Facilitating the increasing participation of LDCs in trade in services: Examples from German Development Cooperation

Geneva, 29 October 2019

Dr Christian Pitschas
1. Brief presentation of GIZ

2. German „Aid for Trade“ (AfT) contribution

3. Project examples of German Development Cooperation

4. Lessons learnt
1. Brief presentation of GIZ

- GIZ is a service provider in the field of international cooperation for sustainable development and international education work:
  - We support the German Government (esp. German Ministry for Economic Cooperation and Development) in achieving its objectives in the field of international cooperation for sustainable development.
  - We promote international education work and human capacity development.
  - As a Government-owned enterprise we uphold German and European values.

- We are working with our partners on more than 1,500 ongoing projects in about 120 countries.

- Our work portfolio is diverse: Displacement and migration, rural development, security/reconstruction and peace, environment and climate, sustainable infrastructure, social development, governance and democracy, economic development and employment.
2. German Aid for Trade (AfT) contribution

- **German AfT spending for LDCs (2017):**
  - Roughly **367 Mio. USD** (8% of total German AfT spending; increase of 74% compared to 2010)

- **Most important sectors:**
  1. Energy generation / distribution
  2. Agriculture
  3. Business and other services

  *NB: Broad definition of „sector“ (based on OECD’s CRS codes)*
3. Project examples of German Development Cooperation*

A) Support to the African Continental Free Trade Area (AfCFTA)

- **Project overview:**
  - Project duration: 2017-2021
  - Overall objective: Improving framework conditions for intra-African trade
  - Lead executing agency: African Union Commission (AUC)
  - AU members, incl., e.g., Benin, Ethiopia, Sierra Leone

- **Support for trade in services:**
  - Regulatory audits in AU member states
  - Regional *studies on services trade regulations* (currently ECCAS and ECOWAS)
  - Support to member states and RECs for *preparation of services schedules* (initial offers due Jan 2020)
  - Development of AU Service Sector Development Program

* all commissioned by the German Ministry for Economic Cooperation and Development
B) Cooperation for the Enhancement of SADC Regional Economic Integration

- **Project overview:**
  - Project duration: 2018-2022
  - Overall objective: Improving the preconditions for regional economic integration, notably in the areas of industrialization, trade, and peace and security
  - Lead executing agency: SADC (Southern African Development Community) Secretariat

- **Support for trade in services:**
  - Support for negotiations and subsequent implementation in the area of services trade in priority sectors relating to industrialization / regional value chains (incl. through sectoral studies and background papers)
Project overview:
- Project duration: 2019-2022
- Overall objective: Improving the framework conditions for increased value addition in selected economic sectors in the East African Community (EAC)
- Lead executing agency: EAC Secretariat
- EAC members: Burundi, Kenya, Rwanda, South Sudan, Tanzania, Uganda

Support for trade in services*:
- Supporting regional negotiating rounds on services trade, incl. through consultation workshops and meetings with different stakeholders
- Various regional trainings on different principles and scheduling approaches
- Sectoral studies (e.g. in tourism and business services)

* Previous project phase (2016-2019)
D) Strengthening regional small and medium enterprises (SME) support structures in the ASEAN region

- **Project overview:**
  - Project duration: 2018-2021
  - Overall objective: Improving the information and support structure for SMEs based on the ASEAN SME Strategy
  - Lead executing agency: ASEAN (Association of Southeast Asian Nations)
  - ASEAN members: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam

- **Support for trade in services:**
  - Setting up of the ASEAN SME Web Portal, incl. as regards services trade, to serve and promote SMEs in the ASEAN region
E) Promotion of Competitiveness within the Framework of the Initiative for ASEAN Integration

**Project overview:**
- Project duration: 2018-2021
- Overall objective: Establishing good regulatory practices in ASEAN’s new member states (i.e. Cambodia, Lao DPR, Myanmar, Vietnam) to foster investment and competition
- Lead executing agency: ASEAN (Association of Southeast Asian Nations)
- ASEAN members: Brunei, **Cambodia**, Indonesia, **Lao PDR**, Malaysia, **Myanmar**, Philippines, Singapore, Thailand, Vietnam

**Support for trade in services:**
- Implementing key action lines related to services trade which are under the auspices of one of the CLMV countries
- Implementing strategic ASEAN documents regarding services trade in CLMV countries
- Supporting staff development in ministries/departments/agencies relevant to services trade in CLMV countries
4. Lessons learnt

- No specific projects related to the LDC services waiver (yet); rather, trade in services is one component of trade-related projects
- Overall, trade-related projects focus on regional economic integration
- Within such regional economic integration framework, there is a specific focus on individual countries and sectors
- Challenges encountered at regional/national level include:
  - Regional and national strategies & policies are often not (sufficiently) aligned
  - Services trade issues do not receive as much attention as goods trade issues
  - Stronger focus on negotiations/entering into new commitments than on implementation of existing commitments & removal of non-conforming measures
  - Institutional & regulatory capacities (to deal with new issues) are underdeveloped
  - Regulatory cooperation frameworks and sectoral regulatory disciplines are often lacking, which has an adverse impact on implementation