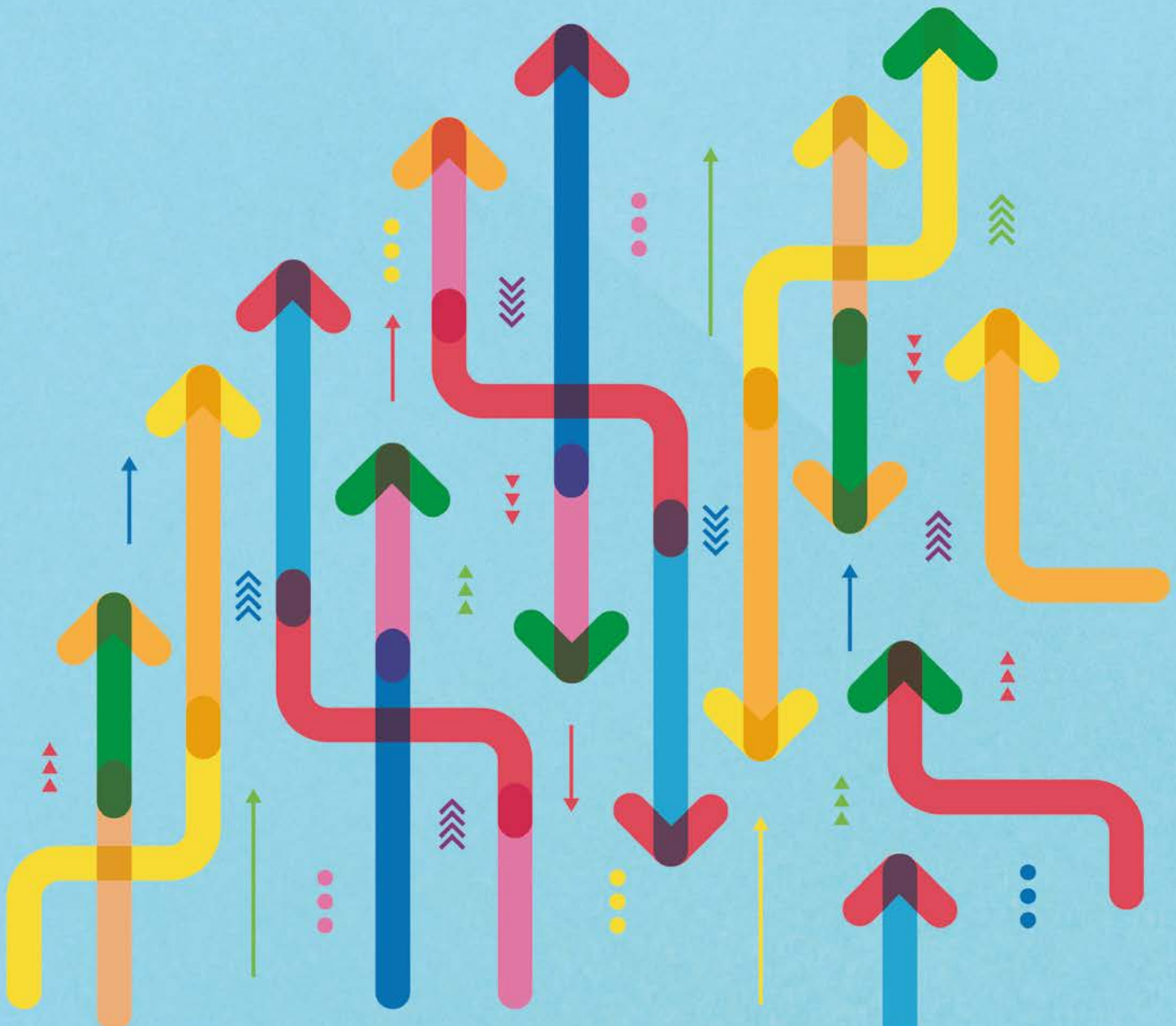
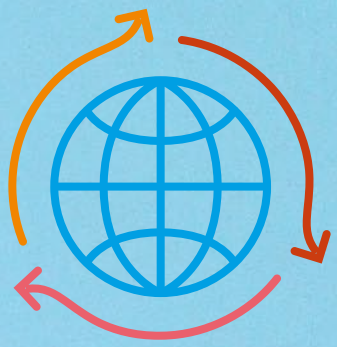
WORLD TRADE ORGANIZATION

TFAF Trade Facilitation Agreement Facility

Assistance and Capacity Building for the TFA: Lessons Learned





The Trade Faciliation Agreement and Assistance and Capacity Building

> *Trade facilitation is a global public good as it helps to improve trade efficiency. It is an important part of our wider efforts to bring people and countries from the margins to the mainstream of the global economy.*
>
> **Ngozi Okongo-Iweala, Director-General WTO, WTO News**

Trade Facilitation accelerates the movement, release and clearance of goods including goods in transit and it works to reduce the administrative burden of trade procedures and formalities. This includes procedures applied by customs, as well as food safety, veterinary and plant health authorities and other bodies involved in the control of goods.

The WTO Trade Facilitation Agreement

The Trade Facilitation Agreement (TFA) – adopted by WTO Members in 2017 – is rooted in the principles of simplification, harmonisation and standardisation of procedures and formalities related to the import, export and transit of goods. The Agreement contains more than 39 reform measures to advance trade facilitation and customs cooperation. The WTO Committee on Trade Facilitation oversees implementation of the Agreement, while Member are requested to set up bodies, such as National Trade Facilitation Committees (NTFC), to coordinate implementation of the Agreement domestically. Find out more about the Agreement

The implementation of the TFA is driving reforms of the legal system, administrative practices, and use of the IT systems to reduce the administrative burden of cross-border trade. Developing Members, including LDCs, that ratified the TFA are expected to build implementation capacity over time. Donor Members agreed to facilitate the provision of assistance and support for capacity building is important to help these Members implement the provisions.

Why Assistance and support matters

Developing members notified provisions for which they require additional time and assistance together with a list of technical assistance needs. In total 97 developing Members submitted 1144 provisions in the so-called category C. These commitments become due at a definitive data designated by the developing Member. Find out more on the Due Implementation commitments | TFAD - Trade Facilitation Agreement Database

Whilst donor members agreed to facilitate assistance and support for capacity building to help developing members implement the TFA, finding the arrangements necessary to provide assistance and capacity building is outside the scope of the TFA and the WTO. Donor Members agreed to provide assistance and support for capacity building either bilaterally or through the appropriate international organisations, coordinating their support domestically or regionally.

Matching Members TFA category C capacity gaps with targeted assistance and support for capacity building is critical to ensure the global implementation of the TFA. Despite progress being made in TACB arrangements, analysis of aid for the TFA highlighted geographical, thematic and methodological gaps.

Development Partners are Official agencies including state & local governments, or their executive agencies that provide development cooperation. This includes donor and non-donor bilateral partners as well as multilateral development banks and agencies using their core budget for development assistance.
Capacity Building is a purposeful, external intervention to support capacity development (OECD DAC)
Capacity Development a process whereby people, organisations or society as a whole create unleash, strengthen, adapt and maintain capacity over time (OECD DAC)
Capacity is the ability of people, organisations and society as a whole to manage their affairs successfully (OECD DAC)
Technical assistance is the provision of advice and/or skills, in the form of specialist personnel, training and scholarships, grants for research and associated costs (DFID 2013)

How is assistance and support funded

Several donor Members and multilateral agencies provide assistance to WTO Members implementing the TFA. The involvement of non-traditional donors (non-donor Members, private foundations) and private sector in providing funding and implementing projects for the TFA remains very limited. According to WTO figures, the donor community for the TFA currently comprises 20 bilateral donors. Find out more about the development partners identified by Members TFAD - Trade Facilitation Agreement Database

Norway, a long-term supporter of trade facilitation, delivers its support for the TFA through multilateral channels; mainly through the WTO TFAF, the WB, and the WCO (the Anti Corruption and Integrity Promotion Programme for Customs). It also supports the trade facilitation work of the Enhanced Integrated Framework for LDCs. The overall objective of this funding is improving the business environment for cross-border trade by reducing trade costs, strengthening good governance and engagement with stakeholders.

The EU is supporting trade facilitation reforms and the implementation of the TFA at the global, regional and Member level. At the global level, which is where the least funding is allocated, funding is allocated to the WB Trade Facilitation Support Programme Phase II, the Aid for Trade Initiative Facility, and the Global Alliance for Trade Facilitation. Most EU funding is allocated through regional programmes, where trade facilitation is embedded within regional frameworks. The third level is bilateral cooperation that supports the development priorities or partner' governments.

Most of the TFA aid is disbursed bilaterally by donor Members or through multilateral and regional development banks, such as the World Bank (WB) and the Caribbean Development Bank (CDB). Annex D+ organisations (Organisation for Economic Cooperation and Development (OECD), International Monetary Fund (IMF), United Nations Trade and Development (UNTAD), World Customs Organization (WCO) and other multilateral organisations such as International Trade Center (ITC), Global Alliance for Trade Facilitation and TradeMark participate in the disbursement through trust funds, global initiatives, and projects for which they mobilise funds from donor Members. Find out more about the initiatives by these organisations.

The characteristics of donor Members' primary delivery channel is as follows:

i. Multilateral partners: Denmark, Finland, Lithuania, Norway, Netherlands, Sweden, Switzerland
ii. Bilateral / regional channels: Germany
iii. A combination of both: Australia, Canada, EU, France, Japan, US, UK

Find out more about the notifications from donor Members see Articles 22.1 and 22.2 | TFAD - Trade Facilitation Agreement Database



Assistance and Support for the TFA in Practice

> *When faced with opportunities to engage with multiple partners, we prioritise working with agencies, stakeholders, and partners that have significant technical expertise, as well as with banks that have the capital to finance as much of the operation as possible.*

Mr Berisford Codd, Directorate general for Foreign Trade, Belize



Members' approaches for negotiating and designing TACB arrangements with partners vary. There is not one ideal approach. Whilst some members opt for direct coordination where several partners participation in one programme or specific funds, others rely on indirect coordination where partners execute separate projects. The type of relationship formed with partners also varies; some have a long-term partner with a significant total volume of funding for the TFA (e.g. Cote d'Ivoire and Lao PDR), whilst others mobilise smaller interventions from several partners.

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leveraged existing resources of three multilateral partners: an EU funded EPA standby facility at the CDB, a loan from the Interamerican Development Bank, and a TA project CARTAC at the IMF. The support was allocated to key areas of the TFA; the single window; access to information; and risk management and post clearance audit. Whilst agencies handle the technical aspects of the projects, strategic guidance and coordination comes from the ministerial level to ensure that the most effective projects and partners are chosen and duplication avoided.

CÔTE D'IVOIRE

taps into different programmes combining regional and bilateral projects of several partners to address their TFA capacity needs incrementally. Whilst some partnerships were significant in terms of total volume of funds and duration, others are smaller and shorter interventions such as a diagnostic study, purchase of an IT licence. They ensure continuity of activities either through the government budget or by finding additional partners that build on past results, such as TradeMark Africa that is increasing its support whilst other partners have exited. The Ministry of Commerce and Industry is ensuring domestic coordination through the NTFC.



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mobilised support for the TFA from the EU, the World Health Organization (WHO) and the World Bank by embedding the TFA needs in their partners' multi-year country strategies. The EU covers customs modernisation, border management and SPS/TBT compliance; the WB provides funding and technical advisory services towards One-Stop Border Posts, and the WHO provides assistance in health standards and quarantine measures and cross-border health cooperation. Whilst currently not all the TFA category C needs are included in the project portfolio the arrangements allow a stable basis for the reforms. The three projects are managed separately, and coordination is ensured through the Ministry of Economic Planning which consults with the NTFC.

LAO PDR

prefers to coordinate TF and broader Aid For Trade projects through so-called basket and multi-donor trust funds. three successive multi-donor trade projects implemented by the WB, the TDF 1 (2008-2017) and 2 (2013-2018) and the LCT (2018-2024), it mobilised assistance for customs modernisation, a trade information portal and institutional support. Smaller interventions from JICA Japan International Cooperation Agency, WCO and Asian Development Bank complemented the activities of the WB implemented activities in specific technical areas. This enabled Lao PDR to build stable foundations for their TF reforms and successfully address their capacity gaps.



Unpacking TACB mobilisation challenges

> *One-time implementation is not enough; sustainability and durability are equally important.*
>
> **Nepal**



Negotiating arrangements between donor and recipient Members involves multiple actors and structures. Finding arrangements for the TFA comes with a set of challenges, from managing the process, prioritising trade facilitation, and defining the appropriate solutions and approaches. Challenges risk becoming barriers to accessing targeted assistance and support for the TFA. By unpacking these challenges that are shared by Members, it is possible to work to overcome them.

1. TFA lacks visibility and prioritisation

Donor funding, in particular, bilateral funding is allocated to recipient governments' priority areas. Many Members report that the TFA lacks domestic visibility to be considered a priority in the discussions between the government, agencies and development partners. Despite being perceived as an issue, the TFA often lacks the attention to become a political priority for both the public and the private sector. It competes with other societal issues such as education, health and security which require partners' assistance. In many LDC Members, budget and development discussions focus on short term results to immediate problems, whilst trade facilitation is considered a mid-term objective with uncertain, and indirect, results. If the TFA reforms are not a domestic priority, it will less likely be supported by development partners that align funding to national priorities.

"While trade facilitation is critical it sometimes does not receive the same level of attention as competing priorities. TF is often overshadowed by other immediate or pressing issues such as public health, infrastructure, transport and education. Even for private sector, TF is not as prominent as manufacturing development, job creation and agriculture modernization."
Mr Paul Ruhamya, USAID Mission in Kigali, Rwanda

2. Limits of domestic coordination

NTFCs are rarely equipped and mandated to manage discussions with development partners and coordinate requests domestically. Agencies pursue own interests and initiatives resulting in fragmented approaches and NTFCs do not engage sufficiently with national development structures. This can lead to avoidance and overlapping. TFA roadmaps rarely constitute actionable strategies for the discussions with partners and there is limited understanding of partners' programmes and project portfolios and how best to interact with them.

"One thing we have observed is that the trade facilitation environment has evolved over time, and new needs are emerging from border agencies and other stakeholders. The NTFC has noted that technical support in Zambia has become more targeted, focusing on the specific requirements of individual agencies. While this targeted approach allows for tailored assistance, it also increases the risk of duplication, which must be closely monitored."
Ms Patricia Mwela, NTFC Secretariat, Ministry of Commerce, Trade and Industry, Zambia

3. Negotiations left un-managed

The time and efforts required for finding arrangements is significantly underestimated. Developing Members lack time and understanding to engage with the partners. The multiplicity and fragmentation of support and limited forward visibility is further weaking recipients' ability to engage with the right partner with the right timing. Many members rely on ad-hoc initiatives such as in-person meetings, emails, project documents, and donor round tables despite them have limited immediate results. These initiatives are often left without feedback or require too long to result in responses if not managed actively.



"It is important to understand where funding is located and when to engage. [...] At the global level, funding is managed by headquarters in Brussels. [...] Regional funding is managed jointly with delegations based on regional implementation plans [and assessments made by implementing partners]. Bilateral funding is based on multi-annual indicative programmes developed through policy dialogue with partner Governments. This is where prioritization becomes critical. If trade facilitation is not identified as a priority by partner Governments, it is unlikely to be funded at the bilateral level."
Mr. Martijn Boelen, Head of Trade Sector, Directorate-General for International Partnerships, European Union

4. Approaches and needs don't match

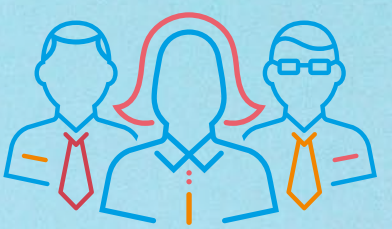
Over time, the assistance needs of Members have evolved from raising awareness on the Agreement to addressing specific capacity gaps. Tailored technical advisory services and capacity building approaches are critical in this phase. However, initiatives are often rolled out identically over a large number of Members and consist of theoretical workshops, surveys diagnostic studies, or pre-designed solutions. Logistical and financial support for IT equipment and development is difficult to obtain. Members have also pointed out the lack of predictability and continuity of support for members that seek assistance beyond the basic minimum of implementation. Developing Members stress that sustainability and durability are important for TF reforms.

"There is a need for flexible adaptation of projects. Often, external partners try to replicate their experiences from one country to another, but country a is different from country A. It is essential to sit down with the country, analyse and assist its specific needs and work with partners to adapt the project accordingly."
Mr. Felix Kouakou, Deputy Director of Support to Negotiations and Promotion of trade Agreements, Ministry of trade and Industry, Côte d'Ivoire.

6. Scattered and stagnated allocation of support

There is a broad variety of interventions by multiple development partners that support the TFA, ranging from small-scale projects to global thematic interventions. The assistance is dispersed geographically and thematically with two contrary trends: Conglomeration of multiple interventions in few Members; and many less significant partner relationships with limited thematic scope and duration in many Members. This resulted in geographical and thematic gaps of the TACB for the TFA. Members highlighted access barriers such as through the use of priority lists of beneficiaries, criteria based on per capita income or the OECD DAC list, or political and fragility criteria. But even in situations where no such hard barriers exist, the process of finding arrangements with partners can be long with many hurdles to overcome.

"In 2019, Togo had prepared project documents for Category C measures. After three years of unsuccessfully searching for partners, Togo approached TFAF for assistance. Thanks to that support, Togo received expressions of interest to support trade facilitation implementation from the Global Alliance for Trade Facilitation. However, the intervention from the Alliance required a diagnostic study of the risk management system, which the Alliance could not fund. Here, TFAF stepped in to finance it. This eventually led to a new framework of cooperation with the Global Alliance"
Togo

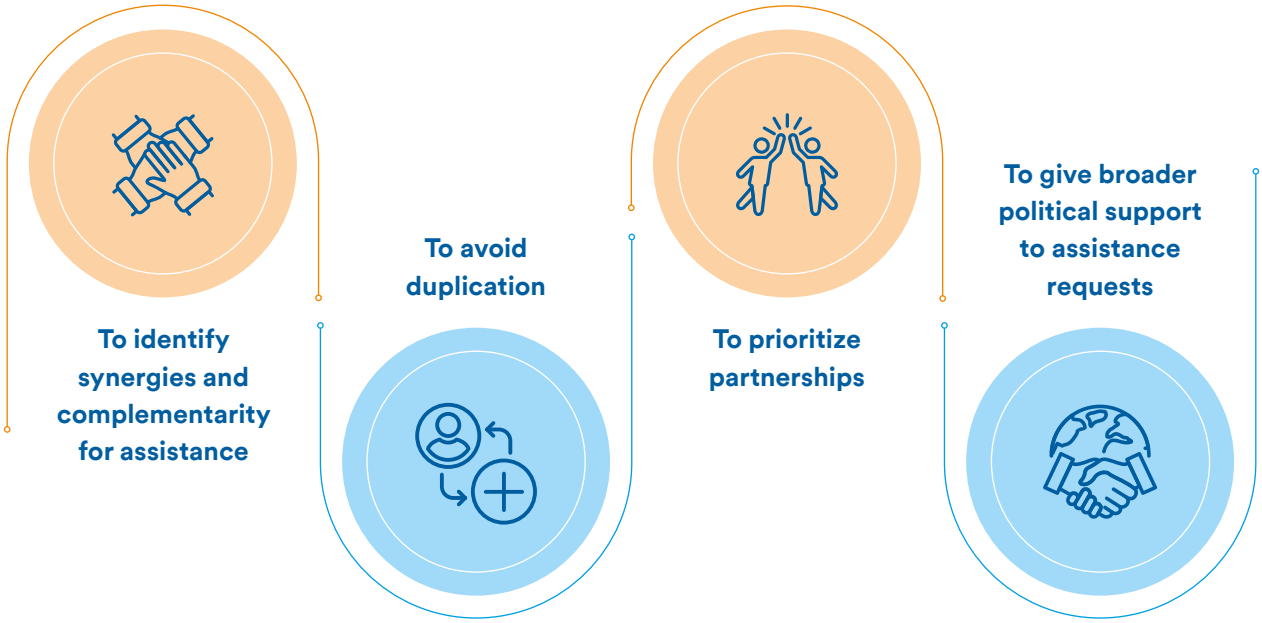


TACB Coordination: the Contribution of NTFC

> *The combination of focused assistance, good governance, active working groups, an engaged NTFC and a strong public -private partnership enabled Paraguay to use technical assistance efficiently and to bring implementation of the category C measures in a simple and transparent manner.*

Mr Luis Ojeda, National Directorate of Tax Revenue, Paraguay

Advantages of coordination



Coordination is critical to the implementation of the TFA and the provision of assistance and capacity building. The TFA urges all Members to *"promote internal coordination between their trade and development officials, both in capitals and in Geneva, in the implementation of the Agreement and technical assistance."* Article 21.3d(iii). Coordination implies domestic coordination across ministries and agencies **and** coordination with and between development partners.

Layers of domestic coordination

Negotiating TACB arrangements is a multi-layer consultative inter-governmental process. Many government agencies and development partners are involved, each with its own projects, interests and contacts . There is usually a high-level political process to ensure overall alignment with national policies. Some Members organise donor round table or Cooperating Partners Forum to centralise and coordinate development aid. It is usually coordinated at ministerial level, i.e. the Ministry of Planning or International Cooperation. Specific mechanisms such as donor round tables or partners forum supplement the intergovernmental processes. Further to this, ministries and agencies also maintain their direct contacts with development partners, in particular, in relation to specific technical requests. And finally development partners also set up their national coordination structures, such as the National Oversight Committees set by TradeMark Africa. The multiplicity of the processes needs to be monitored and managed. to void duplication and conflict. In Belize, for example, high-level ministerial intervention was necessary when two ministries discussed Single Window projects with two different partners. The engagement of NTFCs in coordination can be critical for securing assistance and capacity building and maximising its benefits.



The role of National Trade Facilitation Committees

"Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement." TFA Article 23.2

NTFCs exist in most of the WTO members to coordinate the implementation of the TFA. NTFCs are cross-government bodies with most of them placed under the Ministry of Trade and chaired either by the same ministry, customs administration, private sector or a combination of them. To find out more about existing NTFCs check out the UNCTAD Database for National Trade Facilitation Committees | UN Trade and Development (UNCTAD) and the WCO NTFC survey 2021.

The ability of NTFCs to engage in coordination of support for the TFA is often limited due to lack of political weight, mandate and expertise. They often only have a secondary role in the formal process of negotiating with development partners. There are only few examples where NTFCs play an important role in the formal process of negotiating with development partners. In Rwanda the NTFC was a key counterpart in the dialogue with bilateral and multilateral partners and it presented the government priorities in trade facilitation. In Zambia, the chairperson of the Cooperating Partners Forum is also the chairperson of the NTFC. Eswatini has a dedicated person for TACB mobilisation within the NTFC structure. Nevertheless, in some members the NTFC plays a leading role in coordinating assistance through information sharing and vertical integration.

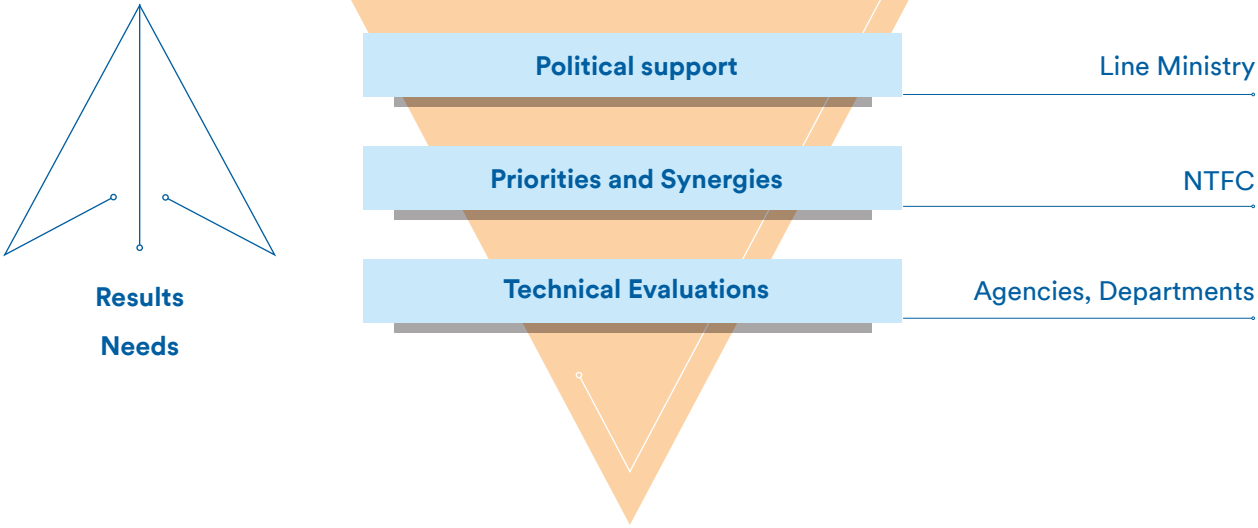
In Egypt the NTFC *"is responsible for defining and determining the technical assistance needs for implementing trade facilitation measures. Each agency or border agency begins by identifying its needs, including technical assistance, and these are addressed at the NTFC level to ensure synergy across different requirements. The NTFC has the mandate to coordinate technical assistance. Once priorities are set, they are escalated to the Supreme National Committee on WTO Issues, headed by the Minister of Investment and Foreign Trade."*

Ms Iman Nasr, Under-Secretary and Head, Central Department WTO Affairs, Ministry of Investment and Foreign Trade, Egypt

In Zambia the NTFC contributes to effective oversight of TACB for the TFA. Technica assistance is a standing agenda item at NTFC meetings. NTFC Members are asked to report on received or planned support from development partners *"This allows the Secretariat to compile information and enables Members to clarify details, thereby avoiding duplication of support."* The NTFC is also involved in the execution of projects through its working groups that *"[...] have defined terms of reference, one of which is oversight of support activities. This allows the groups to guide implementation and monitor how assistance is being delivered."*

Ms Patricia Mwela, NTFC Secretariat, Ministry of Commerce, Trade and Industry, Zambia

Domestic Alignment





Looking Ahead: Lessons Learned

> *Our formula has been clear: national direction, strong coordination, and decisive high-level leadership. That combination has helped us navigate differences in priorities among our partners while still making steady process and learning as we go.*
>
> **Mr Berisford Codd, Directorate general for Foreign Trade, Belize**



The current aid portfolio for the TFA comes with challenges, namely navigating a portfolio of scattered often small interventions, competing priorities domestically and for donor Members, and reduced development budgets. To manage this efficiently the following lessons can be applied.

1. Know your partners' interests, schedules and budgets

It is not enough to only rely on a one-time email contact and TF centric interventions to find TACB arrangements for the TFA. Only a small share of development aid is allocated directly to the TFA. Most aid is allocated geographically in line with outcomes fixed in regional or bilateral programmes. Better understanding the different interventions, their objectives and partners and being able to communicate with partners from the perspective of these programmes is critical. Development partners negotiate regional and Member specific outcomes every 4-5 years. This is the moment when TFA needs need to be put forward to ensure the allocation of funds to this issue.

Donor allocation of development aid

The average donor project and/or programme cycle is 4-5 years. The cycle consists of the following steps: i) Identify and analyse the problem together with the recipients, ii) design of possible approaches to resolving the problems, iii) authorization of funds, iv) contracting of the services (including contracting of multilateral agencies as implementing partner where appropriate), and v) evaluation.

2. Leverage existing expertise and structures

Preparing, negotiating implementation agreements and monitoring projects is a specialist expertise. NTFCs need to better leverage existing domestic structures and systems for project management, such as the Central Executing Unit in Belize. An NTFC does not need to centralise TACB coordination. But it can add value by facilitating regular sharing of information and representing members' needs in consultative processes.

Examples of project management structures

Example Central Executing Unit (CEU) - Ministry of Finance in Belize. Initially created to coordinate and implement IDB loan-funded projects, the CEU has since expanded its portfolio to include projects financed by the World Bank, the Saudi Development Fund, and Taiwan Grant Funds. In Rwanda all Ministries and agencies have a project management unit. National Implementation Units (NIU) of the EIF Enhanced Integrated Framework can take this role in LDC members.

3. Contextualisation and projectification of TFA reforms

National development strategies need to link better to the TFA. A large share of development aid is aligned to national strategies and a specific geographic context. TFA needs to be reflected directly or indirectly in multi-year programming contextualising it both within domestic and donor priorities. For this, TFA roadmaps have to be elevated at ministry level to ensure that they are reflected in national development or sectoral strategies/policies. Members have to bring more structure and accountability to roadmaps by organising work into coherent sequenced projects rather than a list of individual activities organised by measures.



4. Re-think assistance and support

Better align assistance to Members' needs and provide more targeted assistance in all technical areas or the TFA. Funding scalable "blueprint" approaches, where objectives and solutions are pre-defined, has to be balanced with funding for flexible assistance that can be respond to members' needs and address the thematic gaps left by the current interventions. Members look for practical advice from other Members' and support for progressive capacity building. Recipient needs to access technical and platform independent expertise and funding for digital infrastructure needs to be better acknowledged.

5. Maintain funding commitments to the TFA

Continued commitment by development partners for the TFA is critical to provide predictable and sufficient volume of funding for Members' TACB. Development partners need to maximise coordination and pay closer attention on whether category C needs are addressed by their interventions to avoid that Members and/ or thematic sectors of the TFA are neglected. More transparency over aid allocation and TACB needs is needed to allow better informed decision making by all development actors. More opportunities to leverage private sector financial resources and sharing of knowledge between private sector actors in areas of digitalisation and compliance management can help deepening and sustaining reforms in recipient Members.

6. Lay the foundations. Governance and monitoring and evaluation as a basis

The ability to engage with development partners in negotiating, preparing and executing assistance depends on strong institutional mechanism and good information. Structures such as a NTFC should be strengthened rather than circumvented by development partners. NTFCs need to leverage their coordinating role by setting clear and well-defined objectives and measurable results. Methods such as a Time Release study, or processing mapping have proven important to set measure reform objectives. The TFA implementation is an incremental process, and successful members move from validating basic outcomes to higher levels of implementation.



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