



Committee on Trade Facilitation

ANNUAL REPORT 2023

TRADE FACILITATION AGREEMENT FACILITY (TFAF)

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EXECUTIVE SUMMARY

This report sets out the activities and outcomes of the WTO's Trade Facilitation Agreement Facility (the Facility, or TFAF) for the calendar year 2023, as required by the Framework for the Management and Operation of the TFAF ([G/TFA/3](#)).

SUMMARY OF TFAF ACTIVITIES IN 2023

1 GRANT PROGRAMME

1.1. In the reporting period and as illustrated below, 19 Members, of which 11 are LDC Members, informed the TFAF of gaps in identifying development partners for specific TFA-related technical assistance and capacity building gaps. The gaps cover a total of 113 category C provisions.

1.2. By December 2023, TFAF circulated Expression of Interests (EoI) for 8 Members covering 50 measures, including a re-issuing of two past EoI covering 27 measures for two Members. One Member informed TFAF that it had found a TACB partner for the TFA provisions in question. The TFAF Secretariat continued discussions with the other Members regarding their TACB partner gaps.

1.3. The circulation of the EoI is the first step of the grant programme (see operational rules of the grant programme). The aim is to identify funding sources for the required assistance and capacity building outside the TFAF. By end of 2023, only one development partner reacted to the circulated EoIs signalling an interest and ability to discuss with one requesting Member the TACB gaps by December 2023.

Matchmaking requests <i>Count of Members</i>	Expression of Interests	
	<i>Count of Members</i>	<i>Count of category C commitments</i>
2023 New: 19 (11 LDCs)	8 (4 LDCs)	85 category C measures
Re-circulated: 2	2	27 category C measures

1.1 Project Preparation Grants

1.4. One project preparation grant was awarded to Madagascar in June 2023 and implementation started in July 2023. The grant aims to carry out a diagnostic of the progress made in identifying development partners for the implementation of 29 category C measures and to assist the National Trade Facilitation Committee (NTFC) in identifying and contacting development partners where no partners have been found.

1.2 Project Implementation Grants

1.5. The TFAF Secretariat informed five Member(s), who had submitted matchmaking requests in the past for which neither TFAF nor the Member was able to identify alternative sources of funding from other development partners, about their eligibility for a TFAF project implement grant. The TFAF Secretariat started discussions with those Members in view of the submission of the grant application and project proposal.

2 TECHNICAL ASSISTANCE AND CAPACITY BUILDING

Activity and date	Desired outcome	No. of participants
Male, National workshop, 22-25 January 2023	Preparation of TFA notifications Strengthen the NTFC Identifying implementation assistance	40
Montevideo, TFAF-ALADI 3 rd regional NTFC meeting, 23-26 May 2023	Strengthen the NTFC	60+
Geneva, Transit workshop, 13-14 June 2023	Strengthen the NTFC	28
Geneva, participation in the Committee on Trade Facilitation and TF week, 2-6 October 2023	Strengthen the NTFC	52

Activity and date	Desired outcome	No. of participants
Djibouti, workshop on definitive dates In person with participation from the WCO, 8-12 October 2023	Preparation of TFA notifications	30
Togo, NTFC session on definitive dates Online, 5 December 2023	Strengthen the NTFC Preparation of TFA notifications	12

2.1 Identifying Technical Assistance Partners

2.1. TFAF funded the participation of 52 delegates from developing and LDC Members to the meeting of the Committee of Trade Facilitation (CTF) and the TF week from 2-6 October 2023. During the week, TFAF offered three different formats for developing and LDC Members to discuss their TACB needs and improve their understanding of the development partners' procedures. These formats included a TACB Fair, two thematic panel discussions, bilateral meetings with the TFAF Secretariat and meetings with development partners requested through the TFAF Secretariat.

2.2. Participants' feedback to the panel discussions were positive with 43 out of 50 Members reporting that their expectations were met or had even been exceeded. Five Members were not satisfied as they had expected to obtain specific commitments from development partners for their TACB needs. Members highly valued the opportunity to meet in-person with development partners (21 Members), as well as hearing from other Members about their TACB experiences (15 Members).

2.3. Following the TF Week, three Members reported that they have been able to start discussions with at least one partner responding to their requests for TACB support during that week. The discussions of the details of the arrangements with the development partners are still ongoing.

2.2 TFAF Transit Workshop

2.4. The TFAF invited 28 transit experts from Land Locked Developing Countries (LLDC) and transit Members to a transit workshop, 13-14 June 2023 and to the Meeting of the CTF, 15-16 June 2023, with its dedicated session on transit. The workshop aimed to identify specific transit challenges and possible solutions, and to discuss available support programmes for LLDCs from development partners. The outcomes of the workshop were presented to the CTF meeting in October 2023. The summary report of the workshop is in Annex 1 of this report.

2.3 TFAF/ALADI Third Latin American Meeting of the National Trade Facilitation Committees

2.5. The Third Latin American Meeting of the National Trade Facilitation Committees (Third Meeting) was held on an in-person attendance basis in Montevideo, Uruguay, from 23 to 26 May 2023. More than 60 participants from the public and private sectors of 18 Latin American countries and experts from development partners attended the workshop. The objective of the Third Meeting was to follow up on the Second Meeting of the National Trade Facilitation Committees, held virtually from 1 to 4 February 2022. In particular, it was sought to give Latin American countries the opportunity to follow-up topics of interest identified by participants in the 2022 meeting, such as the digitization of trade processes, risk management for urgent shipments, monitoring of implementation, cooperation with donors, and private-sector participation. Peru presented the findings of the workshop to the CTF ([G/TFA/6](#)) and the report of the workshop is also available on the TFAF website ([Third Latin American Meeting of the National Trade Facilitation Committees with ALADI | TFAF \(tfafacility.org\)](#)).

2.4 National Workshops

2.6. In 2023, the TFAF supported three Members with regards to the preparation of TFA notifications, strengthening the NTFC and/or identification of implementation partners.

2.7. A national workshop was organized at the request of the Maldives in cooperation with UNCTAD, the Asian Development Bank and the WCO, 22-25 January 2023. Approximately 40 participants including NTFC members and representatives of the private sector attended the workshop.

Djibouti and Togo both requested support in defining and notifying the definitive dates for the category C commitments (Article 16 of the TFA). The TFAF organized a workshop in Djibouti from 8-12 October 2023 to review the implementation needs and identify the definitive dates for implementation. The TFAF Secretariat also participated online in a meeting of the NTFC of Togo to identify the definitive dates. Both Members submitted their outstanding notifications to the CTF by the end of the 2023, meeting their extended deadlines to do so.

3 ENGAGEMENT WITH ANNEX D AND DEVELOPMENT PARTNERS

3.1 Participation in Partners' Events

Activity and date	Description of TFAF Support	No. of participants
San Salvador, ITTC national workshop, training on technical barriers to trade, 24-27 April 2023	Funding of WTO Secretariat/MAD colleague on the topic of the TFA in the event	25
Tashkent, Regional meeting of Central Asian NTFCs, 25-26 April 2023	Presentation of TFAF Mechanism and TFAF support to the Kyrgyz Republic	40
Belgrade, World Bank regional CEFTA workshop on NTFC, 16-17 May 2023	Presentation of TFAF Mechanism	23
Bangkok, UNOHRLLS High-Level Euro Asia Regional Review Meeting, 24-25 August 2023	Funding of WTO Secretariat/DD colleague on the topic of the TFA and transit in the event	100 +
Tashkent, Regional meeting of Central Asian NTFCs, 7-8 November 2023	Participation in panels on implementation gaps of the TFA, regional dimension of NTFCs	35

3.1. TFAF also organized a retreat with the Annex D partners in February 2023 to identify ways to enhance collaboration, including on activities in the TFAF 2023 workplan.

3.2 Progress Monitoring

3.2. The activities implemented in 2023 contributed to achieving results in three of the four outcomes of the TFAF logframe (i) Find assistance for the implementation of the provisions of the TFA, (ii) Submit TFA Section II notifications within agreed deadlines, and (iii) Enhance the operation of the NTFCs.

Outcome	Results 2023
Ratify the TFA	One LDC that has not ratified the TFA yet, requested support from TFAF for the notifications and ratification. After consultation with the TF Section, TFAF advised the Member to contact the TF Section first to clarify the applicable procedure.
Find assistance for the implementation of the provisions of the TFA	<ul style="list-style-type: none"> One project preparation grant for two category C provision which were presented to one donor coordination meeting. Expression of Interest for eight Members covering 50 category C measures were circulated. One confirmed Partner / Member matching following the Geneva October event. 52 delegates participated in matchmaking events in Geneva, 5 Donor Members participated in the matmaking events and more than 10 development partners.
Submit TFA Section II notifications within agreed deadlines	Two Members submitted the notification to the CTF in time following the TFAF activities (G/TFA/N/TGO/1/Add.5) and (G/TFA/N/DJI/1/Add.3).
Enhance the operation of the NTFCs	<ul style="list-style-type: none"> 37 capital-based delegates submitted an updated technical assistance gap analysis to the TFAF Secretariat prior to their participation in the CTF in October and the dedicated session. TFAF participated in meetings of NTFCs in two Members (1 in-person, 1 virtually)

3.3. Demand for support from Members related to the ratification of the TFA is very low as is the demand for support related to Section II notifications. This reflects the high number of ratification (157 Members have ratified the TFA) and the high percentage of Members that have submitted Section II, notifications by end of December 2023. At the same time, Members' requests for support with regards to strengthening the NTFC and in particular with regards to identifying implementation assistance and partners are growing.

4 EXPENDITURES AND FUNDS

4.1. TFAF expenditure rose from CHF 421,472 to CHF 858,724 in 2023. **This represents an increase of CHF 437,253 or 51%.** The increase in expenditure, can be explained by increase of staff cost and full resumption of in-person technical assistance activities. The staff costs increased with the transfer of the expenses for the Head of TFAF from the regular budget to the Trust Fund budget. The closing balance on 31 December 2023 was CHF 3,395,145.69.

4.2. The full list of donors since the creation of the Trust Fund include: Australia, Austria, China, Czech Republic, EU Commission, Finland, France, New Zealand, Norway and the United Kingdom, plus five legacy donors, Ireland, Norway, Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, Switzerland and the United States.¹

¹ Legacy donors provided funds to the trade facilitation needs assessment trust fund that were transferred to the TFAF trust fund when it was created.

ANNEX 1: TFAF TRANSIT WORKSHOP REPORT

OVERCOMING CHALLENGES IN TRADE AND TRANSIT OPERATIONS

Report on the Results of the Dedicated Session on Transit and Preparatory Workshop

4.1. The WTO Group of Landlocked Developing Country Members in cooperation with the WTO Trade Facilitation Agreement Facility (TFAF) organized a workshop on 13-14 June to bring together landlocked developing and transit country Members to identify key transit issues and possible solutions to prepare for the Second WTO Trade Facilitation Committee Dedicated Session on Transit titled 'Overcoming Challenges in Trade and Transit Operations'.

4.2. The dedicated session, held on 16 June, opened with remarks from the Chairperson of the Trade Facilitation Committee, Mr Carlos S. Guevara. The session was moderated by the Ambassador of Kazakhstan, H.E. Ms Zhanar Aitghanova. The Ambassador of Paraguay, H.E. Mr Raul Cano Ricciardi delivered closing remarks.

4.3. The 52 people that participated in the preparatory workshop included capital-based officials from 26 landlocked developing and transit country Members and several regional organizations whose participation was funded by TFAF. Participants also included Geneva-based delegates and government officials that are currently participating in WTO internship programmes, as well as experts from the WTO Secretariat (TFAF and Development Division), UNCTAD, the World Bank Group, COMESA, EAC, OECD, WCO, and UN-OHRLS, who facilitated the workshop discussions. These experts also provided very brief overviews of their organizations' implementation support programmes. The presentations were followed by a lunch that enabled participants to follow-up with bilateral discussions.

4.4. The transit-specific topics covered during both the dedicated session and the workshop included 'Coordination', 'Corridors', 'Guarantees', 'Seals and Tracking', and 'Formalities'. "Finding donor support" and "sustainability of support" were also discussed during the workshop. In advance of the workshop, the participants completed a survey in which they prioritized the known challenges in these areas and proposed potential solutions. During the workshop, participants used the survey results as a basis to determine solutions to each of these challenges for presentation at the dedicated transit session. The workshop participants also identified and presented "ways to take transit issues forward in the Trade Facilitation Committee".

4.5. On transit coordination, workshop participants focused on varying procedures and formalities with neighbouring Members, limited collaboration across borders, and capacity development as key issues. Other issues identified the lack of dedicated transit coordinators and a transit coordination network. Solutions for addressing these issues included simplification, standardization and harmonization of procedures and working hours, establishing cross border working groups for enhanced cooperation between neighbours and creation of a transit coordinator in Customs and/or NTFCs.

4.6. The absence of regional or international guidelines on guarantees, including the lack of harmonization of between neighbours, calculation and timely release of guarantees were examined as key issues on the topic of guarantees. Proposed solutions for addressing these issues included joint advocacy with the private sector, developing specific regional regulations on guarantees necessary for transit operations along the lines developed by COMESA, digitization and automation of customs procedures concerning guarantees to include cross-border connectivity, and harmonizing methods of calculating guarantees.

4.7. Key issues related to tracking and sealing included internal road checkpoints, the vulnerability of conventional seals to tampering, and high costs. To overcome these challenges, the implementation of technology-based solutions, capacity building, and effective management were recommended. By utilizing technology, such as electronic tracking systems, the need for checkpoints and convoys can be eliminated, resulting in more efficient transit. Furthermore, it was suggested to

explore the removal of fees associated with the freedom of transit under TFA Article 11 to streamline logistics operations.

4.8. At the national borders in transit corridors predominant issues included the interoperability and interconnectivity of transit data which identified the need to have consistent systems to share data across corridors. Varying formalities and procedures in countries at the corridor route were inadequate with no mutual recognition of controls resulting in delays and increasing cost of trading. To address these issues establishing dedicated transit corridors to harmonize and streamline formalities and documentations including transportation routes. Introducing international standards such as Authorized Economic Operators (AEOs), mutual recognition for Customs and SPS and digitisation of information are vital.

4.9. The challenges posed by complex, burdensome and excessive border formalities included unnecessary inspections at the border, lack of risk management in transit, lack of transparency on formalities for multimodal transport other than road, coordination controls especially formalities in respect of special cargo such as live animals or over dimensioned cargo is lacking. Solutions to mitigate these burdensome formalities included enhance coordination, cooperation, harmonization and simplification of inspections and documentation whereby encouraging the implementation of a one stop border facility, the use of non-intrusive inspection equipment and coupled with the utilization of digital and automated means leading to less time in transit and trade more facilitative.

4.10. The recommendations stemming from the workshop stressed the need for finding implementation support for LLDCs, including enhanced donor coordination through the NTFCs and TFAF, developing and using monitoring tools and conducting training for those tools and developing a nationally coordinated approach to ensure prioritization of implementation of TFA commitments. Another important point that came out of the workshop was to enhance the sustainability of the implementation support that was provided by the donors.

4.11. Further, experience-sharing from a wide range of WTO Members was also envisaged as a way to take transit issues forward in the Trade Facilitation Committee. These included experience-sharing on specific issues such as transit coordination, cooperation, corridors and formalities, and on cross-cutting issues such as rules of origin, and sanitary and phytosanitary measures applicable to goods in transit. On technical assistance, the recommendations included conducting needs assessment for Members implementing the Trade Facilitation Agreement, especially category C measures, and encouraging submission of technical assistance requests to the TFAF by Members through their Permanent Missions.

4.12. Further on donor support, the workshop recommendations included encouraging donors to support monitoring and evaluating tools and provide more information on support provided on transit issues. Finally, other recommendations included establishing sub-committees on transit as part of National Trade Facilitation Councils, conducting dedicated sessions on transit at the national and regional levels, encouraging capital-based officials to share experiences through their Missions, as well as leveraging and learning from experiences of Members that have successfully implemented transit reforms.

4.13. Following the presentation by participants on key findings and recommendations coming out of the workshop, the expert facilitators from several regional and international organizations shared their experience in the workshop topics and provided an overview of their support programmes for LLDC Members. These presentations included UN-OHRLLS on the 'Vienna Programme of Action', COMESA on 'Guarantees', the EAC on 'Tracking', the World Bank on 'Transit Corridors', the WCO on 'Formalities' and UNCTAD on 'Coordination'. In addition, the Ministry of Foreign Affairs of Mongolia shared the Mongolia experience on 'Transit Coordination'.

4.14. Follow-up work is necessary to explore how the Trade Facilitation Committee can best support the uptake of the recommendations. Our aim is for the outcome of this session to make a valuable contribution going forward in the Trade Facilitation Committee, as well as at other events such as the 3rd United Nations Conference on Landlocked Developing Countries, which is set to take place from 18th to 22nd June 2024 in Kigali, Rwanda. The Conference aims to formulate and adopt a renewed framework for international support to address the special needs of LLDCs and to strengthen partnership between LLDCs and transit countries and their development partners. The

Conference will adopt a decade-long Programme of Action for LLDCs and it is key that solutions to transit and trade facilitation are integral part of this programme of action.
