatives of artisans, and specifically supporting industries that are export-oriented. Thanks to this project, some SMEs producing honey were able to export it to the EU [Madagascar, 254].

The Competitiveness & Enterprise Development Project in Burkina Faso, funded by the World Bank, supports private sector development through the improvement of the business climate and provision of business development services and microfinance. The project led to the creation of a fund to provide financial support to local firms that require technical assistance on management skills. According to the authors of the case story, this led to the creation of jobs as well as an increase in business activities in the country [Burkina Faso, 221].

Facilitating commercial relations

Four case stories described initiatives to create networking between companies established in the donor country and SMEs in developing countries.

- The first example was a three-year partnership between Uganda's African Organic and the Danish company, Solhjulet. African Organic is a farmers' co-operative of 154 farmers, of whom about 120 are small-scale farmers. The partnership consists of technical capacity building as well as establishing standards such as "Fair for Life". African Organic provides women with child day clinics and courses to raise awareness on HIV/AIDS. In the most productive season, up to 15 tonnes of fresh fruits and vegetables are exported by African Organic to Denmark, although the authors of the case story mention the need to improve transportation conditions to preserve the produce better [Uganda, 214].

- Max Havelaar France selected six products from the Guinean agricultural sector to be labelled as fair trade. Although this was positively received by the Guinean government, the authors of the case story mention the high costs of maintaining the label as problematic [Guinea, 27].

- The Ethical Fashion Programme in Kenya and Uganda promotes trade in sustainable fashion between international companies and micro producers and has created 7 000 jobs for women in marginalised communities. Furthermore, 80% of participants said these exports help them to provide for their family, while 88% noted that their new ability to make independent financial decisions was the most important change in their lives [Africa, 76].

- The Belgian NGO Vredeseilanden facilitated the partnership between two rice farmers' unions in Benin and a retailer in Belgium. This partnership has led to the development of high-quality rice production in Benin. The rice can be found in all Colruyt supermarkets in Belgium [Global, 218].

Promoting sustainable development

A subset of case stories focused on ways aid for trade could be used to help SMEs develop environmentally sustainable technologies.

- The Swiss government, in collaboration with UNIDO and UNEP, developed a programme in Colombia to help companies deploy environmentally sustainable technologies along with other SME support programmes, such as marketing advice, meeting international norms and standards, and improving management [Colombia, 183].

- The Belgian government has provided grants and training to increase the professionalism of small-scale producers and their associations in 18 developing countries, with a particular focus on sustainable trade and accessing markets. Trade finance provided by this programme led to awarding the first ever fair trade certification of a mining company (Fairtrade/Fairmine) to a mining co-operative in Bolivia [Global, 218].

- The Netherlands' Sustainable Trade Initiative (IDH) provides matching grants designed to help SMEs export to the EU market, based on sustainable technologies and fair labour practices [Global, 256].

- UNCTAD and UNEP have helped establish organic production programmes in several countries in East Africa [East Africa, 102]. Brazil's Cotton 4 initiative in C4 countries (Benin, Burkina Faso, Chad and Mali) aims to organise sustainable, profitable and uniform supply chains to increase farmers' incomes [Africa, 30].[5]

Private sector development strategies

Other case stories were linked to efforts to promote a policy environment conducive to private sector growth. For instance, in Kenya the Business Regulatory Reform Unit aims to improve the country's business and investment climate. The process involves simplification of business licenses and permits, creation of an e-registry, systematic involvement of the private sector in co-operation with the World Bank's *Doing Business* report, and continued exercise of monitoring and evaluation. In 2008, Kenya was included in the World Bank's top ten performers in the *Doing Business* report [Kenya, 17].

Ghana's Private Sector Development Strategy (PSDS) created a policy framework to stimulate private sector-led growth. The success of this programme, including increased private sector involvement in policy making and legislation, led the government to design a successor programme, PSDS-II, to build on these achievements and correct some of the shortcomings of PSDS-I [Ghana, 65]. Experience in the Republic of the Congo with its Commercial and Entrepreneurial Capacity Reinforcement Project was not as successful as Ghana's. Problems such as lack of adequate funding, bad co-ordination between donors, and a timeline that proved too short led to unsatisfying results [Congo, 26].

Programmes benefiting women entrepreneurs

Many stories describe public and private efforts to raise the incomes of women through trade. These efforts take different forms: supporting exports of products produced mainly by women, providing business training of women entrepreneurs, supporting gender-sensitive trade policies, and providing studies on the challenges faced by women entrepreneurs and ways to improve their situation.

Programmes focused on products produced by women

One case story described a programme in Namibia that combined efforts to improve women's incomes through the protection of indigenous knowledge and the creation of a patent system. The Marula tree produces a fruit with seeds that are rich in oil used for centuries in skin moisturising and cooking. In 1999, an NGO formed the Eudanfan Women's Cooperative (EWC) to increase production of Marula oil and sell it to international pharmaceutical and beauty companies. By 2008, the EWC had over 5 000 women in 22 groups producing Marula oil from fruits picked on wild trees. Internationally known companies such as The Body Shop are now marketing beauty products with Marula oil bought from EWC. One company went a step further: Aldivia, a French company, launched an R&D effort in partnership with PhytoTrade (a fair trade sponsor of EWC) and Natural Products of South Africa[6] that developed and patented a process to manufacture solvent-free cosmetics based on Marula oil. This process, named "Ubuntu", has led to a sharp quality improvement in Marula products, which are now sold at a premium compared to similar cosmetics. Success resulted in a significant income rise for women producing Marula oil. As the success of Marula oil was evident, EWC branched out into other export product lines. In June 2010, it began to market "ondjove" cooking oil and other food oils at the Windhoek Tourism Expo [Namibia, 134].

A similar story is told by Women in Business Development Incorporated (WIBDI) in Samoa. This NGO supports women, young adults and people with disabilities by providing them with technical skills and access to finance and to marketing tools. The WBDI has helped 350 farmers obtain organic production certification and paved the way for a deal with The Body Shop to buy 10-30 tonnes of virgin coconut oil a year from farmers certified through the programme [Samoa, 257]. In addition, ITC submitted a case story on ten initiatives that aimed to link poor rural women with export markets ranging from niche markets, such as organic, to retail chain stores. The case story found that not only were women's incomes rising, especially if they also shared ownership of the business, but their confidence was increasing as they achieved socio-economic independence. A factor for the sustainability of such initiatives is complementing structural change with the development of institutions that facilitate trade for small producers [Africa, 48].

Providing business training to women entrepreneurs

The Canadian government and ITC sponsored a Programme for Building African Capacity to Trade (PACT) that is active in Ethiopia, Ghana, Mali, Mozambique, Senegal, South Africa and Tanzania. A sub-programme ("Access! African Businesswomen in International Trade") focused exclusively on women. The programme provided several trade-related services in an integrated way: training on exports; training on information technology to gain market information; expert advice on market readiness; and market access missions. These efforts resulted in 600 small farmers in Ghana exporting 210 tonnes of fresh fruit and vegetables a week to Europe. In addition, two South African cosmetic companies now also export to Canada. The "Access!" programme involved 22 training modules for African businesswomen, with 46 trainers in five languages, and certified more than 770 women in 11 countries. This programme has led to many success stories concerning women entrepreneurs. For example, a women-led company in South Africa supported by the programme produced and patented a process for water sanitation using nanotechnology to provide safe drinking water and a hand sanitiser that keeps hands protected for almost seven hours. Not only are these products based on innovative technology and extremely useful in Africa, but they are recognised as such and are being bought by numerous international aid agencies [Africa, 46; Africa 119].

Enterprise Uganda, set up with Norwegian help in 2001, dedicated its second phase of integrated business support to SMEs almost exclusively to women entrepreneurs. The project entailed training in business management for some 3 832 women entrepreneurs, many of whom were located in rural sectors and had low levels of literacy. This training was often coupled with health education to deal with HIV/AIDs. Sales increased by more than 50% in two years, while the number of people employed rose by 500. Furthermore, investment increased, as did payment of taxes. On average, women in cities improved their outcomes more than those in the countryside. Even so, the activities of Enterprise Uganda are unlikely to be sustained without continued public sector support [Uganda, 116].

Programmes supporting gender-sensitive trade policies

Involving women in the policy process can improve regulations for everyone. In Cambodia, the Ministry of Women's Affairs and the World Bank's IFC organised a forum to bring women's organisations into the policy making process to address their concerns about taxation, corruption, and lack of transparency in laws and regulations. The IFC's project manager used some of the ideas in the World Bank's *Gender Dimensions of Investment Climate Reform*, a guide to help design programmes that more adequately take into account gender-based concerns. These ideas, according to the IFC project leader, led to an increase in women's participation and to more effective lobbying for women's interests. One outcome has made it easier for women to obtain certificates of origin, including lowering the cost of the certificate from more than USD 100 to about USD 1.25. The Executive Director of the Cambodian Craft Cooperative, with some 2 000 members, has found the forum helpful in expanding exports [Cambodia, 125].

The government of Rwanda is implementing macro-policies that address both socio-economic issues and more specific trade-related constraints strategy, in order to ensure more gender equality for women in market access and trade opportunities [Rwanda, 57]. With ITC co-operation, Uganda has also included gender issues in its National Export Strategy [Uganda, 60]. Another case story described three programmes for women's empowerment in which the Uganda Women Entrepreneurs Association Limited was involved: the CIDA-funded Access to International Markets for African Businesswomen; the Women in Business Investment Club; and Women in Business. The first phase of the Access programme led to 120 women being trained on export practices, of which 20% went on to register a business formally, 50% indicated a readiness to export after the programme, and 53% said their sales increased by at least 8% [Uganda, 62].

Studies on women's productive activities and their challenges

UNCTAD teamed up with DFID to undertake studies of the gender impacts of trade with a view to shaping policy in India. The analysis found, among other things, that "export intensity has a positive and significant impact on women employment. But imports have not led to any displacement of women's employment." The authors proposed gender-sensitive trade policies that would favour sectors with female employment, enhanced opportunities for women's education, and further studies of the gender impact of trade in India [India, 56].

The UN Development Fund for Women (UNIFEM) submitted the results and recommendations of a baseline study to address the challenges faced by informal cross-border women traders. The study highlighted that women's trading activities contribute to poverty reduction, employment and wealth creation in Africa. However, informal cross-border women traders suffer from various physical and verbal abuses and lack of access to adequate services. This all points to the conclusion that the benefits and challenges these groups are facing are captured insufficiently by mainstream trade policies [Africa, 63].

The African Trade Policy Centre (ATPC) of the UN Economic Commission for Africa (UNECA) submitted a case story that examined the most common areas of gender inequalities and highlights the importance of addressing the links between gender and aid for trade in the context of aid effectiveness. Supported by CIDA, the ATPC is striving to become a centre of excellence for mainstreaming gender issues into trade policies. Among the ATPC's successes is the creation of a trade and gender network [Africa, 47].

Industry-specific pro-active policies

One of the controversies in development economics surrounds the topic of industrial policy – that is, government policies targeted at promoting the growth of particular sectors. The purpose is to stimulate development through public policy in sectors in which countries have a potential comparative advantage, where there are positive spillovers in terms of technological advancement, employment or other societal goals such as poverty reduction or gender equality. As Harrison and Rodriguez-Clare (2009) have argued, however, the case for subsidies or protection only carries weight when the country adopting such policies has a latent comparative advantage and when those policies can later be removed.[7] Instruments typically used are tax breaks, credit and budget subsidies, preferences in government procurement and trade protection. In addition to import restrictions, instruments include trade-related investment measures, sectoral restrictions on foreign and/or private investment, and subsidies to technology development.

Dani Rodrik, among others, has been a leading proponent of industrial policies to promote competitiveness. Much of his view is predicated on offsetting the "discovery" costs essential to diversification, and to the desirability of certain product portfolios that lend themselves to inter-industry spillovers, an argument elaborated by Hausmann and Rodrik (2003). One justification for industrial policy generally is that it can help countries move into higher technology products that are more likely to lead to faster growth rates. Hausmann and Klinger (2006), extending work by Hausmann and Rodrik (2003), argued that certain types of products lend themselves to more rapid movement into other newer products or entail other externalities, thus contributing to rapid structural transformation and productivity growth.

Other authors, such as Pack and Saggi (2006), have taken a more critical stance, arguing that failures and wasteful expenditures have been as common as successes and that other variables besides industrial policy could as likely explain positive outcomes in regions such as East Asia.[8] Harrison and Rodriguez-Clare (2009), in one of the most comprehensive reviews of the empirical literature, concluded that the evidence is inconclusive. In reaching their assessment, they draw a distinction between "hard" and "soft" industrial policy. "Hard industrial policy" in their formulation includes tariffs and non-tariff barriers, export subsidies and tax breaks for foreign and domestic corporations. They found little evidence that these policies lead to more rapid growth or diversification. They contended that these policies are too easily entrenched and are more easily subject to manipulation by interest groups. On the other hand, they found "soft industrial policy" often to be effective – namely "programmes and grants to, for example, help particular clusters by increasing the supply of skilled workers, encouraging technology adoption, and improving regulation and infrastructure" (2009:76). A key characteristic is that these policies tend to expose supported activities to import and export competition rather than protect them from it.

Focusing on exports, Lederman and Maloney (2010) probe in detail whether "what you export matters" and whether that would justify more aggressive industrial policies. Their conclusion is that: "First, what you export probably does matter. Externalities exist…and there is no reason to believe that they are associated with all goods equally… Second, the literature still offers us no confident policy guidance on what those goods might be. …Our bottom line is that: How you export matters more." (2010:85) That is, the way a country deploys its resources to raise productivity is more important than the basket of goods they produce.

Industry-specific policies surfaced frequently in the case stories. The most common initiatives supported specific industries with technical assistance on production techniques, meeting standards, upgrading quality, information about foreign markets, and concerted government efforts to overcome specific transportation or other constraints in the value chain, often coupled with some small amounts of subsidies. The measures in the case stories tend to conform to the "soft industrial policy" of Harrison and Rodriguez-Clare (2009) or industry-specific versions of what Newfarmer, et al. (2009) called "pro-active" government policies. These policies are intended to remedy market failures (such as in information about export markets), increase exposure to competition by actively promoting entry, and/or address bottlenecks in the supply chain to lower the costs of trading.

Upgrading quality

Many of the projects described in the case stories were intended to upgrade quality – working at the "intensive margin" with traditional exports. Many of these exports exhibited substandard performance, but had considerable potential if supply-side obstacles could be overcome. Providing technical assistance to improve quality or to reduce specific costs in the value-chain of delivery to foreign markets was a common objective that, once achieved, had high pay-offs. Within this category, the vast majority of the projects targeted agricultural products such as cocoa, coffee, rice, nuts, fruits and vegetables, and cotton. Others, however, focused on fisheries, livestock and dairy production, textiles, and processed goods such as rum, leather and maca.

Cocoa

Improving cocoa production was the aim of projects described in five case stories. "Market-oriented Promotion of Certified Sustainable Cocoa Production in Côte d'Ivoire" was implemented as a public-private partnership (PPP) between Kraft Foods, the cocoa trader Armajaro, USAID and GIZ. The project trained 5 600 farmers, who delivered 6 000 tonnes of certified cocoa of higher yield and quality and increased their incomes [Côte d'Ivoire, 187]. The Belgian Investment Company for Developing Countries implemented a project to supply a Vietnamese chocolate company with assistance to build a new plant, diversify and expand its product range for export, and implement quality standards. This resulted in the marketing of the first Belgian chocolate manufactured entirely in Viet Nam, increased exports, and employed mostly women [Viet Nam, 217]. In Indonesia, the Smallholder Agri-business Development Initiative (SADI), implemented by AusAid, facilitated links between buyers and smallholder cocoa farmers by establishing buying centres. Productivity increased and market information spread, leading to a 6% increase in cocoa production [Indonesia, 152]. Support to cash crop (cocoa/coffee) production in Sierra Leone, funded by the EU, has already brought improvements in the quality of produce through better processing [Sierra Leon, 88]. AusAid funded a Cocoa Livelihood Rehabilitation Project in the Solomon Islands, a project that includes training, distribution of cocoa production equipment, and logistics assistance to farms, especially remote ones. Cocoa export volumes reached 5 481 metric tonnes in 2010, compared to an annual average of 400 metric tonnes in 2003-09 [Solomon Islands, 90].

Coffee

In Nicaragua, Rwanda and Tanzania, programmes were aimed at improving the quality of coffee production. In Rwanda, the EU funded technical assistance, production infrastructure construction and productive capacity building for coffee production, as well as tea and pyrethrum [Rwanda, 194]. The International Solidarity Foundation of Finland submitted a case story regarding the Nicaraguan Tierra Nueva co-operative of small farmers of organic coffee and honey. The co-operative, formed in 1997 and with a membership of 620 producers, aimed at realising international market access opportunities for coffee producers and beekeepers through the improvement of knowledge on quality standards, moving up the value chain and increasing productivity. Tierra Nueva has conducted training activities, consolidated a model of certified organic agriculture, created a large network of customers, and grown to become the largest exporter of honey in Nicaragua [Nicaragua, 98]. SECO presented a case story on the International Institute for Sustainable Development (IISD)/UNCTAD Sustainable Commodity Initiative's Committee on Sustainability Assessment (COSA) and its results in Tanzania. The study noted that compliance with private voluntary standards by certified coffee producers in Tanzania had brought about positive impacts on their social and economic situation. The project found that certified farms had 3% higher yields and 15% higher prices, and that their average revenues were 17% above than those of conventional farms. Social conditions such as access to food, education and training also improved [Tanzania, 212].

Rice and nuts

Three case stories reported on projects targeting rice and nuts. In West Africa, efforts were made to grow a more resistant, better quality rice. The AfDB funded a project to commercialise the New Rice for Africa rice variety in seven West African countries, with positive impacts on yields, grain quality and commercialisation and with positive spillover effects on incomes. For instance, in rural areas rice production tripled from 2007 to 2009 [Benin, 13]. Historically, Mozambique is an exporter of processed cashew nuts, but political instability and civil war destroyed the industry and by the year 2002 it was only exporting cashew nuts in raw form. SECO supported activities to revive this lost industry by providing productive capacity as well as training on compliance with international standards. The proportion of processed nuts to raw nuts exported was already 36% higher in 2008, six years after the project began. The impact on employment and income was also impressive: in 2002 the 407 cashew factory workers were making an average of USD 213 a year, while in 2008 there were 4 740 workers making USD 343 a year. Around 1 million households in rural regions benefitted from an increase in income thanks to the processed cashew industry [Mozambique, 184]. The Ministry of Industry and Trade of the Central African Republic submitted a case story on an Integrated Framework (IF) project aimed at strengthening production capacity in the sesame sector and exploring related export opportunities [Central African Republic, 21].

Fruits and vegetables

Fruits and vegetables were the targeted industries of programmes in Cameroon, Guatemala, Honduras, and Tonga. A project implemented by the Taiwan Technical Mission introduced Honduran farmers to several varieties of oriental vegetables and ensured that measures were taken to ensure a higher yield of these vegetables and better quality [Honduras, 68]. In Tonga, Regional Management of Fruit Flies in the Pacific sought to improve the quality and production of fresh fruits and vegetables by addressing quarantine issues. The project had a 19% return on investment and, according to the authors of the case story, identification of the fruit fly saved the market [Tonga, 99]. In Cameroon, national production strategies and training activities were initiated with the goal of doubling the production of cassava and bananas. The projects lacked sufficient funding, but are now supported by the All ACP Agricultural Commodities Program, funded by the EU [Cameroon, 19]. This programme's multi-agency approach has allowed Cameroon to benefit from the expertise of different international organisations in a coherent and co-ordinated manner [Cameroon, 209]. Chinese Taipei presented a case story about co-operation with the Guatemalan Ministry of Agriculture, Livestock and Food to establish and operate a demonstration farm for production of papaya. This project resulted in production process changes, greater employment, more awareness of international standards, and an increase in exports to the United States and Canada, which reached 56 622 cartons of papaya worth USD 202 604 in 2010 [Guatemala, 133].

Cotton

Two case stories described efforts to improve the quality of cotton production. The Cotton 4 project initiated by the Brazilian government in 2008 in Benin, Burkina Faso, Chad and Mali had dramatic results: yields increased three-fold to 3 000 kg/ha [Africa, 30]. The African Cotton Development Initiative includes capacity building in trade and marketing as well as farmers' and ginners' associations. The producers have also benefitted from sharing expertise with cotton experts from China, India and Turkey. Direct sales of African cotton to Asia have increased, with orders of up to USD 10 million [Gabon, 110].

Fisheries

Improving the quality of fishery products to meet international standards was the theme of four case stories. Mozambique's fisheries sector had to be improved after a critical report from a European Union inspection. Support received from two consecutive DFID funded programmes allowed the country to retain its right to export to the EU and, in addition, to satisfy South African requirements for shrimp exports [Mozambique, 141].

A case story from Fiji described a similar programme to improve quality standards after an EU ban on shrimp exports [Fiji, 196]. In Grenada, also with EU support, more than 275 fishermen, vendors, boat owners and market staff received training on the Hazard Analysis and Critical Control Point (HACCP) food safety methods to ensure food safety compliance [Grenada, 67]. Argentina provided technical assistance to fishermen in Nicaragua to improve their sustainable fishing techniques, with the aim of improving its overall competitiveness in fish production and export [Nicaragua, 199].

Livestock and dairy products

Livestock and dairy production were also mentioned in case stories, which were all submitted by providers of South-south co-operation. For example, Argentina provided technical assistance to dairy companies operating in Peru [Peru, 198]. It also provided technical assistance to Bolivian meat producers and addressed sanitary controls, warehousing, transportation and commercialization of meat [Bolivia, 197]. Indonesia in co-operation with JICA trained 5 984 persons from a large number of developing countries in artificial insemination and the management of cattle [Indonesia, 70].

Textiles

Two case stories referred to projects that promoted the textile sectors in Peru and Bangladesh. In Peru, the IaDB and DFID funded a programme to develop the artisanal textile sector in remote regions by training artisans (mainly women) on production processes, marketing, planning, financial and quality controls, product certifications, design, fashion, and technical innovation [Peru, 138]. UNIDO works with Bangladesh to upgrade quality in the readymade garment sector and promote exports through product and market diversification, improve competitiveness, and promote private-public partnerships [Bangladesh, 216].

Processed goods

Other products mentioned in the case stories were rum from the Caribbean, leather from Chad, and maca from Peru. The European Centre for Development Policy Management (ECDPM) and the Technical Centre for Agriculture and Rural Cooperation (CTA) submitted a case story regarding an EU funded programme to help the ACP Caribbean rum sector become more competitive by improving their products' quality and branding as well as reducing costs through modernising production facilities and management procedures. Of the 20 companies that received assistance, several reported cost reductions of 15-20% [Caribbean, 2]. As a way to diversify exports away from petroleum, the government of Chad decided to invest in improving its leather industry with the support of the International Trade Center (ITC). Following a study on the value chain in Chad, artisans and butchers were trained and provided with equipment, production facilities were improved, and a website promoting their work was created. Through these interventions, Chad is concluding a partnership with the Italian Chamber of Commerce to develop a line in handmade leather shoes [Chad, 225]. The Peruvian government submitted a case story on how technology transfer, development of organic product certification, training and technological innovation have enabled rural producers to improve and develop the cultivation of maca to address increasing demand for biodiversity products. As a result, the market price per kilo of maca increased by approximately 60%, drying time was reduced from three months to 45 days, and production costs and risks were reduced for 184 families who also saw their incomes rise [Peru, 136].

Spurring new products

Soft industrial policies to promote diversification into non-traditional products – at the extensive margin – were also common in the case stories. Grenada's effort to improve the quality of fishery products for exports offers an interesting example. To counter its environmental vulnerability, Grenada decided to try to change its trade structure by diversifying into highly exportable sectors, and the fishery industry is one of them. This sector, however, faced non-trivial challenges, including strict international standards and norms for fishing, and local difficulties in storing and transporting fish. In 2003, Grenada was accepted into the EU's Strengthening Fishery Products Health Conditions programme, which started (in 2002) as a support mechanism to help third countries meet EU regulations in this sector. The project trained national inspectors in quality and gave advice to the fishing industry on improving its internal quality systems. It also provided a vast array of services in this area, including: institutional strengthening in the form of establishing a Produce Chemical Laboratory, training for officers of the competent authority, EU study tours for inspectors and managers, support for testing laboratories and technical institutes, renovation of laboratory structures, technical assistance for the development of quality assurance manuals and guidelines, technical assistance for the production of value-added products, product development, packaging, support for small business, and funding public infrastructure. Limited technical capacity in Grenada was a constraint on the project, as were environmental setbacks (i.e. rising water temperature). Nevertheless, Grenada was included in the EU's List 1 of countries that can export fishery products into the EU as a result of the great strides it had made: the sector is now covered by modern legislation, capacity was built at all levels of stakeholders (from auditors to individual fishermen and vendors), and equipped testing laboratories are readily available. The project was successful in increasing exports from this sector and improving the quality and variety of products [Grenada, 67].

Successful results in fisheries were also noted in Honduras, where Spain funded assistance to create sustainable fishing capacities in the south of the country as well as to develop 20 products as alternatives to traditional fishing activities [Honduras, 178]. However, other case stories underscore that exports of fishery products can be a hard area to get right. Only through the reported extraordinary commitment of staff looking for creative solutions to problems ranging from lack of finance to testing facilities were authorities in Fiji able to successfully implement new SPS standards for fisheries [Fiji, 196]. In Mozambique, efforts to implement standards for fisheries were successful, but rising fuel and other costs depressed exports [Mozambique, 141].

The Entrepreneurial Development of Cooperative Federations project in Guatemala focused on providing technical assistance and expertise to two producer organisations to increase exports of cardamom. From having no cardamom exports in 2002, Guatemala exported 40 tonnes in 2006 and 400 tonnes in 2009. Family incomes increased by 24-35%, with significant benefits going to the many women involved in every aspect of the production cycle. Guatemala is now a major cardamom exporter, with values of exports increasing from USD 93 million in 2002 to more than USD 304 million in 2009 [Guatemala, 118]. Another example of diversification comes from Burundi, where ITC provided technical assistance to develop production of essential oils, patchouli and lime. It is expected that the new production will provide employment for around 40 000 families [Burundi, 18].

Because the government of Cambodia felt the garment industry was having some trouble recovering from the financial crisis, they decided to favour the transfer of productive resources to rice, which they refer to as "white gold". Positive results have been achieved in terms of market access opportunities, the export process, greater efforts to align national and regional development strategies, and further integration of Cambodian rice into regional value chains. Almost 100% of rice production is now eligible for preferential access to the EU [Cambodia, 139].

An example of non-agricultural technical assistance was the introduction of mobile telephones in Bangladesh. Grameen Bank branched out into mobile telephones and allowed women to connect their villages with the nation's markets, to better market their products and to become part of the formal financial system. This raised the incomes of the "phone ladies" several-fold, transforming their lives and those of others who benefited from the new connectivity [Bangladesh, 64]. Simple technical assistance to mobile telephones in the Dominican Republic also helped that industry take off; USAID provided assistance to allow telephone numbers to be used across carriers; meanwhile, new competition induced prices to fall and the market to widen [Dominican Republic, 231]

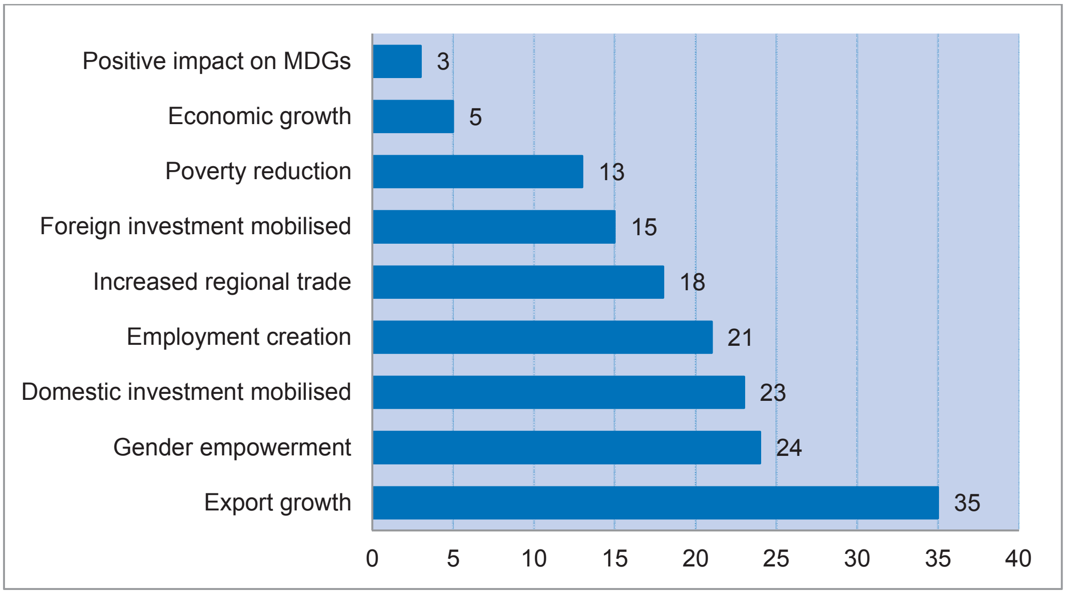
A no less interesting example is the story of rattan furniture production in Indonesia. With the support of Germany's Agency for International Cooperation (GIZ), the country undertook a study of the integrated value chain for rattan furniture exports, identified constraints in productivity, human resources, knowledge of foreign markets, and capital, and worked with firms and workers in the industry to overcome these constraints. The results, though adversely affected by the 2008 downturn, have included increased productivity, quality improvements, and a 16% increase in exports in 2010 compared with 2009 [Indonesia, 185].

Conclusions

The aid for trade case stories concerning private sector capacity building often included quantitative indicators of successful outcomes, such as increases in production, exports and incomes, or even evidence of improvements in gender equality and environmental sustainability. For example, 35 case stories mentioned export growth, particularly in Tonga [99], West Africa [147], Ethiopia [75] and Guatemala [53]. Contributing to export growth, there were stories of products being successfully improved to meet the standards of importing countries; new products with exporting potential being developed; and rural producers being linked to global value chains. There were also success stories concerning women entrepreneurs. One notable example is the Enterprise Uganda case story [116]; another is rice technical assistance for the seven countries of West Africa, where some 80% of producers were women.

The outcomes from private sector capacity building cited in the case stories are summarised in Figure 4.5. Having described the numerous programmes aimed at building capacity in the private sector, it is not surprising to see that the most cited outcome was export growth, with 35 case stories mentioning it. The results of gender empowerment were cited in 24 case stories, followed by the mobilisation of domestic investment (23) and job creation (21).

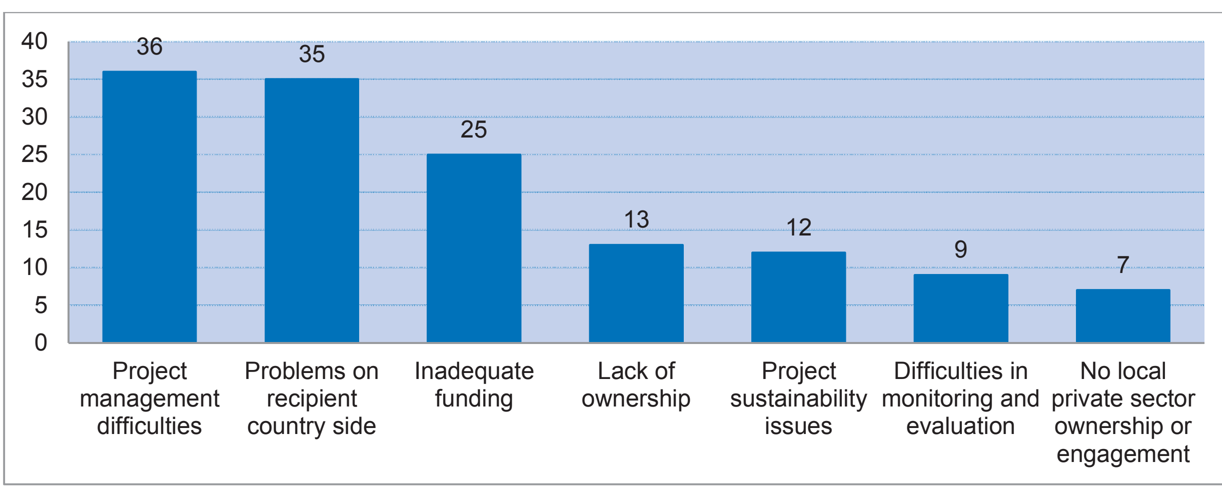
Figure 4.5 Outcomes reported in the private sector capacity building case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

This positive picture is nuanced by the main challenges faced by actors involved in the programmes, as shown in Figure 4.6. With 36 citations, the problem most often mentioned was difficulty in project management due to factors such as lack of co-ordination. Other problem areas concerned insufficient capacities in recipient countries and inadequate funding. These areas were in fact noted as the three most frequent problems across all the main three categories of aid for trade covered in this book.

Figure 4.6 Problems reported in the private sector capacity building case stories



Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Notes

1. A related argument is that aid can catalyse investment. However, empirical studies on the effect of aid on foreign investment indicate ambiguous relationships with inconsistent results. Harms and Lutz (2006) show that higher aid has no effect on private foreign investment. Conversely, Selaya and Sunesen (2008) show that aid invested in complementary inputs such as social and economic infrastructure draws in foreign capital, while aid directly invested in physical capital crowds out private foreign investments.
2. See *www.enterprisesurveys.org/.*
3. WT/WGTDF/W/59, October 2011.
4. These programmes are not the subject of a case story, but are described in World Bank (2009).
5. Two case stories described efforts to improve the quality of cotton production (see "Upgrading quality" below).
6. A South African company that markets and distributed health and beauty products.
7. To be efficient and enhance incomes, the industry has to be able to survive without protection (the Mill test) or special advantages and the discounted present value of the gains compensate for the losses to consumers (the Bastable test). Harrison and Rodriguez-Clare (2009) noted that rarely in practice are these tests actually performed. The absence of these tests explains why "infant industries" benefitted from decades of protection until the 1990s.
8. See Rodrik (2004) and Wade (2003) for the political economy arguments; Nolan and Pack (2003) and Pack and Saggi (2006) for critical reviews of the empirical underpinnings of Rodrik's interpretation of East Asia; Harrison and Rodriguez-Clare (2009) for a detailed review of the economics and empirical literature; and Lederman and Maloney (2012) for a more trade-focused review, and by implication Easterly and Reshef (2010) for Africa.

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Chapter 5

Conclusions

A careful analysis of the aid for trade case stories submitted for this project gives rise to some conclusions about what is working – and what is working less well.

What is working well?

The sheer quantity of activities described in these stories suggests that aid for trade efforts are substantial, that they have taken root across a wide spectrum of countries and in a wide variety of forms, and that they are becoming central to development strategies. The fact that nearly 40% of the case stories were provided by developing countries underlines the salience of these efforts, and the importance of making them work. Recipient governments are clearly interested in gaining access to global information and knowledge on ways to harness trade to promote growth and raise incomes.

The diversity of stories also reveals many activities that do not normally show up in the OECD Creditor Reporting System (CRS) aid for trade data. For example, few of the stories from middle income countries in Latin America and other relatively well-off regions involve official development assistance (ODA), and thus risk remaining at the margin of discussions on aid for trade when defined narrowly. Moreover, projects undertaken by the private sector arms of multilateral and bilateral agencies are for the most part not included in the OECD CRS data, yet these projects figure prominently in the case stories. This is an important message for the community of trade negotiators, which often focuses more on the dollar amounts transferred than on the substance of capacity building, policy studies, technical assistance and knowledge transfers that are as important as financial transfers. The fuller picture that emerges from the case stories is extremely useful for planning the most effective policies and approaches for the future.

Four case stories reported on econometric studies that attempt to establish links between aid for trade and trade and investment outcomes across large samples of countries. The Commonwealth Secretariat reported on studies showing that a doubling of aid for trade for infrastructure, for example, would be associated with a 3.5% increase in merchandise exports, while a doubling of aid for trade facilitation would lower import costs by 5% [Global, 34]. Similarly, the UN Economic Commission for Africa (UNECA) reported that its econometric studies of Africa showed that an increase of 10% in aid for trade is associated with a 0.4% increase in the index of economic diversification; aid for trade also has a statistically significant impact in lowering trade costs as measured in container shipping costs [Africa, 104]. The Overseas Development Institute (ODI) studied a different question: whether grants leverage additional resources. It found that one unit of grant mobilised 5-6 units of loans and some 15 units of other finance [Global, 85]. Finally, the United States reported on its evaluation of its trade-related projects.[1] The review comprised 265 projects begun between 2002 and 2006, involving more than 20 US agencies and amounting to USD 1.5 billion in resources. The report concluded that trade capacity building projects had positive and measurable trade-related impacts which were attainable due to the synergies between modalities (technical assistance, training, equipment) as well as project adaptation to policy changes (trade agreements) and macroeconomic factors [Global, 201].

Finally, the apparent impact of "soft industrial policy" – or industry-specific, pro-active government policies – in the case stories is noteworthy. This category reported the highest percentage of positive effects measured in terms of outputs and outcomes. The projects generally appeared to be both pragmatic and fruitful, and often translated into benefits for low-income participants, including women.

What is working less well?

There were several "gaps" between the different types of programmes covered by the case stories and the overall volume of aid for trade resources invested. For example, the relatively small number of infrastructure case stories (just over 5% of all the case stories submitted) may indicate that trade officials are paying less attention to this area. Yet in 2009, infrastructure constituted some 46% of all aid for trade[2] and, according to one study, was among the categories of aid for trade that had the strongest direct impact on trade performance (Portugal-Perez and Wilson, 2008). As noted earlier, this may be because trade ministries providing the case stories have little direct influence over infrastructure activities, or because many governments see infrastructure and services as largely unrelated to trade.

The deficiency in infrastructure stories may reflect the declining ODA resources devoted to infrastructure since the early 1990s, as a share of aid for trade, as a share of overall development assistance, or as dollars per capita. This tendency should perhaps be reassessed in light of the positive results reported in the case stories in this field, in which infrastructure investment appears as a key determinant of trade, incomes, private investment, poverty reduction, and probably gender inequality. The links between infrastructure investments and economic performance, especially trade, are more clearly drawn in the literature than for other types of development assistance.

Likewise, there is an imbalance between the relatively small proportion of *services-trade* case stories and the dynamic nature of services in international trade. Only 9 of 269 stories referred to services trade, yet cross-border business services, for example, represent the fastest growing segment of international trade.[3] Services also provide critical "complementary inputs" that determine the ability of firms to compete internationally. Even in areas that are well represented in the case stories, such as trade facilitation, services policies that affect project objectives are often neglected, including, for example, policies affecting trucking services, brokers, freight forwarders and so forth.[4] Only Cambodia [79], Guadeloupe [188], Niger [83] and Saint Vincent and the Grenadines [264] focused on services trade. It is worth asking whether this absence reflects a failure of both governments and donors to pay enough attention to the growing role of services in international trade and development.

Some discussion on services and aid for trade has begun, for example in the Workshop on Aid for Trade and Services held by the WTO Committee on Trade and Development in June 2012. As a starting point, factors that could potentially hold developing countries back from participating in international trade in services were identified: lack of access to financing for export development, reliable and inexpensive infrastructure, and networks and institutional facilities for trade, as well as limited availability of trained staff and vocational training. At a general level, these factors are problems that aid for trade programmes around the world are already addressing, and thus it may be logical to conclude that trade in services will follow once supply-side constrains and trade-related infrastructure constraints are dealt with. However, it would seem important to pay more specific attention to services in the context of such activities.

The scarcity of case stories on the issue of aid for *trade-related adjustment* is also noteworthy. Activities that included at least one dimension of trade adjustment were covered in less than a dozen case stories. Yet adjustment assistance was a major rationale for the Aid for Trade Initiative, and a key component of the WTO's 2006 Task Force Report. One reason for this absence may be that budget support – the main form that adjustment assistance takes – often involves a "package" of policy reforms, including trade more or less specifically, and thus the relevant policy makers were not involved in responding to the call for trade-related case stories. The silence on adjustment assistance may also reflect shifting concerns of the trade community. The earlier focus on adjusting to lower tariffs and to shrinking preferences has diminished in light of the slow progress of the Doha Development Agenda (DDA), and countries are now more concerned with overcoming supply constraints to take advantage of market opportunities. The absence of adjustment assistance stories may also reflect lack of knowledge among donors and development practitioners about how best to design trade-related adjustment programmes.

Lastly, it is worth noting that relatively few stories mentioned the vast *development research* that international organisations and donors have been undertaking in areas related to trade, to say nothing of the research work of universities, NGOs and the private sector. This work tends to fall within the province of the research groups in multilateral development banks, the OECD, selected UN agencies and specific government agencies. Respondents to the call for case stories may thus have considered it to fall outside the scope of this exercise. Nevertheless, as a guide to policy options, the vast research on the DDA, regional trade agreements, and domestic trade and investment reform has to be considered a far more important aid for trade "resource" than the few case stories reporting these activities would suggest.

The collection of case stories generally gives more weight to the export side of the trade balance than the import side. To measure this, clusters of words associated with exports and imports were created, and their frequency was counted in all of the case stories to discern emphases in trade-related development projects (see Annex B).[5]

Stories generally emphasised export performance rather that efficient imports. References to exports dominate those to imports by a ratio of more than 4 to 1 (see table in Annex B). Trade facilitation programmes that deal with border posts or infrastructure often reduce dead-weight costs on both sides of the trade balance. However, policy makers and donors need to pay as much attention to importing efficiently – including reducing "shoot-yourself in the foot" tariffs and non-tariff barriers – as they do to promoting exports. The good news is that the collection of case stories presents many examples of effective customs reforms that increase competitiveness by enhancing import efficiency.

Using this methodology, performance outcomes were focused much more often on gender issues than on the other issues examined. Counting words associated with poverty, incomes, employment, environment, gender and health indicated that the authors of the case stories were most interested in gender, which was referred to twice as often as the next most frequently measured variable, environment. This may reflect the special efforts of international organisations and donors to showcase their work on gender.[6]

Around half of the case stories contained quantitative indicators on results outputs (Table 5.1). For example, a capacity building project might indicate the number of people trained, or a standards project might enumerate the products covered. Stories from the multilateral development banks tended to have a higher share of quantitative information on outcomes than other stories. Still, it is difficult to draw a causal link from these interventions to broader outcomes in trade, income, poverty reduction, gender or the environment.[7] Far fewer case stories in the capacity building and policy improving thematic areas claimed that their activities produced specific quantitative outcomes – only about 4%.[8]

Table 5.1 Case stories with quantitative indicators of results

	Case stories		
Theme	**Number**	**With output (%)**	**With outcome (%)**
Trade facilitation	62	44	21
Building public sector capacities	108	47	10
Building private sector capacities	99	43	37
Total	**269**		
Author			
Recipient government[/a]	107	46	14
Donor government	71	49	25
United Nations[/b]	54	35	24
Multilateral development bank	25	52	44
Private[/c]	12	42	33
Total	**269**		

Source: OECD/WTO (2011), Aid for Trade Case Story Database, *www.oecd.org/aidfortrade/casestories.htm.*

Notes: [a/]Includes case stories from regional economic communities and organisations.
[b/]Includes other international organisations.
[c/]Includes NGOs and unaffiliated authors.

Given the political and economic importance attached to the projects described in the case stories, there is in fact a striking absence of rigorous quantitative benchmark performance indicators in either outputs or outcomes. Benchmarks and quantitative indicators of success were particularly deficient among global programmes that emphasised narrow technical assistance and training or that aimed at improving policy. To be fair, the original call for stories did not specifically solicit this information. Moreover, many stories described projects that were in their infancy or still being implemented (e.g. Africa, 145; Africa, 224; Dominica, 230; and Maldives, 240, to name a few); for these "early days" projects, reports on specific results were not yet be available. Nevertheless, nearly all the stories might have included more information pointing to specific quantifiable measures of success, measured against carefully formulated baselines. A similar conclusion has been noted in other more systematic evaluations.[9]

At present, tracing the link between investments in capacity building and results in trade performance, poverty reduction and gender inequality is virtually impossible. The same is true for projects that aim to improve inter-ministerial or donor co-ordination. Global programmes may well lead to new insights that motivate policy makers and private actors, and these may lead to improved policies – which may, in turn, produce greater trade, rising incomes, improved gender equality and a better environment. More specifically, intellectual property rights (IPRs) may eventually provide dividends in terms of earnings to music and transitional knowledge and greater foreign direct investment – as Viet Nam reported [Viet Nam, 96].[10]

Aid for trade programmes described in the case stories, such as those just mentioned, may make strong contributions to future trade-led growth and poverty reduction; yet without precise measurements to identify the conditions under which they function best, it will not be possible to take full advantage of past experience. Developing a more quantitative and less impressionistic results framework – based on greater investments in gathering indicator data – appears to be a highly promising objective. Two recent publications focus particularly on the need for better reporting on aid for trade outcomes to improve the effectiveness of programmes and projects: *Strengthening Accountability in Aid for Trade* (OECD, 2011) and the Managing for Development Results illustrated in the OECD/World Bank Sourcebook. [11]

Notes

1. The study also presents in an Annex A commissioned study by D. Bearce, S. Finkel and A. Perez-Linan (2010), "The Effects of US Trade Capacity Building Assistance on Trade-Related Outcomes, 1999-2008", September 2010; a USD 1 investment of total US government assistance to trade on average would increase exports by USD 53. Other donors have undertaken similar evaluations. See, for example, OECD (2008); SIDA (2009); Brusset, et al. (2006) for the Netherlands; Cox and Hemon (2009).

2. OECD-DAC Credit Reporting System (CRS) as at 2 March 2011.

3. See, for example, Cattaneo, et al. (2010).

4. For lengthier developments of this argument, see Hoekman and Mattoo (2007) and Hoekman and Njinkeu (2010).

5. Delpeuch et al. (2011).

6. This may reflect selection bias, in part owing to the efforts of the International Trade Center on trade and gender. The ITC held a conference on women in trade in 2010, drawing on participants' case stories solicited from around the world.

7. Several donor evaluations have pointed this out. See, for example, SIDA (2009), OECD (2008) and Hallaert (2010).

8. A story was considered to quantitatively report an outcome if it provided any numeric value for one of ten "performance" indicators: export increases; trade structure and regional integration; import efficiency; investment increases; poverty reduction; incomes increases; gender measures; employment; health; and environment.

9. See OECD (2008): "Donors and partner countries should focus on achieving results. They should adopt a collaborative, results-based management approach, where clear, realistic and measurable programme objectives are defined and translated into expected outcomes and required activities, with timetables for implementation (including information on the sequencing of outputs) and costing."

10. However, the link between stronger IPRs and increased FDI has only been convincingly made in regard to technology-intensive investments in middle-income countries. See Finger and Schuler (2004) and Fink and Maskus (eds.) (2005).

11. See OECD and World Bank MfDR Principles in Action: Sourcebook on Emerging Good Practices, *www.mfdr.org/Sourcebook.html.*

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Annex A

Methodology for classifying case stories

In response to the call for case stories, respondents submitted stories to the OECD and WTO. The case stories were entered in a database and given a number. Then the analysis team read each study and identified the country, sub-region or region in which the activity took place. General studies covering aid for trade activities with no particular country or region were labelled “global”. Authorship was established according to the institutional affiliation of the author.

The country and number in brackets in the text refer to the country of a programme or project and its number in the database. All submissions were allocated to one of three classification:

1. Lowering trade costs through trade facilitation;
2. Strengthening the public sector by reforming policy to enhance strategy and building capacity to better conduct trade policy;
3. Invigorating the private sector through sector-wide programmes as well as industry-specific policies.

Case stories were given indicators of reported outputs and outcomes. They were considered to have a reported output if they provided quantitative values associated with a programme or project: for example, number of people trained, number of ministries co-ordinated, or number of meetings held. Case stories that reported work on changing a law were also considered to have a reported output. Case stories were considered to have a reported outcome if they provided quantitative values associated with any of ten “performance” areas: export increases; trade structure; regional integration; import efficiency; investment increases; poverty reduction; increases in incomes; gender measures; employment; health and environment.

Classification

1. Lowering trade costs through trade facilitation and investments in infrastructure
    - 1.1. Soft infrastructure
        - 1.1.1. Customs reforms and logistics programmes
        - 1.1.2. Modernisation of information technology (IT)
        - 1.1.3. Corridor projects to speed border crossings
        - 1.1.4. Integrated trade facilitation programmes
        - 1.1.5. Regional integration

- 1.2. Hard infrastructure
  - 1.2.1. Energy/electricity
  - 1.2.2. Ports
  - 1.2.3. Roads
  - 1.2.4. Studies

2. Strengthening the public sector to better integrate least developed countries (LDCs) into the international trade arena
   - 2.1. Improving trade policy
     - 2.1.1. Adjustment assistance
     - 2.1.2. Identifying and streamlining national development strategies
     - 2.1.3. Raising standards (product and labour)
   - 2.2. Building policy negotiation and implementation capacities
     - 2.2.1. Knowledge and capacities (government officials)
     - 2.2.2. Enhancing negotiating and implementing capacity
     - 2.2.3. Building capacity to implement specific trade policies (e.g. intellectual property rights, IPR)

3. Invigorating the private sector by building human and productive capacities
   - 3.1. Building trade-related human capacities in the private sector and leveraging the private sector
     - 3.1.1. Trade finance
     - 3.1.2. Export promotion programmes
     - 3.1.3. Small and medium-sized enterprises (SMEs) and building the capacity of entrepreneurs
     - 3.1.4. Programmes benefitting women entrepreneurs
   - 3.2. Soft industry-specific policies
     - 3.2.1. Upgrading quality
     - 3.2.2. Increasing diversification

Annex B

Identifying emphases – methodology for concept counts

The word searches were carried out by counting the number of mentions of keywords, which were divided into clusters. The keyword mentions within a cluster were then added. Because there were case stories written in English, Spanish and French, the words were included in all three languages. The clusters were further divided into two classifications: trade variables and trade-related outcomes.

The words and their classifications are as follows:

Trade variables	
Import	**Export**
import	export
imports	exportacion
importaciones	exportaciones
importations	exportation
tariff	exports
arancel	diversification
arancelario	diversificacion
aranceles	
quota	
TBT	
NTB	

Trade-related outcomes					
Poverty	**Income**	**Employment**	**Gender**	**Environment**	**Health**
poverty	income	employment	women	environment	health
pobreza	salario	jobs	mujeres	ambiente	salud
pauvreté	salaire	empleo	femmes	environnement	santé
	ingreso	empleos	girls	clean	disease
	ingresos	emploi	filles	limpio	enfermedad
	revenu	emplois	niñas	pollution	maladie
	revenus	SME	gender	contaminacion	
		PYME	female	organic	
		MSME		organico	
				organicos	
				organique	
				organiques	

Number of mentions in the OECD Case Story Database (269 case stories)

	Trade variables		Trade-related outcomes						
Author	Import	Export	Poverty	Income	Employment	Gender	Environment	Health	Total
Recipient[/a]	136	629	138	66	76	245	108	96	1 494
Donor	109	459	81	141	112	241	174	42	1 359
UN[/b]	107	567	122	69	166	644[/d]	287	76	2 038
MDB	81	189	13	13	43	36	40	6	421
Private[/c]	31	146	34	18	17	271	28	5	550
Total	**464**	**1 990**	**388**	**307**	**414**	**1 437**	**637**	**225**	**5 862**

Notes: a/ Includes case stories from regional economic communities and organisations.
b/ Includes other international organisations.
c/ Includes NGOs and unaffiliated authors.
d/ Includes 15 case stories from the International Trade Center (ITC) that deal exclusively with gender and aid for trade.

Annex C

List of case stories by reference numbers

No	Author	Country/region	Title
1	AfDB	West Africa	NEPA-CEB Interconnection Project
2	ECDPM/CTA (European Centre for Development Policy Management/Center for Agricultural and Rural Cooperation)	Caribbean	Trade and production adjustments in ACP countries – lessons from the EC supported Caribbean Rum Program
3	Mexico	Central America	Mesoamerican integration and development project/International Network of Mesoamerican Highways
4	Malawi	Malawi	National Development and Trade Policy Forum Project
5	Montserrat	Montserrat	EC Funded Project on ASYCUDA
6	Mongolia	Mongolia	How to facilitate trade facilitation by implementing Mongolian National Single Window (MNSW)
7	Nigeria	Nigeria	Strategic trade facilitation action plan for Nigeria
8	ADB	Asia and Pacific	ADB Trade Finance Programme
9	ADB	Asia and Pacific	ADB's Greater Mekong Subregion East West Corridor
10	ADB	Kazakhstan and Kyrgyzstan	Almaty-Bishkek Regional Rehabilitation Program
11	ADB	Asia and Pacific	Technical Assistance to Build Trade Policy Capacity

12	Azerbaijan	Azerbaijan	AFT case story
13	Benin	Benin	Projet multinational de diffusion du riz Nerica
14	Benin	Benin	Projet d'appui au développement des filières halieutiques sur le lac Ahème
15	Botswana	Southern Africa	Customs Modernization and Trade Facilitation towards the SADC Customs Union Project
16	Brazil	South America	Exporta Fácil
17	Kenya	Kenya	Call for Aid for Trade Case
18	Burundi	Burundi	Projet sur les huiles essentielles
19	Cameroon	Cameroon	Stratégies sectorielles sur la banane plantain et le manioc
20	Caribbean Export Development Agency	Caribbean	Caribbean Export Development Agency
21	Central African Republic	Central African Republic	Renforcement des capacités de production : cas sésame
22	Commonwealth	Global	The EDF Funded Commonwealth Secretariat Trade Policy Formulation, Negotiation, and Implementation (Hub and Spokes) Project
23	Caribbean Rum Sector Program	Caribbean	Caribbean Rum Sector Program
24	CARICOM	Caribbean	The Establishment of CAHFSA and a Regional SPS programme
25	CARICOM	Caribbean	The Caribbean AFT and Regional Integration Trust Fund: A mechanism for delivering AFT support to CARICOM and CARIFORUM states
26	Congo (Rep. of)	Congo (Rep. of)	Projet de renforcement des capacités commerciales et entrepreneuriales
27	Sékou Berete	Guinea	Présentation d'un Cas d'Expérience
28	Comoros	Comoros	Programme de renforcement des services du commerce et de l'investissement et soutien à un environnement incitatif pour le secteur privé
29	ADB	Fiji	Fiji Ports Development project
30	Brazil	Africa	Brazilian Cooperation Agency of the Ministry of External Relations
31	ECDPM	Caribbean	Lessons from the Sugar Protocol Adjustment

			measures program in the Caribbean
32	Universidad de Chile	Chile	Pymexporta
33	UEMOA	Africa	Projet de renforcement de capacités en matière de commerce "Hub and Spokes"
34	Commonwealth	Global	Assessing the effectiveness of AFT
35	Czech Republic	Moldova	Concrete Instruments Supporting SME Sector in Republic of Moldova
36	Congo (Dem. Rep. of)	Congo (Dem. Rep. of)	Présentation d'un Cas d'Expérience
37	SECO	West Africa	The Empowerment of Western and Central African Cotton Procedures: A sectoral approach on cotton
38	EBRD	Eastern Europe	EBRD Business Advisory Services Program
39	EBRD	Eastern Europe	EBRD Trade Facilitation Program: Results from the survey of participating banks
40	ECOWAS	West Africa	L'élaboration du programme de l'APE pour le Développement
41	ECOWAS	West Africa	Exports Promotion & Enterprise Competitiveness for Trade (ExPECT) Initiative
42	ECOWAS	West Africa	Gap Analysis of the ECOWAS Trade Liberalization Scheme
43	Ecuador	Ecuador	Construcción de la Politica Nacional de Logística (PNL) como Instrumento para la Facilitación del comercio exterior
44	Ecuador	Ecuador	Transporte terrestre de carga en pasos de frontera (TTPF)
45	Gambia	Gambia	The Implementation of the West African Quality Program in the Gambia
46	Lisa Fancott, for ITC	Africa	ACCESS! Export training for women entrepreneurs in Africa
47	UNECA	Africa	ATPC as AFT in Action on Gender Issues
48	Marylin Carr	Africa	AFT: Building capacities for linking women with export markets
49	TradeMark	Africa	Negotiating the COMESA-EAC-SADC Tripartite FTA

50	Commonwealth Secretariat	Commonwealth	Capacity Building in Gender and Trade
51	CGIAR	Global	CGIAR Gender and Diversity Program Reaps Benefits for CGIAR Globally
52	Plan International	Global	Empowering more women in trade paradigms
53	United Nations	India	Strategies and Preparedness for Trade and Globalization in India
54	CCGD (Kenya)	East Africa	Gender and Trade Mechanisms in East Africa: The Customs Union
55	SADC	Southern Africa	Gender mainstreaming: the experience of SADC and lessons learned
56	UNCTAD	India	Gender sensitization of trade policy
57	Rwanda	Rwanda	Gender Dimension in AFT
58	Benita Sharma	India	Special Export Zones and their Impact on Women Workers in the Garment Manufacturing Industry in Andhra Pradesh
59	Norway	Mozambique	A New Chapter in the Development of Mozambique's Oil and Gas Sector
60	Business Advisory Services Enterprise Uganda	Uganda	Integrating Gender into the National Export Strategies: A case for Uganda
61	UNEP	East Africa	East African Organic Products Standard
62	DMT Consultants	Uganda	Talking to the Target makes all the difference
63	UNIFEM	Africa	Women Informal Traders Transcending African Borders
64	Grameen Bank	Bangladesh	Women's Economic Empowerment… Bangladesh
65	Ghana	Ghana	Case story on Ghana's national medium term private sector development strategy
66	German Development Institute	East Africa	Establishing a Regional Quality Infrastructure in the East African Community
67	Grenada	Grenada	Improving the Quality of Fishery Products for Exports
68	Taiwan Technical Mission	Honduras	Oriental Vegetable Project in Honduras
69	IDLO	Africa	WTO Aid for Trade Case Story

70	Indonesia	Indonesia	Artificial insemination of dairy cattle
71	Indonesia	Indonesia	Indonesia Enterprise and Agricultural Development Activity (SENADA)
72	Indonesia	Indonesia	European Union – Republic of Indonesia (EU-RI) trade support program
73	ITC	Global	Market Analysis Tools and Capacity Building for LDCs
74	Islamic Development Bank	Azerbaijan	Silk Road Project Azerbaijan
75	ITC	Ethiopia	Ethiopia Coffee Quality Improvement Project
76	ITC	Africa	Ethical Fashion: not charity, just work
77	ITC	Uganda	AFT and export performance: a business perspective
78	JICA	Cambodia	The development study on the institutional strengthening of investment promotion
79	Republic of Korea	Cambodia	The Project for Capacity Building in the Trade in Goods and Services for Cambodia
80	United Nations	Mali	Vers un agenda commun de l'Agriculture et de l'Aide pour le commerce pour la Gestion Durable des Terres (GDT) : L'expérience du Mali
81	Mauritius	Mauritius	(AFT in Mauritius)
82	WTO Chair	Morocco	Aide au Commerce : quels enjeux pour le deuxième programme marocain des routes rurales ?
83	Niger	Niger	Projet d'assistance technique destiné à promouvoir le commerce de services
84	OAS	Caribbean	Professional Masters in International Trade Policy
85	ODI	Global	AFT and Blended Finance
86	New Zealand	Pacific	Recognized Seasonal Worker Program
87	Senegal	Senegal	Renforcement des capacités nationales à s'adapter aux marchés
88	B & J Partners	Sierra Leon	Program: Support to cash crop (cocoa and coffee) production
89	China	China	Small Famers in Global Markets

90	Australia	Solomon Islands	Solomon Islands Cocoa Livelihood Rehabilitation Project
91	SIDA	Sri Lanka	Quality Infrastructure in Sri Lanka
92	Kenya	East Africa	Establishing a Centre of Phytosanitary Excellence (COPE)
93	United Nations	Sudan	The Sudan EPA Negotiations and Implementation Support (SENIS) Project
94	Suriname	Suriname	Improving the trade facilitation environment in Suriname
95	SIDA	Africa	Trade Policy Training Centre in Africa (Trapca)
96	SECO	Viet Nam	Promoting the Use of IP in Viet Nam as a tool to Foster Trade
97	UNECA	Ethiopia	The African Trade Policy Centre (ATPC) as an Aid for Trade (AfT) Case Story
98	ISF	Nicaragua	Tierra Nueva
99	Togo	Tonga (Kingdom of)	Tonga: A tale of Technical Assistance
100	Global Mechanism	Uganda	Towards a common Agenda on AFT and Agriculture for SLM: the experience of Uganda
101	UNCTAD	Honduras	Capacity Building in Developing Countries and LDCs to support their effective participation in the WTO negotiations process on trade facilitation -
102	UNCTAD	East Africa	International Partnership for Sustainable Development: Promoting production and trade of organic agricultural products in East Africa
103	UNCTAD	Uganda	The BioTrade Initiative Program
104	United Nations	Africa	Econometric Evidence of the Effectiveness of Aid for Trade in Addressing Trade Binding Constraints in Africa
105	UNIDO	Morocco	The UNIDO Export Consortia Program: The Case of Morocco
106	German Development Institute	Zambia/COMESA	The EU's Joint Aid for Trade Strategy – Opportunities and Challenges for coordination. The case of Zambia and COMESA
107	Zimbabwe	Zimbabwe	Chirundu One Stop Border Post: a regional trade facilitation program

108	Secretaria de Economia (Mexico)	Central America	El Proceso de Convergencia de los TLCs entre Mexico y Centroamerica para Establecer un Acuerdo Unico
109	China	Lao PDR	Overall Plan for Comprehensive Development of Northern Area in Laos
110	Gabon	Gabon	L'appropriation de l'Aide pour le Commerce
111	UNIDO	Global	Trade Capacity Building in UNIDO: Supporting AFT through organizational change
112	UNIDO	Global	How to make private standards work for developing country exporters - UNIDO's Guide
113	UNIDO	Global	Trade Capacity Building in UNIDO: Supporting AFT through the publication of the TCB Resource Guide 2008 & 2010
114	Mexico	Mexico	Agenda Nacional para la Competitividad
115	UNIDO	Sri Lanka/ Pakistan	How Laboratory Business and Exports Can Grow Hand in Hand
116	NORAD	Uganda	Strengthening women entrepreneurs in Uganda
117	IaDB	Latin America and Caribbean	Trade Finance Reactivation Program
118	CIDA	Guatemala	Entrepreneurial development of cooperative federations
119	CIDA	Southern Africa	Program for building African capacity for trade
120	IaDB	Latin America and Caribbean	The Mesoamerica Project
121	IaDB	Guatemala	FINPYME ExportPlus
122	IaDB	Latin America and Caribbean	International Transit of Goods (TIM)
123	Chile	Chile	Coaching Exportador
124	Chile	Chile	Fortalecimiento de la Gestión Comercial e Institucional de EXPORTA El Salvador
125	World Bank	Cambodia	Women entrepreneurs in Cambodia
126	World Bank	Cambodia	Labor Standards in Cambodia
127	World Bank	Lesotho	World Bank Lesotho Improving skills
128	World Bank	Ghana	World Bank

129	World Bank	East Africa	East Africa Trade and Transportation Facilitation Project
130	World Bank	Tunisia	World Bank
131	World Bank	Mauritius	World Bank
132	Angola	Angola	Case Story
133	Taiwan Technical Mission	Guatemala	Peten Papaya Export Project in the Republic of Guatemala
134	WIPO	Namibia	A Tree and Traditional Knowledge: A Recipe for Development
135	Norway	Tanzania	The Tanga-Pemba submarine cable
136	Peru	Peru	Alianza Público-Privada y Biodiversidad: La Cadena de la Maca en Perú
137	Peru	Peru	Impacto de la incorporación del comercio en la estrategia de desarrollo del Perú
138	Peru	Peru	Desarrollo de Asociaciones de Exportación de Artesanos Textiles del Cusco: equidad de género, emprendimiento e inclusión en el desarrollo comercial
139	Cambodia	Cambodia	Trade Diversification after the Global Financial Crisis: Cambodian Rice Export Policy Case Story
140	TradeMark/DFID	Zimbabwe/Zambia	Improving Service Delivery and Reducing Clearing Times at Chirundu Border Post
141	TradeMark/DFID	Mozambique	Maintaining the Fisheries Sector's Access to the EU Market in Mozambique
142	TradeMark/DFID	Africa	Establishing a Regional Non-Tariff Barrier Reporting and Monitoring Mechanism
143	Jamaica	Jamaica	Jamaica’s National Export Strategy
144	TradeMark/DFID	Southern Africa	Revamping the Regional Railway Systems in Eastern and Southern Africa
145	TradeMark/DFID	Africa	The COMESA-EAC-SADC Tripartite and Transport Facilitation Program
146	PWC	Global	Creating an Engine for Growth and Development – Export Credit Agency
147	ODI	West Africa	AFT and trade related adjustment – economic partnership agreements

148	TradeMark SA (DFID)	South Africa	Establishing and Managing a Regional Aid for Trade Program
149	Trade Mark SA (DFID)	South Africa	North-South Corridor Roads
150	Lesotho	Lesotho	Lesotho: Aid for Trade Needs
151	AUSAID	Indonesia	Case Story: Australian Fumigation Accreditation Scheme
152	AUSAID	Indonesia	Caste Story: The Cocoa Supply Chain in Indonesia
153	ICTSD	Caribbean	Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)
154	Finland	Zambia	Aid for Trade Case Story on the Integrated Framework (IF)/Enhanced Integrated Framework (EIF) Process in Zambia
155	Lao PDR	Lao PDR	(Trade Development Facility)
156	Costa Rica	Costa Rica	FDI Attraction and Participation in Global Value Chains
157	Costa Rica	Costa Rica	Trade Opening as a Key Element of the Development Agenda
158	UNDP	Pakistan	Community Empowerment through Livestock Development and Credit Project (CELDAC)
159	ECDPM	Egypt	Traceability of agro-industrial products for the European market
160	Malawi	Malawi	Business Environment Strengthening Technical Assistance
161	Malawi	Malawi	Integrated Framework Project
162	STDF	Global	Promoting Agri-Food Exports that Meet International Sanitary and Phytosanitary (SPS) Requirements: The Role of Multi-Stakeholder Partnerships
163	JICA	South East Asia	Truck movement without trans-shipment along EW corridor
164	WB/WCO/France	Cameroon	Cameroon Customs reform: “gazing into the mirror”
165	ODI	Global	AFT and trade related adjustment in the context of climate change
166	WCO	Ethiopia	Customs reform and trade facilitation

167	World Bank	Global	Environmental Goods and Services (EGS) Case Story
168	OAS	Latin America/ Caribbean	Trade Capacity Building Program for the Implementation and Administration of Trade Agreements
169	OAS	Caribbean	Strengthening the Official Sanitary System of Agricultural Goods for Export Markets in CARICOM
170	OAS	Caribbean	Caribbean Intellectual Property (IP) Value Capture Export Strategy
171	Zambia/Finland	Zambia	The Chirundu One Stop Border Post
172	WIPO	Lao PDR	International Success of Laotian Beer
173	WIPO	Jordan	Evolving toward IP-fuelled innovation
174	Norway	Tanzania	Support to the development of the Southern Agricultural Growth Corridor of Tanzania Investment Blueprint
175	United States	Africa	USAID regional trade facilitation implemented by the African trade hubs
176	AUSAID	Pacific Islands	The Australia-Pacific Technical College (APTC)
177	Belize	Belize	Completing Belize's Aid-for-Trade Strategy
178	Spain	Honduras	Development of fishing capacities in the Gulf of Fonseca; coalition of municipalities of the south of Honduras, NASMAR
179	Spain	Morocco	Support for technical industrial centers; Sidi Maarouf, Morocco
180	CUTS	Zambia	Zambia's Aid for Trade: A case of the EIF
181	Jamaica Business Development Corporation	Jamaica	Productive Integration of Micro-Enterprises in Jamaica: Increasing the Competitiveness of Micro-Enterprises in the Craft and Agro-processing Sub-sectors
182	Jamaica	Jamaica	Commonwealth Hubs and Spokes Project: Building the Capacity of ACP Countries in Trade Policy Formulation, Negotiations and Implementation
183	Switzerland	Colombia	Economic success through resource efficient and cleaner production (RECP)
184	Switzerland	Mozambique	Strengthening the Competitiveness of Export

			Oriented Agro Value Chains, Cashew Nut Value Chain in Mozambique
185	Germany	Indonesia	Value Chain Promotion in the Rattan Furniture Sub-Sector in Indonesia
186	Germany	Kyrgyzstan	Three-Party South-South Cooperation: Using Senegalese Knowledge and Experience to Improve Trade Administration Systems in Central Asia
187	Germany	Côte d'Ivoire	Introducing Rainforest Alliance Certification to Cocoa Production in Côte d'Ivoire
188	Trinidad and Tobago	Guadeloupe	Case Story Aid for Trade Global Review 2011: Trinidad and Tobago Services Trade Mission to Guadeloupe and Martinique
189	WCO	Macedonia (Former Yugoslav Republic of)	
190	Ethiopia	Ethiopia	(AFT in Ethiopia)
191	Spain	Global	Capacity building and human capital training course for the administrative units in charge of trade facilitation in countries targeted by enhanced integrated framework programs
192	Islamic Development Bank	Central Asia	Islamic Trade Finance Corporation trade facilitation program: lessons learned from the aid-for-trade (AfT) road map for the United Nations special program for the economies of Central Asia (SPECA)
193	ITC	Global	Modular learning system – supply chain management
194	EU	Rwanda	Support to the Agriculture Sector in Rwanda (2003-2010)
195	EU	Viet Nam	Multilateral Trade Assistance Project III (EU-Viet Nam MUTRAP III)
196	Fiji	Fiji	Case story on Fiji's Competent Authority
197	Argentina	Bolivia	Sistema de Control Sanitario en Centros de Faenamiento, Transporte Comercialización de Productos Cárnicos
198	Argentina	Peru	Asistencia técnica y capacitación a empresas del sector lechero de la Región Arequipa/Puno

199	Argentina	Nicaragua	Formación de Formadores en Artes y Útiles de Pesca Artesanales
200	Antigua	Antigua	The Caribbean Rum Program: The Case of Antigua Distillers Ltd.
201	United States	Global	The Importance of Monitoring and Evaluation to Trade Capacity Building Program Effectiveness
202	BFTI	Bangladesh	Successes and Failures of the Bangladesh Trade Support Programme (BTSP)
203	Spain	Latin America and Caribbean	Distance learning course and on-site workshop on negotiations of international investment agreements for Latin American and Caribbean countries
204	SACAU	Southern Africa	A Case Story on SACAU's support to Southern African Delegates in International Plant Protection Convention (IPPC) Attendance
205	WTO	Global	The WTO Trade Policy Review Mechanism: Aid for Trade
206	Kazakhstan	Kazakhstan	Presentation of the representative of the Ministry of Economic Development and Trade of the Republic of Kazakhstan on implementation of the Aid for Trade initiative "Road map for the SPECA countries"
207	EU	Caribbean	Caribbean Trade and Private Sector Development Program (CTPSD) – Phase II Caribbean Export Component
208	Bangladesh	Bangladesh	Quality Support Export Diversification Program
209	EU	Cameroon	Appui à la filière café du Cameroun
210	ITC	Africa	African cotton development initiative
211	DFID	Burundi	Changing Incentives – Revenue Growth in Burundi
212	Switzerland	Tanzania	The Impacts of Certification for Sustainable Production on Coffee Producers in Tanzania: An application of the Committee on Sustainability Assessment (COSA) Harmonized Methodology for Impact Analysis in the Coffee Sector
213	IaDB	Latin America and Caribbean	El desafío y la importancia de las reglas de origen en la agenda de política comercial
214	Denmark	Uganda	African Organic

215	Denmark	Ghana	Food and Drugs Board
216	Bangladesh	Bangladesh	Support to Bangladesh RMG sector post MFA
217	Belgian Investment Company for Developing Countries	Viet Nam	Expansion project of a private company
218	Belgium	Global	Trade for Development Centre – Producer Support Program
219	Botswana	Botswana	Trade and poverty program
220	Burkina Faso	Burkina Faso	Projet de renforcement des capacités en formulation, négociation et mise en œuvre des politiques commerciales "hub & spokes"
221	Burkina Faso	Burkina Faso	Fonds de soutien à coûts partagés pour le développement de l'entreprise
222	WTO	Cape Verde	Cape Verde Case Story
223	USAID	Central America	CAFTA-DR Sanitary and Phytosanitary Trade Capacity Building Program
224	CEN-SAD	Africa	Expérience CEN-SAD en matière d'aide au commerce
225	Chad	Chad	Filière cuir
226	Colombia	Colombia	Certificado Origen Digital
227	Colombia	Colombia	Proyecto Asistencia Tecnica Comercio
228	Croatia	Croatia	Rijeka-Zagreb Motorway
229	Vasudave Daggupaty	East Africa	Assessing Transport Trade Facilitation
230	Dominica	Dominica	Topic: ASYCUDA World Implementation
231	INDOTEL	Dominican Republic	Instituto Dominicano de Telecomunicaciones (INDOTEL)
232	United States	Viet Nam	Supporting Viet Nam's Legal and Governance Transformation
233	El Salvador	El Salvador	Fondos del Milenio (FOMILENIO)
234	ESCWA	Asia	Strengthening capacities in the Economic and Social Commission for Western Asia region to negotiate bilateral investment treaties
235	ESCWA	Asia	Networking of Expertise on Foreign Direct

			Investment for ESCWA Member Countries
236	United Nations	Global	Improving Global Road Safety: Setting Regional and National Road Traffic Casualty Reduction Targets
237	ESCWA	Asia	Technical Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development in the Countries of the ESCWA Region
238	ESCWA	Asia	EDGD Transport
239	WCO	Uganda	The use of the WCO Time Release Study to measure border performance in a landlocked developing country (Uganda)
240	Maldives	Maldives	(IF web-based information system)
241	ECSWA	Asia	EDGD trade and transport
242	ECSWA	Asia	EDGD ministerial conference
243	Fiji	Fiji	Sugar Industry
244	Fiji	Fiji	Trade Policy Framework
245	Guyana	Guyana	National Competitiveness Strategy (NCS): Trade Transactions Action Plan
246	Haiti	Haiti	Projet d’automatisation du système douanier (SYDONIA WORLD)
247	Honduras	Honduras	Supporting competitiveness reform in Honduras
248	Tanzania	Tanzania	The impact of business sector program support (BSPS III) on Tanzania business sector performance
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- cooperate with other international organisations.

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World Trade Organization

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AID FOR TRADE IN ACTION

History has shown that openness to trade is a key ingredient for economic success and for improved living standards. But simply opening the economy to international trade is not enough. Developing countries – especially the least developed – require help in building their trade-related capacities in terms of information, policies, procedures, institutions and infrastructure, so as to compete effectively in the global economy. Aid for trade aims to help countries overcome the supply-side constraints that inhibit their ability to benefit from market access opportunities. The almost 300 case stories show clear results of how aid-for-trade programmes are helping developing countries to build human, institutional and infrastructure capacity to integrate into regional and global markets and to make good use of trade opportunities. Together, these stories are a rich and varied source of information on the results of aid for trade activities – an indication of the progress achieved by the Aid-for-Trade Initiative.

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