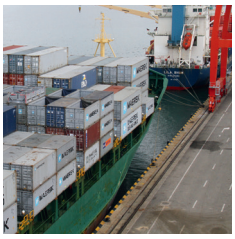
SECURING SUSTAINED IMPACT

Implementing IPoA: *The role of the EIF*



EIF
Enhanced Integrated Framework

Trade for LDC development

Implementing the Istanbul Programme of Action: The role of the EIF

The Istanbul Programme of Action (IPoA) adopted in Istanbul, Turkey in May 2011 by the Fourth United Nations Conference on the Least Developed Countries (LDCs) includes a ten-year strategy (2011-2020) for the sustainable development of the LDCs. An important objective of the IPoA is to enable half of the LDCs to meet the criteria for graduation by 2020 by helping them overcome structural challenges. Trade is one of the eight priority areas for action identified in the IPoA. The importance of trade for development is also reflected in the 2030 Agenda for Sustainable Development, where trade is highlighted as an essential means of implementation for attaining the Sustainable Development Goals (SDGs).

The IPoA also targets the goal of doubling the LDC share of global exports by 2020, including by broadening LDCs' export base. To achieve this, the IPoA lays out a number of actions to be undertaken by development partners to help LDCs build their human, institutional and productive capacities. In Paragraph C. 3(e), the IPoA calls upon development partners to implement effective trade-related technical assistance and capacity building in LDCs, including by increasing Aid for Trade (AfT) for LDCs and support for the Enhanced Integrated Framework (EIF).

Aligned with Paragraph C. 3(e) of the IPoA and SDG 8, the EIF support to LDCs range from creating the enabling policy and legislative environment to trade and has been a catalyst for development partner support of LDC efforts to address supply-side constraints, building trade and productive capacity, export diversification to employment creation and reducing poverty. The EIF is also a coordination framework for development partners to work with International Agencies in a mutual partnership with LDCs in the driving seat leading their own national development. The EIF has been crucial in supporting the LDCs to become more active players in the global trading system.

EIF support to LDCs' graduation

The EIF supports graduation aspirations of the LDCs by contributing to their: a) economic growth and shoring up GNI per capita; b) export diversification; and c) stability of exports of goods and services. While these measures are still useful to the graduated LDCs, the EIF also helps the latter to achieve smooth transition by providing continued support for a predictable duration (three years with a possibility of an extension for another period of two years, subject to justification and approval by the EIF Board). The LDCs that have graduated in the last ten years, i.e., Cabo Verde, Maldives and Samoa, have been benefiting from such support to help build trade policy and institutional capacity, coupled with support to coordinate and leverage additional AfT resources and creating conducive business environment for attracting private investment.

The IPoA also calls on graduating countries to take the lead in the development of smooth transition strategies with the support of their development and trading partners. Through the EIF, support to the LDCs working towards graduation is available to help manage and "own" their graduation process through the detailed analytical trade studies (Diagnostic Trade Integration Study – DTIS) which are helping countries to identify and prioritize their needs and serve as a common basis for development partners to help countries to address their priority needs. This work has led to the preparation of a transition graduation strategy, national post-graduation work plans and conducive policies to achieve sustainable development.

EIF activities in LDCs have resulted in benefits beyond the realm of trade to a wide range of areas related to the IPoA, including infrastructure, agriculture, commodities, external financial flows and climate change vulnerabilities. These activities are contributing to the achievement of SDGs related to poverty reduction, food security, hunger alleviation, climate change, and gender equality.

Cabo Verde

Trade policy and institutional support

- Trade has been incorporated into the Poverty Reduction and Growth Strategy Paper (PRSP) 2012-2016.
- The Strategic Plan for Trade Development (*Plan Stratégique pour le Développement du commerce 2015-2020*) was validated at a national workshop in June 2015 after a consultative process involving various government departments and the private sector. The strategy identified agriculture, tourism and creative industries as sectors for trade development to build Cabo Verde's productive capacity.
- As a result, institutional capacity building training has been provided to 23 participants from the private and public sectors on standards quality, and 20 participants from the private and public sectors and civil society have been trained on project development and management.
- Ongoing support has been provided to the public sectors to fully own the national trade agenda through institutional capacity building including to the National Council of Trade and the National Trade Forum.
- Training has been provided to specifically enhance private sector involvement in the national trade agenda through national outreach/consultations and industry specific trainings.
- 39 Small and Medium-sized Enterprises (SMEs) were trained to strengthen their capacities and knowledge in labour laws, food safety and hygiene, which has helped them to reach higher standards in food management protocols.
- 105 women participated in an entrepreneurship meeting in April 2015 to promote small and micro enterprises. The meeting was organized in partnership with the *Association des Femmes Entrepreneures de Santiago (AMES).*

Maldives

Trade policy and institutional support

- Maldives has adopted a consistent policy approach for economic diversification, improving the ease of doing business, promoting investment and trade facilitation. As a service-based economy, Maldives has undergone substantive reforms, with new legislations, regulations and frameworks enabling foreign direct investment with the goal of promoting economic and social development.
- The EIF is supporting the implementation of trade, investment, transport and employment sector activities, while also strengthening private sector collaboration and encouraging bilateral trade cooperation in the region.
- The Maldives DTIS contributed to the development of the Maldives Economic Diversification Strategy in 2013, the PRSP, the Maldives 2020 strategies and implementation of the Export Strategy.
- To support regional integration, the EIF National Implementation Unit (NIU) is providing technical assistance to facilitate and launch the Free Trade Agreement with China and providing information to public and private stakeholders and negotiation teams to prepare Maldives' position papers for the negotiation rounds. This bilateral cooperation has paved the way for mobilizing financing for key strategic projects, including the Malé Airport and the Hulhulé-Malé Bridge.
- The EIF NIU supports the Ministry of Economic Development (MED) as a "one-stop" point for the registration of all entities engaging in business in Maldives. The NIU has also supported *Invest Maldives,* the Government's investment promotion arm housed in the MED, which is entrusted with promoting foreign investments to the country, with a dedicated website, www.investmaldives.org.
- The EIF NIU team has contributed to the development of a *Maldives Doing Business Guide* and *Invest Maldives Magazine*, which have been widely disseminated at the Maldives Investment Forum and to visiting business, donor and consular delegations.
- Ongoing support has been provided to the management of investment project proposals received under the Special Economic Zones regime, the Government's development initiative to create infrastructure and facilities, such as ports, airports, warehousing and export processing zones to foster export-oriented manufacturing and service industries. Through this, funding of US$735,000 was mobilized by the MED from the private sector for the Maldives Investment Forum and Expo Maldives to promote locally made products and services.

Trade development/sector support – building the capacity of trade facilitation institutions

- The EIF is funding a project to build up the capacity of trade facilitation institutions by focusing on customs modernization with a full migration to ASYCUDA (Automated System for Customs Data) World and strengthening of the regulatory capacity of the Civil Aviation Authority to implement a robust economic regulatory framework and engage the private sector in the management of airport infrastructure. This sets out to improve trade performance, promote growth, increase revenues and reduce income inequality, and simplify border procedures.
- A 50% reduction in the processing time of customs documents (from up to two days to less than 24 hours) has been achieved; and an overall reduction in customs handling time by 60% to 70%.
- The project also aims to achieve the following targets: an upgrade of the goods clearance system to ASYCUDA World; an improvement of customs processes and procedures relating to risk management, valuation and post-clearance supported by a diagnostic report on customs processes and procedures; effective controls to combat fraud and to protect legitimate trade through modern custom procedures; an upgrade of border clearance systems; and the strengthening of the Civil Aviation Authority's functions.
- To date, over 200 Customs Service officials have been trained and equipped with the capacity to manage the newly introduced systems beyond the project phase. Assessments and recommendations provided by the expert teams from the World Custom Organization (WCO) and UNCTAD have also provided the Maldives Customs Services with broad guidance on how the reform activities should be carried out in the areas of valuation, risk management, post-clearance audit and upgrading ASYCUDA ++ to ASYCUDA World as a goods clearance system.
- Substantive consultations have been carried out with stakeholders (port operators, freight forwarders, shipping agents, etc.) to integrate manifest processing procedures into the ASYCUDA platform. Currently, work to upgrade communications infrastructure in line with ASYCUDA World is ongoing, and the migration to ASYCUDA World is expected to be completed by mid-2016.
- Authorities are working towards the development of a single window for trade facilitation in order to establish a paperless trading environment. Collaboration with the Asian Development Bank/WCO, the United Nations Economic and Social Commission for Asia and the Pacific and United Nations Commission on International Trade Law in the area of single window has helped push the Government's reform agenda on trade facilitation.
- In the aviation sector, stakeholder consultation processes to finalize the Economic Regulatory Framework were completed, and the regulations were finalized in July 2015. 22 public and private sector participants in the aviation sector were trained in areas, including Airport Strategic Management and the International Air Transport Association's Policies on Economic Regulations & Airport Competition.

Samoa

Trade policy and institutional support

- The EIF-supported Trade, Commerce and Manufacturing Sector Plan (2012-2016), a development from the 2010 DTIS is the sole national plan devoted to the trade sector. The four main pillars of the plan driving Samoan value chain approach are: increased private sector development, improved regulations, increased international trade, and increased manufacturing, competitiveness and trade linkages.
- Assistance has been provided to develop pilot projects for community entrepreneurship to develop and promote niche products, e.g., the Women in Business project to assist farmers to plant and harvest coconuts to produce Virgin Coconut Oil for the Body Shop in the UK market.
- Co-funded by the International Labour Organization, a *Develop Samoa Employment Policy* has been developed to increase the level of employment in key industries through education, training and up-skilling.
- Trade policy and regulatory frameworks have been strengthened through the enactment of required legislation, e.g., Legal Metrology Act, Competition Bill and the Food Safety Bill. Assistance has also been given to private sector organizations enabling them to get their members ISO and HACCP certificated as well as introducing barcoding on their products.
- Reforms to improve the competitiveness of exports are under way by reviewing the National Tariff Structure to reduce tariffs on inputs and capital items. Support is being provided to regional trade negotiations and WTO post-accession obligations.
- Participation of Samoa's services industry has been enhanced through the seafarers programme including implementing policies on seafarers, regional seasonal employment and the seasonal workers, telecommunications, and engagement in the negotiations of the Pacific Agreement on Closer Economic Relations (PACER) on labour mobility.

Trade development/sector support – Improving productivity and connecting Samoan producers to markets

- The Trade Sector Support Programme is focused on scaling up collaboration between the largest state-owned agricultural producer in Samoa, trade associations, and women's cooperatives in order to add value to cocoa and coconut destined for export. It focuses on strengthening the sector policy so as to enhance private sector participation and manufacturing linkages, this has resulted in the *Buy Samoa* initiative.
- As a result of this initiative, *"Samoa Brand"* trade shows have been organized and held in New Zealand, Australia, and America showcasing Samoan products.
- A central component of the project is to empower women through the activities of the Women in Business Development Incorporated, which is dedicated to strengthening village economies in Samoa and addressing gender imbalances.
- The *Buy Samoa Made Exhibition* was launched in New Zealand in November 2013 to connect Samoan goods and services with potential markets, and to attract foreign direct investment.
  - Total exports increased by 11% after the launch in New Zealand.
  - Taro exports doubled in 2014 compared to the previous year as a result of a revitalized taro industry and a sizeable market share in New Zealand.
- A similar initiative was launched in Australia in March 2015 by the Samoa Association of Manufacturers and Exporters together with other manufacturers to showcase Samoan products.
- In order to improve the business environment, the Samoa Bureau of Statistics completed a business activity survey in November 2015.

Aligned with Paragraph C. 3(e) of the Istanbul Programme of Action, the EIF programme has been a critical mechanism and catalyst for development partner engagement and support to the LDCs' broader efforts in addressing supply-side constraints, building trade and productive capacity and export diversification and reducing poverty.

Working in support of SDG 8: *"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"* and other related Goals as duly indicated in target 8.a, which aims at increasing AfT, in particular to LDCs, among others, through the EIF mechanism.

Find out more at **www.enhancedif.org**
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