Aid-for-Trade Roadmap for SPECA Countries
Ministerial Conference, Baku, Azerbaijan, 1-2/12/2010

AfT Needs in SPECA Countries: Findings From Regional Review

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Baku, 1 December, 2010
Presentation outline

- Background and context
- Initial findings
- National needs assessments and regional review
- Priority areas
- Conclusions for action
What has happened?
**Context: Aid for Trade**

**Roadmap for SPECA**

**Preparatory process**
- National needs analyses to identify AfT priorities
  - Afghanistan
  - Azerbaijan
  - Kazakhstan
  - Kyrgyzstan
  - Tajikistan
  - Turkmenistan
  - Uzbekistan
  - Sept. 2009 – Aug. 2010

**Expert meeting**
- to take stock of national and regional priorities and prepare for the Ministerial conference
- Bishkek, Kyrgyzstan
- 10-11 March, 2010

**Key event**
- Ministerial conference
  - to engage with development partners in an AfT regional review
  - to set the direction for future work
- Baku, Azerbaijan
- 1-2 December, 2010

<= Regional Review =>
Expert Meeting in Bishkek
11 - 12 March 2010

- Host: Government of Kyrgyzstan
- Organisers: UNDP, ITFC
- Participants from all SPECA countries
- WTO, UN agencies (members of the Cluster for trade and productive capacity), other organisations
- Presentations, incl. needs assessment drafts
- Discussion of needs, priorities and approaches
- Complementary inputs for Regional Review
National Aid-for-Trade needs assessments I

- Reflect particularities of the country
- Carried out by local consultants
- Participatory process
- Official validation
- Need to consider regional aspects
- Basis for Regional Review
National Aid-for-Trade needs assessments II

Methodology presented in regional guide: How to Conduct Trade Needs Assessment

Focus: Impact of trade on human development, living standards and poverty reduction

Purpose: Highlight capacity gaps and propose actions and technical assistance projects to overcome weaknesses…

Recommendations: Action Matrix

Role of UNDP: methodological support, facilitation of the process
Regional Review

- Summarises the national needs assessments
- Highlights commonalities while recognising differences
- Identifies regional needs and opportunities
- Reflects common priorities of the SPECA countries
- Sets trade in the human development context
- Suggests measures for regional development
- Complemented by project concept notes
- Offers concrete Action Plan
What's the situation, then?
Expert meeting observations I: opportunities and constraints

- Potential for regional trade development
- Positive effects of infrastructure investments
- Favourable scope for diversification
- Difficult natural conditions
- Remoteness, distance to world markets
- Weak trade infrastructure (physical, institutional)
- High transaction costs
- Low competitiveness
Expert meeting observations II: common needs

- Physical infrastructure
- Institutional infrastructure
- Business environment, enterprise development
- Diversification, sector development (incl. services)
- Higher value added, better use of local resources
- Supply and transformation of agricultural produce
- Development opportunities for the whole country
Varying conditions; similar challenges

- Differences in size, population, economy
- Deal with the economic crisis and its effects
- Reduce dependence on a few products & markets
- Raise value added
- Take a longer term perspective
- Consult and cooperate for concerted actions
- Make trade contribute to human development
Trade performance and opportunities

- Before the economic crisis: mostly steady growth, after decline in the ’90s
- Trade deficits, except for oil and gas exporters
- Economic crisis hitting harder than elsewhere: lower demand, export prices, FDI, remittances, access to credits,…
- Potential for regional trade development
- Positive effects of infrastructure investments
- Scope for diversification
National initiatives for development

- Macro-economic measures
- Financial sector strengthening
- National industry support programmes
- Export promotion agencies
- Quality system enhancement
- ‘Single window’ for trade facilitation
- Support for higher education, innovation
- Etc., etc., etc.
Current Aid for Trade support

- Low amounts, except for Afghanistan
- International organisations, bilateral support
- Beneficiary country initiative and leadership
- Donor community engagement
- Regional coordination
- Comprehensive programmes, well prepared projects
- Private sector involvement
Common, current priorities for trade development

- Physical infrastructure: transport, energy, telecoms
- Institutional infrastructure: trade procedures, quality management, trade and investment support
- Trade policies, business environment, enterprise development
- Diversification; sector development: services, food industry, textiles & clothing, leather & footwear, etc.
- Balanced development – benefits for all
So, where do we go from here together?!
Three focus areas for action

- Common areas, common action
- Practical measures for tangible results: focus, coherence, sequencing
- Supply side/within-border measures
- Cross-border cooperation
- The multilateral trading system
- Summarised in Action Matrix
Focus area 1: Supply side / within-border measures

- Productive capacity and market development within selected sectors
- Establishment and/or reinforcement of trade support institutions and services
- Enhancement of the business environment
Focus area 2: Cross-border cooperation

- Physical infrastructure
- Institutional trade infrastructure, with a focus on trade facilitation
- Market access
Focus area 3: Matters related to the multilateral trading system

- Building awareness and knowledge
- Identifying common interests and acting on them
- Consulting and cooperating on practical measures
- Supporting SPECA countries during WTO accession, as appropriate
Well, how do we make it happen?!
Baku Ministerial Declaration: basis for future Aid for Trade

- Commitment to improved well-being, now and later
- Awareness of needs and how they can be addressed
- Resolve to act
- Agreement on priorities for trade development
- Request for support
- Primacy of national and regional needs and interests
Implementation steps

- Further develop Aid-for-Trade action matrices in the Regional Review and National Needs Assessments
- Identify and prioritize corresponding projects; see concept notes
- Actively pursue funding for priority projects
- Encourage information exchange and coordination among beneficiaries, donors, implementing agencies
- Set up SPECA Regional Aid-for-Trade Implementing and Monitoring Council
Thank you

- United Nations Development Programme
  Europe and the Commonwealth of Independent States
  Bratislava Regional Centre
  http://europeandcis.undp.org