



Aid-for-Trade and LDCs: Current and future trends

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Objective

By the end of the session, participants should be able to have a better understanding of current and future trends of Aid-for-Trade for LDCs.



Contents

Section 1: AFT in Asia-Pacific

Section 2: Future AFT patterns



RECENT AFT TRENDS IN ASIA PACIFIC



Trade in Asia and the Pacific (1)

The region's share of global trade has increased

Participation in global value chains has been a major driver of growth

Figure 1: Share of Asia and the Pacific in Global Imports and Exports, 2001-2003 vs. 2011-2013 (%)

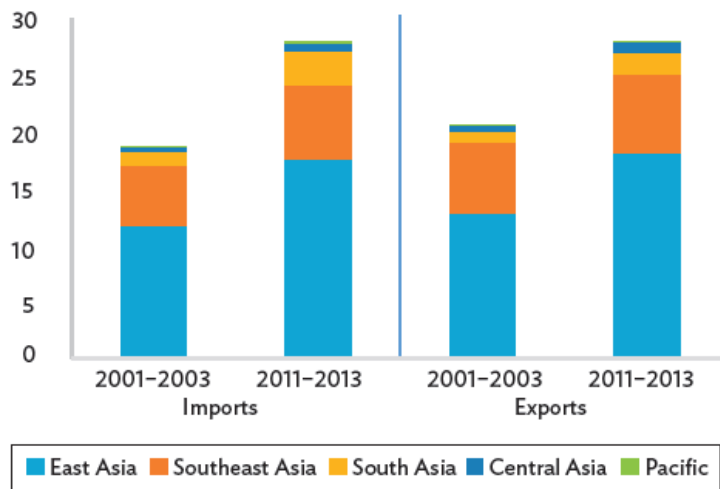
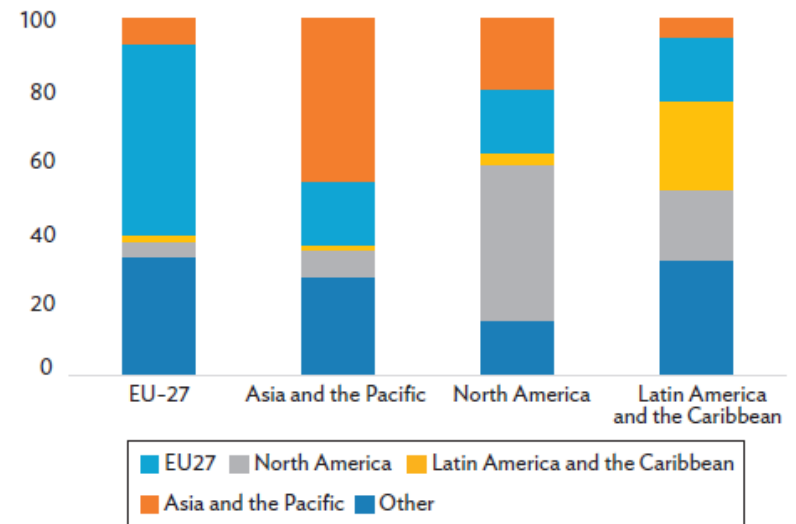


Figure 2: Regional Contribution to Value-Added — Selected Regions, 2012



TOP 20 PROVIDERS OF AID FOR TRADE (DISBURSEMENTS)



	DISBURSEMENTS				
	2002-05 avg.	2006-08 avg.	2009-11 avg.	2012	2013
EU Institutions	2 539.1	4 390.9	8 534.8	7 096.3	10 340.0
Japan	4 425.9	5 233.2	5 890.1	6 850.4	10 141.7
World Bank	3 583.0	4 192.6	4 273.8	5 380.3	6 439.3
Germany	1 850.4	2 830.0	2 605.1	3 437.8	5 017.0
United States	4 149.4	4 086.0	3 544.9	3 402.6	3 836.5
France	986.9	1 285.6	2 034.0	1 860.8	2 377.8
Norway	539.6	715.9	1 044.1	1 458.9	2 259.0
United Kingdom	965.6	1 352.7	1 388.2	1 430.5	1 821.8
AsDB	..	530.9	1 011.9	1 318.0	1 385.9
United Arab Emirates	..	141.2	214.0	1 219.0	1 253.0
AfDB	416.4	1 315.5	1 036.5	1 215.0	986.2
Arab Fund (AFESD)	260.6	785.0	745.6	749.3	967.8
Netherlands	546.8	542.9	716.2	737.3	831.8
Canada	330.4	602.8	616.2	579.8	764.1
IADB	..	388.0	520.1	550.3	759.6
Korea	192.9	358.5	443.7	542.3	704.0
Sweden	399.4	420.8	497.5	503.3	600.0
Australia	305.8	472.6	534.6	452.1	514.2
Denmark	297.7	377.7	430.8	375.9	507.7
FAO	144.5	298.7	310.9	305.7	505.9
Sub-total	21 934.4	30 321.5	36 392.9	39 465.7	52 013.3
TOTAL AID FOR TRADE	23 589.9	33 243.8	38 329.6	41 595.3	55 378.0

TOP 20 RECIPIENTS OF AID FOR TRADE (DISBURSEMENTS)



	DISBURSEMENTS					
	Region	Income Group	2006-08 avg.	2009-11 avg.	2012.	2013
Viet Nam	Asia	LMIC	1 108.0	1 651.9	2 521.4	2 621.1
Turkey	Europe	UMIC	396.1	1 346.4	2 956.3	2 444.0
India	Asia	LMIC	1 269.3	1 992.4	1 594.9	2 112.7
Egypt	Africa	LMIC	580.4	733.0	1 521.1	1 645.4
Morocco	Africa	LMIC	448.0	797.2	1 085.6	1 421.6
Afghanistan	Asia	LDC	1 027.9	1 734.8	1 489.0	1 214.1
Kenya	Africa	OLIC	299.5	433.5	784.7	1 192.3
Tanzania	Africa	LMIC	430.2	651.0	807.1	1 113.1
Bangladesh	Asia	LDC	396.4	413.4	866.8	902.7
Brazil	America	LDC	78.8	276.5	926.0	902.7
Ethiopia	Africa	LDC	530.6	758.4	595.0	891.3
Pakistan	Asia	LDC	366.2	437.2	609.7	772.3
Iraq	Asia	UMIC	1 894.4	427.2	388.2	757.7
Serbia	Europe	UMIC	253.7	484.9	795.0	648.2
Democratic Republic of the Congo	Africa	LDC	213.8	391.9	511.7	616.8
Mozambique	Africa	LDC	371.8	362.5	461.0	611.4
Indonesia	Asia	LMIC	813.3	854.1	645.2	610.1
Tunisia	Africa	UMIC	210.1	402.0	594.1	607.1
Thailand	Asia	UMIC	180.9	166.0	180.8	600.0
Uganda	Africa	LDC	411.1	459.0	386.8	570.8
Sub-total			11 281	14 773	19 721	22 255
TOTAL AID FOR TRADE			23 589.9	33 243.8	38 329.6	41 595.3

AID FOR TRADE IN CAMBODIA, LAO PDR AND MYANMAR



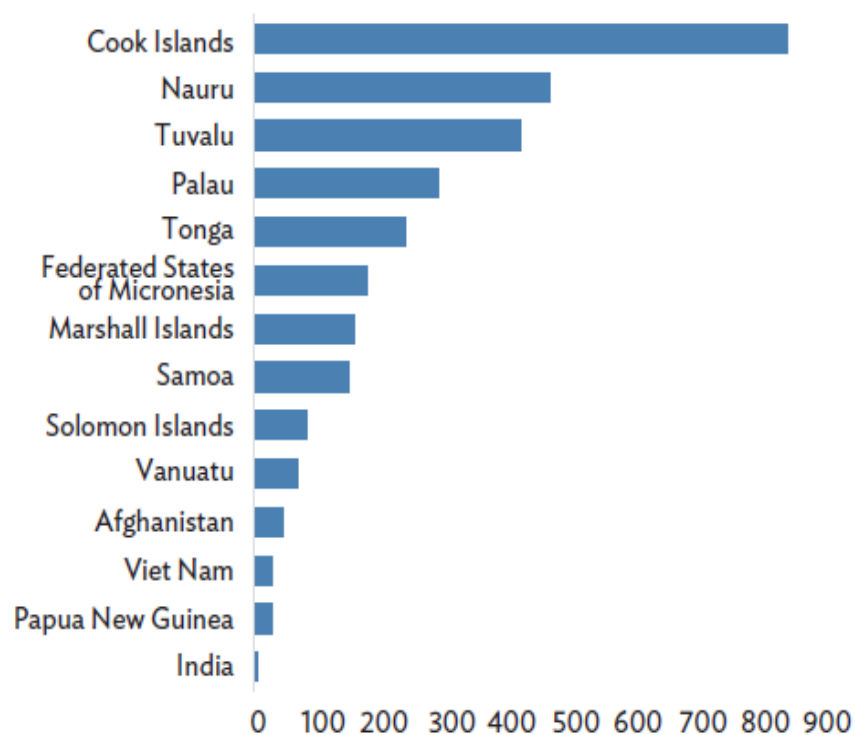
	COMMITMENTS					DISBURSEMENTS			
	2002-05 avg.	2006-08 avg.	2009-11 avg.	2012	2013	2006-08 avg.	2009-11 avg.	2012	2013
Cambodia	194.7	218.1	314.5	277.1	384.2	133.2	196.6	254.8	286.1
Lao People's Democratic Republic	160.1	132.4	208.0	209.8	239.9	126.9	136.4	154.9	143.3
Myanmar	11.0	17.0	35.8	68.6	1211.8	17.6	51.0	39.1	366.3



AfT in Asia and the Pacific (1)

- In 2013, the region was the second-largest regional recipient of AfT (\$14.9 billion of total disbursements).
- The top country recipients were Viet Nam (\$2.6 billion), India (\$2.1 billion), Afghanistan (\$1.2 billion), and Bangladesh (\$903 million).
- But on a per capita basis, Pacific economies are the largest AfT recipients.

Figure 5: Aid for Trade Per Capita Disbursements in Selected Economies, 2011-2013 (\$)

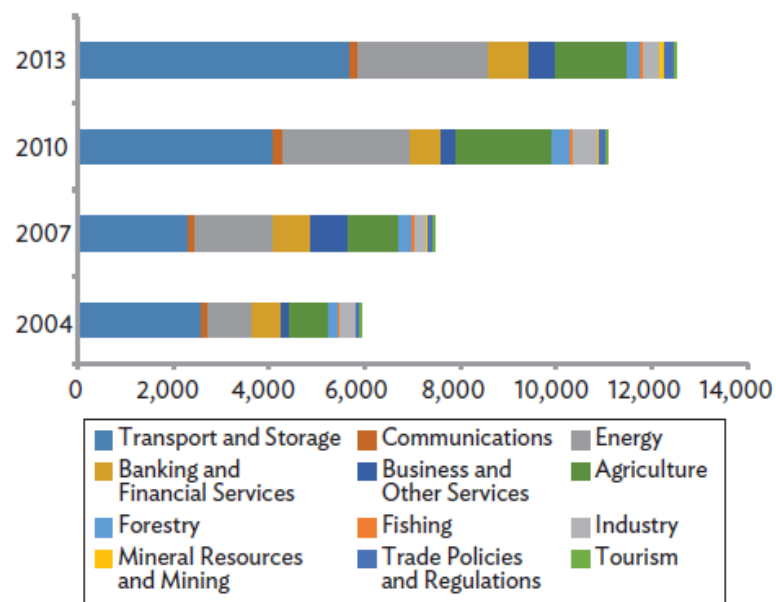




AfT in Asia and the Pacific (2)

- Trade-related infrastructure and technical assistance for trade received the most funding.
- In every subregion, transport and storage is the main sectoral target.

Figure 6: Aid for Trade Disbursements in Asia and the Pacific by Sector (\$ million)





Remaining Gaps & Challenges (1)

Trade costs in Asia and the Pacific remain high...

... and there are large variances across subregions

Figure 8: Time to Export and Import by Region, 2013 (days)

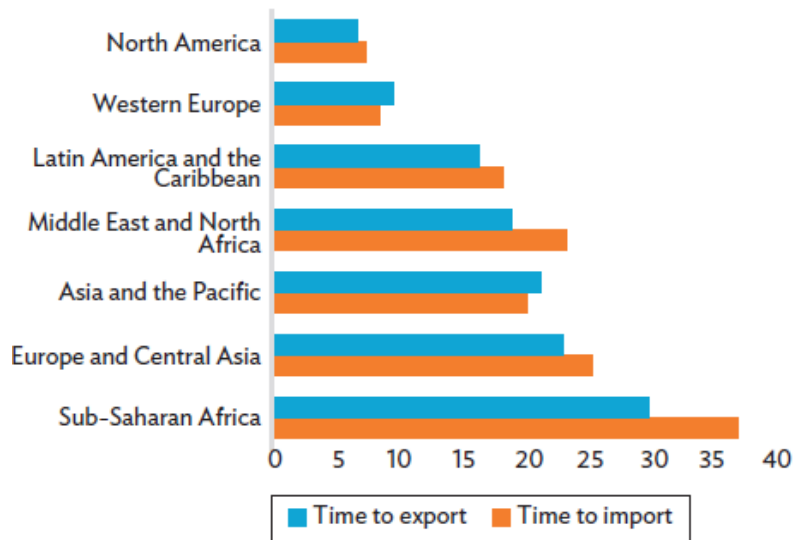
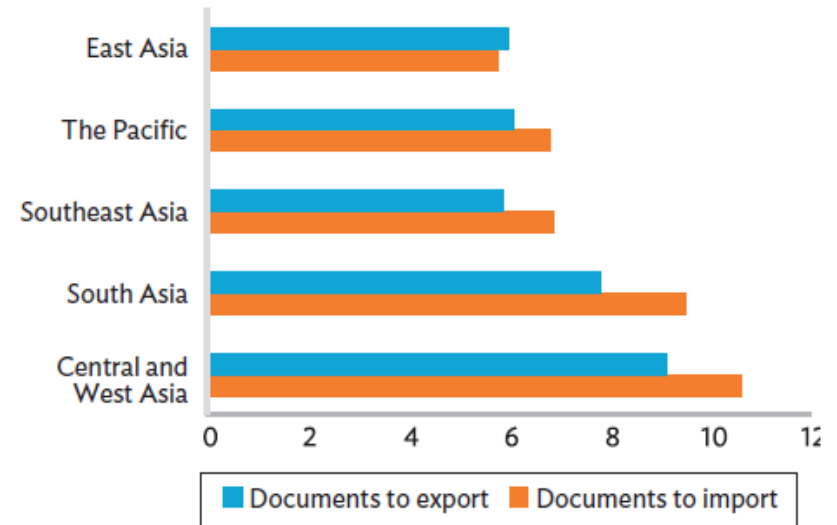


Figure 9: Number of Documents to Export and Import in Asia and the Pacific by Subregion, 2013

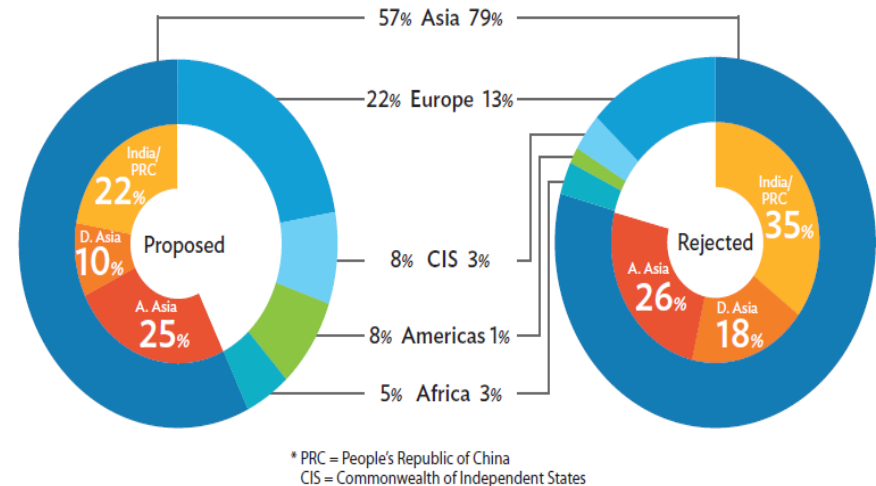


Remaining Gaps & Challenges (2)

Shortfall in trade finance remains significant

- In 2013, the global trade finance gap was estimated at \$ 1.9 trillion, of which \$1.1 trillion is in developing Asia (including India and the PRC).
- Banks reported a global rejection rate of trade finance applications of 29%.

Figure 10. Distribution of proposed and rejected trade finance transactions by region





EMERGING TRENDS

Three growing trends in AFT

- Participation in Global Value Chains



Regional AFT projects

Figure 3: Globalisation of crude trade



- Private Sector Participation in AFT





EIF Pledging Conference

- In January 2016, the EIF will start its Phase Two (2016-2022) decided by the partnership after an independent positive evaluation of the results of Phase One (2009-2015).
- The Pledging Conference for Phase Two of the EIF will take place on 14 December 2015 in Nairobi, at the outset of the WTO Tenth Ministerial Conference. The amount is between US\$274 and 320 million.
 - To provide additional Aid for Trade (AfT) funding in the area of infrastructure development, productive capacity, trade finance, connectivity, and costs of adjustments
- According to WTO Director General Roberto Azevêdo, “a successful pledging conference would be a significant outcome of the ministerial conference”



EIF Phase II

- ✓ New phase puts more emphasis on SDG, private sector participation
- ✓ New compendium and templates for Tier 2 and DTIS
- ✓ Increased regional focus and regional initiatives (e.g. exchange programmes)
- ✓ UNOPS mandate renewed. ES to decentralize its functions



Two Key Areas for future AFT funding

Trade Facilitation

- Improved customs, immigration, quarantine, and security policies
- Harmonized standards, policies, and regulations
- Better logistics
- Improved governance and institutional capacity
- Most importantly: WTO Agreement on Trade Facilitation

Trade Finance

- Short-term: loan guarantees to mitigate risk
- Stronger and deeper domestic financial markets
- Better access to international financial markets
- Innovative financing products
- Financial education for exporters



Going Beyond AFT: Estimated Benefits from Trade Facilitation and Trade Finance

Trade Facilitation

- Each \$1 spent in trade facilitation (both economic infrastructure and trade development) is estimated to increase exports by \$1.33
(Source: ADB AfT Report)

Trade Finance

- Surveyed firms indicated that additional trade finance would enable them to increase production. A 15% increase in access to trade finance would increase production by 22%.



For more information on Aid-For-Trade:

WTO website (AFT Page):

www.wto.org/english/tratop_e/devel_e/a4t_e/

EIF Website

www.enhancedif.org

OECD Website (Aid-for-Trade statistics)

<http://www.oecd.org/trade/aft/>





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THANK YOU