



## Building trade capacity

- > The Committee on Trade and Development held its first session on the monitoring mechanism to review the implementation of special and differential treatment provisions for developing countries in WTO agreements and decisions.
- > Aid for Trade flows to developing countries rebounded in 2012, the latest year for which figures are available, with commitments rising 21 per cent after sliding 14 per cent in the previous year.
- > The Services Council held a meeting in early 2015, at which over 25 WTO members indicated services sectors and modes of supply from least-developed countries (LDCs) to which they would give preferential treatment as a means of improving the participation of LDCs in world exports of commercial services.
- > The WTO increased its training programme for government officials, undertaking 324 technical assistance activities in 2014, compared with 279 in 2013.

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#### Background on building trade capacity

The WTO aims to help developing countries build their trade capacity and allows them a longer time to implement trade agreements. Hundreds of training courses are organized each year for officials from developing countries.

# Trade and development

**The WTO's Committee on Trade and Development implemented a number of decisions taken at the Ninth Ministerial Conference in Bali, including holding a first session of the monitoring mechanism on special and differential treatment for developing countries. It discussed the WTO's technical assistance and training activities and received members' notifications concerning market access for developing countries and least-developed countries (LDCs). It also began discussions on how to proceed with a review of the transparency mechanism for preferential trade arrangements.**

In 2014, the Committee on Trade and Development began implementing decisions taken at the WTO's Ninth Ministerial Conference in Bali. It held two dedicated sessions on the monitoring mechanism on special and differential treatment, which ministers launched in Bali.

The mechanism acts as a focal point within the WTO to analyse and review the implementation of special and differential treatment provisions in WTO agreements and decisions. Such provisions range from increasing trade opportunities to granting longer transition periods for the implementation of WTO agreements and providing technical assistance. In addition, as agreed by ministers, the Committee continued an annual review of steps taken by members to provide duty-free and quota-free (DFQF) market access to LDCs. To aid this review, the WTO Secretariat prepared a report on members' DFQF market access for LDCs.

A number of proposals were considered in the context of the mandate from the WTO's Eighth Ministerial Conference in 2011 for the Committee to undertake focused work on the link between trade and development. Members also considered how to proceed with a review of the transparency mechanism for preferential trade arrangements, under which beneficiaries do not have to offer concessions in return, and examined an overview of the status of its implementation. The mechanism, agreed in 2010, aims to increase understanding of all PTAs being implemented by WTO members.

## Background on trade and development

The Committee on Trade and Development is the focal point for the coordination of all work on trade and development issues in the WTO. The Committee deals with a variety of issues, including all developmental issues, technical cooperation and training, and notifications under the Enabling Clause, which allows developed countries to give more favourable treatment to developing countries.

In the Committee's dedicated session on preferential trade arrangements, members considered the trade preferences granted by the European Union to Pakistan. These preferences were granted for a limited period of time in order to promote Pakistan's economic recovery following the floods of July and August 2010.

The Committee received a report on the 48<sup>th</sup> session of the Joint Advisory Group (JAG) of the International Trade Centre (ITC). The JAG is the policy-making body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development (UNCTAD). The ITC's work focuses on assisting small and medium-sized enterprises in developing countries.

A new facility entered into force in November 2014 to help developing countries implement the newly approved Trade Facilitation Agreement (see page 41).

## > Notifications on market access

In 2014, the Committee received a notification, under the Enabling Clause (see page 76), concerning Canada's generalized system of preferences (GSP) scheme. GSP schemes allow developed countries to grant preferential tariffs to imports from developing countries. Canada's notification provided information on the extension of its GSP scheme to 31 December 2024. In addition, Chile notified to the Committee its DFQF market access scheme for LDCs. This scheme sets at 0 per cent the customs duties on imports of goods originating from LDCs, excluding imports of wheat, wheat flour and sugar.

## > Technical cooperation and training

The WTO's technical assistance and training activities were discussed (see pages 120-3). The Committee took note of the 2013 annual report on technical assistance and training. The WTO Secretariat undertook 320 technical assistance activities in 2013, both in Geneva and in various WTO member and observer countries. The majority of these activities were organized in partnership with other international



organizations and regional and sub-regional organizations. Overall, close to 14,000 participants were trained during the year, an increase of 9 per cent compared with 2012. This growth is due to online courses, which attracted 40 per cent of all participants.

## Least-developed countries

**The Sub-Committee on Least-Developed Countries (LDCs) continued to implement the recently revised WTO work programme for LDCs. It conducted its annual review of market access for LDC products and took stock of progress in the provision of WTO technical assistance and training provided to the LDCs as well as other technical assistance programmes. It reviewed progress on the WTO accession processes of LDCs and heard reports from the LDC Coordinator on the outcome of a workshop, organized by the LDC Group, to define the elements that LDCs would like to pursue as part of the post-Bali work programme.**

### > Market access for LDCs

Market access issues for LDCs again featured prominently on the agenda of the Sub-Committee. The WTO Secretariat's annual report on global trends in LDC trade and market access showed that LDC exports of goods and commercial services rebounded 6.0 per cent, more than twice the world average, in 2013. However, the participation of LDCs in global trade remained marginal, at 1.23 per cent, and the overall participation of LDCs in world exports of commercial services remained low, at 0.7 per cent. The study showed that export concentration continues to be a defining characteristic of LDC trade, with more than 70 per cent of LDC merchandise exports dependent on a few main products.

WTO members appreciated the study as well as efforts by the Secretariat to expand data not only on LDC trade in services but also on non-tariff measures (NTMs) faced by LDC exports. The LDCs expressed concern about the gradual decline in their share of agricultural and manufactured products and reminded members to put into action the decisions taken at the Bali Ministerial Conference in 2013, in particular relating to duty-free and quota-free (DFQF) market access as well as the LDC services waiver (see page 67). In Bali, ministers called on developed-country members to improve their existing DFQF coverage for products originating from LDCs and encouraged developing-country members, declaring themselves able to do so, to provide DFQF market access for products originating from LDCs or to improve their existing DFQF coverage for such products. The LDC services waiver allows other members to grant preferences to LDCs to increase the participation of LDCs in world services trade.

The coordinator of the LDC Group at the WTO briefed members on the outcome of a workshop held at UNCTAD in March 2014. The workshop took stock of the results of the Bali Ministerial Conference and discussed the way forward for the LDC Group, including in the context of the post-Bali work programme. The workshop reiterated the importance of the Trade Facilitation Agreement (see pages 39-41) and the need for the effective implementation of LDC-specific decisions, such as the services waiver, adopted by members in Bali.

### Background on least-developed countries (LDCs)

The Sub-Committee on LDCs was established in July 1995 as a subsidiary body to the Committee on Trade and Development to address issues of interest to LDCs. Since the Doha Ministerial Conference in 2001, the Sub-Committee has focused on the implementation of the WTO work programme for LDCs, which looks at a number of systemic issues of importance to them, such as market access, technical assistance and accession to the WTO.

The Government of Chile notified its comprehensive DFQF scheme which came into force in February 2014. Chile thus joined a number of other developing countries that have opened their markets to products from LDCs without duty or quotas.

Members of the Sub-Committee also received a report from the Secretariat on the first annual review of preferential rules of origin for LDCs conducted by the Committee on Rules of Origin (CRO), in accordance with the Bali ministerial decision (see page 61). The decision contains a set of multilaterally agreed guidelines to make it easier for LDC exports to qualify for preferential market access. The LDCs invited members to examine their submission at the CRO outlining the challenges they face with complying with preferential rules of origin.

### > Technical assistance and capacity building

The Sub-Committee regularly monitors the progress of WTO trade-related technical assistance provided to LDCs as well as other capacity-building initiatives in which the WTO is involved, such as the Enhanced Integrated Framework (EIF – see page 116) and the Standards and Trade Development Facility (STDF – see page 118).

LDCs are given priority in the implementation of WTO technical assistance and they benefit from tailor-made advanced courses. They are also given priority for internships and WTO reference centre programmes (see page 122). Furthermore, there has been a steady increase of LDC participants in the WTO's e-learning courses (see page 122), which are now a prerequisite for intermediate and advanced level WTO training.

Regular updates are also being provided in the Sub-Committee on the EIF, a multi-donor programme to help LDCs take part in trade. An update on the current status of the implementation of the EIF was provided in June by the EIF Executive Secretariat, and LDCs reiterated the importance of the EIF programme to build their trade capacities. In view of the continuous need to address trade capacity building in the LDCs, donors and other development partners heeded a call from LDCs and agreed to extend the EIF beyond the end of its current programme in 2015. The EIF is currently helping 50 of the poorest countries worldwide. The WTO is one of six partner agencies of the programme and also hosts the Executive Secretariat.

The Sub-Committee also received updates from the STDF. The importance of capacity building to meet sanitary and phytosanitary (SPS) measures and requirements was highlighted, as was the fact that some 50 per cent of STDF project funds were allocated to LDCs.

Development partners continued to provide updates on their events, activities and programmes in favour of LDCs. In June 2014, the World Bank announced its support to help developing countries, in particular LDCs, reform their trade facilitation laws and practices and bring them in line with the WTO's Trade Facilitation Agreement (TFA). The programme, supported by Australia, Canada, the European Union, Norway, Switzerland and the United States, is worth US\$ 30 million and aims to help LDCs address some of their immediate needs related to the implementation of the TFA,

which will come into force once it is ratified by two-thirds of the WTO membership (see page 39).

### > Accession of LDCs to the WTO

Members received a status report on the eight LDC accessions currently being negotiated (Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Liberia, Sudan, and Sao Tomé and Príncipe). The Secretariat explained the rationale, purpose and policy framework of the WTO accession process as well as efforts, in terms of transparency and outreach, to advance LDC accessions.

Members reiterated their commitment to facilitate LDC accessions and underlined the need to explore ways to activate some LDC accessions that have remained inactive for a number of years. The LDCs underscored the need for monitoring the faithful implementation of the LDC accession guidelines adopted in 2012. The new guidelines introduce some new flexibility and parameters to help acceding LDCs integrate into the multilateral trading system, consistent with their development, trade and financial needs.

### > Cotton, development assistance

Against a background of high volatility in global cotton prices, WTO members acknowledged the importance that the cotton sector plays in a number of developing countries and particularly in some LDCs.

At the Bali Ministerial Conference in 2013, ministers reaffirmed the importance of the development assistance aspects of cotton and committed to continued engagement in the Director-General's



Consultative Framework Mechanism (DGCFM) on cotton, which reviews and tracks cotton-specific assistance as well as infrastructure support programmes or other assistance related to the cotton sector.

At the 21<sup>st</sup> round of the DGCFM held in June 2014, members heard how regional African organizations are increasing their involvement in developing the continent's cotton sector to ensure aid reaches farmers who really need it and to strengthen production from the field to the clothing market. Presentations by several organizations were made and the WTO Secretariat reported a slight decline in assistance for cotton – current and future – as a number of projects have been completed.

At the 22<sup>nd</sup> round of the DGCFM held in November, members of the “Cotton Four” (see page 33) group of West African cotton producers – Burkina Faso, Benin, Chad and Mali – declared that recent price falls were hurting their producers and called for a swift conclusion to the negotiations to slash policies, such as subsidies, that distort markets.

The consultations on the development aspect of cotton have been described as unique in the WTO because they deal with a single commodity, and do so monitoring aid (particularly for LDCs), trade, market conditions and other aspects.

In Bali, ministers also reiterated WTO members' commitment to “on-going dialogue and engagement” to make progress in the trade-related negotiations on cotton, according to the objectives agreed at the Hong Kong Ministerial Conference in 2005. Following up on the ministerial decision, two rounds of dedicated discussions were held over the year within the framework of the agriculture negotiations on the latest developments on market access, domestic support and export subsidies for cotton, and tariff measures and non-tariff measures applied to cotton exports, particularly from LDCs.

At the Bali Ministerial Conference in 2013, ministers instructed the Committee to consider in further detail the proposals contained in the various submissions that had been received, to examine any additional proposals that members might wish to submit and, where possible, and within its mandate, to make recommendations to the General Council on any of these proposals.

In 2014, a number of SVEs discussed work and activities related to the 2013 Bali ministerial decision and began identifying relevant issues and areas of possible research and analysis concerning the challenges and opportunities for small economies when linking into global value chains for goods and services. These included issues such as evidence of the integration of small economies into and the role of foreign direct investment in global value chains, the challenges and opportunities for small and medium-sized enterprises, the role of logistics, and trade facilitation and trade policy experiences.

### Background on small economies

The Committee on Trade and Development – in dedicated session – oversees work on small economies and monitors the progress of proposals from small, vulnerable economies in the various WTO bodies and Doha Round negotiating groups. Small economies are mainly but not exclusively small island states. They do not constitute a defined group in the WTO.

## Small economies

**The Committee on Trade and Development held two formal dedicated sessions on issues raised by small, vulnerable economies (SVEs) in the WTO. The Committee carried out ministerial instructions to examine the impact of WTO rules on small economies and the trade-related constraints they face, and began work on the challenges and opportunities experienced by small economies when linking into global value chains (GVCs) for trade in goods and services.**

Small, vulnerable economies are those WTO members that account for only a small percentage of world trade. WTO members recognize that these economies, while not forming an official sub-category of members, face specific challenges due to their small size and the distances that separate them from their key trading partners.

# Aid for Trade

**Aid for Trade flows to developing countries rebounded in 2012, the latest year for which figures are available, with commitments rising 21 per cent after sliding 14 per cent in the previous year. Africa was the region that benefited most but overall flows to least-developed countries (LDCs) declined. WTO members discussed preparations for the Fifth Global Review of Aid for Trade on “Reducing Trade Costs for Inclusive, Sustainable Growth”, to be held from 30 June to 2 July 2015.**

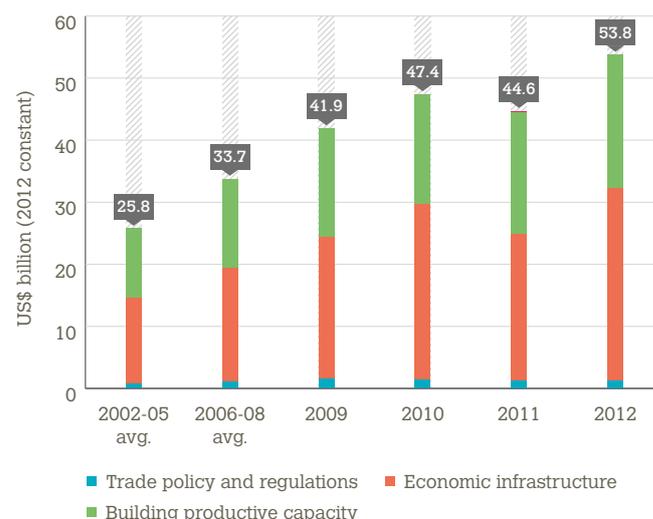
Against the backdrop of an uncertain global outlook and fiscal pressures in donor countries, global and regional partners remained committed to acting together with the private sector to overcome national and regional constraints to trade development. The most recent figures showed that in 2012 Aid for Trade flows for developing countries resumed their previous growth trajectory, rising by 21 per cent to reach almost US\$ 54 billion, more than twice the level of the 2002-05 baseline period.

The largest increase was directed towards middle-income developing countries in the form of loans. While most of the rise in 2012 benefited Africa, whose share of total Aid for Trade commitments rose to 40 per cent, the share of resources committed to LDCs declined by 2 per cent. Figures 1 and 2 provide a breakdown of regional and category-specific commitments. Uganda, speaking on behalf of the LDCs, told the Committee on Trade and Development in October that LDCs attracted only 24 per cent of total Aid for Trade in 2012. It called on members to give priority to the needs and interests of LDCs and to ensure that at least one-third of Aid for Trade is disbursed to LDCs.

Aid for Trade is a WTO-led initiative aimed at increasing the capacity of developing countries, particularly LDCs, to engage in international trade. The Organisation for Economic Co-operation and Development (OECD) is a key partner, monitoring the flow of foreign aid targeted at improving countries’ trade policies and regulations. It includes assistance for trade facilitation, streamlining customs procedures

and cutting red tape, developing economic infrastructure and strengthening the production capacity of developing countries.

**Figure 1: Aid for Trade commitments by category**



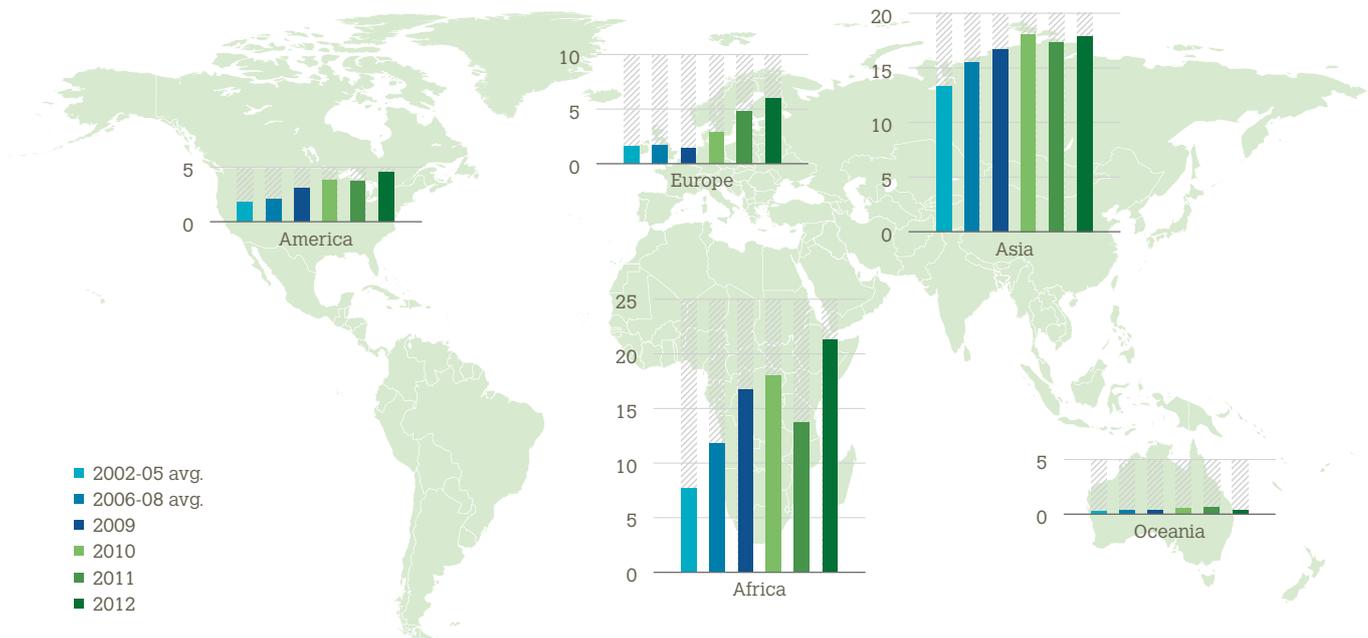
## Background on Aid for Trade

The Aid for Trade initiative was launched at the WTO's Sixth Ministerial Conference in Hong Kong in 2005. It aims to help developing countries, and particularly least-developed countries, enjoy the opportunities offered by the multilateral trading system. Aid for Trade assists them in developing the trade-related skills and infrastructure needed to implement and benefit from WTO agreements and to expand their trade.

## > Work programme

The Committee on Trade and Development held a series of dedicated sessions on Aid for Trade – three in 2014 – at which members discussed progress in the implementation of the 2014-15 Work Programme, and partners and organizations reported on their Aid for Trade work. The theme of the programme – “Reducing Trade Costs for Inclusive, Sustainable Growth” – addresses such issues as global value chains, infrastructure development, increased engagement of South-South (developing country-developing country) partners, private sector engagement, sustainable development, regional trade integration, trade facilitation, monitoring Aid for Trade flows and measuring results.

**Figure 2: Aid for Trade commitments by region in US\$ billion (2012 constant)**



The focus on trade costs resonates with the Aid for Trade initiative mandate to build the supply-side capacity and trade-related infrastructure that developing countries, and in particular LDCs, need to assist them to implement and benefit from WTO agreements and more broadly to expand their trade. As mandated by the Ninth Ministerial Conference in Bali, the Work Programme also looks at Aid for Trade in the broader context of the United Nation’s Post-2015 Development Agenda and the new development targets that will replace the expiring Millennium Development Goals (MDGs).

The WTO and the International Trade Centre (ITC) jointly hosted a workshop in October on Aid for Trade and the competitiveness of small and medium-sized enterprises (SMEs). The workshop examined the challenges that SMEs face in “internationalizing” (exporting or joining international supply chains) and discussed how Aid for Trade was addressing these challenges. It underscored how integral SMEs are to private sector development, particularly in LDCs, and how they are an essential component of inclusive, sustainable development. A number of constraints to SMEs fully engaging in international trade were highlighted, such as lack of access to finance, lack of institutional support, insufficient skilled personnel, high trade costs, lack of access to technology and an unfavourable business environment.

## > Global review

The centrepiece of the 2014-15 Work Programme is the Fifth Global Review of Aid for Trade. At the General Council meeting in October, the Director-General announced that the review, on the same theme of reducing trade costs, will be held from 30 June to 2 July 2015. He also officially launched the monitoring and evaluation exercise

that typically underpins and informs the deliberations of global review events. The Review will examine in depth the issue of trade costs and how Aid for Trade can promote inclusive, sustainable growth by taking action to reduce trade costs. It will also review trade and development issues, both in retrospect and in prospect, notably as regards to the contribution that trade, and the WTO, can make to the emerging post-2015 development agenda.

The monitoring exercise will focus on how trade costs affect developing countries’ competitiveness and ability to connect to regional and global value chains, what is being done to address this issue, and how Aid for Trade can help reduce trade costs and the associated impacts to deliver inclusive, sustainable growth. The exercise is based on self-assessment questionnaires – addressed to developing countries and LDCs, bilateral and multilateral donors, regional economic communities and transport corridors, and South-South partners – and an invitation to the public and private sectors, academia and NGOs to present case stories which illustrate Aid for Trade initiatives to reduce trade costs.

Building trade capacity

# Enhanced Integrated Framework

**The Enhanced Integrated Framework (EIF) continued to grow in 2014, with a rise in the number of active projects in EIF countries. Forty-six countries are receiving assistance to build stronger trade institutions and to address trading challenges, with Somalia becoming the latest LDC to join the EIF. After an independent evaluation, the EIF Steering Committee extended the programme into a second phase when the current one ends in 2015. The EIF is supported by donor pledges of US\$ 251 million and contributions of approximately US\$ 201 million as of 31 December 2014 (up from US\$ 190 million in 2013).**

Based on the findings of an independent evaluation, the EIF Steering Committee endorsed the recommendation of the EIF Board to extend the framework's programme into a second phase, from 2016 to 2022. The EIF, an aid for trade programme for least-developed countries (LDCs), helps the poorest countries integrate into the global trading system. The EIF's role is to strengthen trade institutions and foundations and roll out priority projects that add value to agriculture, services and trade facilitation and promote exports and capacity building. The EIF operates within the framework of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, which monitor how donors and recipients are doing against their commitments.

Announcing the extension, the Steering Committee urged the EIF to build on the achievements of the first phase while undertaking reforms in key areas to improve the efficiency, effectiveness and sustainability of the programme. The evaluation confirmed the EIF's

continued relevance to LDC trade priorities and noted that there are good prospects that the progress made can be sustained. It identified key challenges and areas that need strengthening and proposed new measures to help LDCs benefit more from regional and global trade in light of the on-going changes in the trading environment. It noted that mobilizing additional resources at the country level has been especially challenging. It also pointed to governance and efficiency issues that need to be addressed. The proposed new areas involve issues such as regional integration, the role of the private sector and integration into global value chains.

In 2015, the EIF partnership will work out the scope and modalities for the new phase and address ways to further strengthen the programme. A pledging conference will be organized to replenish the EIF Trust Fund.

The EIF recently launched a new trade mainstreaming facility to further help EIF countries put trade at the centre of their development agenda. Since its launch in June 2014, several members have requested access to the facility for additional support, including Burkina Faso, Cambodia, The Gambia, Guinea, Lao PDR, Senegal, Solomon Islands and Togo.

## Background on the Enhanced Integrated Framework

The Enhanced Integrated Framework (EIF) for trade-related assistance to least-developed countries (LDCs) is a multi-donor programme that helps LDCs become more active players in the multilateral trading system. The EIF combines the efforts of LDCs with those of 23 donors and six core international partner agencies, including the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the World Bank and the WTO. Other development partners, such as the United Nations Industrial Development Organization (UNIDO) and the World Tourism Organization, (UNWTO) act as observers.

## > Rise in projects

The programme offers two types of funding, "Tier 1" and "Tier 2". Tier 1 projects, comprising institutional capacity-building support and diagnostic trade integration studies (DTIS), help countries identify and address constraints to trade, economic growth and sustainable development. DTISs provide a basis for action by governments, civil society, the private sector and development partner stakeholders. Tier 2 projects build supply-side capacity to trade and provide finance for activities identified as priorities in the first phase.



An EIF project in Cambodia aims to increase exports of handmade silk products and to improve opportunities for women in rural areas, whose livelihoods depend on silk production.

The number of approved Tier 1 projects doubled to 95 in 2014, from 46 in 2013. These included 37 projects providing multi-year support for plans to mainstream trade and coordinate priority activities. A further 14 Tier 2 projects were approved for implementation in 2014, after nine in 2013, increasing the number of Tier 2 projects to 36. There are over 20 in the pipeline.

Tier 2 projects approved in 2014 include strengthening the productive and marketing capacities of Benin, contributing to the growth of dried mango and processed cashew nut export revenues in Burkina Faso, strengthening and diversifying the export supply capacity in Cambodia, improving the export competitiveness of vanilla, ylang-ylang and clove in Comoros, reviving the Democratic Republic of the Congo's productive and trade capacity in palm oil production, increasing agro-processed products in Malawi, supporting Rwanda's National Cross Border Trade Strategy 2012-17 to improve livelihoods and earning potential, developing a trade sector-wide programme in Samoa, increasing mango exports in Senegal, promoting tourism in the Solomon Islands, contributing to higher earnings from the soybean value chain in Togo, increasing tourism's contribution to Vanuatu's economy and developing the honey industry in Yemen.

### > Monitoring, evaluation and capacity building

Thirty-seven countries implementing Tier 1 projects are applying results-based management through monitoring and evaluation (M&E) frameworks.

Capacity-building programmes to support M&E, reporting and communications were rolled out in Lomé, Togo, in March, for French and Portuguese-speaking EIF African countries, and in Bangkok, Thailand, in May, for Asian and Pacific EIF countries. A total of 26 countries participated.

The French-speaking workshop was co-organized with the International Trade Centre (ITC), which covered mainstreaming gender into the EIF process, while the Asia and Pacific workshop was organized in collaboration with the United Nations' Economic and Social Commission for Asia and the Pacific (UN-ESCAP). In 2014,

the EIF also developed a module aimed at enhancing participation of non-state actors, particularly the private sector, in the EIF process and piloted it in Burkina Faso, Nepal and Zambia.

### > Partnership growing and new contributions

Somalia joined the EIF, bringing the total number of EIF countries to 50. Apart from Cabo Verde, Maldives and Samoa, all are LDCs. In 2014, Finland made an additional contribution of EUR 5 million to the Multi-Donor Trust Fund while Sweden donated a further US\$ 3 million.

### > At the international level

The EIF participated in the LDC Ministerial Conference on "New Partnerships for Productive Capacity Building in the Least Developed Countries", held in Cotonou, Benin, in July. The Cotonou Agenda, the outcome document, reaffirmed the great importance of the EIF for productive capacity building in LDCs.

On the margins of the conference, the EIF, in collaboration with the Ministry of Industry, Commerce and Small and Medium Enterprises of the Republic of Benin, organized a high-level panel discussion with ministers from LDCs, heads of EIF partner agencies and high-level representatives from LDCs, donor countries and UN agencies.

The EIF also participated in the second UN Conference on Landlocked Developing Countries held in Vienna, Austria, in November. It organized a high-level panel discussion, which showcased examples of EIF work in landlocked developing countries through testimonies from Lao PDR, Mali, Nepal, Niger and Rwanda and interventions from EIF partner agencies.

The support provided by the EIF to LDCs' progress towards graduation was recognized in the Kathmandu Declaration for Sustainable Graduation of Asia-Pacific LDCs, the outcome document of the Ministerial Meeting of Asia-Pacific LDCs on Graduation and Post-2015 Development Agenda, held in Kathmandu, Nepal in December 2014.

# Standards and Trade Development Facility

**The Standards and Trade Development Facility (STDF) undertook research in 2014 in a number of developing countries, which led to recommendations for improving coordination between sanitary and phytosanitary (SPS) and other agencies at borders and facilitating safe trade. It also assisted in the development and implementation of numerous projects that promote compliance with international food safety, animal and plant health standards and facilitate market access. Throughout the year, several recommendations to further strengthen the operation of the Facility were implemented.**

In 2014, the STDF completed research work in a number of countries in South-East Asia (i.e. Cambodia, Lao PDR, Thailand and the Philippines) to examine how SPS controls are implemented for selected food and agricultural products. The research was based on relevant provisions of the SPS Agreement and the standards and guidelines of the three relevant standard-setting bodies under the WTO SPS Agreement, i.e. the Codex Alimentarius, the World Organization for Animal Health (OIE) and the International Plant Protection Convention (IPPC). Similar research work was initiated in a number of countries in Southern Africa (notably Malawi, Zambia and South Africa). Preliminary results were presented at an STDF thematic session, entitled “Implementing SPS Measures to Facilitate Safe Trade” held in March 2014 on the margins of the WTO’s SPS Committee.

## Background on the Standards and Trade Development Facility

The STDF is a global partnership that supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines and recommendations as a means to improve human, animal and plant health and the ability to gain and maintain access to markets. This work contributes to sustainable economic growth, poverty reduction, food security and environmental protection in developing countries. Established by the UN Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization and the WTO, the STDF is financed by voluntary contributions. The WTO provides the Secretariat and manages the STDF trust fund.

The work in South-East Asia highlighted the importance of ensuring health protection while keeping transaction costs as low as possible to facilitate trade. A number of procedural obstacles associated with implementation of SPS measures were identified during the research, including complex and lengthy procedures, excessive or duplicative document requirements, high formal and informal fees, lack of transparency, repeated or redundant border inspections and long waiting times. The research confirmed recent findings of the World Bank’s Logistics Performance Indicators Report, which suggests that, in some countries, agencies responsible for implementing SPS controls must catch up with other border agencies in modernizing their procedures.

Recommendations included simple reforms that can be carried out on a priority basis. Improved transparency and fewer, more uniform document requirements can easily reduce waiting times at borders. Adjusting the frequency of SPS inspections to the level of risk presented by specific products and/or traders can make SPS controls more efficient and optimize resource allocation. Incentive structures should be reformed, so that unnecessary regulatory activity is not rewarded with revenue. Other recommended schemes will require more time and resources and should be a longer-term target for governments. These include coordinated border management initiatives, which involve coordination of policies, programmes and delivery among cross-border regulatory agencies, or electronic single-window systems, which allow traders to submit all import, export and transit information required by regulatory agencies via a single electronic gateway, and one-stop border posts. Several countries in South-East Asia started to actively implement the recommendations of the research.

Together with the Enhanced Integrated Framework (see page 116), the STDF initiated a joint study that analyses the coverage of SPS issues in diagnostic trade integration studies (DTIS), which help countries identify and address constraints to trade, economic growth and sustainable development. The study, which will be

completed in 2015, identifies good practice for future studies and their implementation. In addition, the STDF continued working on revising and finalizing a practical guide for developing countries to assist in prioritizing SPS investment options for market access, based on multi-criteria decision analysis. A new STDF website (<http://www.standardsfacility.org/>) was launched in August 2014 in English, French and Spanish, allowing the Secretariat to publish, edit and modify content more easily. An upgraded version of the STDF Virtual Library, an electronic repository providing quick and easy online access to a variety of information resources focused on SPS capacity building, was integrated into the new website.

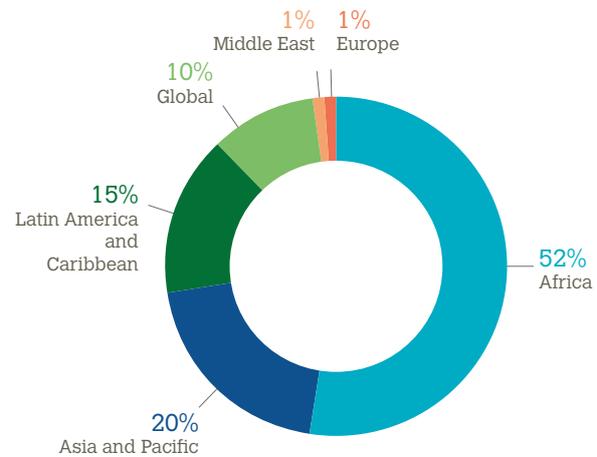
The STDF actively participated in several conferences, training workshops and other information sessions and meetings at international, regional and national levels to promote coherence and synergies in the design and delivery of SPS projects and initiatives. It continued to report to the WTO's SPS Committee on its activities and operations. Reports were also made to the WTO Committee on Trade and Development (CTD) on Aid for Trade, and the CTD's Sub-Committee on Least-Developed Countries. A presentation on the STDF was also made at a WTO workshop held on the margins of the Technical Barriers to Trade Committee.

### > Project grants

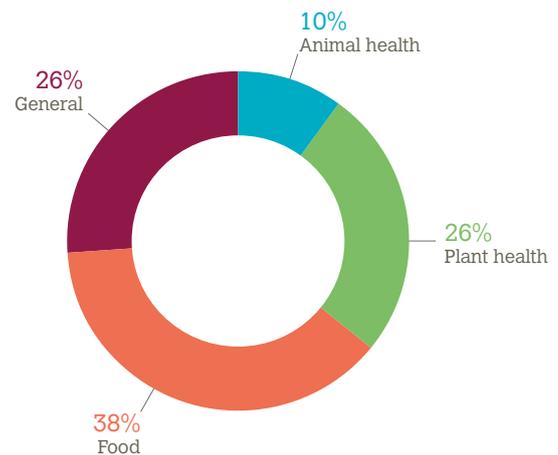
Six project preparation grants (PPGs) and four projects were approved in 2014, bringing the total number of PPGs and projects funded by the STDF to 66 and 70, respectively. The projects approved included one to improve SPS compliance and increase export revenues in the oilseeds value chain in Myanmar and another that aims to increase intra-regional trade in selected agri-food products between selected countries from the Common Market for Eastern and Southern Africa (COMESA) by reducing trading costs associated with SPS measures.

Of the total number of grants, 52 per cent have been awarded to sub-Saharan Africa, 20 per cent to Asia and the Pacific and 15 per cent to Latin America and the Caribbean. In addition, 10 per cent of projects and PPGs can be classified as global (see Figure 3). On a thematic basis, 38 per cent of projects and PPGs were dedicated to food safety issues, 26 per cent to plant health and 10 per cent to animal health, while 26 per cent can be classified as general SPS (see Figure 4). Overall, the STDF has devoted 58 per cent of project resources to least-developed countries (LDCs) and other low-income countries. Hence, it continued to meet its target to allocate at least 40 per cent of its project resources to LDCs and other low-income countries.

**Figure 3: Location of STDF projects and project preparation grants (number)**



**Figure 4: Coverage of STDF projects and project preparation grants (number)**



### > Strengthening the STDF's operation

Throughout the year, several recommendations to further strengthen the operation of the Facility, including by further enhancing its coordination function and ability to monitor results, were implemented. This followed the release in January (see the WTO Annual Report 2014) of an independent review to assess progress in the implementation of the STDF's medium-term strategy. The review, which covered the period 2009-13, reported that "the results are impressive and a testament to the effective operation of the STDF".

Building trade capacity

# Technical cooperation and training

**The Institute for Training and Technical Cooperation (ITTC) reinforced the design and delivery of WTO technical assistance programmes and strengthened key aspects of these programmes. The WTO undertook 324 technical assistance activities in 2014, higher than the 279 in 2013 but below the 343 activities in 2012. Although the overall total of activities was down on two years ago, the number of participants benefiting from technical assistance continues to rise due to the growing use of e-learning, with an increasing focus on least-developed countries (LDCs) and Africa.**

Most of the WTO's work on technical cooperation and training is conducted according to a technical assistance and training plan, which is agreed by the Committee on Trade and Development. The plan for 2014-15 incorporates a results-based management approach, integrating strategy, resources, processes and measurements to ensure that assistance and training meet the goals laid down for them. The approach was adopted by the WTO Secretariat to improve planning, decision-making, transparency and accountability. The ITTC has also continued to consolidate the progressive learning strategy, which offers a step-by-step approach to building up knowledge about trade issues. It comprises guidelines and benchmarks developed to support the standardization of the content, teaching methodology and evaluation of all the technical assistance activities delivered by the WTO. Clear prerequisites are established for participation in each activity. This determines the selection of applicants and ensures a homogeneous group of trainees.

A number of advanced trade policy courses (ATPC) were held in Geneva over the year, both for generalists and specialists. Generalists are those government officials who will need a broad

## Background on technical cooperation and training

The Institute for Training and Technical Cooperation coordinates the WTO's technical assistance programmes. Its activities include e-learning, global and regional training courses, academic programmes and workshops at national and regional level. The technical assistance programmes help WTO members better understand their rights and obligations in the multilateral trading system. This strengthens countries' capacity to benefit from participation in the system.

knowledge of the WTO to conduct their work, such as capital-based officials dealing with WTO issues or delegates posted to Geneva missions with general responsibility for WTO affairs. Specialists are those government officials who will require in-depth knowledge in a specific area, such as those working on a specific issue in a particular ministry in their capital. Advanced specialist courses were run on sanitary and phytosanitary (SPS) issues, regional trade agreements and dispute settlement.

A number of regional activities were held in 2014. These ranged from a trade policy course for French-speaking African countries in Tunisia, a course on technical barriers to trade (TBT) for English-speaking African countries held in Namibia and training on TBT for Central and Eastern Europe, Central Asia and the Caucasus countries held in Vienna to a workshop on government procurement for Arab and Middle East countries in Abu Dhabi and a regional seminar on trade in services and domestic regulation for Pacific Islands in Port Vila, Vanuatu.

The WTO continued to involve international and regional partners in the delivery of trade-related technical assistance to ensure that a regional or specific perspective was included in the design of training programmes for each region. Apart from the training courses, the partnership approach has been extended to the Academic Support Programme (see page 147).

## > Technical assistance activities

The WTO's training activities covered virtually all WTO-related subjects, from general courses on the WTO and multilateral trade agreements to the more specialized courses on the various WTO subjects, such as agriculture, non-agriculture market access, SPS measures, intellectual property and many other topics. The WTO worked in partnership with other international and regional organizations to help WTO members better participate



in the rules-based multilateral trading system, deal with the emerging challenges and implement their rights and obligations. In line with the demand-driven approach, approximately 35 per cent of all activities were delivered at the national level in those member countries where a specific need was identified.

The WTO continued providing subject-specific regional seminars. This approach facilitated the WTO Secretariat's interaction with beneficiaries and regional partners. Twenty per cent of technical assistance activities benefited African countries, 16 per cent benefited Asia and the Pacific, 10 per cent Latin America, 8 per cent the Arab and Middle East regions, and 9 per cent Central and Eastern Europe and Central Asia, respectively (see Table 1).

There has been a gradual, but marginal, decrease in the overall number of face-to-face technical training activities conducted by the WTO Secretariat, mainly because of increased use of e-learning and better filtering of requests to ensure consistency with assessed priorities and needs.

LDCs benefited from approximately 47 per cent of all technical assistance activities, including national activities held in LDCs and regional and global activities in which LDCs were invited to participate. Several products have been specifically created for LDCs, or have LDCs as a priority. Examples are the three-week introduction course for LDCs and the advanced LDCs course. One each of these courses was held in 2014.

**Table 1: Trade-related technical assistance by region in 2014**

Region	National technical assistance		Regional		Global <sup>1</sup>		Other (conferences, etc.)		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Africa	41	31%	15	25%	0	0%	9	24%	65	20%
Arab and Middle East	15	11%	8	13%	0	0%	3	8%	26	8%
Asia and the Pacific	28	21%	15	25%	0	0%	9	24%	52	16%
Central and Eastern Europe and Central Asia	19	15%	7	11%	0	0%	4	11%	30	9%
Caribbean	6	5%	3	5%	0	0%	0	0%	9	3%
Latin America	22	17%	10	16%	0	0%	1	3%	33	10%
<b>Sub-Total</b>	<b>131</b>	<b>100%</b>	<b>58</b>	<b>95%</b>	<b>0</b>	<b>0%</b>	<b>26</b>	<b>68%</b>	<b>215</b>	<b>66%</b>
Global <sup>1</sup>	0	0%	3	5%	94	100%	12	32%	109	34%
<b>Total</b>	<b>131</b>	<b>100%</b>	<b>61</b>	<b>100%</b>	<b>94</b>	<b>100%</b>	<b>38</b>	<b>100%</b>	<b>324</b>	<b>100%</b>

<sup>1</sup> Activities under the "global" category are not targeted at a specific region but include activities such as Geneva-based courses, distance learning, internship programmes and the advisory role on legal issues.

### > Technical assistance beneficiaries

The number of participants in technical assistance activities has continued to rise over the years to more than 15,000 in 2014. This was made possible by the increased use of elearning resources made available by the WTO online platform <http://ecampus.wto.org/> as well as the growth in face-to-face activities.

The WTO's e-learning courses are diverse, with more than 20 certificate courses available on various general or specialist subjects in the three WTO languages (English, French and Spanish). In 2014, a total of 7,590 participants from 139 countries enrolled for e-learning courses, with Africa providing 41 per cent of participants, followed by Latin America with 24 per cent, Asia and the Pacific with 18 per cent, Central and Eastern Europe and Central Asia with 7 per cent, the Caribbean with 5 per cent, and the Arab and Middle East regions with 3 per cent.

Women made up 45 per cent of the participants for all WTO training courses in 2014, similar to the percentage for 2013. The breakdown by language for the courses shows roughly 60 per cent of participants completing the training in English. French- and Spanish-language participants made up 21 and 17 per cent respectively, with some multi-lingual activities taking place.

### > Technical assistance for acceding countries

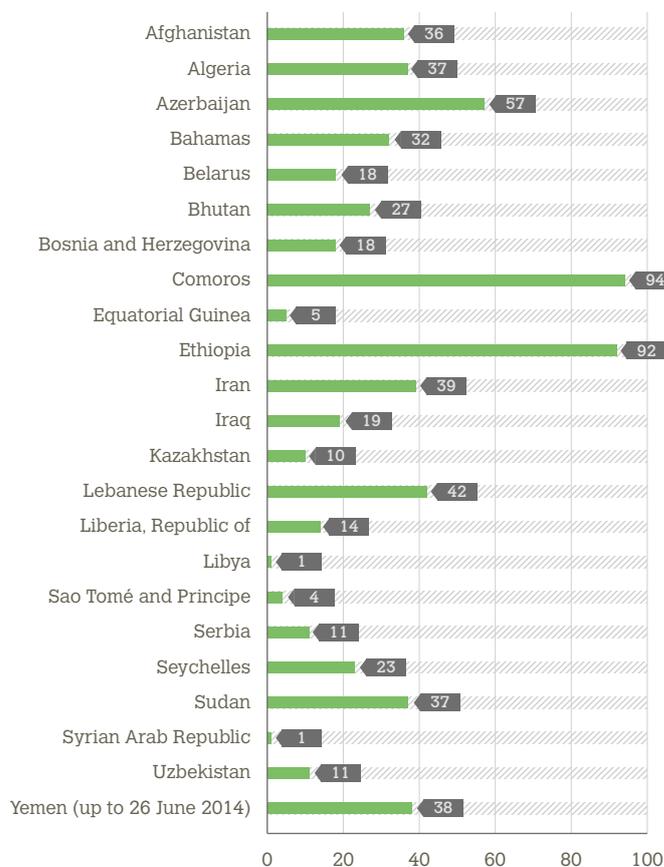
Technical assistance was strengthened in 2014 for countries acceding to the WTO (see page 22 and Figure 5), with government officials invited to participate in over 120 technical assistance events, up from over 100 in 2013.

### > WTO reference centres

The reference centre programme has evolved to respond to the changing needs of developing countries, LDCs and countries without a resident mission in Geneva. In 2014, eight WTO reference centres were established or upgraded – three in Africa, three in Asia and the Pacific, and one each in the Caribbean and Latin America.

Reference centres are established within a government department, at an academic institution or within a business organization, such as a chamber of commerce. Training on the use of WTO IT resources and trade databases is provided together with WTO publications. Reference centres can also be established in regional/sub-regional organizations to improve their collaboration with WTO members and other agencies. Each centre has a manager, who is responsible for its daily operation.

**Figure 5:** Participants from WTO acceding governments in WTO technical assistance activities in 2014



### > Internships

WTO internship programmes offer government officials hands-on experience on WTO issues, enabling them to contribute more fully to the economic and social development of their countries. The Netherlands Trainee Programme (NTP), the Mission Internship Programme (MIP), the Regional Coordinator Internship Programme (RCI) and the Accession Internship Programme give priority to applicants from Africa and LDCs, small and vulnerable economies, and countries in the process of acceding to the WTO.

In 2014, 45 officials completed one of the WTO internship programmes, the majority from Africa and the Asia and Pacific regions. Of all the interns, 17 completed the MIP, 17 the NTP, six the RCI and five the Accession Internship Programme.

## ➤ Financing technical assistance

One of the continuing challenges for the technical assistance programme is to ensure adequate funding. The bulk of the programme is financed from the Doha Development Agenda Global Trust Fund, which receives voluntary contributions from WTO members (see Table 2).

A total of CHF 25.9 million was available for the implementation of the programme in 2014 and 2015. Of the total funds available in 2014, CHF 7.8 million was contributed during the year from 13 members. The timing of contributions has regrettably become less predictable in recent years.

### Table 2: Doha Development Agenda Global Trust Fund

Contributions and pledges		Monthly financial report – 31 December 2014			
Donor (CHF)	2010	2011	2012	2013	2014
Australia	1,952,400	1,803,600	-	2,689,900	61,370
Austria	285,640	258,600	240,200	243,600	241,400
Canada	-	944,276	1,362,298	-	-
China	200,300	-	-	-	-
Chinese Taipei	-	184,200	-	181,400	-
Czech Republic	-	23,746	-	-	-
Denmark	180,019	331,230	321,903	491,063	482,422
Estonia	28,932	26,209	23,199	24,160	24,640
European Union	1,574,550	1,187,500	1,024,050	1,232,000	317,592
Finland	1,364,000	1,228,000	-	-	-
France	655,500	611,000	600,500	617,000	608,500
Germany	1,438,500	1,237,500	1,198,000	1,233,000	1,203,000
Ireland	409,200	-	-	-	-
Japan	395,604	395,604	395,604	368,744	312,019
Korea, Republic of	344,400	322,350	334,950	313,600	336,350
Liechtenstein	40,000	40,000	40,000	40,000	40,000
New Zealand	158,000	-	-	-	-
Netherlands	1,472,990	1,472,990	-	-	875,000
Norway	1,784,440	1,593,626	2,438,905	2,287,108	2,163,722
Spain	467,950	400,050	-	-	-
Switzerland	-	-	800,000	800,000	-
Sweden	2,353,920	2,074,322	2,386,480	2,245,600	-
United States	1,002,654	940,580	940,535	851,885	1,127,392
<b>Total contributions received</b>	<b>16,108,999</b>	<b>15,075,383</b>	<b>12,106,624</b>	<b>13,619,060</b>	<b>7,793,406</b>
<b>Total contributions including pledges</b>	<b>16,108,999</b>	<b>15,075,383</b>	<b>12,106,624</b>	<b>13,619,060</b>	<b>7,793,406</b>
<b>Total number of donors</b>	<b>19</b>	<b>19</b>	<b>14</b>	<b>15</b>	<b>13</b>