

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

DANIDA | INTERNATIONAL
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**Transitional Strategy
for
Denmark's multilateral
Aid for Trade activities**

2014-2015

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1 Introduction

This transitional strategy answers to the new guidelines from Danish Ministry of Foreign Affairs for presentation and approval of policy and strategy documents pertaining to Denmark's multilateral cooperation with international organizations.

It is, however, not an organizational strategy in the strictest sense of the term. The **format** has been decided based on the fact that Denmark's multilateral Aid for Trade is implemented as a framework allocation comprising of a **portfolio of contributions** to at present six different organizations and programmes working with various aspects of Aid for Trade.¹

Denmark contributes to Aid for Trade through a number of Geneva-based multilateral organizations. These contributions are all funded through the budget line for multilateral trade and development activities under the Danish Finance Act, *Finanslovens ramme for multilaterale aktiviteter, støtte til aktiviteter inden for handel og udvikling* – **budget line 06.36.06.20**. The responsibility for these contributions is decentralized to the Permanent Mission of Denmark to the UN in Geneva.

The strategy is a first, meaning that there has not in the past been a strategy for this particular budget line, reflecting a more holistic and targeted approach to multilateral Aid for Trade activities.

The strategy is also transitional, meaning that it covers only **two years (2014-15)**, during which time at longer term strategy shall be developed, covering the four years from 2016-19, as a basis for the programming of Aid for Trade activities from 2016 onwards, which will be part of the Danish Finance Act for 2016.

The reason for limiting the strategy to two years only is primarily the ongoing deliberations with respect to the future of the Enhanced Integrated Framework (EIF), which remains the political – and operational – ‘flagship’ of the global Aid for Trade portfolio. Donors and recipients are at present discussing the future of EIF, and the final outcome of these deliberations will hardly be clear before some time in 2015. In the meantime, the budget frame for 2014 and 2015 will need to be dealt with, in a manner that is both consistent with past considerations and concerns, and at the same time opens a window to a new post-2015 approach to funding of Aid for Trade, which in all likelihood will be more strategic, more targeted, more coordinated and more results-oriented than in the past.

¹ The catch phrase “Aid for Trade” is borrowed from the WTO/OECD-led initiative with that title and is in this context taken as more or less synonymously with the slightly narrower, “trade related technical assistance”.

2 Background

2.1 General Policy Framework

Both the Danish Government's 2012 *Right to a Better Life* development cooperation strategy the *Growth and Employment* strategic framework 2011-2015 point to trade as one of the crucial elements in any up to date development cooperation structure. Denmark's most recent trade policy strategy, *Ny handelspolitisk strategi* (May 2013) has Aid for Trade ("*Handelspolitisk kapacitetsopbygning*") as one (no. 9) of its 15 initiatives in support of the multilateral trading system. The recently published paper, *Regeringens strategi for eksportfremme og økonomisk diplomati* (May 2014), also informs the strategic framework.

2.2 The role of Aid for Trade in development

International trade in goods and services is important for poverty eradication and sustainable development. By fostering economic growth through trade, expansion of international trade can contribute to addressing poverty reduction, food security, job creation, gender equality and environmental sustainability. Many developing countries face a range of supply-side and trade-related infrastructure obstacles and barriers which constrains their ability to engage in international trade.

In order to help developing countries, and in particular least developed countries, overcome these constrains, a number of developed countries and international organizations provide trade related development assistance. Thus, the overall objective of Aid for Trade activities is to assist developing countries in their efforts to make use of increased trade opportunities and market access towards better integration in the global economy, allowing these countries to develop their comparative advantages.

One of the assumed key advantages of an increasingly liberalized global trade regime is indeed increased growth and development in developing countries as a result of their further integration in the world economy through increased trade. Most of the pursued agreements in the World Trade Organization (WTO) – and everything here that pertains to the least developed countries (LDCs) – will include provisions of special treatment and a pledge to commit development assistance in order to follow-up on this. The current round of international trade negotiations is named a "development" round in order to underline this (the Doha Development Agenda, initiated in 2001).

The trade and development nexus is of course made up of a number of aspects related to each other in great complexity. The most significant in relation to Denmark's multilateral Aid for Trade contributions in the coming years may be:

- (1) Requests for support coming out of WTO negotiations

Aid for Trade has grown out of the international trade negotiations in the WTO. Most recently the negotiated outcome of the recent WTO ministerial in Bali in December

2013 contained provisions for Aid for Trade as a prerequisite for developing country members of the WTO to be able to fulfill their obligations.

At the conference, WTO members agreed on a package of elements from the Doha Development Agenda, which comprised an agreement on trade facilitation and measures in support of least developed countries, including a review mechanism to ensure their special and differential treatment. This was seen by many as a much needed breakthrough, and has brought some momentum to the negotiations of multilateral trade agreements in the WTO.

Even though developments in July 2014 – primarily the failure to agree on a Protocol on Trade Facilitation before the deadline set in Bali – left the multilateral trade negotiations almost with a ‘cliff hanger’ and with a call to all delegations to carefully reflect on the future of the Bali outcome and the Doha Round, a work program on the remaining Doha Development Agenda issues shall in principle be developed in 2014 in order to pave the way for further progress.

The failure to agree on the Trade Facilitation Protocol in the end of July 2014 has left the negotiation track of the WTO in uncertainty. Different scenarios can be imagined, the worst case being a full deadlock in negotiations and the best case continued, although slightly delayed, negotiations towards finalization of the Doha Round. Regardless of which scenario will eventually unfold, “Aid for Trade” has the potential to play a catalytic role in either keeping the least developed and other poorer countries onboard and engaged within the multilateral trading system – or maintaining activities that integrate LDCs in global trade despite lack of progress in multilateral trade liberalisation through the WTO and in the context implicit of more impetus in the proliferation of regional free trade agreements and plurilateral agreements.

This close link between future developments in the negotiation track of the WTO and multilateral Aid for Trade activities does – particularly in times of crisis in negotiations – underline the necessity of a room for maneuver in the provision of Aid for Trade and potentially a need to be able to respond in a flexible manner to specific needs, the current example being the issue of trade facilitation.

(2) Trade as a driver of development

In recent years emerging economies, such as China, India and Brazil, have been notable examples of developing countries that have engaged heavily in international trade, mainly exports, to enhance their economic growth. Figures show that trade still seems crucial for wealth creation. About 32% of global GDP is accounted for by global exports of goods and services.

It is also recognized, however, that increased trade is only one of several drivers of economic growth, and that trade related economic growth is no guarantee for development let alone overcoming inequalities and reducing poverty. In fact, the short term impact of international trade can be both positive and negative. When a country liberalize trade conditions with the ambition to widen its market base for exports and imports, uncompetitive industries of that country may disappear with attendant job losses. The problem may often be that while in the long run, more competitive

industries are likely to create new economic opportunities, it generally takes fairly healthy economies to be able to uphold an adequate level of public spending during a period with decreasing tariff revenues and job losses.

Thus, in order for trade related assistance to have real effect in terms of poverty reduction it must be given in synergy with other forms of development assistance addressing infrastructure, production capacity, education and other elements of the national poverty reduction plans.

(3) The green agenda

The climate change agenda has made it clear that in the long run the “greening” of economic growth is the only way to satisfy the basic needs of more than 9 billion people globally by 2050 in a sustainable and inclusive manner. A key challenge is the urgent need to reduce carbon emissions to avoid the catastrophic impacts of global warming. Another imperative is the need to increase natural resource productivity to meet unprecedented demands for clean water, food and urban development.

It is likely that many developing countries will not prioritize green growth due to the immediate employment, growth and poverty reduction challenges they face. The financial crisis may also have stalled support for climate change adaptation and funding for green-growth initiatives. However, for developing countries, as well as for advanced economies, the green approach will allow leapfrogging to more efficient, and ultimately competitive, technologies. This shift may depend on both investments and development assistance, some of which will be trade related.

2.3 Denmark’s multilateral Aid for Trade activities 2010-13

From 2010 to 2013 (four years) Denmark disbursed **DKK 128 million** in multilateral Aid for Trade (see table below). To this could be added the commitments of a number of Danish bilateral development cooperation programs with trade related elements. Since 2000 Denmark’s multilateral aid for trade engagement runs to a total of close to DKK 400 million.

Denmark’s multilateral Aid for Trade disbursements 2010-13 were as follows:

(DKK million)	2010	2011	2012	2013	Total
WTO DDAGTF*	1	3	3	3	10
WTOSTDF	2	2	2	3	9
EF				30	30
ITC	13	13	13.5	13.5	53
ACWL	2	3	3	3	11
ICTSD	2	3.5	6.5	3	15
Total	20	24.5	28	55.5	128

*Allocation for internship programme in 2011 and 2012 included in DDAGTF

2.4 The 2014 Review

The current portfolio of partners has been established on an ad-hoc basis through a long-term cooperation in Geneva.

In 2014 the Permanent Mission of Denmark initiated an external review of the six organizations covered by this portfolio, and included a review of UNCTAD as well, as a number of likeminded donors also support UNCTAD's Aid for Trade activities. The significant donor alignment in terms of contributions to these organizations can be interpreted as a sign that these organizations are generally seen as the most relevant to support and those who perform the best.²

The six organizations within the multilateral Aid for Trade framework, which Denmark currently supports are the following:

2.4.1 Enhanced Integrated Framework (EIF) – 30 million DKK in total 2010-13

The EIF has a background in the Integrated Framework for Trade-related Technical Assistance which was established in 1997. The current EIF timeframe was originally from 2008 to 2013. However, the EIF was not truly operational until July 2009, and based on recommendations from the 2012 mid-term review (MTR), the board extended EIF until 31 December 2015 and introduced an additional operational period for project implementation until 31 December 2017. Since 2008 Denmark has committed (and disbursed) USD 16.9 million (DKK 90 million), making Denmark the fourth largest donor. DKK 30 million were committed and disbursed in 2008. DKK 60 million were committed for 2009 and 2010. The first tranche was disbursed in 2010, yet EIF take-off has been slow, and the second disbursement of DKK 30 million was released in December 2013.

The Danish 2014 Review notes that there is a significant difference in perception between donors and beneficiary countries. Where 90 per cent of the beneficiary countries find it likely or very likely that EIF will make significant contributions to the overall goal of the integration of LDCs into the global trading system with a view to contributing to economic growth, poverty reduction and sustainable development, only 40 per cent of the donors find it likely or very likely. The stakeholders interviewed, expressed that overall the situation has improved and there is less concern today.

EIF is the largest Aid for Trade program in the Danish portfolio and is by LDCs recognized as an important vehicle for support. As outlined above, the EIF is also the organization which has historically had the most challenges. The current phase ends in 2015, and the majority of the funding available is now committed either in active projects or through a significant pipeline. EIF donors are at a cross-road and will have to

² In the spring of 2014 Denmark's Permanent Mission to the UN in Geneva let an independent external consultant review the current Aid for Trade portfolio, in order to assess its structure and effectiveness and make recommendations towards possible changes. Overview and annexes are based on the review report, *Review of the Danish Aid for Trade portfolio*, May 2014.

start considering if additional funding should be made available. An independent evaluation has been commissioned to submit a report in the second half of 2014. In general the donors are awaiting this evaluation before deciding on additional funding. Any decision on additional Danish funding to the EIF should await the result of the evaluation and should be coordinated closely with the like-minded donors.

The Danish 2014 Review concludes that as *“the EIF target group is the LDCs”* it *“fits well to Danish priorities”* and that EIF *“contributes to building up a minimum awareness and capacity which is required for the countries to engage as active members in the multilateral trade systems.”* On the governance side The Danish 2014 Review *“recommends to prioritize Danish resources on EIF to get actively involved in shaping the future, e.g. as donor coordinator or through a seat in the EIF Board.”*

2.4.2 International Trade Centre (ITC) - 53 million DKK in total 2010-13

The International Trade Centre (ITC) was established in 1964 and is a joint agency of the World Trade Organization and the United Nations. ITC's mission is to foster sustainable economic development and contribute to achieving the Millennium Development Goals in developing countries and transition economies through trade and international business development. The previous commitment covered 2012 and 2013 amounting to DKK 27 million. It is an established practice that Denmark undertakes a soft earmarking of a part of the funding to specific priorities. In 2012-13 the Trade and Environment Program and Support to Accession Countries was prioritized.

The Danish 2014 Review concludes that: *“the interviewed stakeholders perceive ITC positively as a responsive organization that delivers solid results... ITC has a significant portfolio of trade promotion activities targeting private sector organizations and directly enterprises... The Review notes that “the past earmarking of support towards the trade and environment programme has contributed to some visibility of environmental considerations. There are interesting opportunities for Denmark to push a greener agenda within ITC. ITC also has a relevant portfolio of work which focuses on regional integration and south-south trade”.*

2.4.3 International Centre for Trade and Sustainable Development (ICTSD) - 15 million DKK in total 2010-13

Founded in 1996, the International Centre for Trade and Sustainable Development (ICTSD) empowers stakeholders in trade policy through information, networking, dialogue, well-targeted research and capacity building. Denmark has provided core funding of DKK 2-3 million annually since 1997. Furthermore, Denmark has on a number of occasions provided additional project specific funding for ICTSD's work stream on trade and climate.

The 2014 Review finds that ICTSD provides *“a flow of knowledge and analysis pushing for sustainability to be thought into trade”* and *“valuable input to other issues of importance for Danish trade policy, for example intellectual property rights”* and as such is: *“highly relevant for the focus on e.g. green growth and equity, which are at the centre of the Danish Rights to a Better Life Strategy.”*

2.4.4 Advisory Centre on WTO Law (ACWL)

- **11 million DKK in total 2010-13**

ACWL is a small organization established in 2001 with the aim of providing developing countries and LDCs with the legal capacity necessary to enable them to take full advantage of the opportunities offered by the WTO. ACWL's services to its member countries can roughly be divided into providing legal opinions, dispute settlement support and training. Denmark has contributed DKK 2.5-3 million annually since the beginning. The ACWL is a small organization supported by currently 10 donors. Denmark chairs the donor consultative group.

The Danish 2014 Review finds that:

"ACWL contributes to the functioning of a multilateral free trade system and respond well to the priorities expressed in the Danish Framework for Growth and Employment. Furthermore, it can be argued that ACWL, from a rights-based perspective, supports its member countries in understanding and claiming their rights."

2.4.5 WTO Doha Development Agenda Global Trust Fund (DDAGTF)

- **10 million DKK in total 2010-13**

The Doha Development Agenda Global Trust Fund (DDAGTF) was established in 2002 to finance the implementation of the WTO Training Activities. Denmark has supported DDAGTF since the beginning and has provided DKK 2-3 million per year. The current commitment of DKK 9 million is disbursed as a three-year grant 2013-15 of DKK 3 million annually.

The Danish 2014 Review finds that the DDAGTF:

"contributes to a continued building of capacity to increase the number of WTO member countries which engage as active stakeholders. Joint knowledge and understanding of the rules increase the likelihood of successfully closing trade agreements. As such DDAGTF fits well the objectives of supporting a liberal trade regime responsive to the interests of developing countries and LDCs – in particular building the capacity of member states. If the reforms mature successfully, the WTO activities on capacity building are justifiable and should be continued. The Bali Agreement on Trade Facilitation opens up an agenda where TA is required."

2.4.6 WTO Standards and Trade Development Facility (STDF)

- **9 million DKK in total 2010-13**

The STDF was initiated at the Doha Ministerial Conference in November 2001 by five key multilateral organizations; the Food and Agriculture Organization of the United Nations (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organization (WTO). Until 2011 the Danish funding was based on budget approved annually. In 2011-2012 a two-year funding was approved, and in 2013 the External Grant Committee approved a three-year commitment, allocating DKK 3 million per year from 2013 to 2015.

The Danish 2014 Review finds that: *"STDF is a small organization with only five employees. There is a risk that assessing, approving and managing the individual projects*

captures the agenda at the expense of networking, coordination and mobilization – all activities that require dedicated efforts (...) the size of STDF to be on the small side to drive a global agenda. In terms of focus on green growth and environmental considerations, it should be noted that “environmental protection” is part of STDF’s vision. STDF has initiated some work on the effects of climate change on food safety, animal and plant health risks.” On the positive side the review finds that: “STDF is serving its purpose as a driver of SPS issues and knowledge centre for the WTO SPS committee. As such it contributes to strengthening the Multilateral Trade System. Furthermore, STDF is undertaking a number of activities to build SPS capacities in sectors of particular importance for the LDCs and is contributing to the capacity of the beneficiary countries to benefit from trade.”

2.4.7 UNCTAD

- No Danish contribution 2010-13

Even though Denmark does not contribute to UNCTAD – and has not done so since 2005 – the Mission asked the reviewer to assess that organization as well, primarily because a number of like-minded donor countries, with fairly similar priorities as Denmark, support UNCTAD as well.

UNCTAD (established in 1964) is a forum for intergovernmental deliberations, supported by discussions with experts and exchanges of experience; undertakes research, policy analysis and data collection for the debates of government representatives and experts; and provides technical assistance to developing countries and economies in transition.

The Danish 2014 Review finds that *“UNCTAD has a long history as a specialist organization on trade-related assistance and has backing among developing countries. However, UNCTAD faces a number of challenges, (...) thus its piecemeal approach in the management of partnerships (...) and the decrease in voluntary contributions by some major donors indicate a need to better manage the partnerships and outreach of the organization.”* The Review finds that stakeholders express concerns over UNCTAD providing *“less ‘value for money’ compared with other multilateral organizations and that management inefficiencies and a ‘silo approach’ points to the need to improve results-based management”* and concludes that *“UNCTAD is a relevant organization for the trade and development agenda”* but is less so *“in terms of performance”*.

3. Strategy

3.1 The overall objective of the Transitional Strategy

The aim of Denmark’s multilateral Transitional Aid for Trade Strategy 2014-15 is fourfold, as it seeks to address in a coherent manner the most important aspects of the current trade and development nexus described above. Thus, the Strategy will address:

(1) Requests for support coming out of the WTO negotiations

The 2014 Review of the Danish Aid for Trade portfolio underlines that The Bali Agreement of December 2013 “contains clear obligations which the signatory countries must live up to. Denmark and other developed countries will be under pressure to provide assistance.” Even though the follow-up to Bali has led to a significant set-back this commitment still stands.

The transitional Strategy 2014-15 therefore must aim to ensure enough flexibility in the administration of the Danish Aid for Trade portfolio as to cater for requests coming out of the WTO negotiations, such as the current need for trade facilitation support. In political terms, it will be important to provide assurances to partners in the WTO trade negotiations, that support to Aid for Trade is forthcoming, and that the traditional organizations and facilities in this area will continue to play an important role in this respect. That means that changes in the composition of Danish assistance in this area will have to be introduced gradually and must be thoroughly explained.

(2) Trade as development driver

The Transitional Strategy aims to address issues related to the gap between capacity building for trade and trade as a component in poverty reduction. This gap is most apparent in LDCs, who lack both the production capacity and the infrastructure needed to be able to benefit from increased global trade. Thus, the Strategy shall ensure that the main beneficiaries of Denmark’s multilateral Aid for Trade are LDCs.

In terms of Aid for Trade activities supporting trade as development driver, the 2014 Review finds the organizations currently receiving support as part of the Danish multilateral Aid for Trade portfolio “relevant”, both regarding “geographical outreach” and in the context of Denmark’s strategic development framework in general and its poverty reduction focus.

(3) The green agenda

As stated above, green growth is one of the four strategic priority areas of Denmark’s development policy as defined in the 2012 *Right to a Better Life* strategy. The 2014 Review recommends that Denmark “should maintain and strengthen” the common ground of the trade and the green growth agendas.” Further, the *Handelspolitisk Strategi* specifically mentions the objective of contributing to combating global climate changes by promoting climate-conscious trade liberalization. Reducing tariffs on green products and services will facilitate green trade, benefit the climate and the environment and also create economic growth and development.

The Transitional Strategy aims to ensure that organizations in Denmark’s multilateral Aid for Trade portfolio take this green focus into account in their programming. Further, the Strategy aims to ensure coherence between delivered Aid for Trade and a green trade liberalization that also benefits developing countries. Thus, the Strategy shall also provide for research on the impact of green trade on sustainable development.

(4) Improved coordination between likeminded donors

The Nordic countries – Denmark, Norway, Sweden, and Finland – together with UK, Germany and the Netherlands have all invested significantly in the Aid for Trade agenda, and to a large degree support the same organizations in this area (see annex 1 for more details).

There could therefore be a need for closer coordination between these donor countries, and perhaps also a discussion of a certain division of labor. The Nordic countries have recently decided to consult more closely on Aid for Trade in the future. A more concrete “division of labour” in terms of administration/contributions is not to be foreseen in the coming two years, however.

Summing up, the Transitional Strategy shall reflect (1) that the confidence-building aspect of Aid for Trade in relation to ongoing trade negotiations in WTO is an important element in funding decisions, (2) that the portfolio is in line with Danish development priorities, (3) that a new set of issues, linking future Aid for Trade support closer to the green agenda and more fundamental changes in growth paradigms as a consequence of climate change, is to be gradually introduced, and (4) that improved coordination, not least between the Nordic countries, is important in order to amplify these messages.

All in all, the transitional strategy, and the funding decisions which it entails, should pave the way for anew – and more explicit – policy coherence in Denmark’s multilateral Aid for Trade activities in terms of trade liberalization, poverty reduction and green growth. See below (3.2) for more details on the expectations vis-à-vis the reflection of Danish priorities in the logframes of the two organizations to receive increased contributions, ITC and ICTSD.

How far this can be taken will, however, also depend on the staff resources available to implement the transitional strategy and prepare the next steps from 2016 and beyond.

3.2 Funding of multilateral Aid for Trade activities in 2014-15

The Danish funding for multilateral Aid for Trade activities is allocated under the budget line **06.36.06.20** in the Finance Act.

This Transitional Strategy provides the basis for the allocation of the funds available in 2014 and 2015, as set out in the Finance Act for 2014.

The international organizations in the Aid for Trade-field, which Denmark has supported in the past – EIF, ITC, ICTSD, ACWL, and WTO (both DDAGTF and STDF) – are all, on their merits, worthy of continued support, and this assessment is shared by other key donors to these organizations, primarily the other Nordic countries, the Netherlands, United Kingdom and Germany.

On the basis of this Strategy Paper it is proposed to allocate the existing commitment frames for 2014 and 2015 – as reflected in the Finance Act for 2014 – as follows, both in terms of commitments (C) and disbursements (D):

(Mill. DKK)	C 2014	C 2015	D 2014	D 2015
EIF	-	-	-	-
ITC	28	-	14	14
ICTSD	10	-	5	5
ACWL	9	-	3	3 ³
DDAGTF	-	-	3	3
STDF	-	-	3	3
Total	47	-	28	28

EIF: Due to the support provided in 2013 and with a view to the ongoing deliberations on the renewal of the EIF, no new commitment or disbursement is at present foreseen in 2014 and 2015. However, IF developments within the ongoing multilateral trade negotiations in WTO, and the deliberations in respect of the future EIF converge in a way, where other donors might offer early and/or increased contributions to EIF already in 2015, Denmark may consider to do so as well. As indicated, there is at present no budgetary means available for such a contribution, which then would have to be financed through reallocation from other budget lines under 6.3 in the course of 2015.

ITC: Based on previous commitments and disbursements, it is **proposed** to make a two year commitment of DKK 28 mill. in 2014, with disbursements of DKK 14 mill. in 2014 and 2015, respectively. This represents a small increase from the DKK 13,5 mill. annually in 2012 and 2013.

The proposal to continue the support to ITC is based on the previous over-all positive experiences with the organization. This positive view of ITC is further encouraged by the recent (May 2014) independent evaluation of ITC programmes. The evaluation team from SANAA Consulting admits having “major challenges in assessing the *overall results of ITC’s activities* against the accepted evaluation criteria” due to *inter alia* “ITC’s numerous and dispersed product lines”.

However, the evaluation team has been able to extract a number of performance goals and present findings based on a review of these goals in their “current fitness” against “change since 2006”. Thus, summarizing its results, on a scale of Excellent-Good-Fair-Poor-Very poor, ITC’s activities are rated as “Excellent” when it comes to “Value-added in Aid for Trade”; as “fair” when it comes to “efficient use of resources”. Further,

³ On top of this, 3 mio. DKK will be disbursed in 2016, as the last year of a three year commitment.

implementation is found to be “on schedule” in 61 % of the cases; “on budget” in 80 %; and “flexible when needed” in 92 %.

Of project goals in 24 countries four (Cambodia, Tunisia, Côte d’Ivoire and Tanzania) is found to be “explicitly important” for **poverty reduction**, in five other country cases (Senegal, Ethiopia, Malawi, South Africa and Peru) a poverty reduction focus is implicit and indirectly evident. **Gender mainstreaming** is to be found in 19 country cases. A special evaluation of the ITC *Trade, Climate Change and Environment Programme* to be concluded in May 2015 is expected to give evidence to the feasibility of a strengthened Danish focus on environmental issues in ITC programmes.

ICTSD: As ICTSD represents a clear “green trade agenda”, it is **proposed** to increase the regular contribution to the organization from DKK 3.5 to DKK 5 mill. annually, and to make a two year commitment of DKK 10 mill. in 2014, with disbursements of DKK 5 mill. in 2014 and 2015, respectively. As in the past, ICTSD may also receive project funding, for example a small grant under the Local Grant Authority to support the Sustainable Energy Trade Initiative (SETI).

The increase in the Danish contribution is based on ICTSD being the preeminent think tank in Geneva in respect of the nexus between trade and environment. The Centre has proved capable of producing agenda-setting studies and initiatives, which have been able to impact on intergovernmental trade negotiations. ICTSD will play an important role not least in relation to the EGA-negotiations, and has already provided important proposals with regard to possible additions to the APEC-list which has been the basis for the initial negotiations.

Thus, the ICTSD logframe 2014-16 mentions seven goals, all of them in line with Danish priorities – especially the goals 4-7 “Trade contributes to sustainable economic growth and **poverty reduction** in LDCs and Africa”; “Innovation, creativity and technology provide solutions to **sustainable development** challenges”; “Trade-related policies foster the **sustainable use of natural resources**”; “Policies on climate change, energy, and trade, contribute to **sustainable development**”.

All in all, Denmark has a clear interest in increasing its collaboration with ICTSD and join up with the Centre where possible.

ACWL: Based on previous commitments and disbursements, it is **proposed** to make a three year commitment of DKK 9 mill. in 2014, with disbursements of DKK 3 mill. in 2014, 2015 and 2016, respectively. This represents a continuation of previous funding levels.

WTO-DDAGTF: A commitment of DKK 9 million was made in 2013, with 3 annual disbursements of DKK 3 mill. in 2013, 2014 and 2015.

WTO-STDF: A commitment of DKK 9 million was made in 2013, with 3 annual disbursements of DKK 3 mill. in 2013, 2014 and 2015.

That means that – by the end of 2015 – the only multiyear commitment that will be on the books is a contribution to ACWL of DKK 3 mill. for 2016. For all other partners in the

framework of Denmark's multilateral Aid for Trade activities, new commitments will have to be undertaken in 2016 to continue funding.

3.3 Thinking beyond 2015

The annual funding level of multilateral Aid for Trade activities – commitments as well as disbursements – remains a political decision to be taken by the Government in the context of the presentation of the annual development budget each August. It will thus be in the context of the '*Finanslovsforslaget for 2016*', to be presented in August 2015, that the Government will present its proposed funding for multilateral Aid for Trade activities for 2016 and beyond.

These proposals will be developed during 2014-15, based on the following strategic concerns:

- **The key role of EIF in the future international Aid for Trade regime and thus increased focus on channeling Aid for Trade funding through EIF.** As recommended in the 2014 Review, and provided that the ongoing and discussions between donors and partners point in the same direction, there could be a significant advantage in consolidating and enhancing the EIF framework, presumably also providing increased funding through this framework. Denmark will therefore increase collaboration with, and participation in, EIF in the future. Denmark will also explore possibilities to get a seat on the EIF Board and focus more staff resources on EIF-issues. A particular emphasis will be put on the elaboration on a state of the art results framework for the new EIF, including gender perspectives.
- **Continuation of Denmark's support for ITC.** But with a consideration of providing part of the contribution in the form of (soft) earmarking in order to steer ITC towards a 'greener' trade facilitation agenda. Also here, gender perspectives will be an important part of the dialogue.
- **Increased support for ICTSD.** If ICTSD continues to play an important role in the green trade agenda and in the trade/energy agenda, it should be considered to further increase Denmark's contribution to ICTSD, and to enter into a more strategic collaboration with the organization.
- **Phasing out of ACWL and WTO (DDAGTF as well as STDF)** as part of a more 'lean' management of the budget line, reducing the numerical number of partners from six
- to three. Focus on EIF – and increased engagement in substance also with ITC and ICTSD – means that activities under the multilateral Aid for Trade framework, should be consolidated around these three organizations. That means that the contributions to the two WTO trust funds will be phased out by 2015, and to ACWL by 2016.

- **Assessment of potential new partners.** These include UNCTAD, which had a new Secretary-General earlier this year, whose reform process and direction of the organization will need to be reviewed. Other potential actors are the World Bank Multi-donor Trust Fund for Trade Development and the World Customs Organization.

- **Improved donor coordination, especially among the Nordic countries.** The 2014 Review indicates that the coordination (and the division of labor) between donors is not working very well. The four Nordic countries are large donors; jointly they contribute with 40 per cent of the organizations' total budget in some cases. The Nordic countries are like-minded and have a number of priorities which are very similar, e.g. strong focus on climate and green growth issues.

Annex 1: Comparison with the Aid for Trade portfolio of likeminded donors

Table: Overview of like-minded Aid for Trade contributions 2009-2017

Million USD	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
WTO-DDAGTF										
Denmark	0.70	0.21	0.38	0.37	0.55	0.55	0.55			3.31
Sweden	2.31	2.68	2.36	2.72	2.56					12.64
Norway	1.95	2.03	1.82	2.78	2.61					11.19
Finland	1.75	1.55	1.40	0.00	0.00					4.70
The UK	0.00	0.00	0.00	0.00	0.00					0.00
Netherlands	1.68	1.68	1.68	0.00	0.00	1.56	1.56	1.56	1.56	11.28
Germany	1.72	1.64	1.41	1.37	1.41					7.54
WTO-STDF										
Denmark	0.70	0.41	0.38	0.37	0.55	0.55	0.55			3.51
Sweden	1.15	1.15	1.15	1.16	1.10					5.71
Norway	0.00	0.19	0.27	0.28	0.26					1.00
Finland	0.70	0.62	0.56	0.00	0.00					1.88
The UK	0.00	0.00	0.00	0.00	0.00					0.00
Netherlands	0.57	1.12	0.00	1.12	0.00	1.00	1.00	1.00	1.00	6.80
Germany	0.26	0.22	0.21	0.21	0.21					1.11
EF										
	Source EIF									
Denmark	0.00	5.44	0.00	0.00	5.52					10.96
Sweden	6.90	3.65	3.75	0.00	0.00	3.10				17.40
Norway	5.46	5.57	5.05	3.41	1.14					20.63
Finland	0.00	2.72	2.93	0.00	0.00	5.80				11.45
The UK	0.00	13.36	0.00	0.00	0.00	USD XX committed				13.36
Netherlands	Participated in IF - no new funds for EIF									0.00
Germany	2.26	1.63	1.37	1.55	0.00					6.81
ACWL										
Denmark		0.37	0.55	0.55	0.55					2.02
Sweden				0.43	0.43	0.43	0.43	0.43		2.17
Norway					0.41					0.41
Finland										0.00
The UK										0.00
Netherlands				0.75	0.75	0.75	0.75	0.75		3.76
Germany										0.00
ITC										
	ITC annual reports									
Denmark	2.63	2.30	2.39	2.48	2.48					12.29
Sweden	4.21	4.25	4.54	4.41	4.65	4.65	4.65	4.65		36.01
Norway	3.70	2.46	2.75	2.01	2.48					13.40
Finland	2.31	2.32	3.00	0.16						7.79
The UK	0.00	3.46	3.25	1.87	2.40	2.40	2.40	2.40	2.40	20.60
Netherlands	3.97	0.00	1.18	4.13	1.96	1.96	1.96	1.96		17.10
Germany	2.72	2.53	3.22	2.80						11.27
ICTSD										
	ICTSD audit reports									
Denmark	0.58	0.93	0.64	1.20	0.55					3.91
Sweden	2.71	2.05	2.45	2.12	2.17	2.17	2.17			15.85
Norway	0.61	0.47	0.37	0.37	0.33					2.15
Finland	0.00	0.33	0.35	0.34						1.01
The UK	2.96	2.91	2.72	2.88	1.67	1.67	1.67	1.67	1.67	19.83
Netherlands	1.62	1.62	1.35	1.37	1.37	1.37	1.37			10.05
Germany (GTZ)	0.10	0.10								0.20
1€		1.67 USD	2009-2013 Disbursements							
1DKK		0.184 USD	2014-2017 Commitments							
1CHF		1.14 USD								
1SEK		0.155 USD								
1NOK		0.165 USD								
1EURO		1.38 USD								