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**Building LDC
capacity to trade**

LDCs are an important constituency in the WTO, representing one-fifth of the WTO membership. At present 35 LDCs are WTO members and eight LDCs are at various stages of their accession process (see Box 1). A dedicated committee in the WTO, the Sub-Committee on LDCs, looks at the systemic issues of interest to LDCs in the multilateral trading system, including market access, technical assistance, LDC accession and the LDC-related work of the other international organizations.

The WTO Work Programme for the LDCs has been integrating the trade-related aspects of the UN Programme of Actions for LDCs, and the adoption of the Doha Programme of Action offers an excellent opportunity to advance the priorities of LDCs in world trade.

The WTO LDC Group has evolved into one of the most active coalitions in the WTO in advancing its priorities in the multilateral trading system. The WTO LDC Consultative Group is steered by the LDC Coordinator and seeks to forge common positions on issues of interest to the Group. The thematic focal points within the LDC Group follow different areas of WTO work and provide regular updates to the LDC constituency. The LDC Unit of the WTO Secretariat provides support to the LDC Group in all aspects of its participation in the multilateral trading system.

The regular work of the WTO LDC Group has been instrumental in supporting the participation of LDC delegations in the WTO. The active participation of LDC members in the WTO's regular work and negotiations is reflected in the adoption of a number of important decisions taken in favour of LDCs over the last decade.

WTO TECHNICAL ASSISTANCE

LDCs have been given special priority in terms of the delivery of WTO technical assistance over the last decade. Every year, LDCs receive more than 40 per cent, on average, of the trade-related technical assistance given by the WTO Secretariat, and special products have been created

specifically to build human and institutional capacity in the LDCs.

The WTO Technical Assistance Plan includes annual LDC-focused Geneva-based introductory trade policy courses, thematic courses on multilateral topics and reference centre programmes, and offers LDCs priority in a number of internship programmes (e.g., the Netherlands Trainee Programme, the French and Irish Mission Internship Programme, and the Regional Coordinator Internship Programme). Participation in these programmes positively contributes to greater understanding of the day-to-day activities of the WTO, thereby enhancing participants' understanding of trade-related topics. LDCs also benefit from a greater number of national training activities than non-LDC members. Although the COVID-19 pandemic has affected the organization of in-person technical assistance activities, the WTO Secretariat has continued to organize online courses for LDCs.

The WTO also administers the China Programme, China's LDCs and accessions programme, which is aimed at strengthening LDC participation in global trade.¹ One of the pillars of the China Programme, the South-South Dialogue on LDCs and Development, is a flagship capacity-building event for LDCs. Over the past decade, four South-South dialogues had been organized by the WTO Secretariat, with the most recent taking place on 16-17 September 2021. These events contribute to strengthening coordination among LDCs and their developing-country partners on topics

A silk factory
in Siem Reap,
Cambodia.

366.9
US\$ BILLION

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of mutual interests in the multilateral negotiations.

AID FOR TRADE

The WTO-led Aid for Trade initiative has been contributing to the implementation of the IPoA, which calls upon development partners to enhance the share of assistance to LDCs for Aid for Trade. Since 2011, over US\$ 366.9 billion has been disbursed in Aid for Trade, with the LDCs accounting for 30 per cent of the total. LDCs remain the second largest recipient of Aid for Trade flows, with the lower middle-income countries keeping the largest share.

Between 2011 and 2019, Aid for Trade commitments to LDCs have fluctuated. After reaching a peak of US\$ 20 billion in 2018, Aid for Trade commitments to LDCs fell by 19 per cent to US\$ 16.6 billion in 2019 (see Figure 5). The LDC share of total Aid for Trade commitments also contracted from 36 per cent in 2018 to 31 per cent in 2019. While there are no detailed Aid for Trade data for 2020, the measures taken by governments across the world to cushion the impact of the COVID-19 might further shape Aid for

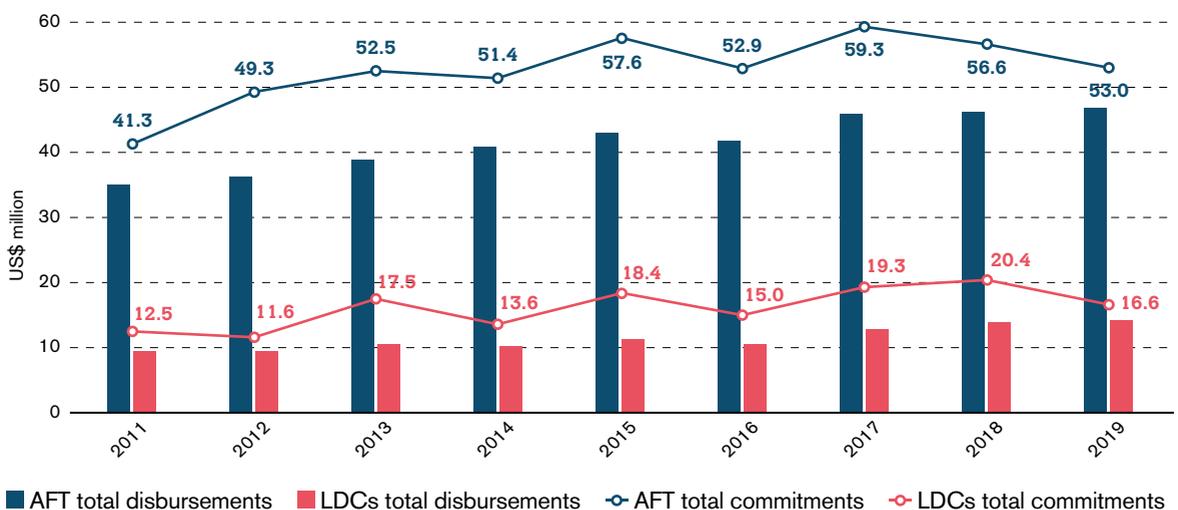
Trade flows in coming years. In this context, continued monitoring of Aid for Trade remains essential.

Aid for Trade to LDCs remains concentrated in terms of recipients and development partners. The top five recipients – Bangladesh, Afghanistan, Ethiopia, Tanzania and Mozambique – account for over 45 per cent of total Aid for Trade disbursements to LDCs (see Annex Table 3). The top five development partners (bilateral and multilateral) provide nearly two-thirds of Aid for Trade to LDCs. They are the World Bank, Japan, the United States, the European Union institutions and the African Development Bank.

The monitoring of the Aid for Trade initiative follows a two-year cycle. The Global Reviews of Aid for Trade mark the completion of each monitoring cycle and are underpinned by an inter-agency “Aid for Trade at Glance” publication co-published by the WTO and Organisation for Economic Co-operation and Development (OECD). Over the past decade, five Global Reviews of Aid for Trade have covered a variety of topics, ranging from global value chains to trade costs, inclusiveness and

Figure 5 Aid for Trade flows to LDCs

(US\$ million, constant prices)



Source: Organisation for Economic Co-operation and Development – Development Assistance Committee Creditor Reporting System (OECD-DAC CRS), Aid Activity Database, accessed on 25 May 2021.

connectivity, and economic diversification and empowerment, thereby echoing many of the LDC priorities identified in the IPoA.² The next Global Review of Aid for Trade is expected to be held in 2022 under the theme "Empowered Connected Sustainable Trade".

ENHANCED INTEGRATED FRAMEWORK

The Enhanced Integrated Framework (EIF)³ aims to strengthen LDC capacity to trade. It has been mentioned in the IPoA and the 2030 Agenda for Sustainable Development. It operates as a partnership of 46 LDCs, five graduated LDCs, 24 donors and eight international organizations, including the WTO, which hosts the EIF within its headquarters. The EIF funds evidence-based analysis, contributes to institutional strengthening of LDC trade ministries and helps with building productive sectors with high export potential.

Since the establishment of the EIF in 2009, over US\$ 230 million has been allocated to support LDCs in building the foundations of strong trade institutions, undertake evidence-based analysis of LDC trade priorities and tackle the most pressing supply-side constraints. LDC governments have been managing over 70 per cent of EIF investments, reflecting the principle of country ownership.

Currently, close to 90 per cent of LDCs have integrated trade into their national development plans, while 35 LDCs have absorbed project-based trade teams into their national government structures to better support coordination of trade-related technical assistance, thereby ensuring the sustainability of the EIF interventions beyond the implementation of EIF project cycles.⁴ The EIF has funded over 50 analytical studies to identify the trade priorities of LDCs. Building on these findings, LDCs have benefitted from targeted investments in key productive sectors, which account for over 70 per cent of the EIF portfolio. The EIF has evolved over the past decade

to better respond to the emerging priorities of LDCs. The EIF Strategic Plan (2019-22) sets out a more granular approach to trade development in LDCs, with a greater focus on countries affected by fragility and conflict. It also places an emphasis on greater engagement with the private sector and on the economic empowerment of MSMEs, women and youth. Currently, women account for over half of the beneficiaries of EIF interventions in productive capacity.

Graduation from LDC status has been one of the aspirational targets at the impact level, mirroring the overarching objective of the IPoA. The EIF commitment to supporting graduating LDCs in ensuring a smooth transition has been reflected in the EIF policy on graduation, which allows graduated countries to access EIF funds for a period of five years after graduation, including institutional support (US\$ 1.5 million), analytical support (US\$ 200,000) and productive capacity support (US\$ 1.5 million). As a result, five graduated countries – Cabo Verde, Equatorial Guinea, Maldives, Samoa and Vanuatu – have continued to enjoy EIF benefits after graduation, which has allowed for a full completion of the ongoing development interventions on the ground. Currently, EIF investments in 16 LDCs on the path to graduation account for one-third of the EIF portfolio.

¹ The China Programme is comprised of five main pillars: the China WTO Accession Internship Programme, the Annual China Round Tables on WTO Accessions, increasing the participation of LDCs in WTO meetings, South-South Dialogues on LDCs and Development and the LDCs' Trade Policy Review follow-up Workshops.

² See also https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm

³ See <https://enhancedif.org>

⁴ See the EIF Annual Report 2019 at https://enhancedif.org/sites/default/files/eif_annual_report_final_double_page_e.pdf