



**Committee on Trade and Development
Aid for Trade**

**AID-FOR-TRADE WORK PROGRAMME¹
2020-2021**

EMPOWERING CONNECTED, SUSTAINABLE TRADE

OVERVIEW

1.1. The Aid-for-Trade Work Programme for 2020-2021 is themed "Empowering Connected, Sustainable Trade". The focus of the biennial work programme is the opportunities that digital connectivity and sustainability offer for economic and export diversification – and how Aid for Trade can help empower different economic actors to realize these opportunities. The focal point of the Work Programme is the 2021 Aid for Trade Global Review - the eighth such Review since 2007.

1.2. The objective of the Aid-for-Trade Initiative, as stated in its mandate (WT/AFT/1), is to help developing countries and in particular least developed countries (LDCs), to build the supply-side capacity and trade-related infrastructure that they need to implement and benefit from WTO Agreements and to expand their trade. Economic and export diversification is integral to trade expansion and is a critical trade and development policy objective as highlighted by the 2019 monitoring and evaluation (M&E) exercise. The new biennial work programme seeks to build on policy insights from the last two work programmes: "Promoting Connectivity" (2016-17) and "Economic Diversification and Empowerment" (2018-2019).²

1.3. The context in which the policy objectives of trade expansion and economic diversification are being pursued has changed significantly since the Aid-for-Trade Initiative was launched in 2005 at the Hong Kong Ministerial Conference. Against a background of dynamic change in the global economy and on-going efforts to achieve the 2030 Agenda, the 2020-21 Aid-for-Trade Work Programme seeks to examine the opportunities that digital connectivity and sustainable development offer for economic and export diversification – and how Aid for Trade can help empower these outcomes. While the context has changed, the rationale for Aid for Trade remains relevant, in particular as regards the supply-side capacity and trade-related infrastructure constraints that hamper participation in the global economy – and in particular the involvement of LDCs.

1.4. In addition to formal meetings, a series of thematic workshops are also planned under the auspices of the Committee on Trade and Development (CTD). Outreach events with Aid-for-Trade (Aft) stakeholders will also be held. The focus of these events is to advance work on supply-side capacity and trade-related infrastructure issues in a coherent manner taking full account, *inter alia*, of the gender perspective and of the goal of sustainable development. Taken together and individually, these activities will continue to support implementation of the 2030 Agenda for Sustainable Development and relevant Programmes of Action.³

¹ This Work Programme is issued under the responsibility of the Chair of the Committee on Trade and Development.

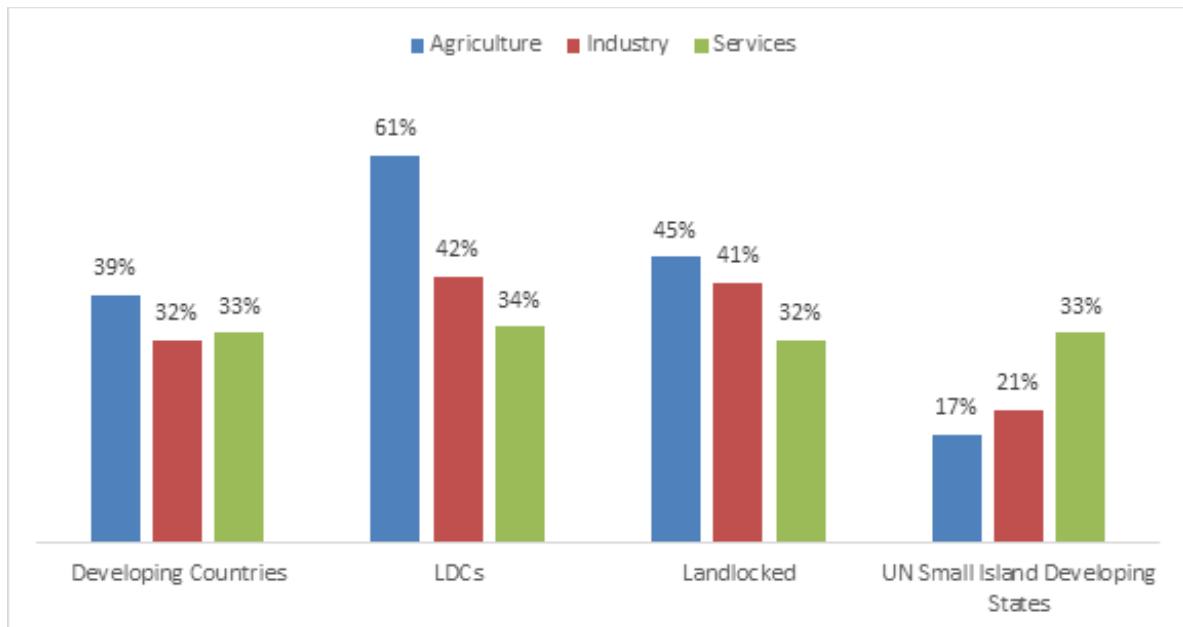
² WT/COMTD/AFT/W/60 and WT/COMTD/AFT/W/75.

³ Including, *inter alia*, the Vienna Programme of Action for Landlocked Developing Countries (<http://unohrrls.org/about-lllcs/programme-of-action/>), the Samoa Pathway (<http://www.sids2014.org/samoapathway>) and the Istanbul Programme of Action (<http://unohrrls.org/about-lllcs/istanbul-programme-of-action/>).

WORK PROGRAMME - AREAS OF FOCUS

1.5. The 2019 joint OECD-WTO Aid-for-Trade M&E exercise highlights the continued centrality of economic diversification as a trade and development policy objective. Encouraging progress in diversification was reported at the 2019 Global Review, with M&E respondents citing particular advances in agricultural export diversification – see Figure 1 below.

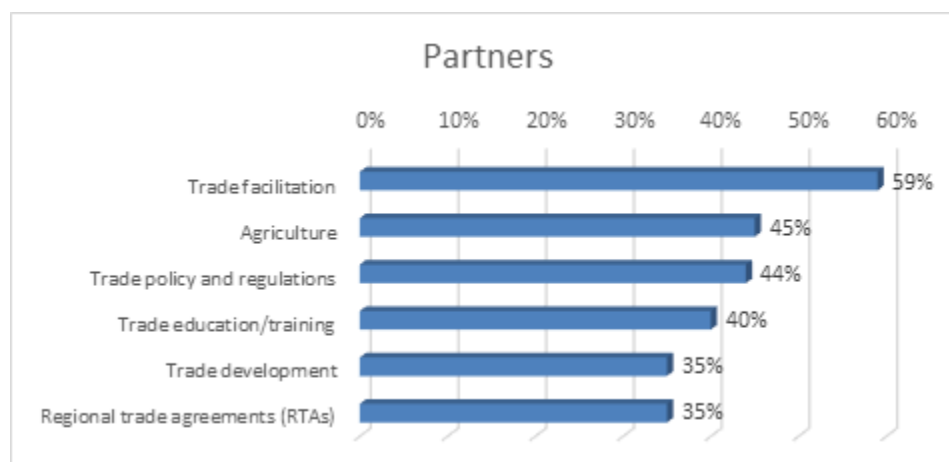
Figure 1: Sectors where respondents reported most progress

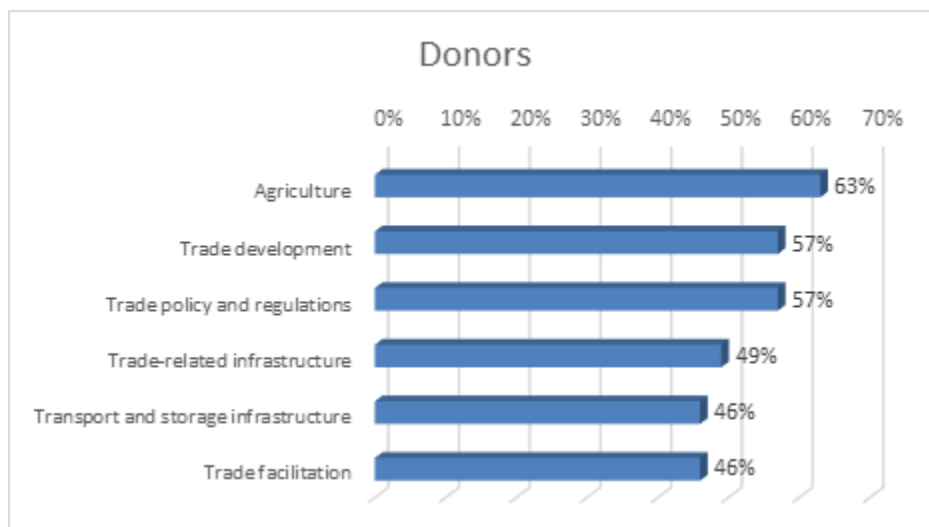


Source: OECD/WTO AFT M&E exercise (2019).

1.6. Responses to the M&E exercise received from partner countries and donors also reported Aid for Trade supporting economic diversification outcomes. Trade facilitation was identified by partner country respondents as the main category of Aid for Trade in which support received was impactful for economic diversification. Donors also scored trade facilitation highly and placed special emphasis on economic diversification in the agriculture sector. The 2019 M&E exercise also highlighted that economic diversification offers a pathway for empowerment of women, youth and micro, small and medium enterprises (MSMEs) – and that Aid for Trade can support this process. One action foreseen in the new work programme is building on these insights further through a workshop examining "Maximizing the economic diversification impact of Aid for Trade".

Figure 2: Top five most impactful forms of Aid-for-Trade support for economic diversification: partner and donor perspectives





Source: OECD/WTO AFT M&E exercise (2019).

1.7. Progress reported in economic diversification is nevertheless uneven, and frequently starts from a low base (most LDCs export in fewer than 100 HS codes and 18 services categories). A combination of factors continues to constrain economic and export diversification, with limited manufacturing capacity and MSMEs access to finance cited most frequently by LDC and landlocked M&E respondents.

1.8. Furthermore, the context in which economic diversification is being pursued is a dynamic one. Downside risks dampen the World Bank's 2020 outlook for global economic growth.⁴ WTO analysis suggests import-restrictive measures continue at historically high levels and points to unfavourable trends that could worsen the picture further.⁵ Near-term trade policy uncertainty coexists with medium to long-term technological change driven by the digital economy and the systemic challenge of moving to sustainable development models. All of which makes for a challenging environment for LDCs to pursue economic diversification and productive capacity-building strategies, for graduating LDCs to ensure smooth transition and other developing countries to pursue inclusive, sustainable growth strategies. A further action foreseen in this regard is a workshop examining the "Implications of LDC graduation for Aid for Trade".

1.9. The 2017 Aid for Trade at a Glance publication underlined that digital networks are an integral element of the physical infrastructure of trade, accessible and affordable connections are indispensable for trade connectivity and recommended, considering the digital divide as a market access issue. The report also found AFT stakeholders (donors, South-South partners, beneficiary governments and regional organizations) face important challenges in integrating a digital dimension into their trade and development strategies, notably as regards promoting economic and export diversification.

1.10. Against this background, a question to be addressed in the 2020-21 Work Programme is how to ensure that digital connectivity supports economic and export diversification objectives, in both goods and services trade. Identifying opportunities that digital connectivity and ecommerce policies offer for economic and export diversification – and how Aid for Trade can help empower different actors to realize these opportunities. Here a crucial link exists with training and skills needed to enable youth, women and MSMEs to participate in international trade. One action foreseen in the new work programme is a workshop examining "Digital connectivity and economic diversification".

1.11. The transition to sustainable development lies at the heart of the 2030 Agenda. The 2019 M&E exercise highlighted the views of AFT stakeholders on the contribution that Aid for Trade can make

⁴ Global Economic Prospects: Slow Growth, Policy Challenges, World Bank Group Available at: <https://www.worldbank.org/en/publication/global-economic-prospects>

⁵ Overview of Developments in the International Trading Environment, Annual Report by the Director-General WT/TPR/OV/22 Available at: https://www.wto.org/english/news_e/news19_e/dgra_12dec19_e.htm

to individual sustainable development goals, with those related to industry, innovation and infrastructure as well as decent work and economic growth and poverty eradication ranking highly (see Table 1 below).

1.12. Where the 2020-21 Work Programme will seek to add value is through analysis as to how these industrialization and economic growth objectives interact with those on sustainability and responsible production, approaches which can be collectively termed "green growth". A further point for consideration is the nexus between green growth and digital connectivity, how these trends promote inclusive growth, in particular for LDCs – and how Aid for Trade can empower different actors to realize these opportunities.

1.13. Understanding the opportunities that green growth and digital connectivity offers to meet multiple targets in the 2030 Agenda whilst promoting economic and export diversification will be a particular focus of the M&E exercise underpinning the 2021 Global Review. The 2019 M&E exercise highlighted action being taken by partner countries (including LDCs), and regional organizations on green value chains, renewable energy and green growth strategies more generally. Environmental considerations were also cited as a driver of changes in Aft programming by donors. These references were gathered incidentally as part of an M&E exercise whose focus was placed elsewhere. A dedicated focus would yield further insights into the actions that Members and regional organizations are taking and planning for the 2021 Global Review.

1.14. An area of focus in the Work Programme's consideration of sustainable development and green growth policies is the circular economy.⁶ The 2020 World Development Report argues that global value chains have the potential to turn waste into valuable resources.⁷ One study cited in the report by the United Nations University conservatively estimated the value of recoverable materials in 2019's e-waste to be USD 55 billion, or more than the 2016 gross domestic product of most countries.⁸ Understanding the opportunities that the circular economy may offer for value chain integration, in particular for LDCs, and Aid for Trade can support the necessary changes in technology, product design and trade policy necessary to make production and consumption more sustainable while opening new trade opportunities. A further action foreseen here is a workshop examining "Circular economy, economic diversification and Aid for Trade".

⁶ Circular economy approaches require that supply chains work in reverse to collect and process products at end-of-life so they may be recycled and used again.

⁷ Trading for Development in the Age of Global Value Chains, World Development Report, World Bank Group. Available at: <https://www.worldbank.org/en/publication/wdr2020>

⁸ UNU (United Nations University). 2018. "E-Waste Rises 8% by Weight in 2 Years as Incomes Rise, Prices Fall". Available at: <https://unu.edu/media-relations/releases/ewaste-rises-8-percent-by-weight-in-2-years.html>.

Table 1: Partner and Donor Perspectives on Aid for Trade and the 2030 Agenda

		M&E Responses from Partner countries (88)		M&E Responses from Donors (36)	
	<i>Which Sustainable Development Goal(s) can Aid for Trade help to achieve?</i>	<i>Number of times identified</i>	<i>percentage share</i>	<i>Number of times identified</i>	<i>percentage share</i>
1	No poverty	60	68%	31	89%
2	Zero hunger	50	57%	18	51%
3	Good health and well-being	38	43%	4	11%
4	Quality education	44	50%	7	20%
5	Gender equality	55	63%	29	83%
6	Clean water and sanitation	29	33%	5	14%
7	Affordable and clean energy	44	50%	14	40%
8	Decent work and economic growth	73	83%	31	89%
9	Industry, innovation and infrastructure	80	91%	30	86%
10	Reduce inequalities	53	60%	26	74%
11	Sustainable cities and communities	22	25%	7	20%
12	Responsible consumption and production	49	56%	16	46%
13	Climate action	27	31%	12	34%
14	Life below water	26	30%	7	20%
15	Life on land	22	25%	6	17%
16	Peace, justice and strong institutions	36	41%	6	17%
17	Partnership for the goals	43	49%	25	71%

Source: Aid-for-Trade responses to the OECD/WTO M&E exercise (2019) published in WT/COMTD/AFT/W/79/Rev.1.

WORK PROGRAMME ACTIVITIES

1.15. Outreach and advocacy efforts will continue to promote mainstreaming trade by developing countries and their development partners, implementation of national and regional Aft strategies, and for the mobilization of additional, predictable, sustainable and effective Aft resources. Advocacy on resource mobilization should reflect the views of developing countries with regard to their development and financing needs, in particular those of LDCs notably with regard to infrastructure financing and productive capacity building. The Enhanced Integrated Framework (EIF) for LDCs is germane in this context.

1.16. Outreach efforts will also continue to strengthen South-South cooperation among developing countries and implement projects through triangular trade schemes of cooperation. Noteworthy here is the global engagement of key South-South partners as highlighted by respondents in the 2019 M&E exercise.

1.17. A series of formal Aft sessions of the CTD will be scheduled by the CTD Chairperson. These meetings provide a forum to discuss Aft issues. Thematic workshops and other events will also be organized back-to-back with the formal CTD Aft sessions. These workshops will provide an opportunity to explore the themes identified in section two of this document outlining areas of focus.

1.18. Topics proposed for workshops include: Maximizing the economic diversification impact of Aid for Trade; Digital connectivity and economic diversification; Circular economy, economic diversification and Aid for Trade; Results of the 2020-21 M&E exercise and Implications of LDC graduation for Aid for Trade. Members are encouraged to make suggestions of speakers and topics to be discussed at these events.

1.19. The centrepiece of the Work Programme will be the Aid for Trade Global Review in 2021. It will be underpinned by an M&E exercise. Efforts will be made to engage a broad range of partners in the M&E exercise, and to use innovative methods and approaches, whilst ensuring continued broad engagement and participation. Results of the Global Review will be reported to the CTD and the General Council.
