

Committee on Trade Facilitation**WTO TRADE FACILITATION AGREEMENT FACILITY (TFAF)*****EXISTING GAPS IN TECHNICAL ASSISTANCE WITH REGARD TO IMPLEMENTATION OF THE TFA***Snapshot (2023)*

The Trade Facilitation Agreement Facility (TFAF) supports the Committee on Trade Facilitation (hereafter "the Committee") in its work in relation to the implementation of the Trade Facilitation Agreement (hereafter "the Agreement"). Pursuant to TFAF's mandate and in view of enhancing transparency, this report takes stock of the current situation regarding the access to assistance and capacity building for developing and LDC Members.

1 BACKGROUND

1.1. The WTO Trade Facilitation Agreement (TFA) entered into force on 22 February 2017. The Agreement sets out measures for expediting the movement, release and clearance of goods, including goods in transit and cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building (hereafter "TACB") in this area. The Agreement broke away from the traditional practice to Special and Differential (S&D) treatment in WTO Agreements. The S&D mechanism adopted in the Agreement *"called for an individual, country-by-country and measure-by-measure approach. It explicitly eschewed a one-size-fits-all model"*.¹

1.2. Developing and least-developed countries (LDCs) Members can designate provisions of the Agreement for implementation on a date after a transition period and require the acquisition of implementation capacity through the provision and assistance of capacity building. These provisions are commonly referred to as category C measures. In total, 95 Members notified 1,160 category C measures by 2023. Donor Members agreed to facilitate the assistance and support to address the capacity gaps underpinning the category C measures for capacity building to developing and LDC Members on mutually agreed terms either bilaterally or through the appropriate international organisations, and to provide targeted assistance and support to the LDC Members so as to help them build sustainable capacity to implement their commitments (Articles 21.1 and 21.2).

1.3. Seven years after the entry into force of the Agreement, this report seeks to provide a picture of the assistance and capacity building resources for the TFA that have been made available for developing and LDC Members. It takes stock of the Members benefiting from the resources and of the alignment of the resources with the TFA and the category C commitments. The report neither assesses the quantity nor the quality of the assistance and capacity building support provided.

1.4. The purpose of this report is to assist the Committee's work in relation to assisting developing Members and LDCs in implementing the Agreement with regards to sharing information on and reviewing progress in the provision the assistance and support for capacity building (Article 21.4). It contributes to furthering development effectiveness in line with the Paris Declaration on Aid Effectiveness.

* This document has been republished in English only to correct typographical errors.

¹ Neufeld, Nora (2014) "The long and winding road: How WTO Members finally reached a trade facilitation agreement", WTO Publication, ERSD-2014-06, available at: [WTO | Research and Analysis - working paper: Trade Facilitation Provisions in Regional Trade Agreements Traits and Trends](#).

2 METHODOLOGY

2.1. The report uses publicly available information, mainly information contained in Members' notification to the Committee. The data collected was then analysed to draw conclusions about the accessibility of targeted assistance and capacity building. No specific research hypothesis was defined as the primary objective is take stock of the current situation.

2.2. The data sources used for this report were:

- Article 22.1 notifications by Donor Members;
- Article 16 notifications covering Members' category C designations and Members' and Partners' progress and arrangement for TACB notifications;
- Members' requests to TFAF for support to identify development partners.

2.3. The data uses the term TACB resource in line with the Article 22.1 notification. The understanding is that each resource is the result of an existing arrangement between one or more beneficiaries and one or more donor Members. A result therefore reflects existing arrangements only.

2.4. This report cannot provide a complete picture of the current arrangements for the assistance and capacity building for the implementation of the Agreement due to limitations of the data sources. It only presents the information notified by donor members in line with Article 22.1. When the notified resources did not list specific beneficiaries, best efforts were made to find this information using project websites and annual reports. If this did not lead to a result, the information was not included in the dataset. The Article 16 notifications from Members were only used as secondary information sources as at the time of compilation of the report, only 32 Members had submitted Article 16 notification.

2.5. The data also excludes assistance and capacity building provided by developing country Members (as encouraged by Article 21.3(f)) and financial assistance provided through development banks, such as the InterAmerican Development Bank (IADB), African Development Bank (AfDB), the Asian Development Bank (ADB) or the World Bank (beyond TACB), is also not included in the notifications.

3 FINDINGS

3.1. The objective of this report is to take stock of the access to assistance and capacity building for the implementation of the TFA, specifically for the needs identified by the Members in their notifications to the Committee.

3.2. This report considers two aspects: i) the distribution of available resources across the WTO members, and ii) the alignment of these arrangements with the Agreement and category C needs.

3.1 Distribution of TACB resources

3.3. To allow basic comparisons and because the focus of the report is on coverage rather than volume, each resource is counted as one, independent of the volume of funds. Multi-country resources are attributed to each of the eligible / beneficiaries Members.

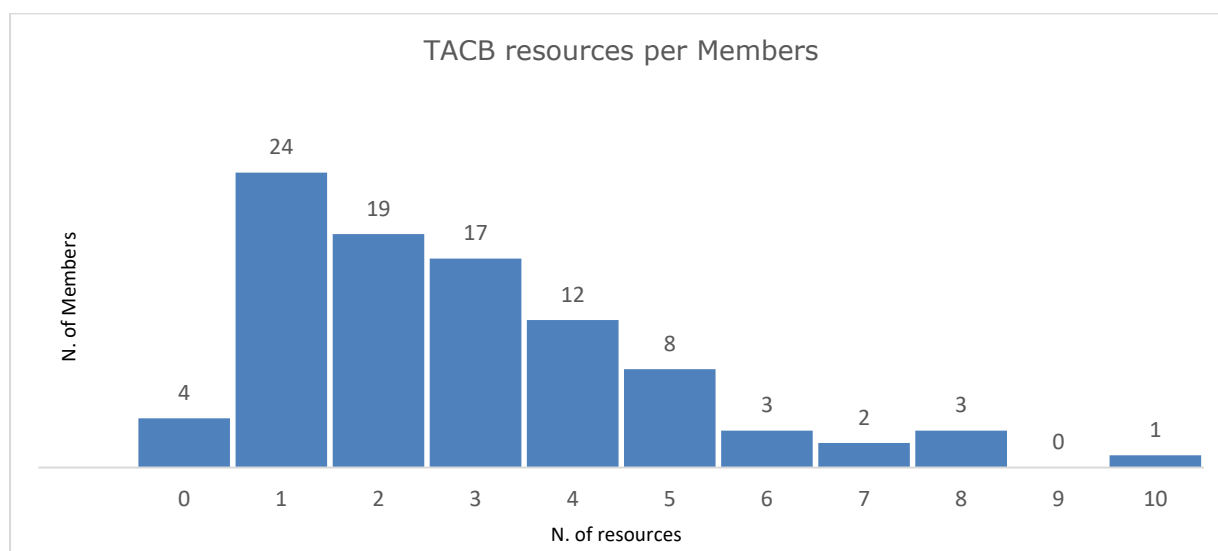
3.4. The distribution of the resources is measured by how many resources / arrangements have been notified per Member.

3.5. In the time period 2021-2023, 267 TACB resources for the TFA implementation were reported for 93 developing and LDC Members that have notified category C commitments to the WTO.² On average developing and LDC Members benefit from 2.8 TACB resources with the maximum number

² Included are WTO Members that have not ratified the TFA but submitted a category C notification. Excluded are developing Members that have not notified category C commitments. Not included are non-WTO Members, Members in Accession by end of 2023.

being 10 TACB arrangements for a single Member. See Chart 1 below. Only four Members did not benefit from a single TACB arrangement at the time of the data collection.

3.6. There are significant difference in number of TACB resources per Member across the WTO Membership, see Chart 1 below and the list of Members in Annex I. Whilst the majority of developing and LDC Members have two TACB resources, the number of resources is more than double to three times higher (7-10 TACB resources) for seven developing and LDC Members. Overall, fewer TACB resources are currently allocated to arrangements with French-speaking and Spanish-speaking Members compared to other Members.



3.7. 110 of the 267 TACB resources (41%) are devoted to arrangements with 31 LDC Members. The majority of LDC Members currently have two active donor arrangements. Six LDC Members have more than seven TACB resources. This indicates a concentration of resources in few LDC Members. On average fewer resources are allocated to arrangements with French-speaking LDC Members compared to the English-speaking LDC Members.

3.8. Some TACB resources play a critical role in LDC Members and in French-speaking African Members in particular. Assistance for LDC Members is often made available through regional or global programmes and multi-donor trust funds. This includes the World Bank Trade Facilitation West Africa (TFWA) Programme, TradeMark Africa (TMA), the Global Alliance for Trade Facilitation (GATF), and the UK funded Accelerate Trade Facilitation programme. In French-speaking African Members assistance for the TFA implementation is often made available via the TFWA programme Belgium funded and implemented customs training programme.

3.9. A lower number of resources allocated to developing and LDC Members may negatively impact their access to adequate and targeted assistance and capacity building for the implementation of the TFA. The total volume of allocated funds may be insufficient in volume and/or be insufficient to cover the broad array of category C needs. Furthermore, a single intervention is often not sufficient to address Members' capacity gaps, in particular in LDC Members which need to address systemic barriers, lack of own resources for infrastructure and equipment, lack of adequately trained staff training, and change management. Being dependent on one resource for accessing assistance for the implementation for the TFA therefore puts timely and effectively access to assistance at risk.

3.10. There is no evident correlation between the allocation of resources to members and number of category C notifications. Members with equal number of category C measures don't have the same resource allocation, and resources are also allocated to developing Members with no category C notification. Eight TACB resources are allocated to one Member with no category C notification.

3.2 TFA alignment of TACB resources

3.11. The second aspect considered by this study is the extent to which the allocated resources are targeted to the Agreement's category C needs. Alignment is measured by the thematic scope of the resources. This information was gathered through TFAF research using publicly available annual reports, project pages as well as notifications from Members. The information is limited as the majority of the resources do not provide specific information and/or loosely attribute any assistance to Articles of the TFA.

3.12. Few of the resources reported by donor Members specifically target the Agreement at outcome level. Those that do are: the UK funded Accelerate Trade Facilitation Programme (implemented by the WCO and UNCTAD), the Switzerland funded Global Trade Facilitation Programme (implemented by the WCO), the multi-donor GATF, and the multi-donor TFSP. These resources are either open to request related to the entire Section I or to a specific output related Section I measure. The WCO led programmes are specific to the customs environment and programming of issues to be addressed and do not follow the TFA notification but the Mercator programme diagnostic tool. Members can also receive support for overall TFA diagnostic and monitoring (NTFC set up, reform tracker, diagnostic, strategic planning, performance measurement using the TRS methodology).

3.13. Multi-country and regional programmes are not necessarily targeted to the Agreement but to trade facilitation in the broader sense. They may be open to address TFA capacity needs if it is aligned with the overall outcome of the project, such as regional integration, transport corridor improvements, or value chain improvements.

3.14. Few bilateral resources, funded by one donor and not integrated into a sectoral or global trust fund, have an agreement targeted focus. Many bilateral or multi-country resources appear to relate to regional trade agreements. Others focus on export promotion, specific value chains (often agri-food products), or private sector development. Finally, some global multi-donor resources provide assistance for trade-related capacity building in general, such as the Enhanced Integrated Framework (EIF), SheTrades Initiative, Quality Infrastructure. They do not necessarily have a linkage with the Agreement.

3.15. The study noted that not all TFA measures notified as category C receive the same attention. Many of the allocated resources have a similar coverage of the TFA, either by design or in practice. Even those resources that are open to the entire Section I of the TFA, appear to focus on the operations on specific Articles of the TFA. Multiple resources are allocated to cover assistance related to the Articles 1.2, 7.4, 7.5, 7.6, 7.7, 10.4. Significantly fewer resources or no resource at all cover the Articles 1.3, 5.1, 5.3, 6, 7.8, 7.9, 10.3, 11 and 12.

3.16. There may be different reasons for the thematic focus of the available resources. Existing programmes tend to scale-up tested approaches and thus de facto repeat interventions rather than supporting tailored interventions with a higher level of risk. Partners also frequently use the same cost and time indicators which direct them towards identical areas of intervention often at the level of specific business processes or value chains. Partner decisions are also often guided by the likely commercial impact of assistance, which may be lower in Members with a small private sector constituency and low volume of trade. Additionally, many Members are engaged in silver bullet projects, such as a customs IT modernisation or a Single Window platform and delay other reforms until the outcomes are delivered.

3.17. Discussions with developing and LDC Members indicate that they have limited access to tailor-made, small-scale, short-term expert interventions supporting innovative, pilot, and proof-of-concept approaches.³ Support to continuous professional skills development is also challenging in particular in areas of coordinated inspection, and joint risk management. Members also note capacity challenges with regards to valuation and classification, that limits progress in TFA implementation.

³ One example is the develoPPP instrument funded by Germany.

3.18. Finally, Members also have difficulties obtaining support to deepen their reform efforts after one successful TACB intervention (e.g. with regards to Articles. 7.4. 7.7, 10.1, 10.4), or to sustain their reforms after one TACB intervention (e.g. with regards to Article 1) after the TACB resource exits.

4 CONCLUSIONS

4.1. Between 2018-2023 donor Members have made available USD 843 million for TACB for the implementation of the TFA. Most developing and LDC WTO Members benefit from these TACB resources, including those that have notified category C measures. Resources are also allocated to non-WTO Members in accession or in the Pacific region.

4.2. The allocation of resources across the TFA Section I and the category C commitments is also not equal and some articles of the TFA and category C commitments are less frequently addressed by the available TACB resources.

4.3. The alignment of the allocated resources with the Agreement and specific Members' category C needs is not always clear. Currently, few of the TACB resources can respond specifically to requests from developing and LDC Members in line with their TFA categorization. In most other instances, where resources may not be specifically allocated to the Agreement, the category C needs to 'compete' with other trade capacity building issues. Finally, resources are increasingly being pulled away from the Agreement and trade facilitation in general to other policy issues. This makes it more challenging for developing and LDC Members to access support for specific Agreement capacity needs.

Recommendations

4.4. Stronger development partner coordination is needed to leave no-one behind and to leave no article behind. More TFA-targeted resources need to be allocated to LDC Members globally and to French-speaking Africa in particular. Coordination is needed to ensure inclusion of all developing and LDC Members rather than concentration on a few "champions". Furthermore, better coordination is needed to identify the comparative advantages of partners and stakeholders and fill the existing TFA coverage gap.

4.5. More resources need to be made available for tailor-made and innovative approaches in addition to tested scalable assistance activities and tools. Such resources would be of particular importance to members seeking to deepen and sustain their reform efforts. Furthermore, professional skills training and organizational development continue to be important to anchor reform results.

4.6. Developing and LDC Members need to build a better understanding of how to effectively engage with development partners and with domestic development processes. The NTFCs need to connect better with donor coordination mechanisms, such as the EIF, and establish institutional linkages with the offices and agencies responsible to discuss development cooperation.

4.7. The TFA and assistance and capacity building needs must be better mainstreamed into developing and LDC Members' development strategies and plans and the multi-year strategies of donors working in-country. As TACB resources are increasingly being pulled away from the topic of TFA to new issues such as women's economic empowerment and trade and climate change, Members have to continue building a sound narrative for trade facilitation support and explore alternative funding mechanism for investments, in particular for investments into infrastructure and equipment underpinning sound TF reforms.

Annex I: TACB resources per Members

List of WTO Members that have notified category C measures

Developing Status	Member	Count Resources
Least Developed Country	Afghanistan	4
Developing Country	Albania	3
Least Developed Country	Angola	2
Developing Country	Antigua and Barbuda	1
Developing Country	Armenia	1
Developing Country	Bahrain, Kingdom of	*
Least Developed Country	Bangladesh	7
Developing Country	Barbados	*
Developing Country	Belize	1
Least Developed Country	Benin	2
Developing Country	Bolivia, Plurinational State of	2
Developing Country	Botswana	2
Least Developed Country	Burkina Faso	2
Least Developed Country	Burundi	2
Developing Country	Cabo Verde	0
Least Developed Country	Cambodia	10
Developing Country	Cameroon	2
Least Developed Country	Central African Republic	1
Least Developed Country	Chad	0
Developing Country	Congo	2
Developing Country	Costa Rica	1
Developing Country	Cote d'Ivoire	3
Developing Country	Cuba	1
Least Developed Country	Democratic Republic of the Congo	1
Least Developed Country	Djibouti	2
Developing Country	Dominica	1
Developing Country	Dominican Republic	2
Developing Country	Ecuador	1
Developing Country	Egypt	1
Developing Country	El Salvador	3
Developing Country	Eswatini, Kingdom of	3
Developing Country	Fiji	6
Developing Country	Gabon	1
Least Developed Country	Gambia, The	2
Developing Country	Georgia	1
Developing Country	Ghana	6
Developing Country	Grenada	1
Developing Country	Guatemala	5
Least Developed Country	Guinea	5
Least Developed Country	Guinea-Bissau	*
Developing Country	Guyana	0
Developing Country	Honduras	1
Developing Country	Jamaica	1
Developing Country	Jordan	5
Developing Country	Kazakhstan	3
Developing Country	Kenya	8
Developing Country	Kyrgyz Republic	3
Least Developed Country	Lao People's Democratic Republic	5
Least Developed Country	Lesotho	4
Least Developed Country	Liberia	2
Least Developed Country	Madagascar	4
Least Developed Country	Malawi	7
Developing Country	Maldives	1
Least Developed Country	Mali	3
Least Developed Country	Mauritania	1
Developing Country	Mauritius	1
Developing Country	Moldova, Republic of	2
Developing Country	Mongolia	3
Developing Country	Montenegro	3
Developing Country	Morocco	2
Least Developed Country	Mozambique	8
Least Developed Country	Myanmar	3
Developing Country	Namibia	1
Least Developed Country	Nepal	4

Developing Status	Member	Count Resources
Developing Country	Nicaragua	0
Least Developed Country	Niger	4
Developing Country	Nigeria	4
Developing Country	Pakistan	6
Developing Country	Panama	6
Developing Country	Papua New Guinea	6
Developing Country	Paraguay	3
Developing Country	Peru	5
Developing Country	Philippines	5
Least Developed Country	Rwanda	4
Developing Country	Saint Kitts and Nevis	4
Developing Country	Saint Lucia	4
Developing Country	Saint Vincent and the Grenadines	4
Developing Country	Samoa	4
Least Developed Country	Senegal	4
Developing Country	Seychelles	1
Least Developed Country	Sierra Leone	1
Least Developed Country	Solomon Islands	3
Developing Country	Sri Lanka	3
Developing Country	Suriname	3
Developing Country	Tajikistan	4
Least Developed Country	Tanzania	4
Least Developed Country	Togo	1
Developing Country	Tonga	3
Developing Country	Trinidad and Tobago	*
Developing Country	Tunisia	3
Least Developed Country	Uganda	4
Developing Country	Ukraine	5
Developing Country	Vanuatu	3
Developing Country	Viet Nam	3
Least Developed Country	Zambia	8
Developing Country	Zimbabwe	8

* No information.

Annex II: TACB resources per Members

List of WTO Members that have ratified the TFA or acceded to it
but not notified category C measures

Developing Status	Member	Count Resources
Developing Country	Brazil	2
Developing Country	China	1
Developing Country	Colombia	2
Developing Country	India	2
Developing Country	Indonesia	8
Developing Country	Malaysia	1
Developing Country	South Africa	3
Developing Country	Thailand	4