

Strengthening Africa's capacity to trade



The World Trade Organization (WTO) is the international body dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible, with a level playing field for all its members.

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Executive summary

The multilateral trading system overseen by the WTO has helped to spur economic development for both developing and developed economies by creating a more predictable, fair and transparent trading system that encourages investment and industrialization.

However, in recent times, this progress has been slowed by crises such as that triggered by the COVID-19 pandemic. This new health and economic crisis has caused major disruptions to trade. In its October 2020 forecast, the WTO predicted that the volume of world merchandise trade would decline by 9.2 per cent in 2020, followed by a 7.2 per cent rise in 2021. In its October 2020 World Economic Outlook, the International Monetary Fund (IMF) forecast negative growth of -4.4 per cent for the world in 2020, with a rebound to 5.2 per cent in 2021. For sub-Saharan Africa, these figures are -8.0 per cent and 3.0 per cent, respectively.

In Africa specifically, the high prevalence of informal employment has been particularly affected by the social distancing measures implemented in an effort to control the spread of COVID-19 and by the disruptions to trade, particularly in services such as tourism and travel, which are important sources of revenues for African countries. The World Bank's April 2020 "Africa's Pulse" report (World Bank, 2020a) projected that, as a result of the pandemic, economic growth in sub-Saharan Africa would decline from 2.4 per cent in 2019 to between -2.1 per cent and -5.1 per cent in 2020. The October 2020 "Africa's Pulse" report (World Bank, 2020b) confirmed that growth in sub-Saharan Africa is predicted to fall to -3.3 per cent in 2020, pushing the region into its first recession in 25 years, driving up to 40 million people into extreme poverty across the continent and erasing at least five years of progress in fighting poverty.

The downturn in economic activity will cost the region at least US\$ 115 billion in output losses in 2020. These numbers have been driven to an extent by resource-intensive countries, particularly metal and oil exporters. Diversified economies expect more moderate declines.

Forty-four out of the 55 member states of the African Union are members of the WTO. These economies are supported by the Development Division of the WTO Secretariat through the work of the African Group. African countries also benefit from other forms of support from the WTO, as well as capacity-building activities run by other divisions of the WTO or by WTO-sponsored facilities and initiatives. This report also outlines collaborative efforts undertaken in 2019 by the WTO with the African Union in African countries in order to increase the continent's industrial and manufacturing capacity.

African trade in goods and services has amounted to around 3 per cent of global exports and imports on average. In 2019, African countries recorded exports of US\$ 462 billion and imports of US\$ 569 billion in merchandise trade. This constituted a fall of 3 per cent on average compared to 2018. Between 2005 and 2019, Africa's commercial services exports nearly doubled in value. However, this picture is incomplete; the continent's exports are dominated by one region. North Africa has accounted for about a third of all African goods and services trade, despite comprising only five of the continent's 55 countries. However, the share of exports contributed by sub-Saharan Africa has been steadily increasing and accounts for 70 per cent of all African goods and services exports.

The WTO has made broad and diverse efforts to support trade development in Africa over the last 10 years. For example, WTO members, through the different bodies that comprise the organization, and the WTO Secretariat have implemented a broad range of agreements, decisions and technical assistance programmes, ranging from trade facilitation to government procurement regulations. Through technical assistance programmes and support for economic diversification and industrialization on the African continent, the WTO has played a role in fostering economic transformation.

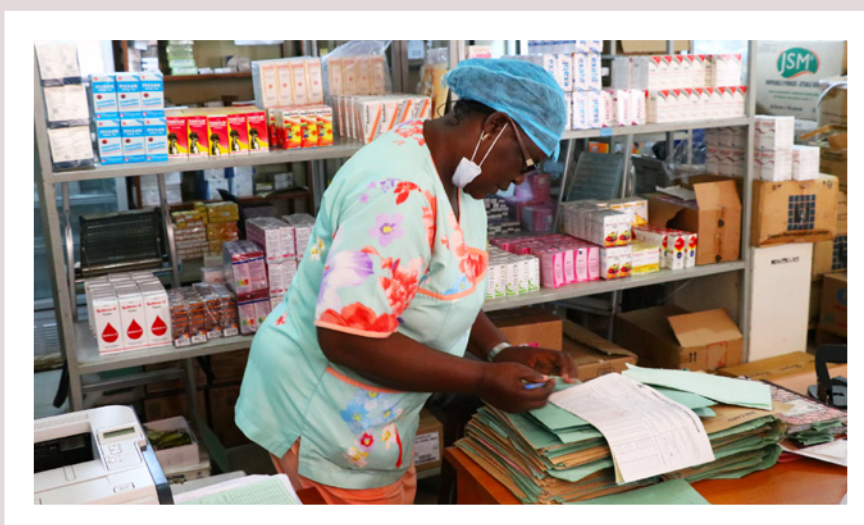
The WTO has supported trade development in Africa through its leadership on Aid for Trade. Since the launch of the initiative in 2006, donors have disbursed US\$ 451 billion in official development assistance to help developing countries build trade capacity and infrastructure. US\$ 163 billion of this amount has gone to African countries, with US\$ 16.9 billion being disbursed in 2018, representing a 180 per cent increase from the 2006 baseline.

The Aid for Trade initiative focuses on economic diversification as being key to development; in the 2019 Aid for Trade monitoring exercise, 97 per cent of African respondents pointed

to economic diversification as a priority. The Aid for Trade Work Programme for 2020-21 reiterates the importance of investments in digital connectivity, which have become more important as a result of the COVID-19 pandemic. Development financiers have also introduced new aid programmes, including a US\$ 160 billion World Bank fund to address the economic impacts of the COVID-19 pandemic and a US\$ 10 billion COVID-19 Response Facility from the African Development Bank (AfDB).

The Trade Facilitation Agreement (TFA) expedites the movement, release and clearance of goods and establishes measures for effective cooperation between economies to establish customs compliance. The TFA entered into force on 22 February 2017 after two-thirds of the WTO membership completed their domestic ratification processes. Studies show that full

The WTO has made broad and diverse efforts to support trade development in Africa over the last 10 years.



implementation of the TFA could reduce trade costs by an average of 14.3 per cent and boost global trade by up to US\$ 1 trillion per year, with the largest gains in the poorest countries. For the African region, the reduction in trade costs would average 16.5 per cent, with many countries facing reductions of between

A stable multilateral trading system and access to international markets have had positive effects on the development and industrialization of Africa.

15.8 and 23.1 per cent. Across coastal and landlocked Africa, reductions would average 16.8 per cent and 15.7 per cent, respectively.¹ This is significant, since the central African region has some of the highest trade costs in the world.

As the cost of implementing trade agreements is significant for many economies, the WTO created the Trade Facilitation Agreement Facility (TFAF) to support implementation of the TFA. The TFAF has, for instance, funded the participation of African representatives at meetings and workshops focusing on capacity-building and utilization of the TFA.

The WTO also provides support for developing economies and least-developed countries (LDCs) through the Standards and Trade Development Facility (STDF), which helps imports and exports to meet sanitary and phytosanitary (SPS) requirements for trade based on international standards. The STDF has provided support for the implementation of Africa's SPS policy framework and has helped to strengthen sanitary capacity in many industries.

The African Group² has taken an active role in the implementation of another WTO agreement, the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). While Article 66.1 of the TRIPS Agreement provides that the Agreement is not immediately binding for LDCs, TRIPS Agreement rules have served as the basis for intellectual property regulations that have helped innovators to market their goods and limit the spread of counterfeit goods. An amendment to the TRIPS Agreement, which took effect in 2017, establishes a secure and legal pathway for developing countries to obtain affordable medicine from generic suppliers. For example, a national workshop held in Dakar, Senegal in July 2019 covered the use of the TRIPS Agreement's special compulsory licence

system to obtain affordable intellectual property for the advancement of public health. Transfers of technology to African LDCs, facilitated by the TRIPS Agreement, have played a significant role in the plan to enhance cotton production and processing in Benin, Burkina Faso, Chad and Mali.

Closely related to WTO development initiatives, the Agreement on Government Procurement (GPA) recognizes the importance of government procurement in ensuring sustainable consumption and production patterns. While no African country is currently a party to the GPA, adopting GPA disciplines such as the Article IV principle of non-discrimination can help members to attract foreign direct investment. GPA initiatives to increase competition and develop e-procurement capacity are designed to help reduce the costs of procuring vital foreign-sourced goods and services.

The Enhanced Integrated Framework (EIF), an Aid for Trade facility purely dedicated to supporting trade development in LDCs, has successfully supported African LDCs in building trade-related institutional and productive capacity. One example is an EIF project in Burkina Faso that has helped to increase the production and export of cashew nuts and dried mangoes to create jobs and increase profits for producers. Another example is the Benin Agricultural Development Company which, with the help of the EIF, has increased its production by 25 per cent and generated new exports to West Africa. Both projects provide concrete examples of the WTO's successful combination of development aid and technical expertise at the service of LDCs.

African countries continue to be major beneficiaries of several other WTO technical assistance initiatives: 16 per cent of all technical assistance activities in 2019 were focused on African countries. This includes the Netherlands Trainee Programme, which

sponsors junior public officials and provides them with the opportunity to learn about matters dealt with within the WTO, under the direction of staff members of the WTO, with particular attention given to African countries. The French and Irish Mission Internship Programme also sponsors the attachment of officials to their countries' Geneva resident missions, with priority given to African members and LDCs. The WTO Secretariat has also continued to provide technical support with regard to the implementation of regional trade agreements between WTO members in Africa.

The WTO Secretariat also works in cooperation with other regional bodies, including the Economic Community of West African States (ECOWAS). The WTO has organized virtual training activities on trade in services, trade facilitation and market access for officials of ECOWAS institutions in both English and in French since mid-2020. Likewise, the WTO collaborated with the Union économique et monétaire ouest-africaine (UEMOA) on a sub-regional training activity on intellectual property in 2019, and it cooperates directly with many African WTO members to collect information on their services policy regimes in the context of the Integrated Trade Intelligence Portal (I-TIP) database.

A stable multilateral trading system and access to international markets has had positive effects on the development and industrialization of Africa, and efforts to build capacity, to enable African countries to take fuller advantage of the benefits that trade brings, are continuing. In recent times, the COVID-19 pandemic has slowed these efforts and reduced the developmental gains of recent years. African countries are particularly vulnerable to the

effects of the pandemic because of several factors that affect large swathes of their populations, such as informal employment, weak health systems, few social safety nets, and difficulties in mobilizing resources not only to fight the pandemic directly, but also to summon the fiscal and monetary resources needed to contain its economic impact. Keeping markets open and predictable, as well as fostering a more generally favourable business environment, will be critical to spur the renewed investment that is needed for a swift recovery. The multilateral trading system and the WTO stand ready to continue providing the necessary framework for this to happen.

1 WTO Secretariat calculations using disaggregated estimates from Moïse and Sorescu (2013) based on Organisation for Economic Co-operation and Development (OECD) trade facilitation indicators.

2 The African Group is the coordinating informal body comprised of African members and observers. Currently this group comprises Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Eswatini, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

1 Introduction

The multilateral trading system overseen by the WTO has contributed significantly to the unprecedented economic development that has taken place over the last decades across the world. Trade has allowed many developing countries to benefit from the opportunities created by emerging new markets by enabling them to integrate into the world market through global value chains. Moreover, the unbiased, predictable and non-discriminatory regime maintained by the multilateral trading system places all economies – developing and developed, small and large – on an equal footing.

Greater certainty in terms of trade policies creates predictability, which allows for long-term business planning and incentivizes investment, which are crucial components for industrialization. Trade also plays a key role in the dissemination of new technologies. Trade, technology and innovation have a synergistic relationship that can lead to a virtuous circle that favours industrialization when countries have access to open markets.

The COVID-19 crisis has caused shocks of an unprecedented magnitude to supply and demand in the global economy. This has inevitably resulted in major disruptions to trade, particularly in services such as tourism and travel, which are important sources of revenues for African countries. The WTO's October forecast predicted a drop of 9.2 per cent in the volume of world merchandise trade, followed by a 7.2 per cent rise in 2021.¹ This weak predicted growth in 2021 suggests that trade is likely to remain below the pre-pandemic trend for growth in world merchandise trade for some time.

The introduction by several governments of fiscal and monetary measures to forestall large-scale business failure and job losses is positive. Many developing and least-developed countries will also need external financing support as export revenues and remittances decline. In May 2020, international finance institutions and development banks announced that they would mobilize emergency financing, debt relief flexibilities, and trade development and adjustment measures to support developing and least-developed countries.² Alongside these measures, maintaining open trade and investment flows will be critical to protect jobs, prevent the breakdown of supply chains, and ensure that vital products remain available and affordable for consumers. Once recovery begins to take hold, trade will play a central role in restoring economies.

While governments across the world are taking steps to mitigate the impact of the COVID-19 pandemic, there is a critical need for governments in Africa to make trade and economic policy decisions that will, to a large extent, determine the pace of economic

recovery and growth, protecting jobs, ensuring steady incomes and improving standards of living. In this context, the African Group is a key constituency in the WTO. It takes an active interest and plays a prominent role in all areas of the WTO's work.³ The African Group's overall directives in the WTO come from declarations of African Ministers of Trade. The African Group is actively pursuing concrete multilateral outcomes that will foster the diversification of Africa's export base, structural transformation and industrialization, particularly in the context of special and differential treatment negotiations, to accommodate the objectives of the African Union's "Africa 2063: The Africa We Want" Agenda.⁴

This report examines the situation with respect to trade in Africa and looks at trade in value-added products in the African countries for which data is available, as this is an indicator of trade-induced industrialization. The report also looks at different activities and projects the WTO is implementing in the continent to support industrialization and structural economic transformation, including in the areas of trade facilitation, compliance with sanitary and phytosanitary regulations, and capacity-building for trade and production. Finally, the report outlines projects aimed at mainstreaming trade into the national development strategies of African countries.

Developed largely before the COVID-19 outbreak, this report presents a pre-pandemic snapshot of African economies, as well as of the new and existing mechanisms that African countries can use to alleviate the economic effects of the pandemic and take advantage of a trade-led economic recovery.

1 See the WTO press release of 6 October 2020 "Trade shows signs of rebound from COVID-19, recovery still uncertain".

2 See, for example, the World Bank factsheet on "Debt Service Suspension and COVID-19" of 11 May 2020.

3 The granting of permanent observer status to the African Union in the WTO has been a longstanding request of the African Group. The request remains under consideration by WTO members. In the meantime, some WTO members have reiterated their commitment to work with African countries individually.

4 See <https://au.int/en/agenda2063/overview>.



2 | The effect of COVID-19 on the economies of Africa

On 14 February 2020, Africa confirmed its first COVID-19 case in Egypt. To date, over 1 million cases have been reported, and there have been cases in every country on the continent. A study in May 2020 from the WHO Africa Regional Office posited that, within the first year of the pandemic, between 83,000 and 190,000 deaths and 5 million related hospitalizations could occur, and a further 29 to 44 million people could be infected if containment measures failed (WHO Africa, 2020). As of 1 December 2020, a total of 2,179,843 COVID-19 cases and 51,915 deaths had been reported in 55 African countries. This makes up 3.5 per cent of all cases reported globally (Africa CDC, 2020).

The African continent is particularly vulnerable to the economic impact of COVID-19. The ILO estimates that over a third of economic activity on the continent is informal (ILO, 2018). Informal employment is very negatively impacted by the social distancing measures and shut-downs which become necessary as a means to prevent the spread of COVID-19. Given these realities, the International Monetary Fund estimates that sub-Saharan Africa and the Middle East and North Africa will experience contractions in GDP growth of -3.0 per cent and -5.0 per cent in 2020, respectively (IMF, 2020).

The World Bank's April 2020 "Africa's Pulse" report (World Bank, 2020a) projected that, as a result of the pandemic, economic growth in sub-Saharan Africa would decline from 2.4 per cent in 2019 to between -2.1 per cent and -5.1 per cent in 2020. COVID-19 would cost the region between US\$ 37 billion and US\$ 79 billion in terms of output losses for 2020. This underperformance was confirmed by the October 2020 "Africa's Pulse" report

(World Bank, 2020b) which predicts that growth in sub-Saharan Africa will fall to -3.3 per cent in 2020. This will have the negative effect of pushing the region into its first recession in 25 years, driving up to 40 million people into extreme poverty across the continent and constitutes a serious setback in poverty reduction taking poverty levels back to where they were around five years ago.

In Africa, the recession is a result of a series of economic shocks including production and supply chain disruptions connected to COVID-19 healthcare measures. Other contributing factors include lower trade and investment from China – a major partner for the poorest countries on the continent – as well as a demand slump from other trading partners, including Europe and the United States, and depressed intra-continental trade.

In April, the WTO forecast two possible paths for world trade in 2020: an optimistic scenario in which the volume of world merchandise trade would fall by 13 per cent, and a pessimistic scenario envisaging a fall of 32 per cent. As of October 2020, the WTO modified this forecast to a 9.2 per cent decline in merchandise trade for 2020, followed by an increase of 7.2 per cent in 2021. Either scenario projects that trade volume growth will remain far below pre-COVID-19 trends.

Initial estimates for the second quarter of 2020, when COVID-19 and the associated lockdown measures were affecting a large share of the global population, indicated a drop of around 18.5 per cent in the volume of merchandise trade in comparison to the previous year. However, ultimately the decline was 14.3 per cent. African economies

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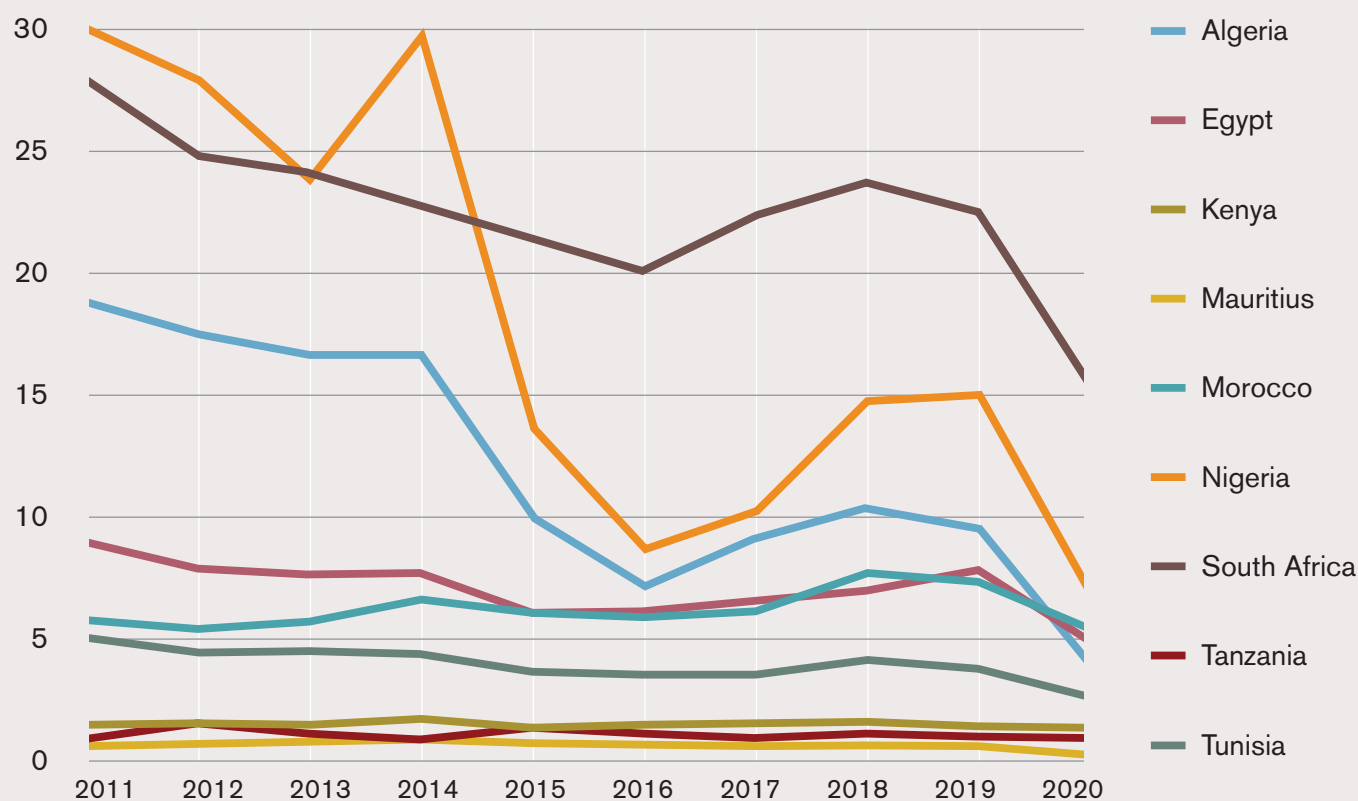
experienced a similar decline. Those for which data is available experienced second-quarter declines of between 58 per cent and 3 per cent compared to the previous year. Figure 1 outlines the decrease in merchandise trade volumes in African countries for which data is available.

In the latest figures available, which are from 2016, 22 African countries had debt-to-GDP ratios of over 61 per cent. At 60 per cent debt-to-GDP, many developed countries find it difficult to make debt payments; thus, this is a level unmanageable for many developing countries. Angola, Cabo Verde, Congo, Djibouti and Egypt all have external debt-to-GDP ratios of over 100 per cent. Since the outbreak of the COVID-19 pandemic, Mozambique's debt-to-GDP ratio, which was 100 per cent in 2018, has increased to 130 per cent, according to the United Nations Africa Renewal. South Africa's debt-to-GDP ratio will top 63.6 per cent this year, up from 56.7 per cent in 2019 (Sguazzini

and Naidoo, 2020). According to the IMF, the region faces a four-fold fiscal crisis which, as well as the aforementioned high debt-to-GDP ratio, includes high fiscal deficits, a high cost of borrowing with interest rates of 5-16 per cent of 10-year bonds, and the depreciation of many African currencies, which has triggered inflation.

There have been some concerns about inflation and currency depreciation due to increased demand from loose monetary and fiscal stimuli, as well as supply shocks due to public health closures. Many developing countries have faced COVID-19-triggered depreciation, and African currencies have not escaped this trend (OECD, 2020). The South African rand depreciated by 28 per cent in the first quarter of 2020, before appreciating by 2 per cent in the second quarter, and Nigeria's official exchange rate was adjusted from N307/US\$ before COVID-19 to N380/US\$ as of November 2020.¹ The depreciation has been a result of declining

Figure 1: Merchandise trade, second quarter year-on-year, 2011-2020
(US\$ billion)



Source: WTO Secretariat.

commodity prices, capital flight and strong local demand for the US dollar. The depreciation and inflation have the potential to cause a continental food crisis if not addressed.

Given these fiscal constraints, the international community, including the G-20 and the United Nations (UN), has called for debt suspension. While the G-20 has agreed to suspend debt for the world's poorest 75 countries until the end of 2020 through the Debt Service Suspension Initiative, the United Nations Economic Commission for Africa (UNECA) has called for debt suspension for all African countries for two years. The IMF has modified the Catastrophe Containment and Relief Trust to provide immediate debt service relief for its poorest and most vulnerable members, and has also doubled its emergency lending facilities, and 10 countries in the region have collectively received about US\$ 10 billion.

The Africa Centres for Disease Control (ACDC) took early and decisive actions, based on their experience with local disease outbreak. Beginning in January 2020, the ACDC coordinated continental testing, organized high-level coordination of resources, specialist training, and region-specific guidance for governments. The African Union has also been releasing weekly outbreak briefs.

Among the factors that could alleviate the effects of COVID-19 in Africa is the African Continental Free Trade Area (AfCFTA), originally set to be implemented on 1 July 2020. According to the African Development Bank's African Economic Outlook 2020, the African economy grew by 3.4 per cent in 2019, and growth was projected to increase to 3.9 per cent in 2020. The AfCFTA Secretariat has stated that it intends to use the AfCFTA as the economic stimulus package needed by a region lacking the fiscal and monetary space to implement the large policy stimulus packages of the developed world (Ighobor, 2020). The AfCFTA can help African countries establish trade corridors for essential goods, reduce duties on essential products, establish regional value chains, reconfigure supply chains, establish local pharmaceutical production facilities and increase access to medication.

Due to the low levels of domestic resources available, external funding and financial flows will play an important part in African countries' recovery from COVID-19. The WTO and other multilateral institutions recognize that the scale and consequences of the COVID-19-induced economic depression include not only severe supply-and-demand disruptions, but also a severe reduction in the supply of trade finance. This is of particular concern to international organizations, as trade finance scarcity largely affects micro, small and medium-sized enterprises (MSMEs), which account for 90 per cent of businesses and more than 50 per cent of employment worldwide.

Since the start of the pandemic, the World Bank has released a US\$ 14 billion COVID-19 crisis response facility, while the International Finance Corporation (IFC) has launched a US\$ 6 billion trade and working capital finance initiative. The Asian Development Bank (ADB) has launched a US\$ 20 billion comprehensive support package to assist its developing member countries in their fight against COVID-19, and has enhanced an existing US\$ 2.45 billion trade and supply chain programme, with particular emphasis on trade finance, to allow countries to access essential medical goods.

The African Development Bank (AfDB) established a US\$ 10 billion COVID-19 Response Facility in April 2020 and is providing up to US\$ 1 billion in trade finance liquidity and risk mitigation support to local banks in all 54 eligible African member countries.

The Islamic Development Bank (IsDB) Group has pledged US\$ 2.3 billion to a COVID-19 economic recovery programme called "The 3Rs (Respond, Restore, and Restart)". The International Islamic Trade Finance Corporation (ITFC) has contributed US\$ 850 million to the 3Rs programme, to focus specifically on financing and technical assistance for governments, financial institutions and MSMEs.

External funding and financial flows will play an important part in African countries' recovery from COVID-19.



3 | Trends in trade in Africa

African trade in goods and services

African trade in goods and services fluctuated in value terms over the 2005-19 period and gradually rose (see Figure 2 on following page). Despite this increase, however, its global share has remained relatively constant at about 3 per cent of both global exports and imports.

African trade is tied closely to macroeconomic and external events. For example, African exports dipped sharply during the 2008-09 financial crisis, and declined again in 2012-16 as oil prices and trade in mineral products dropped. African exports are primarily upstream products; in the context of the COVID-19 pandemic, this means that African exports have been negatively affected by decreased demand from major emerging and developed economies, and that the continent's recovery is dependent on the recovery of production and trade in its major partners, like China and the European Union.

North Africa had a disproportionate share of African trade over the 2005-19 period, accounting for about one-third of all African goods and services trade even though the region comprises only five countries. However, sub-Saharan Africa's share of exports has been increasing steadily since 2010, especially with rising growth in commercial services exports, and it now accounts for 70 per cent of all African goods and services exports.

In terms of merchandise trade, in 2019 the region recorded exports and imports amounting to US\$ 462 billion and

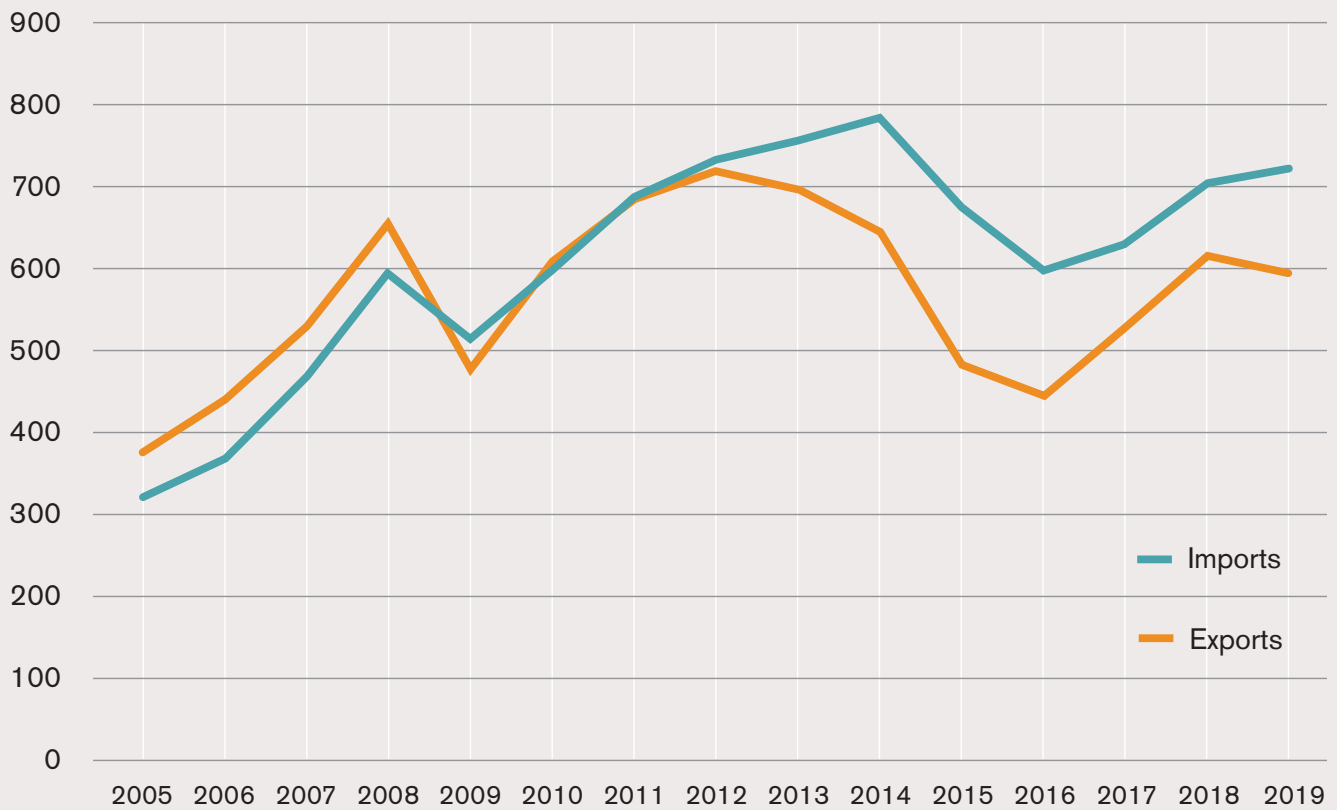
US\$ 569 billion, respectively, an average drop of 3 per cent compared to 2018. The last 10 years have shown moderate growth for the region, with 2019 exports amounting to 17 per cent more than the corresponding value in 2009. Intra-African trade is estimated to average 15 per cent of total African exports, and Africa represents 6 per cent of developing economies' total merchandise exports. Over half of the region's exports are estimated to be fuel and mining products; about a quarter of them, manufactured goods; and 15 per cent, agricultural products (see Figure 3). About 40 per cent of intra-African exports consists of manufactures, a large part of which are iron and steel, chemicals, and other semi-manufactures.

Among the region's leading players are Algeria, Angola, Egypt, Libya, Morocco, Nigeria and South Africa. Together, these countries accounted for over 60 per cent of the region's total trade in 2019 and an estimated 85 per cent of the region's fuel exports in 2018.

In general, all of Africa's commercial services exports have nearly doubled, from US\$ 57.7 billion in 2005 to more than US\$ 100 billion in 2019. Commercial services, comprised mostly of exports of travel services (about 50 per cent), accounted for one-fifth of African goods and services exports in 2019, although other business services, including exports of engineering and trade-related services, also increased over this period.

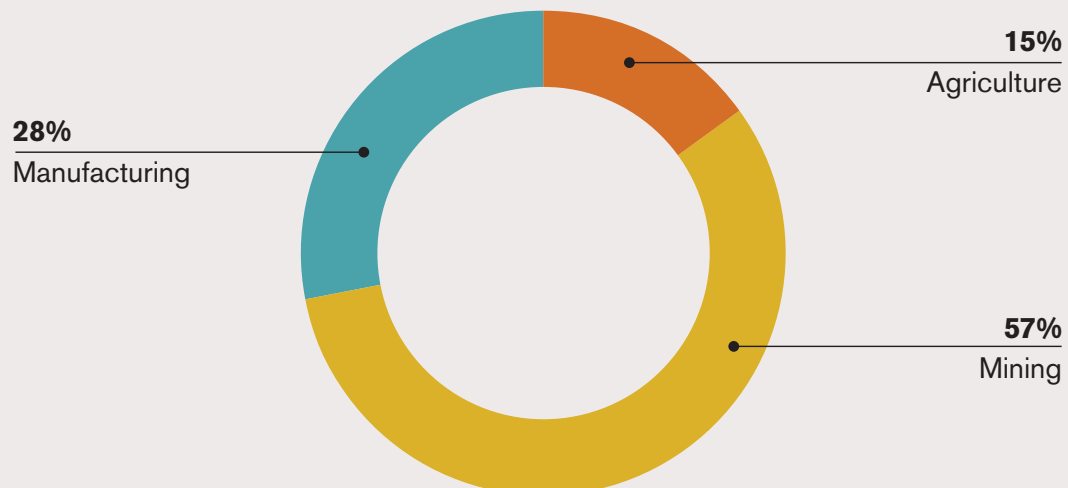
The last 10 years have shown moderate growth in African trade.

Figure 2: Trade in goods and services of Africa, 2005-19
(US\$ billion)



Source: WTO-UNCTAD-ITC Trade Statistics.

Figure 3: Merchandise trade of Africa by major product group, 2018
(% share)



Source: WTO Secretariat estimates.
Note: Estimate for product break-down.

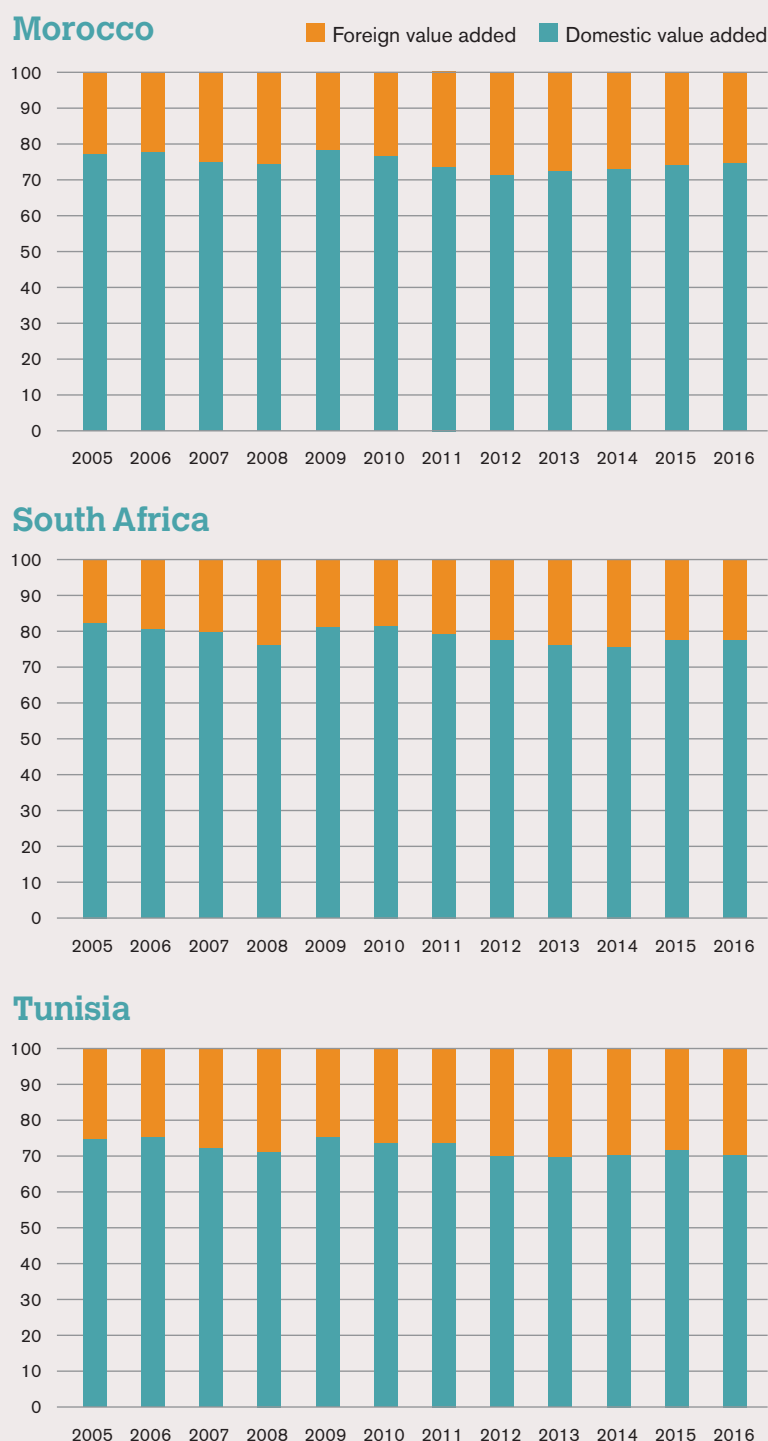
Insights into the value-added content of African exports

The value-added approach of trade enables the separation of conventional gross exports of goods and services into their domestic and foreign value-added components. While the share of domestic content in exports informs the actual contribution of trade to an economy, the foreign value-added content in exports, or vertical specialization, refers to intermediate goods and services that are imported from supply chains' partners to produce their exports.

The domestically produced value-added in exports of Morocco, South Africa and Tunisia is estimated at between 70 per cent and 80 per cent (see Figure 4). The foreign content of these exports increased slightly between 2005 and 2016, highlighting their increased engagement in global value chains (GVCs). The highest rate of foreign inputs in exports was observed for Tunisia (30 per cent in 2016), especially for its textile, electrical equipment and chemical industries. Morocco, with similar production networks, saw the share of foreign value-added in its exports reach 25 per cent. South Africa's rate of vertical specialization was estimated at 22.5 per cent in 2016, with major imports of inputs for its production and subsequent exports of coke, petroleum and motor vehicles.

The limited coverage of African economies in the Organisation for Economic Co-operation and Development (OECD)'s Trade in Value-Added (TiVA) database does not favour insights into value-added exports and GVC participation from the region. As a result, the WTO has launched a project (2019-22) in cooperation with the OECD and UNECA, titled "Developing statistical capacity in Africa for integration into trade in value-added (TiVA) databases". The goal of the project is to provide statistical capacity-building in five African economies (Cameroon, Egypt, Côte d'Ivoire, Nigeria and Senegal) for their inclusion in the TiVA database.

Figure 4: Shares of domestic and foreign value-added content in total exports of Morocco, South Africa and Tunisia, 2005-16 (% of total gross exports)



Source: OECD TiVA database.



4 | Aid for Trade

Launched during the 2005 WTO Ministerial Conference, which was held in Hong Kong, China, the WTO-led Aid for Trade initiative aims to help developing countries, particularly LDCs, build the supply-side capacity and trade-related infrastructure that they need to implement and benefit from WTO agreements and more broadly to expand their trade. The Aid for Trade Global Review, which usually takes place biennially, provides a platform to examine how developing countries, and in particular LDCs, can better utilize market access opportunities through targeted Aid for Trade; how this aid is assisting their integration into the global economy; how development partners are helping in this process; and, above all, the effectiveness of this support.

As part of its mandate within the initiative, the WTO, in partnership with the OECD, organizes a biennial monitoring and evaluation exercise which broadly seeks to survey the global flows of the Aid for Trade support provided and the trade and development priorities of countries, regional arrangements and donors, and to focus themes which call for Aid for Trade. The theme adopted by WTO members for the 2019 monitoring and evaluation exercise was “Supporting Economic Diversification and Empowerment”.

Data harvested from respondents to the 2019 Aid for Trade monitoring exercise highlighted the centrality of economic diversification as a policy objective. Economic diversification is considered a key element of economic development, by which an economy moves to a less concentrated, more varied production and trade structure. A lack of economic diversification is associated with increased

economic vulnerability because external shocks can undermine the development process. Export diversification can occur through an increase in the variety and volume of exports and/or of trading partners (this is called extensive margin diversification), or through increases in the proportion of products and services that are exported and/or through price increases for those exports (this is called intensive margin diversification).

Compared to other continents, in the 2019 Aid for Trade monitoring exercise Africa recorded the highest share of respondents (i.e. 34 out of the 35 African respondents – or 97 per cent – 26 of which were from LDCs) indicating that economic diversification was a development priority. This concurs with the emphasis placed on economic diversification in “Africa 2063: The Africa We Want”, the African Union’s shared strategic framework for inclusive growth and sustainable development.¹ It also aligns with the resolution adopted by the UN General Assembly on 25 July 2016 that 2016-25 would be the Third Industrial Development Decade for Africa (IDDA III).²

In terms of progress made in economic diversification, Africa also records the highest share of positive responses, with 71 per cent of respondents saying they had seen progress in economic diversification since the launch of the Aid for Trade initiative in 2006. This percentage is significantly higher than that of developing countries more generally, as only 47 of the 88 responding countries reported progress (53 per cent).

At the sectoral level, agriculture is the sector in which the most progress in economic diversification has been reported, followed

by industry and services. Limited industrial or manufacturing capacity was reported by 67 out of the 88 respondents (76 per cent) as the top constraint to economic diversification. Access to trade finance emerged strongly as a constraint in the 2019 monitoring exercise.

These findings continue to concur with the story that emerges from trade statistics. Since 2000, Africa has recorded the highest growth rate (70 per cent) of all regions in the number of agricultural product categories exported, up from 54 to 92 Harmonized Commodity Description and Coding Systems (Harmonized System, or HS) categories exported in this sector between 2000 and 2017. In Africa, the number of industrial product categories exported increased by 70 per cent, from 133.5 in 2000 to 226.5 in 2017. Across regions, Africa recorded the strongest growth rate in industry export diversification between 2000 and 2017, followed by Asia (31 per cent) and America (17 per cent).

Furthermore, this diversification has been focused regionally, with North Africa leading the way, not only in terms of the level of product diversification, but also its growth rate, reaching up to more than 4,000 product export categories in 2017. Southern Africa records the second highest product export diversification in the region, with exports recorded in more than 3,000 HS codes. In contrast, Central, Eastern and Western Africa exported no more than 700 product categories in the same year.

Not all respondents reported progress in diversification. Five African respondents (Burundi, Central African Republic, Comoros, Ethiopia and South Sudan) reported that no progress had been made in economic diversification since 2006. Among the constraining factors discussed were a lack of financing (Burundi), the 2013 internal conflict (Central African Republic), and limited progress in the transformation of traditional products and dependence on a few export products (Comoros).

In spring 2020, a new Aid for Trade work programme for 2020-21 was adopted by WTO members on the theme “Empowering Connected, Sustainable Trade”,³ and in July 2020 members agreed to extend the current biennial Aid for Trade work programme into 2022, when the next Global Review will also be held.⁴ Although the work programme was drafted before the global spread of COVID-19,

its themes are relevant to several aspects of trade in and by African countries as the world is reeling from the effects of the pandemic.

One such aspect is digital connectivity, or the lack thereof, the importance of which for business has been underscored by the economic effects of COVID-19. During the 2020 lockdown period that affected billions of people across the world, some economic actors were able to continue working online while others were brought to a standstill. The 2020 crisis has highlighted the cracks in connectivity within African countries and has stressed the importance of digital adaptation and transformation. It is anticipated that work taking place as part of the new Aid for Trade work programme will examine how increased digital connectivity and e-skills contribute to the objectives of export diversification and empowerment.

Aid for Trade funding flows: before and after the COVID-19 pandemic

Total Aid for Trade funding disbursed since 2006 currently amounts to US\$ 451 billion. Having received US\$ 163 billion, Africa is one of the two largest recipient continents. The other is Asia, which received US\$ 170 billion in the same period. In comparison, Oceania has received US\$ 371 million, Latin America and the Caribbean US\$ 35 billion, and Europe US\$ 42 billion.

In 2018, Africa received US\$ 16.9 billion in Aid for Trade.⁵ This marked a 180 per cent increase from the US\$ 6 billion of 2006. A little less than half of the US\$ 16.9 billion received in 2018 went to African LDCs (approximately US\$ 8 billion or 47 per cent).

In terms of categories, Aid for Trade disbursements to Africa were dedicated to economic infrastructure (53 per cent), building productive capacity (44 per cent), and trade policy and regulations (3 per cent). In terms of sectors, 25 per cent went to energy generation and supply, 24 per cent to transport and storage, and 21 per cent to agriculture. Other sectors account for the remaining 30 per cent. Aid for Trade commitments for 2018 reached US\$ 20.9 billion, an increase of 137.5 per cent since 2006 and of one-third since the 2008-09 global recession.

The numbers above are supplemented with US\$ 9 billion from South-South providers,

Since 2000, Africa has recorded the highest growth rate (70 per cent) of all regions in the number of agricultural product categories exported.

who are growing in importance as a source of financing for developing countries. However, little can be said about how much of this total is trade-related as South-South donors are not under any obligation to report their contributions to any international organisation.

To address the exceptional financing needs triggered by the COVID-19 pandemic, international financial institutions announced at an Aid for Trade Committee on Trade and Development webinar held at the end of May 2020 that they were stepping up their response to support economic recovery and resilience. Such support included emergency packages, debt relief, trade development and trade-related adjustment support. For 100 countries, the IMF fast-tracked applications for support and provided debt relief under the Catastrophe Containment and Relief Trust, which has the capacity to provide US\$ 500 million in grant-based relief. Following a call from the IMF and the World Bank, the G20 established the Debt Service Suspension Initiative, which offers temporary suspension of debt servicing for 73 of the world's poorest countries, 38 of which are in sub-Saharan Africa. World Bank estimates suggest that the scheme will provide up to US\$ 11.5 billion in payment relief, of which US\$ 6.6 billion would apply to countries in sub-Saharan Africa.⁶

As of April 2020, the World Bank has mobilized a US\$ 160 billion fund to address the effects of COVID-19 over a period of 15 months. The World Bank has also highlighted good practices by policy-makers in supporting pandemic mitigation, consisting of:

- (i) facilitating access to essential medical goods and supplies;
- (ii) supporting the consumption of essential items and limiting impacts on the poor;
- (iii) supporting exporters to maintain jobs and foreign exchange earnings;
- (iv) shielding the economy from the COVID-19 downturn; and
- (v) streamlining regulatory and border procedures to facilitate access to COVID-19-related medical goods and essential food products.

Another important provider of finance for Africa is the AfDB. To combat the crisis, the AfDB deployed a UA 7.4 billion⁷ envelope (equivalent

to US\$ 10 billion) during the third quarter of 2020 for the COVID-19 Rapid Response Facility, which has provided flexible support for sovereign and non-sovereign operations. The envelope included US\$ 5.5 billion for sovereign operations in AfDB countries, US\$ 3.1 billion for sovereign and regional operations in ADF countries, and US\$ 1.5 billion for non-sovereign operations (i.e. in the private sector) in all African countries.

For sovereign operations, the COVID-19 Rapid Response Facility can, as a matter of priority, provide fast-track budget support to ensure that regional member countries are able to fund emergency response measures. This has been an efficient approach, with the flexibility to allow regional member countries to apply for the support that best meets their needs and give due consideration to the growing risk of debt distress in many African countries. The operations have been aimed at sustaining growth, strengthening economic and financial governance, supporting policy and institutional reforms, mitigating the adverse impact of shocks, and contributing to recovery, state-building and arrears clearance in fragile states.

Non-sovereign operations involved the private sector, with US\$ 1.35 billion administered to existing private-sector clients through:

- (i) deferral of debt service payments of up to US\$ 675 million to support anticipated requests from private-sector clients for limited deferral of their loan obligations to the AfDB;
- (ii) emergency liquidity facility of up to US\$ 405 million to assist clients facing short-term liquidity challenges caused by COVID-19; and
- (iii) trade finance and guarantees facility of up to US\$ 270 million, to assist clients in accessing trade finance and guarantees.

The AfDB has stated its awareness that COVID-19 was causing major disruptions in production and global supply chains, including in Africa. In 2018, 15 per cent of Africa's total exports were to other African countries. This figure, however, did not include informal trade, which was particularly vulnerable to the effects of the pandemic. Informal cross-border trade frequently includes agricultural products (e.g. maize and rice), making it important for food security. Restrictions on trade and the

In 2018, Africa received US\$ 16.9 billion in Aid for Trade. This marked a 180 per cent increase from the US\$ 6 billion of 2006.

movement of people have important socio-economic ramifications.

The AfCFTA was initially intended to be implemented on 1 July 2020 but its implementation was pushed back to 1 January 2021. Negotiations on services, tariff concessions and rules of origin have begun. However, all meetings and negotiations have been suspended at present as a result of COVID-19-related travel restrictions. The AfDB plans to continue its support of the AfCFTA and has restructured a recently approved US\$ 5 million institutional support project for the establishment of the AfCFTA Secretariat and negotiations.

The COVID-19 crisis is likely to persist for some time, and there is a continual risk of a resurgence in the number of infections. The AfDB is seeking to help African countries find smart approaches to reopen their economies in a calibrated way that will bring key industries back into operation and enable people to be mobile while ensuring safe ways of working. Looking further ahead, the AfDB believes that the crisis potentially contains the seeds of a large-scale reimagining of Africa's economic structures, service-delivery systems and social contract. Trends such as digitization, market consolidation and regional cooperation are accelerating and creating new opportunities to boost local manufacturing, formalize small businesses and upgrade urban infrastructure.

South-South cooperation and other forms of development finance

Twenty-one out of 35 respondents from African countries to the OECD-WTO 2019 Aid for Trade partner country questionnaire and 24 out of 35 respondents to the donor questionnaire stated that Aid for Trade has helped them mobilize other forms of development finance. Several countries noted that the provision of donor finance through Aid for Trade had specifically led to the funding of complementary activities by other donors, or even, in some cases, to an increase in non-concessional foreign direct investment.

A number of significant providers of development cooperation do not report their development finance flows to the OECD. A conservative estimate by the OECD indicates that total gross concessional development finance by ten non-reporting countries amounted to US\$ 9 billion in 2017, and it is unclear how much of this amount was provided for trade-related programmes or projects.

The Second High-level United Nations Conference on South-South Cooperation, held in 2019, noted the role of trade in the growth and economic development of developing countries, and recognised the significant contribution of South-South and triangular cooperation – where a traditional donor facilitates a South-South initiative – in the area of trade and its ability to promote sustainable development. Triangular cooperation, first introduced in the 1970s, has also been gaining popularity in recent years according to surveys and analyses. It combines different types of resources (e.g. financial, in-kind, knowledge, technology or other resources) to facilitate South-South initiatives and harnesses the comparative advantages of each partner, aiming at an impact that is greater than the sum of the individual interventions.

At the Second High-level United Nations Conference on South-South Cooperation, 29 of the 33 African partner countries identified China as the South-South partner that provides most financing for economic diversification, closely followed by India, as identified by 18 African partner countries.

Industrialization and poverty reduction: theory of change

Trade plays a key role in industrialization by disseminating new technologies. Trade technology and innovation have a synergistic relationship that can lead to a virtuous circle that favours industrialization when countries enjoy open markets. Trade leads to both static and dynamic economic gains for the countries that engage in it. The static gains derive from countries being able to specialize in the traded goods and services that they produce with the greatest efficiency. This maximizes sustainable production in-country and at a global level, while also benefitting consumers worldwide, as the latter can thereby obtain the best-value, lowest-cost products and services.

Trade also produces dynamic gains, which derive from the increased competition and the transfer of technology, knowledge and innovation that trade stimulates. There is a synergistic link between trade, technology and innovation. First, open markets favour competition and allow inflows of capital and imports of technologically intensive capital goods. Exposing domestic firms to international competition stimulates them to innovate and increase productivity. This adds to their existing comparative advantages, making them ready

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to export and driving even more trade. Indeed, open markets have been identified as a key determinant of trade and investment between developing and developed countries, allowing for the transfer of technologies which results in industrialization and development.

The freer flow of goods and ideas, aided by advances in transport and telecommunications technologies, has resulted in the creation of regional and global value chains, changing the face of production and trade. This has important implications for African countries, which can now integrate into global markets by exporting just one part or component of a product, and do not need to develop the industrial base required to manufacture the finished product. This also has implications for individuals and for poverty reduction, as trade offers opportunities for better paid jobs. A significant share of jobs is related to trade – both to exports and to imports – and both exporters and importers pay higher wages, because trading is a skills-intensive activity.

The stable multilateral trading system overseen by the General Agreement on Tariffs and Trade (GATT) and the WTO has undoubtedly contributed to industrialization and to the unprecedented decrease in poverty of the last two decades. Trade, correctly leveraged, has the ability to drive economic growth, create jobs, reduce consumer prices, and spur technological development and increases in productivity. Care must be taken to ensure that these gains from trade are equitably distributed across populations, both globally and nationally.

If trade is not inclusive, it can generate unemployment, poverty and increased income inequality. State subsidies, an international trade regime that favours large transnational companies over MSMEs, underutilization of technology transfer agreements, market access issues, and other non-tariff barriers can prevent the poorest countries from entering the most important markets and can contribute to continued and worsening inequality.

The WTO has established a series of important agreements and decisions that contribute to economic diversification among developing country members, including developing African countries. These include the TFA, but also agreements such as the Agreement on Trade-Related Investment Measures (TRIMs) and the GATT. All WTO agreements contain special provisions, commonly referred to as special and differential (S&D) treatment, for developing countries, including longer periods to implement

agreements and commitments, measures to increase their trading opportunities, and support to help them build the infrastructure for WTO work, handle disputes and implement technical standards. LDCs receive special treatment, including exemption from many provisions. Specifically, the GATT, one of the founding agreements of the WTO, is a flexible agreement that incorporates the needs of developing countries, including, in its Part IV, the detailing of non-reciprocal preferential treatment for developing countries as well as the Enabling Clause or “Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries”.

Likewise, the TRIMs Agreement recognizes that certain investment measures can restrict and distort trade. It states that WTO members may not apply any measure that discriminates against foreign products or that leads to quantitative restrictions, both of which violate basic WTO principles. In some cases, the TRIMs Agreement has successfully encouraged foreign companies to source more locally and enhance exports from local economies. However, the end result of the TRIMs Agreement depends, like many other trade policies, on local conditions, and positive effects have been linked to a range of factors, including government capabilities, the local absorptive capacity of the workforce and domestic enterprises, and the extent to which measures used have been compatible with other industrial and trade policies (UNCTAD, 2007). More recent agreements with positive outcomes for developing countries include the TFA, as well as other decisions detailed below.

A series of these decisions has been particularly impactful for African LDCs. These include the Hong Kong Ministerial Decision and the Bali Ministerial Decision on providing duty-free and quota-free market access to LDCs.⁸ There are substantial differences across LDCs with regard to the type of duties applied to their exports when entering preference-granting markets, and duty-free quota-free utilization can be improved in many economies. WTO members have also turned their attention to the operationalization of the LDCs services waiver, which is meant to increase the participation of LDCs in services trade. Considerable progress has also been made towards establishing simple and transparent preferential rules of origin through two decisions on preferential rules of origin for LDCs at the Ministerial Conferences in Bali in 2013 and in Nairobi in 2015.⁹

The process of industrialization in general and that of the manufacturing sector in particular are

With the creation of global value chains, African countries can now integrate into global markets by setting out to export just one part or component of a product.

A series of ministerial decisions have been particularly impactful for African LDCs.

major drivers of poverty reduction across the globe. The manufacturing sector boasts higher productivity and a higher productivity growth rate than the agricultural sector, consistently fostering employment and income generation. Both the supply and demand sides of this sector demonstrate the importance of technology and skill development for the expansion of production capacities. Moreover, the virtuous circle of manufacturing consumption, as part of the demand side, exposes the driving forces behind the diversification and massification of manufacturing demand.

The interplay between supply and demand shapes the process of structural transformation and thus has a significant impact on an economy's development. Starting with the impact of trade on the industrial diversification process, penetrating new markets has a significant effect on the entire economy through manufacturing consumption. Newly created demand, global technology spill-over effects, and access to an established global production network play a pivotal role for the manufacturing sector's expansion. In addition, when an economy opens for trade, this fosters foreign direct investment inflows, bringing much-needed capital and know-how to developing countries. It also drives down the relative price of manufactured products through increased competition and new product varieties, which re-triggers the virtuous circle of manufacturing consumption. These forces create employment opportunities, especially in developing economies.

A major current source of employment in developing economies is low-technology and labour-intensive industries. As formal employment opportunities are created and demand for manufactured products rises, this significantly contributes to income growth. Such opportunities should be used to foster human capital investments, such as education and skill development, to promote increases in productivity by promoting the ability to implement new technological innovations in the future. Marginalized groups such as young people and women can benefit considerably from successful industrialization, which makes the industrial sector a relevant factor for a sustainable and inclusive future.

Empowerment through skills and training is essential for economic diversification, particularly when it enables more disadvantaged sections of the economy, such as young people, women and MSMEs, to engage in international

trade. However, progress is not uniform, as LDCs, landlocked economies and small-island developing states face particular challenges, as do fragile and conflict-afflicted states. For these economies and others, economic diversification is inextricably linked with the achievement of higher levels of productivity resulting from the reallocation of economic resources within and between economic sectors.

Past growth in manufacturing and related services sectors has absorbed large numbers of workers. This increases employment and contributes to prosperity. However, after several decades of so-called "hyper-globalization", the world may be entering a period characterized by a slower growth of trade in physical goods and lower foreign direct investment flows. In addition, the greater automation and digitization of production processes is changing the nature of manufacturing and the future of industrialization. Where potential for trade expansion exists, it is likely to contain a significant services component. Action to prevent services restrictions from dampening these growth prospects is needed.

The expansion of the manufacturing sector is often associated with an increase in harmful greenhouse gas emissions and the extensive use of natural resources. However, by implementing technological advances in production processes and production structures, it is possible to build strategies to sidestep this pattern of environmental trade-offs. Ensuring the flow of green innovations and relevant knowledge from high- to low-income countries is indispensable. Developing countries specifically will thereby benefit from existing technologies and can pursue environmentally friendly production processes.

While industrialization is a heterogeneous phenomenon, the changing nature of industrialization is characterized by a process of automation. As such, there is a need for a disaggregated view in order to assess the actual effects of this process on employment patterns. Despite negative direct employment effects within certain industries, demand and inter-industry effects can exert a positive net effect and thus create job opportunities. Moreover, a strong focus on human capital development and the scaling-up of technology adoption can transform the uncertainty related to this new paradigm into an opportunity, especially for developing countries.

Finally, there are three core policy considerations for structural transformation to move towards inclusive and sustainable industrial development: first, policies to foster production capabilities within firms and to improve the reallocation of production factors across firms are essential for the expansion of capacities in relevant industries. Second, capturing domestic and foreign demand requires policy-makers to invest and to establish a business climate in which development opportunities can be efficiently realised. And third, as highlighted above, industrial policy can do a great deal to encourage inclusiveness and sustainability in the industrialization process.



1 See <https://au.int/en/agenda2063/overview>.

2 See https://www.unido.org/sites/default/files/2017-11/IDDA_III_Resolution.pdf.

3 WTO official document number WT/COMTD/AT/W/81.

4 See https://www.wto.org/english/news_e/news20_e/aid_07jul20_e.htm.

5 Figures are from the SDG Trade Monitor – see <https://sdgtrade.org/en/indicators/8-a-1/BC/1/>.

6 Figures are from the World Bank DSSI estimates – see <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>.

7 "UA" is Units of Aid, the official currency for AfDB projects.

8 "Duty-Free and Quota-Free Market Access for Least developed countries", Ninth WTO Ministerial Conference, Bali, 3-6 December 2013 (WTO official document number WT/MIN(13)/44, WT/L/919); Annex F, Hong Kong Ministerial Declaration, 22 December 2005 (WTO official document number WT/MIN(05)/DEC).

9 "Preferential Rules of Origin for Least Developed Countries", Ninth WTO Ministerial Conference, Bali, 3-6 December 2013 (WTO official document number WT/L/917). Nairobi Decision: "Preferential Rules of Origin for Least Developed Countries", Tenth WTO Ministerial Conference, Nairobi, 15-18 December 2015 (WTO official document number WT/L/917/Add.1).



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5 | Implementation of the Trade Facilitation Agreement

There is widespread agreement among trade and development experts that tackling the high trade costs of African countries is of utmost importance in achieving their greater integration into world trade and global value chains. Lowering trade costs is crucial for increasing competitiveness and ensuring economic development in Africa.

All available evidence indicates that trade facilitation is the best tool for reducing trade costs for African countries, particularly for the many landlocked developing countries in sub-Saharan Africa. The WTO Trade Facilitation Agreement (TFA) was adopted to ensure a common platform for the implementation and widespread use of trade facilitation measures at the global level.

The TFA sets out a series of measures to expedite the passage of goods across borders inspired by best practices worldwide. This will help reduce trade costs at all stages of import and export operations, including transit. This means lowering costs to reach borders, at borders and behind borders.

The WTO estimates that the trade costs of developing countries amount to applying an ad valorem tariff of 219 per cent to international trade. For African countries these costs are even higher, at about 260 per cent. Full implementation of the TFA has the potential to reduce members' trade costs by 14.3 per cent on average and boost global trade by up to US\$ 1 trillion per year, with the biggest gains in the poorest countries (WTO, 2015).

The reduction of trade costs for Africa would be the highest of all regions, estimated at 16.5 per cent on average. Across coastal and

landlocked Africa, trade cost reductions would average 16.8 per cent and 15.7 per cent, respectively, with several countries along coastal sub-Saharan Africa experiencing decreases of between 15.8 per cent and 23.1 per cent (WTO, 2015).

By reducing the variable and fixed costs associated with exporting, trade facilitation would increase exports of enterprises already participating in international trade. It would also make it possible for smaller enterprises like those in Africa to join international markets.

Given that many African countries rely heavily on import duty revenues, good customs administration resulting from implementation of the TFA also has the potential to plug collection leakage and increase revenue generation. It can also help several African countries in their efforts to fight corruption by increasing transparency, for instance via the automation of customs operations.

The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It contains provisions for technical assistance and capacity building in this area. The TFA is unique because it allows developing countries and LDCs the flexibility to tailor their commitments and implementation schedules according to their specific needs and commensurate with their levels of development. To benefit from this flexibility, a WTO member must provide a series of notifications.

The Trade Facilitation Agreement represents one of the most significant means of decreasing trade costs across Africa.

Since the conclusion of the TFA in December 2013, at the Bali Ministerial Conference, the WTO Secretariat has been working with members to accelerate its ratification. The TFA entered into force on 22 February 2017, when two-thirds of the then 164 WTO members ratified it. The level of ratification was very strong in Africa, with 40 African WTO members out of 44 having deposited their instruments of acceptance.

However, ratification of the TFA is not enough to fully realize its potential benefit; it is also important to ensure the implementation of its commitments. To understand the current state of implementation of the TFA, it is useful to look at the categorization of commitments that developing countries are being asked to provide under the S&D treatment provisions of the TFA. As part of the process of implementation of the TFA, developing-country members have been submitting notifications of their Category A commitments, i.e. those measures they would be ready to implement upon entry into force of the TFA. Members also provide notifications of commitments in Categories B (i.e. those that require a transition period) and C (i.e. those that require a transition period and technical assistance for implementation).

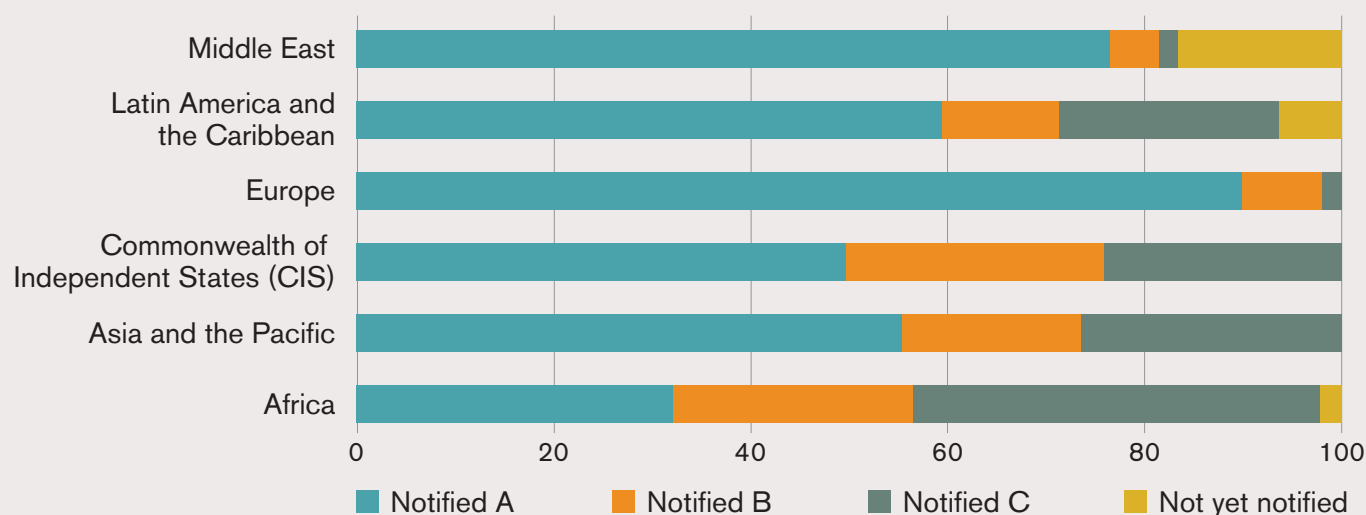
As Figure 5 below shows, Africa is the region that has indicated the least number of TFA commitments as being already implemented. It has also indicated the greatest number of commitments as needing technical assistance for implementation.

The WTO Trade Facilitation Agreement Facility (TFAF) was created at the request of developing and LDC WTO members to help ensure that they receive the assistance they need to reap the full benefits of the TFA. The TFAF assists members through a range of activities, such as workshops, to help them to understand the TFA, and national events, to help them to identify their capacity-building needs and prepare category notifications that are necessary to access special and differential treatment flexibilities in the TFA. The website (www.TFAFacility.org) provides a wealth of information, helps to match donors and recipients, and provides project preparation and project implementation grants in cases where donor support is not forthcoming.

In 2019, the TFAF provided support to African countries through the events outlined below.

In order to assist members in meeting the 2019 notification deadlines, the TFAF organized a retreat for Geneva-based LDC officials¹ on 14-15 June 2019 in Lausanne, Switzerland, and a workshop for Geneva-based non-LDC members of the Organisation of African, Caribbean and Pacific States (ACP) on

Figure 5: Share of categories A, B and C by region
(Based on percentage of all notifiable article items)



Source: Trade Facilitation Agreement Database (www.tfadatabase.org).

22 July 2019 at the WTO Secretariat.² Six of the participating African developing members and two LDCs provided their notifications shortly after these events. In addition, the TFAF offered members a series of “drop-in” sessions to provide one-on-one assistance with notifications. Nine African countries participated in these sessions, and four of these provided their notifications shortly after.

The TFAF conducted two national workshops, on 25-29 March 2019 in Nouakchott, Mauritania, and on 6-9 December 2019 in Bangui, Central African Republic, to assist with self-assessments of needs and completion of notifications. Both workshops resulted in the submission of the required notifications.

The TFAF funded the participation of 63 capital-based officials in a meeting of the WTO Trade Facilitation Committee. This committee meeting included an annual session dedicated to discussions on experience-sharing and issues concerning the provision of technical assistance and support for capacity-building. The TFAF, in cooperation with several partner organizations, organized additional workshop sessions on the margins of the committee meeting. These sessions focused on themes that included notification requirements, finding implementation support, transit,³ and region-specific discussions.

The 21 African countries that were funded were Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Egypt, Gabon, Ghana, Guinea, Kenya, Liberia, Lesotho, Mali, Namibia, Nigeria, Rwanda, Senegal, Tanzania, Togo, Uganda, Zambia and Zimbabwe. Representatives from the Southern African Development Community (SADC), the East African Community (EAC), the Union économique et monétaire ouest-africaine (UEMOA – i.e. the West African Economic and Monetary Union) and the Economic Community of West African States (ECOWAS) were also funded.

The TFAF also funded two participants from Zimbabwe to participate in a United Nations Conference on Trade and Development (UNCTAD) training course for national transit coordinators that was held on 5-7 November 2019 in Johannesburg, South Africa. The goal of this course was to help participants to be better prepared to carry out their role as national transit coordinator through an enhanced understanding of the transit provisions of the TFA and international transit standards and best practices.

1 Participating African countries were Angola, Benin, Burkina Faso, Chad, Comoros, Djibouti, The Gambia, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Mauritania, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania and Togo.

2 Participating African countries (in the room) were Congo, Côte d'Ivoire, Lesotho, Mauritius, Namibia, Nigeria and Zimbabwe. The event was live-streamed and recorded so it reached a wider audience, including in the capitals of the participating countries.

3 Conducted by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.



6 | Standards and Trade Development Facility

The Standards and Trade Development Facility (STDF) is a global partnership that facilitates safe, inclusive trade and development outcomes in support of the UN's 2030 agenda. Established by the Food and Agriculture Organization of the United Nations (FAO), the World Organisation for Animal Health (OIE), the World Bank Group (WBG), the World Health Organization (WHO) and the WTO, the STDF promotes improved food safety and animal and plant health capacity in developing countries, to help imports and exports to meet SPS requirements for trade based on international standards. By convening and connecting diverse stakeholders from across its projects and other work, and by piloting and learning from innovative, collaborative and cross-cutting approaches, the STDF influences and acts as a catalyst for SPS capacity development work globally, including in Africa (STDF, 2019).

In 2020, the STDF launched a new five-year strategy (2020-24) under which countries in Africa will continue to be eligible to apply for SPS project and project preparation grants.¹ Emerging trends and developments that will underpin the STDF's work in the coming years include the growth in agri-food value chains and in regional and South-South trade. Reducing SPS-related trade transaction costs, ensuring that SPS measures are “fit for purpose”, and enhancing the competitiveness of MSMEs, including for women and young people, will be critical in increasing the flow of agri-food commodities in the new AfCFTA.

The COVID-19 pandemic and its negative effects on the African economy, small-holders and MSMEs, in particular, has generated additional momentum for this work. Also in this

context, the STDF peer-reviewed and provides support for the implementation of Africa's SPS Policy Framework (2019-24), an initiative led by the African Union's Department of Rural Economy and Agriculture.

Recent STDF work has sought to identify, analyse and foster dialogue on experiences, lessons learned and good practices to improve the implementation of SPS controls in ways that facilitate safe trade while minimizing transaction costs. In addition, the STDF has conducted work on electronic SPS certification (SPS e-Cert)² since 2016 and funded the “ePhyto” project,³ in the broader context of facilitating paperless trade. Through the ePhyto Hub, established under the project, 46 countries currently exchange over 50,000 electronic phytosanitary certificates each month. Countries in Africa, including Ghana, Kenya and Morocco have seen time and costs reduced in the trade of plants and plant products. The STDF funded a similar project to explore opportunities for electronic veterinary certification (“eVet”), with case studies in Nigeria, Swaziland and Nigeria.⁴

The STDF is also helping countries in Africa to inform and improve their SPS planning and decision-making processes, and to mobilize new resources for SPS investments, using an evidence-based approach called “P-IMA” (i.e. “prioritizing SPS investments for market access”). Through an STDF project co-financed by the EIF, Ethiopia, Kenya, Malawi, Rwanda and Uganda aim to mainstream SPS investments within their national and regional agricultural, environment and trade investment plans, including the Comprehensive Africa Agriculture Development Programme (CAADP).⁵

The STDF is helping countries in Africa improve their SPS planning and decision-making processes.

Countries in Africa, including Ghana, Kenya and Morocco, have seen time and costs reduced in the trade of plants and plant products.

In 2019, TradeMark East Africa (TMEA), together with the STDF, trained public- and private-sector stakeholders from Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda to apply the P-IMA framework in order to strengthen SPS dialogue and collaboration at national levels and improve intra-regional trade flows. The International Livestock Research Institute (ILRI) used the P-IMA framework to deliver a feasibility study for an inter-regional livestock trade initiative between the Horn of Africa and the Arabian Peninsula. The STDF also organized a workshop in Madagascar⁶ to help public- and private-sector stakeholders to prioritize their SPS investments. This resulted in new financing through the Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP) to address phytosanitary challenges facing pepper exports to the European Union.

Another example of an innovative, collaborative STDF project benefiting Africa is in Burkina Faso, where a project developed with support of the United States Department of Agriculture (USDA) and the International Institute of Tropical Agriculture (IITA) is raising awareness on the use of a biological product to combat aflatoxin contamination (Aflasafe BF01).⁷ Specifically, the project helps maize producers to apply good agricultural practices pre-harvest, during production and post-harvest, to prevent aflatoxin contamination and ensure public health and food security and to increase the incomes of maize exporters.

Other examples of ongoing STDF projects benefitting Africa include the following:

- Enhancing the capacity of Uganda's fruit and vegetable sector to comply with phytosanitary requirements for export;⁸
- Strengthening Zambia's phytosanitary capacity for plant exports;⁹
- Improving capacity to facilitate livestock and meat exports in Ethiopia;¹⁰
- Upgrading the safety and quality of Sudanese sesame seeds;¹¹ and
- Strengthening Togo's SPS system and facilitating fruit and vegetable exports.¹²

In 2020 the STDF developed a project to strengthen sanitary capacity in the shellfish sector in Senegal.¹³ In Cameroon, the STDF initiated a project to improve the safety and quality of Penja pepper,¹⁴ maintain and diversify exports, and improve the livelihoods of small-scale producers in the value chain. In Guinea, the STDF is supporting a project to improve the competitiveness of Guinean agricultural products.¹⁵ The two latter projects, in Cameroon and Guinea, are the result of applications made by participants in the WTO Advanced SPS Course, which benefits African countries, and in which the STDF actively participates.

In 2020, several new STDF projects were launched, including assistance to South Africa and Mozambique in establishing pest free areas to promote fruit production and exports,¹⁶ a regional project to promote regulatory harmonization of biopesticides in the SADC region,¹⁷ and a project to help Mali and Senegal make use of voluntary third-party assurance programmes in their official food control systems.

1 See: https://standardsfacility.org/sites/default/files/STDF_Strategy_2020-2024.pdf.

2 See: <https://www.standardsfacility.org/SPS-eCert>.

3 See: <https://www.standardsfacility.org/PG-504>.

4 See: <https://standardsfacility.org/PG-609>.

5 See: <https://standardsfacility.org/PG-606>.

6 See: <https://standardsfacility.org/PPG-575>.

7 Aflatoxin is a potent mycotoxin, i.e. a naturally occurring toxin which is produced by certain moulds or fungi, which can be found in food, and which can pose a serious health threat to both humans and animals (see also <https://www.who.int/news-room/fact-sheets/detail/mycotoxins>).

8 See: <https://standardsfacility.org/PG-543>.

9 For more information, see <https://www.standardsfacility.org/PG-481>.

10 See: <https://standardsfacility.org/PG-477>.

11 For more information, see <https://www.standardsfacility.org/PG-435>.

12 See: <https://standardsfacility.org/PG-375>.

13 See: <https://standardsfacility.org/PPG-672>.

14 See: <https://standardsfacility.org/PG-593>.

15 See: <https://standardsfacility.org/PG-498>.

16 See: <https://standardsfacility.org/PG-567>.

17 See: <https://standardsfacility.org/PPG-694>.





7 | Intellectual property policy-making

The TRIPS Agreement

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is, to date, the most comprehensive multilateral agreement on intellectual property (IP). It provides for basic principles such as non-discrimination, sets forth minimum standards of protection in several areas of the law, contains provisions that deal with domestic procedures and remedies for IP enforcement, and makes TRIPS obligations and disputes between members subject to the WTO's dispute settlement procedures.

The TRIPS Agreement has catalysed updates or reforms to IP legal frameworks in certain WTO members, especially in developing countries. The Agreement's rules, although not currently binding on LDCs, have served as a basis to create opportunities for economic operators in Africa to enhance innovation and creativity within their countries and to expand globally. For example, the creative and entertainment industry in Rwanda has found ways to optimize the use of global platforms (ITC, 2019) existing within the framework of copyright law regimes in order to reach a global audience, and Rwanda continues to pursue an agenda for enhancing the digital economy and creative industries.

Beyond the creative industry, the implementation of TRIPS rules on geographical indications (GIs) has enabled economic operators in Morocco, for example, to register and market GIs both within and outside of Morocco. Thus, as of 2011, Argane, an oil typically used for culinary, cosmetic and medicinal purposes, has become a protected GI in the European Union.¹

However, notwithstanding IP legal and policy frameworks in place, many African countries face problems with counterfeit trademark and pirated copyright goods; for example, in 2009 it was estimated that up to 85 per cent of the Nigerian wax-resist textile market had been taken over by counterfeits (Castonguay, 2009). A more effective enforcement of IP rules could help to reduce the quantity of counterfeit and pirated goods in domestic markets.

At the multilateral level, the African Group at the WTO has taken an active role in IP policy discussions at the TRIPS Council, including on topics related to the following:

- IP and public health;
- IP and the public interest;
- IP and innovation;
- A proposed amendment to the TRIPS Agreement involving the disclosure of the source of genetic resources and associated traditional knowledge in patent applications;
- A multilateral GI register for wines and spirits;
- An extension of the protection of Article 23 of the TRIPS Agreement to GIs for all products; and
- Non-violation and situation complaints under the TRIPS Agreement.

The African Group at the WTO has taken an active role in IP policy discussions.

Transition periods under the TRIPS Agreement

Article 66.1 of the TRIPS Agreement gives LDCs an extended transition period to apply the TRIPS Agreement, except for non-discrimination principles. Following a TRIPS Council decision in 2013, this general transition period currently runs until 1 July 2021, or until a country ceases to be in the least-developed category, if that occurs before 2021.

Based on the Doha Declaration of November 2001 and on subsequent TRIPS Council decisions, LDCs will continue to benefit from an extended transition period until 1 January 2033 with regard to pharmaceutical patents and test data protection for pharmaceutical products (including enforcement procedures and remedies). The transition period potentially offers opportunities for these countries to attract investment for the local production of pharmaceutical products. A joint report of the WTO and the EIF (WTO and EIF, 2020) contains further information on transition periods under the TRIPS Agreement in the context of LDC graduation.

Some LDCs have taken measures or adopted policies to take advantage of the transition periods in order to foster local pharmaceutical production. For example, the 2013 EAC regional IP policy on public health-related TRIPS flexibilities encourages IP policies which would, in its view, facilitate local pharmaceutical production (East African Community Secretariat, 2013). EAC guidelines to facilitate the movement of goods and services during the COVID-19 pandemic also have as an objective encouraging the local production of essential products during the COVID-19 pandemic (East African Community Secretariat, 2020). Uganda, for example, undertook a legislative reform process which took into account public health objectives and local pharmaceutical production (UNCTAD, 2011).

The Doha Declaration on the TRIPS Agreement and public health

The African Group has historically played an important role in public health-related trade and IP policy discussions at the WTO. In 2001, the African Group proposed that the WTO convene a special session of the TRIPS Council to initiate discussions on the interpretation and application of the relevant provisions of the TRIPS Agreement, with a view to clarifying the flexibilities to which members are entitled and, in particular, to establish the relationship between intellectual property rights and access to medicines.

These discussions led to the adoption of the Doha Declaration on the TRIPS Agreement and Public Health at the WTO Ministerial Conference in 2001 ("the Doha Declaration"). Members affirmed in the text of the Doha Declaration that the TRIPS Agreement "can and should be interpreted and implemented in a manner supportive of Members' right to protect public health and, in particular, to promote access to medicines for all". The Doha Declaration also clarified certain flexibilities within the framework of the TRIPS Agreement.

The Doha Declaration was also the basis for an amendment to the TRIPS Agreement that took effect in 2017. This amendment, which responds to a request by the African Group, was the first ever amendment to the WTO multilateral trade agreements. The additional flexibility, referred to as the Special Compulsory Licensing System, establishes a secure and permanent legal pathway for developing countries with insufficient or no local manufacturing capacities to access affordable medicines from third-country generic suppliers. In the only case of use so far, the special compulsory licence for export was used by a Canadian company to deliver medicines to Rwanda.

The Special Compulsory Licensing System expressly provides for the possibility of harnessing economies of scale in the context of its provisions on regional trade agreements. The purpose is to enable parties to a regional trade agreement that meets certain criteria to pool their needs in order to enhance purchasing power and to reduce costs, as well as facilitate local manufacturing of pharmaceutical products. It also refers to the possibility for parties to such agreements to make joint notifications.

The Special Compulsory Licensing System is one legal pathway that can be followed, but, as with any compulsory licence, it does not in itself make the production of a medicine economically viable. Sufficient scale and predictability of demand are prerequisites for making it attractive for companies to take the regulatory, industrial and commercial steps required to produce and export a medicine under such a licence. Regional approaches to procurement and joint notifications by countries with similar needs for accessible medicines offer pathways to aggregating demand under the Special Compulsory Licensing System and can provide incentives to establish local production capacities, thus enabling an effective response to the needs identified. For example, after accepting the amendment to the TRIPS Agreement, South Africa expressed an intention to engage with regional partners to make effective use of the regional waiver contained under the Special Compulsory Licensing System.²

The WTO Secretariat, recognizing the intersection between IP and public health, offers regional and sub-regional capacity-building activities. For example, a new pilot regional workshop on public health, intellectual property and public procurement for UEMOA members was held in July 2019 in Dakar, Senegal. This workshop focused on the relationships between health-related government procurement, international trade and IP systems. The objective was to build capacity to enhance access to medicines needed in the region. This activity brought together representatives from trade and health ministries, IP offices and procurement agencies, as well as experts from multilateral and regional organizations. The workshop notably covered the special compulsory licence system and concluded with a roundtable discussion on regional efforts for the procurement of and access to health technologies.

IP law and policy capacity-building

The TRIPS Agreement specifically addresses the issue of capacity-building in the area of IP law and policy. Article 67 of the TRIPS Agreement requires developed-country members to provide, on request and on mutually agreed terms and conditions, technical assistance for the benefit of developing-country and LDC members. Developed-country members present descriptions of their relevant technical and financial cooperation programmes and update them annually. Members from the African region are generally included among the beneficiaries of these programmes. For example, in 2019, the European Commission funded a programme at the Organisation Africaine de la Propriété Intellectuelle (OAPI), which aimed to promote IP to foster the creation of new plant varieties adapted to the African market and to provide an incentive to make superior varieties existing elsewhere available to the OAPI member countries.³

The WTO Secretariat, often jointly with the World Intellectual Property Organization (WIPO), has held activities to enhance IP law and policy-making capacity in the African region. Two jointly held Geneva-based IP technical assistance activities, the WIPO-WTO IP Advanced Course for Government Officials and the WIPO-WTO Colloquium for Professors of IP, regularly include participants from the region; for example, in 2019, the combined participation from the 12 participating African countries comprised on average around 26 per cent of all participants.

To foster the contribution of IP scholarship to IP law and policy-making in the regional context, in 2018 WIPO and the WTO held a “Colloquium for IP Teachers and Researchers in Africa” in South Africa. The regional nature of the colloquium emphasized the importance of building indigenous policy capacity and facilitated the inclusion of African perspectives on IP policy-making and development in the region.

The WTO Secretariat, often jointly with WIPO, has held activities to enhance IP law and policy-making capacity in the African region.

The WTO Secretariat has been involved in multi-stakeholder initiatives to support an effective and balanced IP enforcement system in Africa.

A TRIPS Council decision of 2005 included a call for LDCs to provide information on their priority needs for technical and financial cooperation in order to assist them in taking the steps necessary to implement the TRIPS Agreement. In response, between 2007 and 2013, African LDCs Madagascar, Mali, Rwanda, Senegal, Sierra Leone, Tanzania, Togo and Uganda submitted information on their individual priority needs.⁴ Numerous follow-up WTO workshops have been held to help LDCs to initiate contact with developed countries as a means to begin addressing the priority needs identified by those LDCs. These included two regional workshops in 2010 for government officials.⁵

The WTO Secretariat has also been involved in multi-stakeholder initiatives to support an effective and balanced IP enforcement system within the region. For example, in 2017 a conference, at which African countries were well-represented and which was jointly organized by South Africa's Companies and Intellectual Property Commission (CIPC), INTERPOL (the International Criminal Police Organization), the World Customs Organization (WCO) and the WTO, explored issues such as the economic value of IP, the public interest rationale for IP protection and enforcement and a number of the specific challenges that various actors face regarding effective and balanced IP enforcement.

The TRIPS Agreement and technology transfer to African LDCs

The TRIPS Agreement recognizes that LDC members have special needs for maximum flexibility for their domestic implementation of IP laws and regulations. Article 66.2 of the TRIPS Agreement requires that developed-country members provide incentives to enterprises and institutions within their territories for the purpose of promoting and encouraging technology transfers to LDC members, to enable LDCs to create a sound and viable technological base.⁶ In 2003, the TRIPS Council adopted a decision on the "Implementation of Article 66.2 of the TRIPS Agreement" that put in place a mechanism for ensuring the monitoring and full implementation of the obligations in question. Under this decision, developed-country members annually submit reports on projects or programmes taken or planned in pursuance of their commitments under Article 66.2.⁷

From 2003 to 2016, African LDCs were mentioned as beneficiaries in at least one of these reports (Watal and Caminero, 2018). This indicates which LDCs benefit most regularly from projects implemented under TRIPS Article 66.2. The projects and programmes in these reports cover a range of sectors, such as the environment, public health, IP, agriculture and food, energy and education.

For example, a project funded by Australia in 2019 included the Green Climate Fund, an international fund for assisting countries' responses to climate change. This programme listed the following WTO LDC members and observers as beneficiaries: Angola, Benin, Burkina Faso, Burundi, Cabo Verde, the Central African Republic, Chad, the Democratic Republic of the Congo, Djibouti, The Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda and Zambia.⁸ As reported by Australia, one of the outputs of this activity was to support beneficiaries in limiting or reducing their greenhouse gas emissions and in adapting to the adverse impacts of climate change.

In another example, the European Union has contributed funding via the EU Horizon 2020 research and innovation programme to WATERSPOUTT, a project that aims to provide safe drinking water to communities that rely on unsafe sources by using technological applications based on solar disinfection. The LDC beneficiaries are Ethiopia, Malawi and Uganda.⁹

Since 2008, the WTO Secretariat has held workshops for LDCs and developed-country members to discuss the implementation of Article 66.2 of the TRIPS Agreement, to improve the practical effectiveness of the TRIPS technology transfer transparency mechanism, and to facilitate related policy dialogue in the TRIPS Council.

In 2019 and 2020, these workshops involved the participation of 26 government officials with particular expertise on intellectual property and technology transfer issues from 14 African LDCs. LDC participants discussed their priority needs for technological development and their experience with technology transfer projects. Developed-country participants discussed the main aspects of their programmes to incentivize technology transfer to LDCs. The African Regional Intellectual Property Organization (ARIPO) and the OAPI played a key role in these workshops by presenting their respective initiatives to facilitate technology transfer and technological development in the region and exploring possible ways to enhance collaboration among stakeholders. ARIPO also offered a number of possible suggestions related to the implementation of TRIPS Article 66.2.

During the workshops and subsequent TRIPS Council discussions, LDCs and developed-country members exchanged various suggestions to help enhance the dialogue on the implementation of TRIPS Article 66.2, including the idea of designated focal points in LDCs to carry out the tasks of surveillance of and follow-up on the implementation.

African LDCs have benefited from projects aimed at promoting technology transfer from developed to developing WTO members.

¹ See the European Commission's eAmbrosia GI register at <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>.

² See the keynote address by Dr Rob Davies, Minister of Trade and Industry of South Africa, available at WIPO/IPDA/GE/16/T3.

³ See WTO official document number IP/C/W/655/Add.6.

⁴ See "Responding to least developed countries' special needs in intellectual property", available at https://www.wto.org/english/tratop_e/trips_e/lcdc_e.htm.

⁵ See "Responding to least developed countries' special needs in intellectual property", available at https://www.wto.org/english/tratop_e/trips_e/lcdc_e.htm.

⁶ Watal and Caminero (2018) examine the background to Article 66.2 of the TRIPS Agreement, the nature of this obligation for developed-country members pertaining to the promotion of technology transfers to LDC members, how this obligation is being implemented and how such implementation is being monitored in the TRIPS Council.

⁷ These reports are publicly available from the WTO Documents Online database (<https://docs.wto.org/>) and from the e-TRIPS Gateway (<https://e-trips.wto.org/>). Via the e-TRIPS Gateway, it is possible to search the reports according to the beneficiary LDC mentioned in the report, the year of the report and the reporting developed-country member, among other criteria.

⁸ See WTO official document number IP/C/W/656/Add.3.

⁹ See WTO official document number IP/C/W/656/Add.5.



سقف التذاكر (التيكيت)
Ticket slab

اتجاه سلم النزول إلى التيكيت
ACCESS TO TICKET
SLAB

8 | Government procurement policy-making

Development and infrastructure provisions: the role of government procurement

Government procurement constitutes an important share of economic activity worldwide. It plays a key role in providing public goods and services, and is vital for development, as it provides employment and commercial opportunities for businesses and contributes to domestic and international trade. At the intersection of governments' regulatory and buying powers, government procurement is seen by many economies as an important tool for economic development.

Government procurement is also relevant to the fulfilment of the 2030 Sustainable Development Goals (SDGs), and in particular to SDG 12, "Ensure sustainable consumption and production patterns", which includes the promotion of "public procurement practices that are sustainable, in accordance with national policies and priorities". Effective procurement policies are also important to other SDGs due to their core role in the provision of public infrastructure, such as hospitals, public transportation and utility services, which is crucial to an economy's performance and social wellbeing.

As highlighted in WTO and OECD (2019), "Infrastructure services including reliable electricity and transport are key enablers in supporting economic diversification and trade. Unreliable and poor infrastructure increases costs to private enterprises, hampering the development of the private sector". Thus, access to quality infrastructure is important for the greater integration of developing countries and the fairer distribution of the gains of trade.

The WTO's revised Agreement on Government Procurement (GPA) entered into force in 2014. It is a multi-dimensional tool of trade, governance and development. Possible future participation by African countries in the GPA offers strong potential to reinforce the positive effects of government procurement for economic development.

The WTO Agreement on Government Procurement

The WTO Agreement on Government Procurement (GPA)¹ is a plurilateral agreement, which means that not all WTO members are parties to the Agreement. At present, the GPA consists of 21 parties covering 48 WTO members.² Thirty-five WTO members/observers participate in the GPA Committee as observers, including three (Cameroon, Côte d'Ivoire and the Seychelles) from the African region. While no African country is currently a party to the GPA, in recent years an increasing number of representatives from the African region have participated in WTO technical assistance activities in the area of government procurement, thus demonstrating a growing interest in the revised GPA in the region. One such activity is the five-day Advanced Workshop on Government Procurement. This workshop is held in the three WTO official languages (i.e. English, French and Spanish), enabling government officials from African countries in which English and French are among the national languages to participate effectively. Around one-third of participants in the Geneva-based advanced workshops on government procurement are usually from African countries.

An increasing number of participants from Africa have participated in WTO technical assistance activities on government procurement.

The Government Procurement Agreement has important implications for capacity-building in Africa.

The GPA aims to open up procurement markets among its parties. It applies only to procurement specifically committed to by the parties and included in their respective schedules of commitments. The GPA also sets minimum principles with regard to procurement processes, such as non-discrimination, procedural fairness and transparency.

The revised GPA has an important good governance dimension through its explicit requirement that conflicts of interest and corruption be avoided. In addition, the GPA enables economies acceding to it to negotiate special and differential (S&D) treatment (i.e. special treatment given to developing countries and LDCs in WTO agreements) for a transitional period after accession.

Thus, the GPA combines two main pillars: market-opening with S&D flexibilities to support the development priorities of developing countries, on the one hand, and good governance, on the other. These new elements in the revised version of the GPA arguably increase its relevance for the African region.

Furthermore, the revised GPA sets the stage for important synergies and greater coherence between the GPA and other international instruments. Increasingly, regional trade agreements (RTAs) incorporate GPA-style disciplines in their texts, which in many instances broaden the reach of such disciplines to non-GPA parties, including from the African region.

In addition, there is coherence between the GPA and other procurement-specific international instruments. The United Nations Commission on International Trade Law (UNCITRAL) Model Law on Public Procurement, on which the national laws of many countries, including many African countries, are modelled, and the procurement guidelines of multilateral development banks, such as the WBG and the European Bank for Reconstruction and Development (EBRD), create important synergies with the GPA. National seminars held in Côte d'Ivoire and Morocco in 2019 discussed the relevance of the GPA for African economies and highlighted its complementarities both with national reform efforts and with the work of the World Bank, the AfDB and the EBRD.

Relevance of the GPA for capacity-building in Africa

The GPA has important implications for capacity-building in Africa.

First, the revised GPA requires parties to put in place an appropriate domestic government procurement framework in keeping with best practices in the area of public procurement. It sets minimum principles with regard to procurement processes, such as non-discrimination, procedural fairness and transparency and built-in mechanisms for enforcement including supplier challenges through domestic review mechanisms and the WTO's dispute settlement mechanism. Importantly, the GPA principle of non-discrimination (Article IV) also covers suppliers operating within the domestic territory, to the extent that it protects them against discrimination based on foreign affiliation or ownership. In turn, this supports GPA parties in attracting foreign direct investment (FDI), as it can help to reduce risk, boost both investor and supplier confidence and facilitate inward investments and facilitate innovation and technology transfer.

Second, through the liberalization of government procurement markets, the GPA holds the potential to generate benefits both in terms of procurement efficiency and commercial interests. As an international trade instrument, the GPA provides access to its covered procurement markets, estimated to be worth more than US\$ 1.7 trillion annually. The GPA applies to public tender processes carried out by covered domestic procuring entities purchasing covered goods, services or construction services and then only if the tender value exceeds specified threshold values. All elements are subject to negotiations during the GPA accession process.

The GPA ensures that foreign suppliers of goods and services can participate in domestic public procurement procedures conducted in line with the GPA procedural standards and that they can feel confident that they will be treated on an equal footing with domestic suppliers. The GPA consequently aims to ensure that domestic procuring entities can achieve best value for money. Many economies decide to open at least part of their procurement markets to international competition as some goods and services may not be available for purchase domestically or may be available at home only at a substantially higher cost or at lower quality. At the same time, GPA accession candidates

have the right to negotiate exceptions to their coverage (see also discussion below). These are important considerations for developing countries, including in the African region.

Third, as indicated above, the GPA is a good governance instrument. The GPA is the first WTO agreement to explicitly reference the prevention of corruption and the avoidance of conflicts of interest (Preamble, Article IV:4). Increased competition through liberalization of public procurement markets also plays a role in preventing corruption. In addition, the availability of the GPA enforcement mechanisms, i.e. the domestic review procedure (Article XVIII) and the WTO's Dispute Settlement Mechanism, increases legal certainty and can be used to address procurement cases that involve corruption.

Corruption has significant implications for the economy and for public welfare. According to some estimates, African economies lose at least US\$ 50 billion annually to illicit financial flows. Not only does corruption discourage public investment, it also diminishes its quality, lowers productivity, and leads to inferior infrastructure and services, to the ultimate cost of taxpayers and the consuming public. In this regard, an effective procurement system in line with international best practices is a key tool for the promotion of good governance and the prevention of corruption. The GPA has an important potential to contribute to these objectives. In fact, the most recent GPA accessions by developing countries demonstrate the good governance and anti-corruption angle as a salient motivation to seek GPA membership.

Fourth, the GPA encourages (but does not require) the use of e-procurement as an alternative to paper-based procurement. E-procurement is widely advocated as an effective tool to lower the costs associated with identifying tendering opportunities, accessing tender documentation as well as preparing and submitting tenders. Lower participation costs can notably lead to greater participation in public procurement procedures by MSMEs – an important consideration for developing countries. E-procurement contributes to ensuring predictability and transparency, promoting integrity and competition, helping

to curb corruption in government procurement processes and promoting the efficient and effective management of public resources.

Fifth, the GPA provides policy space to pursue domestic socio-economic policies. As noted, the GPA's rules do not apply to public procurements below GPA thresholds. Furthermore, the coverage under the GPA is subject to negotiations during the accessions process, thus allowing GPA accession candidates to negotiate exemption of certain sensitive sectors. In that regard, the GPA incorporates provisions on S&D treatment for developing and least-developed countries.³ Importantly, in its preamble, the revised GPA recognizes “the need to take into account the development, financial and trade needs of developing countries, in particular the least developed countries”. The GPA S&D provisions provide for tailor-made transitional measures, subject to negotiations during the GPA accession. Two broad categories of transitional measures are set out in relation to (i) market access commitments and (ii) the implementation of the Agreement (Article V of the revised GPA). They are designed to respond to the development, financial and trade needs and circumstances of developing countries.

Overall, the GPA has an important potential to help Africa meet its infrastructure and development objectives. Through its role in providing a transparent, predictable and non-discriminatory government procurement regime, the GPA appears to be an ideal complementary tool to IDDA III. It can provide a major boost in international investor and business confidence in procurement under IDDA III. Adherence to GPA standards and other international best practices in government procurement would provide enhanced assurance of better value for money for Africa's taxpayers and development partners, contribute to anti-corruption efforts, and encourage more efficient and effective management of public resources. This could contribute to delivering not only employment and business opportunities for citizens and domestic firms, but also to investing to build productive capacity and help better integrate African industries into global value chains.⁴

The Government Procurement Agreement has an important potential to help Africa meet its infrastructure and development objectives.

1 For more information, see https://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm.

2 For more information, see https://www.wto.org/english/tratop_e/gproc_e/memobs_e.htm.

3 For additional detail on S&D treatment, see Mueller.

4 For additional detail, see Niggli and Osei-Lah.



9 | Technology transfer for cotton by-products development in eight African LDCs

A request from the Cotton Four countries (Benin, Burkina Faso, Chad and Mali) led to the launch of a joint initiative to develop the economic potential of cotton by-products.

Cotton is a vital cash crop for many African LDCs, as it provides income for an estimated 4 million farmers and their families, where 17 per cent of those farmers are women.¹ Sub-Saharan African countries export more than 90 per cent of the raw cotton lint they produce; these countries earned approximately US\$ 15.5 billion in 2018 for over 1.5 million metric tonnes of lint.²

In Africa, cotton is grown mainly for its fibre or lint, which is the raw material in cotton textiles. However, other parts of the cotton plant, such as the stalks, husks, cottonseed and short-staple fibres, can also be processed into value-added products, such as edible oil,

animal feed, heating fuel, absorbent cotton wool and soap, to name just a few. All in all, the family of cotton by-products can be divided into two main subgroups: the products derived from seed cotton processing operations, and the products derived from the stalks.

While processing these other parts of the cotton plant is an established and sustainable economic activity in various cotton-producing countries, such as Brazil, China, India, Turkey and the United States, it is estimated that markets for cottonseed by-products could grow and constitute a potential source of complementary revenues for the cotton sector in Africa.³ Such complementary revenues are

particularly important in the context of the price volatility of cotton lint in international markets, and could thereby help smallholders to manage price fluctuations better.

While Africa produces about 2.5 million tonnes of cottonseed, only 75 per cent of the seed is crushed for oil and seed-meal, leaving 25 per cent of cottonseed produced in Africa unused. The estimated value of that unused seed is about US\$ 237 million, most of which is in West Africa.⁴ Some African countries are already benefiting from exporting unprocessed cottonseed by-products, such as oilcake and other solid residues from oil extraction processes, which are considered to be the most valuable by-products based on price-to-weight terms. For instance, in 2018 Benin recorded the highest value of exports among African LDCs of oilcake and other solid residues, which were worth a total of US\$ 14.6 million and were exported to India, South Africa and Turkey.⁵

Cotton stalks also have attractive properties as a fuel, with a high caloric value and low ash content. Densified into briquettes or pellets, stalks can be a smoke-free substitute for dirtier solid fuels. For example, an UNCTAD evaluation in Zambia estimated that a biomass briquetting or pelleting operation – using cotton stalks and other agricultural biomass – could compete in price with charcoal, generate jobs and pay farmers up to US\$ 25 per tonne for their stalks, which constitute two-thirds of the weight of an average cotton plant (Hamusimbi, 2019).

Against this background, at the November 2018 “cotton days”,⁶ the Cotton Four countries (Benin, Burkina Faso, Chad and Mali), together with Mozambique, Tanzania, Uganda and Zambia, formulated a request to the WTO, UNCTAD and ITC for technical assistance and transfer of technology to develop local cotton by-products processing, industry and value chain integration at the local, regional and global levels. This request led to the launch in 2018 of a joint initiative to develop the economic potential of cotton by-products,⁷ consisting of two main components: feasibility assessment

work in partner LDCs to test the viability of projects, and the mobilization of resources for the implementation of technical assistance and capacity-building activities.

Operational work in the context of this joint initiative started in August 2019 with the support of the EIF. This project, coordinated by the WTO Secretariat in consultation with UNCTAD and the ITC, has delivered country-specific feasibility studies in the eight pilot African LDCs which requested assistance. The purpose of these studies is to collect updated comprehensive data and assess the potential for investments and technology transfer to create additional revenues from the local processing of cotton by-products, particularly for smallholder farmers and processors.

The early results are encouraging, demonstrating, for example, in one cotton-producing LDC estimated annual revenues above US\$ 250,000 from artisanal soap production derived from cottonseed oil extraction plants. This activity generates employment opportunities for about 400 people, many of them women, with important growth margins, as demand for natural soap appears to be increasing steadily at the local and regional levels, which also opens the door for potential future overseas exports.

1 Source: International Cotton Advisory Committee data. Available at <https://icac.gen10.net/>.

2 Source: International Cotton Advisory Committee data. Available at <https://icac.gen10.net/>.

3 Proceeding of a WTO workshop on cotton by-products, 7 June 2019 – see https://www.wto.org/english/tratop_e/agric_e/workshopcottonday07062019_e.htm.

4 Proceeding of a WTO workshop on cotton by-products, 7 June 2019 – see https://www.wto.org/english/tratop_e/agric_e/workshopcottonday07062019_e.htm.

5 Source: WTO statistics.

6 The WTO organizes twice a year, since the 2013 Bali Ministerial Conference, “cotton days” consisting of dedicated discussions and rounds of development assistance.

7 See https://www.wto.org/english/news_e/news18_e/cott_07dec18_e.htm.



10 | Trade in services

Technical assistance and capacity building in services trade have been consistently high over the last decade. Since 2015, more than 30 national and regional activities have been carried out at the request of African members and governments in the process of acceding to the WTO.

In order to support the various integration initiatives on the African continent, much of the assistance requested focuses on services negotiations, assessment of services regulations and scheduling of commitments. In addition, specific activities focusing on energy services, business services and mutual recognition have been delivered in recent years.

Many African officials participate in the annual specialized advanced course on trade in services, which focuses on policy trends and negotiations, and which is organized every year by the WTO's Trade in Services and Investment Division.

In recent years, the WTO Secretariat has cooperated on an ongoing basis with the secretariats of the Common Market for Eastern and Southern Africa (COMESA)

and of SADC in the context of their regional integration initiatives. In addition to sub-regional training activities on sectors and issues of interest, the WTO Secretariat has assisted in the legal verification of draft services schedules submitted in the context of regional negotiations. The purpose of this assistance has been to advise member states of these regional organizations on the clarity and compatibility with the General Agreement on Trade in Services (GATS) of the commitments proposed to be undertaken. Since mid-2020, virtual training activities on trade in services have also taken place for officials of ECOWAS institutions, both in English and in French.

In the context of the I-TIP Services database,¹ the WTO Secretariat cooperates with many African members to collect information on their services policy regimes.

¹ The I-TIP Services database is a joint initiative of the WTO and the World Bank which provides information on members' commitments under the WTO's General Agreement on Trade in Services (GATS), services commitments in regional trade agreements, applied measures in services, and services statistics.



11 | Technical assistance activities of the WTO

The WTO supports African countries' capacity-building needs through its technical assistance (TA) programme. In 2019, the WTO continued to enhance human and institutional capacity development on multilateral trade issues in Africa through the biennial Training and Technical Assistance Plan (TA Plan). The TA Plan is the framework that identifies priorities and mechanisms for implementation of TA activities, sources of funding and anticipated results. African countries are accorded priority

in the implementation of many of the trade-related technical assistance activities.

In 2019, Africa benefited from numerous national, regional and global activities. These activities cover the whole spectrum of the WTO work programme, including negotiations. The activities are organized in response to specific requests from the countries based on their needs.

Activities undertaken for African countries include national and regional activities on various WTO subjects, as well as specialized courses held in Geneva. In addition to these activities, African participants completed various online courses through the WTO E-Campus. Africa has the highest number of registrations for WTO online courses.

The WTO Secretariat undertook just under 300 technical assistance activities in 2019, including both online and in-person programmes. The remaining 47 per cent were “global” activities (including online courses), mostly held in Geneva and aimed at participants from all WTO members and observers. Sixteen per cent of activities were focused on African countries, the highest of any region (WTO, 2020). There have been 50 in-person activities, both regional and national, including seminars and workshops on trade negotiation skills, e-tourism, the General Agreement on Trade in Services (GATS), the SPS Agreement, the TBT Agreement, fisheries subsidies, and trade policy courses.

Internal issues such as funding for local costs may inhibit some countries with regard to taking advantage of all WTO Institute for Training and Technical Cooperation (ITTC) activities or opportunities. Finances remain a significant factor which can prevent African countries from taking full advantage of WTO ITTC activities. In fact, African countries are frequently affected by administrative measures due to an inability to make their annual contribution to the WTO.

African countries continue to be major beneficiaries of several other WTO TA initiatives. This includes the Netherlands Trainee Programme, which sponsors junior public officials and provides them with the opportunity to learn about matters dealt with within the WTO, under the direction of staff members of the WTO, with particular attention given to African countries. The French and Irish Mission Internship Programme which also sponsors the

attachment of officials to their countries' Geneva resident missions, gives Africa and LDCs priority consideration in selection.

The WTO Secretariat has continued to provide substantive and analytical support for African delegations' improved participation in the multilateral trading system. This support is provided at the technical, ambassadorial and ministerial-level engagements of these members. The WTO's continuous support for the work of the African and LDC groups enables these delegations to remain active in the WTO's work and to keep their needs and priorities at its forefront.

The WTO Secretariat has continued its support for Africa's integration efforts. During the negotiations of the AfCFTA, the WTO Secretariat positively responded to requests for technical assistance from the African Union Commission. The WTO Secretariat is also working closely with African Union officials and with relevant agencies towards further technical support in the implementation phase of the AfCFTA.

African countries are accorded priority in the implementation of many of the WTO's technical assistance activities.



12 | Mainstreaming trade for industrial development in Africa

The Enhanced Integrated Framework (EIF) works with African LDCs to mainstream trade priorities for national development and build trade-related institutional and productive capacity. In line with UN Sustainable Development Goal (SDG) 9, “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”, the EIF not only supports targeted agro-processing projects, but also the active integration of trade dimensions in existing national policy strategies. Sectors that have mainstreamed trade into their strategies include infrastructure, industry, agriculture, tourism, energy, environment, information and communications technology, and transport. Policy development and implementation are fostered through strong coordination and engagement mechanisms.

In recent years, the EIF has intensified efforts to help LDCs identify key productivity and policy bottlenecks, prioritize them and leverage finance to address them. Analytical work through diagnostic trade integration studies (DTIS) and feasibility studies enable African LDCs to use a sector-by-sector approach in identifying needs related to infrastructure and industrialization and the linkage to trade. The DTIS and action matrices are evidence-based analyses that underpin priority identification needed to guide the trade agenda and the Aid for Trade needs of LDCs. These analytical studies help LDCs determine their biggest constraints to trade integration, prioritize actions to address them accordingly and serve as a basis for the development community to provide trade-related support.

Countries then work with development partners to secure support for the implementation of these priorities in addition to the provision of catalytic support through a dedicated EIF trust fund. The demand for EIF resources through the trust fund has been predominantly concentrated in agribusiness (accounting for more than 60 per cent of the EIF's productive capacity projects), with this sector providing opportunities for growth and added value. Other areas include supporting mechanisms, such as addressing standards, promoting smoother facilitation of trade, and developing supportive policy environments.

The EIF has a key focus on supporting the development and adoption of new technologies in tradeable sectors, ranging from cutting-edge payment solutions for e-commerce to introducing technologies in agriculture, production and processing with a view to supporting African LDCs to effectively move into the “Fourth Industrial Revolution”, characterized by a combination of physical, digital and biological technologies.

There have been encouraging signs and positive developments from many countries in Africa. For instance, through an EIF project, the Benin Agricultural Development Company has increased its production by 25 per cent, and now produces 1,500 boxes of pineapple products a month. They are generating new exports to West Africa where almost 80 per cent of this production is destined.

In another example, in Burkina Faso, an EIF project has helped to increase the production and export of both cashews and dried mangoes, with the goal of creating jobs and increasing incomes for producers. Through the project, revenues have increased for 6,679 people in the mango sector (80 per cent of these being women) and 3,217 in the cashew sector (90 per cent of these being women). Overall, 1,436 new jobs have been created in the

two sectors, thanks to increased production capacities and the creation of new mango processing units. In 2017, 1,520 tonnes of dried mangoes and 940 tonnes of cashews were exported (Kovacevic, 2018).

In Malawi, the Malawi Investment and Trade Centre is helping exporters obtain access to international markets. One such initiative has been through the establishment of a trade consulate in neighbouring Mozambique. This has facilitated new exports of Malawian-made products, from concentrated juice to processed soy.

Finally, Comoros produces more than 60 per cent of the world's supply of ylang-ylang flowers and is an important source for vanilla and cloves – all important ingredients in international cosmetic and food products. Local businesses are moving up the value chain with the support of an EIF project in collaboration with the ITC and United Nations Development Programme (UNDP).

The Enhanced Integrated Framework has a key focus on supporting the development and adoption of new technologies in tradeable sectors, with a view to supporting African LDCs to move into the “Fourth Industrial Revolution”.

Conclusion

As detailed in this report, open global trade has had positive effects for African industrialization and development. Efforts must continue to help developing countries and Africa build capacity and to take fuller advantage of the benefits that trade brings. Recently, faced with the impacts of the COVID-19 pandemic, some of these efforts have been challenged and the developmental gains of recent years put in question.

African countries are more vulnerable to the effects of the pandemic than others, as they tend to have weaker health and social safety nets, and to encounter difficulties in mobilizing the resources necessary to fight the pandemic. In addition, it is likely that containment measures will have a greater economic effect on the population due to the large proportion of people working in the informal sector.

The pandemic presents challenges unprecedented in the history of the multilateral trading system. This challenge calls for an unprecedented level of international cooperation. African countries in particular stand to benefit from a multilaterally coordinated response to the crisis. During the 2008-09 financial crisis, the WTO played a valuable role in helping governments avoid the kinds of protectionism seen in the 1930s. There remains an opportunity for similar efforts in response to the pandemic.

Maintaining open flows of trade and investment, along with fiscal and monetary policies, could bolster prospects for a strong economic recovery from the COVID-19 pandemic. A strong, sustained and socially inclusive recovery will be required to prevent the achievement of the 2030 Agenda from being derailed by the pandemic and its economic effects. Keeping markets open and predictable, as well as fostering a more generally favourable business environment, will be critical to spur the renewed investment that is needed for a swift recovery to happen.

Countries must work together; this will result in a much faster recovery than if each country acts alone. The multilateral system and institutions provide a framework for this to happen, as they were designed to respond to complex, multi-faceted, global emergencies such as the one brought on by the COVID-19 pandemic. In particular, African countries will have to face a proliferation of trade-restrictive measures and grapple with the new implications of the digital divide, and a host of issues currently being debated at the WTO, with important implications for African countries, particularly e-commerce and fisheries subsidies.

The COVID-19 pandemic has reinvigorated WTO debates on e-commerce and the concerns that developing countries have regarding the digital divide and uneven distribution of or access to information and communication technologies. The social distancing measures necessitated by COVID-19 have led to an increased need for internet and mobile data services and sharp increases in business-to-consumer and business-to-business e-commerce sales.

The WTO has a series of broad and diverse efforts to support trade development in Africa including agreements, decisions and technical assistance programmes. The cornerstone of these efforts is the WTO-led Aid for Trade initiative, which aims to help developing countries, particularly LDCs, build the supply-side capacity and trade-related infrastructure that they need to implement and benefit from the WTO agreements and to expand their trade more broadly.

In its monitoring function – the Aid for Trade global review – Africa not only recorded the highest share of respondents (i.e. 34 out of a possible 35 African respondents – or 97 per cent – 26 of which were from LDCs), indicating that economic diversification was a development priority, but also recorded the highest share of positive responses, with 71 per cent of respondents saying they had seen progress in economic diversification since the launch of the Aid for Trade initiative in 2006.

Aid for Trade is merely one tool in the context of trade and development that countries in Africa can use to pursue economic diversification. Many countries have also pursued methods to reduce trade costs at all stages of import and export operations, including transit. The WTO TFA was adopted to ensure a common platform for the implementation and widespread use of trade facilitation measures at the global level. Evidence indicates that trade facilitation is the best tool for reducing trade costs for African countries, particularly for the many landlocked developing countries in sub-Saharan Africa.

The WTO TFAF has been responsible for running a series of workshops and training courses aimed at ensuring that developing and LDC WTO members receive the assistance they need to reap the full benefits of the TFA. The TFAF assists members through a range of activities, such as workshops to help them to understand the TFA and national events to help them to identify their capacity-building needs and prepare category notifications that are necessary to access special and differential treatment flexibilities in the TFA.

Likewise, the STDF is a key instrument in the WTO's outreach activities to developing countries, including countries in Africa. In 2020, the STDF launched a new five-year strategy (2020-24) under which countries in Africa will continue to be eligible to apply for SPS project and project preparation grants (STDF, 2020). Furthermore, recent STDF work seeks to identify, analyse and foster dialogue on experiences, lessons learned and good practices to improve the implementation of SPS controls, help countries in Africa to inform and improve their SPS planning and decision-making processes, and to mobilize new resources for SPS investments through its "P-IMA" (i.e. "prioritizing SPS investments for market access") approach.

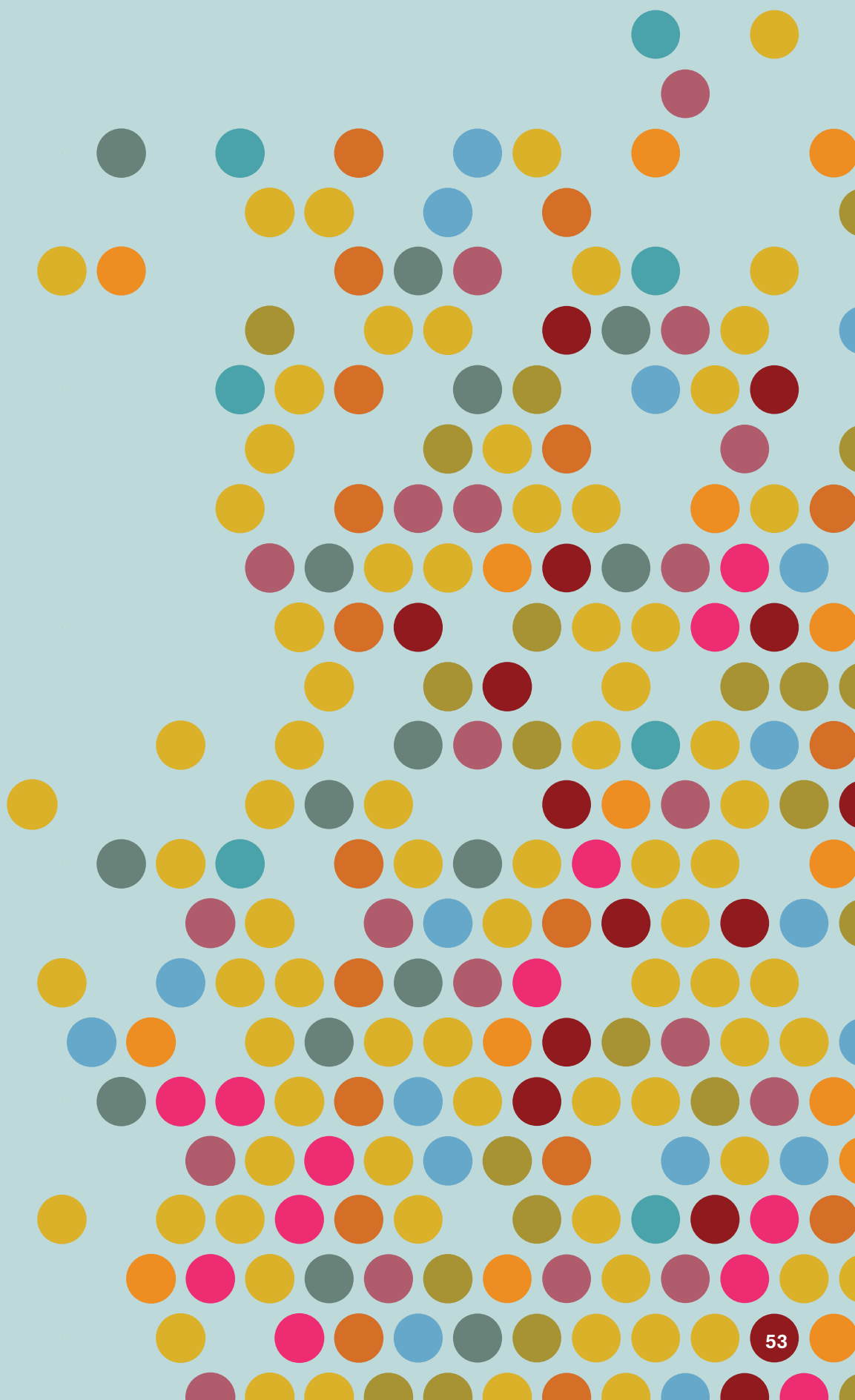
Other agreements that catalyse development for WTO members include the TRIPS Agreement and the GPA. The TRIPS Agreement has guided updates or reforms to intellectual property legal frameworks in certain WTO members, especially in developing countries. The rules of the TRIPS Agreement have served as a basis to create opportunities for economic operators in Africa to enhance innovation and creativity within their countries and to expand globally. Article 66.1 of the TRIPS Agreement gives LDCs an extended transition period to apply the TRIPS Agreement, except for non-discrimination principles.

While no African country is currently a party to the GPA, an increasing number of representatives from the African region have participated in WTO technical assistance activities in the area of government procurement. The GPA combines both market-opening with S&D flexibilities to support the development priorities of developing countries with good governance. These new elements in the revised version of the GPA arguably increase its relevance for the region.

This report has also shown that in recent years the EIF has intensified efforts to help LDCs identify key productivity and policy bottlenecks, prioritize them and leverage finance to address them, including with analytical work through diagnostic trade integration studies (DTIS) and feasibility studies.

Lastly, the WTO Secretariat's technical activities in Africa have been consistently high over the last half-decade, with 16 per cent of activities focused on African countries – the highest of any region (WTO, 2020).

The African continent is grappling with an uncertain future. International cooperation, a multilaterally coordinated response to the crisis, and a reinvigorated multilateral trading system have the potential to lessen the effects of the COVID-19 crisis for the continent. WTO involvement in the region is multi-faceted, ranging from intellectual property policy-making to technical assistance and training programmes. A range of agreements has been signed over the course of the WTO's 25 years, all with important implications for industrial policy and economic development on the continent. It is hoped that this review of WTO interventions in the continent can be a tool to further deepen cooperation and to deploy resources through strategic and effective mechanisms.



Abbreviations and acronyms

ACDC	Africa Centres for Disease Control	GPA	WTO Agreement on Government Procurement
ACP	Organisation of African, Caribbean and Pacific States	GVC	global value chain
ADB	Asian Development Bank	ICAC	International Cotton Advisory Committee
ADF	African Development Fund	IDDA III	Third Industrial Development Decade for Africa
AfCFTA	African Continental Free Trade Area	IFC	International Finance Corporation
AfDB	African Development Bank	IITA	International Institute of Tropical Agriculture
ARIPO	African Regional Intellectual Property Organization	ILO	International Labour Organization
CAADP	Comprehensive Africa Agriculture Development Programme	ILRI	International Livestock Research Institute
CIPC	Companies and Intellectual Property Commission	IMF	International Monetary Fund
COLEACP	Europe-Africa-Caribbean-Pacific Liaison Committee	INTERPOL	International Criminal Police Organization
COMESA	Common Market for Eastern and Southern Africa	IP	intellectual property
DTIS	Diagnostic Trade Integration Studies	IsDB	Islamic Development Bank
EAC	East African Community	ITC	International Trade Centre
EBRD	European Bank for Reconstruction and Development	ITFC	International Islamic Trade Finance Corporation
ECOWAS	Economic Community of West African States	ITTC	Institute for Training and Technical Cooperation
EIF	Enhanced Integrated Framework	LDC	least-developed country
FAO	Food and Agriculture Organization of the United Nations	MSME	micro, small, and medium-sized enterprise
FDI	foreign direct investment	OAPI	Organisation Africaine de la Propriété Intellectuelle
GATS	General Agreement on Trade in Services	OECD	Organisation for Economic Co-operation and Development
GATT	General Agreement on Tariffs and Trade	OIE	World Organisation for Animal Health
GI	geographical indication	P-IMA	Prioritizing SPS Investments for Market Access framework
		RTA	regional trade agreement
		S&D	special and differential treatment

SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SPS	sanitary and phytosanitary
STDF	Standards and Trade Development Facility
TA	technical assistance
TFA	Trade Facilitation Agreement
TFAF	WTO Trade Facilitation Agreement Facility
TiVA	OECD Trade in Value-Added database
TMEA	TradeMark East Africa
TRIMs	Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UEMOA	Union économique et monétaire ouest-africaine (i.e. West African Economic and Monetary Union)
UN	United Nations
UNCITRAL	United Nations Commission On International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNDP	United Nations Development Programme
USDA	United States Department of Agriculture
WBG	World Bank Group
WCO	World Customs Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

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Open global trade has had positive effects for African industrialization and development. Keeping markets open and predictable, as well as fostering a more generally favourable business environment, will be critical to spur renewed investment in Africa and support the continent's economic recovery from the COVID-19 pandemic.

This report looks at efforts to help African countries build capacity and to take fuller advantage of the benefits that trade brings. It examines various activities and projects the WTO is implementing in the continent, including in the areas of trade facilitation, compliance with sanitary and phytosanitary regulations, and capacity building for trade and production. The report also looks into projects aimed at mainstreaming trade into the national development strategies of African countries.

International cooperation, a multilaterally coordinated response to the COVID-19 crisis and a reinvigorated multilateral trading system have the potential to lessen the effects of the pandemic and bolster Africa's economic growth.



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