



Special Event on Trade Facilitation Negotiations and Aid for Trade  
for Landlocked Developing Countries

# Aid for Trade Needs Assessments: A Necessary Prerequisite for LLDC Competitiveness

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## Overview of the presentation

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1. UNDP's focus
2. Objectives of the AfT Needs Assessment
3. Approach to the AfT Needs Assessment
4. Preliminary findings: the case of a LLDC
5. CEB response and support

# Aid for Trade: UNDP's Focus

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- Stronger link between **trade, poverty and human development**
- UNDP's strategy to support the AfT initiative is guided by its corporate mandate and places **emphasis on implementation**
  - Mainstream trade
  - Better coherence between trade and development policies
  - Better government and donor planning and coordination
- Prioritization of **Needs Assessment in LLDCs** as a vulnerable group needing particular attention (i.e. oil and food price rises, transport and TF issues)

## Aid for Trade: UNDP's Focus (cont)

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- Needs Assessments already underway in Mongolia, Kazakhstan, Kyrgyzstan, and Uzbekistan.
- Planned for Tajikistan, Turkmenistan, Azerbaijan as well as SACU countries in Southern Africa (which include Botswana and Swaziland, LLDCs), and Paraguay.
- In **IF beneficiary countries**, DTIS action matrixes should be one of the entry points.
- This is in line with UNDP corporate mandate on upstream policy and capacity building support.

# Aid for Trade: Objective of the Needs Assessment (NA)

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- Objective of the NA → identify a set of policy recommendations and technical assistance projects aimed at overcoming productive capacity and other supply side constraints and building trade capacity, while inter alia, improving human development and poverty reduction outcomes.
- This set of recommendations should:
  - Help overcome identified constraints
  - Meet the costs of adjusting to current or anticipated trade agreements
  - Tackle institutional and infrastructure capacity limitations
  - Suggest action plans to remove bottlenecks and seize market access opportunities

# Aid for Trade: Approach to the Needs Assessment (NA)

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- Specificity
- National ownership
- Government-wide and stakeholder participation and coordination
- Trade mainstreaming
- Analysis
- Action Matrix

# Sample content of an Aid for Trade Needs Assessment

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1. Introduction
2. TRTA inventory/mapping
3. Macroeconomic, Business and Investment environment and policy analysis
4. Assessment of the institutional framework
5. Trade policy including adjustment issues
6. Trade facilitation and related infrastructure issues
7. Sectoral analysis from a poverty reduction/human development perspective
  - a) 7.1. Sector 1 (e.g. textiles)
  - b) 7.2. Sector 2 (e.g. food processing)
  - c) 7.3 Sector 3 (e.g. tourism)
8. Action matrix

# Example: Key Trade Facilitation Issues for MONGOLIA

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- Very high costs to reach outside markets but equally high costs within the country (significant cause of lack of competitiveness as both imports and exports are expensive)
- Ranked 168 out of 178 countries under category « Trading across the borders » in the « Doing business 2008 report » (although the overall rank for the country is 52)
- Inadequate harmonization of customs procedures with neighboring countries and poor enforcement of signed conventions
- Technical trade barriers and SPS especially relevant for some key exports (meat, wool, cashmere and processed skins)

# Sample Recommendations for MONGOLIA

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- Adopt an open skies policy (at least for freight) and unlock the country by exporting high value products by air
- Construction of a dedicated quay in the Tanjin harbor (China) for merchandise to and from Mongolia
- Opening of Mongolian customs offices in Tianjin
- Investment in wagons and locomotives for the exclusive purpose of transportation between Tianjin and the Mongolian border
- Renewed effort in the negotiations with China and Russia to finalize a « Transit Trade Framework »
- Swift implementation of a “one stop” service comprising customs, health, veterinary and other state inspection bodies



# Sectoral Analysis

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In addition to cross-sectoral issues, the Needs Assessment also addresses constraints to exports at the sector and sub-sector levels (drawn from agriculture, manufacturing and services). The selection of sectors and sub-sectors is the result of close consultations with the major stakeholders and may reflect their current or potential contribution to export growth as well as their impact on poverty alleviation.

## Methods and techniques

### Quantitative

- Review of production trends, exports and employment levels

### Qualitative

- Critical thinking
- SWOT analysis
- PEST analysis
- Benchmarking
- Household survey

# Sectoral Analysis and Positioning of Product and Services Sectors according to their Export Potential and Human Development Impact



<i>Human Development Impact</i>	<i>Export potential</i>		
	Low	Medium	High
High			
Medium-High			
Medium			
Low			



## Action Matrix

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- The needs assessment should lead to an action matrix detailing recommended policy measures for each section of the report.
- The policy recommendations should be specific, action-orientated and executable, with concrete indicators and targets.
- The action matrix should take the following form:



# Example: Action Matrix

Action no.	Action recommended	Target indicator and desired outcome	Timeline for completion of action	Responsible Government department	Agencies involved
<b>CHAPTER</b>					
1.01					
1.02					

# CEB Interagency Cluster on Trade and Productive Capacity

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- “UN Delivering as One” system-wide coherence process: Cluster aims at coordinating the joint operations of a number of UN organizations in the area of trade and capacity building
- Coordinated response to Needs Assessment: demand-driven utilizing programming tools such as MTEF plans/ national development/ poverty reduction/ MDG strategies/ UNDAFs
- Resource mobilization and aid coordination and coherence – operationalizing Paris Principles including through joint programming of technical assistance and capacity building support e.g. trade platforms/ sector wide approaches / project portfolios
- Monitoring and evaluation



**Thank you**

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