

**aid  
for** 2019  
**inclusive  
trade**

# Extending the benefits of trade to **reduce poverty**

# This report distils the insights and views from the Aid for Inclusive Trade Workshop held in Canberra in February 2019, which brought together around 80 Aid for Trade practitioners and policymakers from a range of sectors to discuss ways to maximise the inclusiveness of Aid for Trade.

## Acknowledgements

This report distils the insights and views from the Aid for Inclusive Trade Workshop held in Canberra in February 2019, which brought together around 80 Aid for Trade practitioners and policymakers from a range of sectors to discuss ways to maximise the inclusiveness of Aid for Trade. The Workshop was co-hosted by Australia's Department of Foreign Affairs

and Trade and World Vision Australia. The authors thank workshop participants for their contributions, which have helped inform the articles in this report. The views represented here are the authors' own and do not necessarily reflect the views of their respective organisations.

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# Foreword

*Ratnakar Adhikari – Executive Director, Executive Secretariat for the Enhanced Integrated Framework at the World Trade Organization*

*The global trading landscape has evolved significantly since the start of the Aid for Trade Initiative in 2005.*

**Every day, new technologies are shaping the way we work and trade. Between 2018 and 2021, over two million robots will enter the workforce. Similarly, digital trade is expanding at an unprecedented pace.**

Aid for Trade has been supporting developing and least developed countries to become more active players in global trade. Since 2005, over US\$400 billion has been disbursed to build the capacity to trade of the developing world, with one quarter of it going to the poorest countries facing the most challenging contexts.

What is also evolving is the way we approach trade development. The prospects for achieving a real inclusion within the Aid for Trade domain seems to be growing. The poorest communities in the most challenging and fragile contexts, including farmers and small traders and people with disabilities, as well as women and youth, are increasingly becoming an integral part of Aid for Trade. For example, women's economic empowerment is at the centre of 84% of donor Aid for Trade strategies and of 85% of partner country national or regional development strategies.

However, more remains to be done. We need to find better ways to maximize the impact of trade development interventions. We also need to ensure a coherent action of responses to the global climate change challenges. The potential of a circular economy is yet to be fully explored. Innovation requires flexibility, agility and an open mind to better adapt to the rapidly changing landscape of trade development and Aid for Trade.

Realizing the Global Goals' avowed aspiration of leaving no-one behind requires concerted efforts from the international development community. Programmes, such as Fair Trade and the Enhanced Integrated Framework (EIF), help create the foundation for promoting an inclusive trade agenda. They serve as a platform to connect the poorest to global markets.

A holistic approach, such as inclusive value chain development linking poorest women farmers to the global market supported through Aid for Trade programmes, could be a game changer for promoting inclusive trade. However, we need to build on successful examples for the private sector to step in and ensure magnitude and scale.

The Aid for Inclusive Trade publication is unique. It illustrates the prerequisites for making the opportunities offered by global markets work for all. More importantly, it provides examples of what works and what does not, as well as draws lessons for future interventions. I commend World Vision Australia and the Department of Foreign Affairs and Trade of Australia in making Aid for Trade truly inclusive. The EIF is delighted to be associated with this novel initiative.

# Introduction

*Claire Rogers – CEO World Vision Australia*

*In the global fight against poverty, trade has proven to be a tremendous channel for progress.*

**The statistics are well known – more than one billion people have been lifted out of poverty over the past three decades, largely driven by economic growth enabled by trade.**

However, not everyone has had equal access to trade, and significant inequalities persist today. Some countries face significant structural barriers that hold them back from taking full advantage of global trade, and there are marginalised communities within all countries that struggle to access and benefit from trade activities. Women are more economically excluded than men on almost every economic indicator. People with a disability, 80% of whom live in poverty, also face significant barriers to gaining employment and participating in the trading system, as do youth, the ultra-poor and rural and remote households.

Looking ahead, new and more inclusive approaches will be vital to ensure that the benefits of economic development enabled by an open international trading system are maximised as a pathway out of poverty for developing countries and for the most marginalised communities within them.

We must come up with new approaches and new ways of doing things to ensure that the benefits of trade and economic growth reach beyond national borders (where trade agreements end) and beyond market-ready individuals to include those who have not engaged meaningfully in trade before – those at the margins of markets and states.

The purpose of this report is to continue this conversation on how to maximise the inclusiveness and poverty reduction potential of Aid for Trade. It synthesises insights and lessons learned from across sectors – including government, academia, non-government organisations and the private sector – on how to most effectively empower and include socially disadvantaged groups in varying forms of trade. In doing so, it considers emerging lessons from market systems development programming, the systemic barriers facing women and people with a disability, challenges and opportunities arising from technology and the circular economy, and the importance of embedding appropriate monitoring and evaluation frameworks into trade activities.

By being intentionally more inclusive, we can together expand and deepen the global trading system, grow the workforce and consumer base, strengthen supply chains and, ultimately, reduce poverty and inequality on a system-wide scale.

# Chapter 01

# Market Systems and Aid for Inclusive Trade

—  
*Andy Hunter – World Vision Australia*  
*Julie Delforce – Department of Foreign Affairs and Trade*

## Introduction

*Markets are all-pervasive. All households, even the poorest and most isolated, participate in market activity of some type – local, national or international – as producers, consumers and/or workers.*

farmers and workers to international markets through sustainable supply chains that meet strict standards and guarantee a premium price, ensuring improved working conditions and terms of trade.

The Australian Aid Program supports both the EIF and FairTrade. It also has a growing portfolio of programs that follow the Market Systems Development (MSD) approach – formerly known as 'Making Markets Work for the Poor' (M4P). World Vision Australia has recently documented its own research into making market systems more inclusive, highlighting the importance of focusing on building the 'productive capacity' of small-scale producers. Hybrid or push-pull models draw on the strengths of both MSD and more traditional farmer-focused value chain approaches, helping ensure that no-one is left behind or further disadvantaged as markets develop.

However, the benefits of market participation do not always benefit the poorest and most marginalised.

Development agencies and practitioners undertake a range of Aid for Trade initiatives to strengthen market systems in ways that will generate greater benefits for the poor. Some of these are canvassed in this chapter. At a global level, for example, the Enhanced Integrated Framework (EIF) assists Least Developed Countries to use trade as an engine for growth, sustainable development and poverty reduction. The FairTrade initiative helps link small-scale

## Key points:

- Taking a market systems approach is a useful way to address the underlying causes of market dysfunction to expand trade opportunities for the poor.
- However, market-based interventions alone may not be sufficient to ensure that the most marginalised households can access and benefit from trade opportunities.
- Complementing a systems-focused 'pull' program with push strategies to build productive capacity can extend the impacts so that no-one is left behind.



Thriving coastal market system in the Caribbean © 2006 AusAID

## Emerging issues

*Micro and small enterprises face many difficulties in engaging in trade – especially internationally – in a profitable and sustainable way.*

This is particularly true in agriculture, which is heavily dominated by small-scale farming. Nearly 90% of the world's 570 million farms are smaller than two hectares.<sup>1</sup> Smallholder farmers often struggle to produce the quantity and quality required by formal markets and value chains. Many lack the information, understanding, connections, access to finance and business skills needed to engage successfully in trade.

Helping communities address these constraints often involves forming farmer

associations or cooperatives that create economies of scale by pooling resources, expertise and outputs. This opens up financing and market access opportunities and strengthens bargaining power for both input purchases and product sales. Farmer groups are also better positioned to acquire new knowledge in order to meet phytosanitary or quality standards as required by global markets, and benefit from the resulting price premiums. Modern technologies are also helping boost productivity, enable information flows, expand marketing options and improve returns by satisfying consumer demands for certification and traceability. One current example of technologies benefiting farmers is DFAT's MDF program which increased silage production through the use of silage production machinery.<sup>2</sup>

Another approach that has gained currency in recent years is MSD. This recognises that farmers, businesses and governments all interact within a system that also encompasses functions and rules such as policies, regulations and cultural norms. MSD programs analyse and engage with

that system and partner with selected market actors to stimulate or facilitate lasting change, ensuring that improvements are not dependent on continued donor support, but rather a commercial business imperative.

**Each intervention is part of a broader strategy to make markets work better for a large number of poor people.**

Australian Aid MSD programs span a wide variety of geographies and economies, from middle-income countries in South and Southeast Asia to the relatively small markets of Timor-Leste and the Pacific (Figure 1). An example from Indonesia is highlighted in the Case study Box.

Figure 1: Current Australian MSD initiatives



1. Lowder, S., Scoet, J., and Raney, T., 2016, 'The Number, Size, and Distribution of Farms, Smallholder Farms, and Family Farms Worldwide', *World Development*, Vol 87, pp. 16–29, available at: <https://www.sciencedirect.com/science/article/pii/S0305750X15002703>, accessed 13 May 2019.  
2. Conroy, K. and Kessler, A., 2019, 'The results achieved by programmes that use the market systems development approach: A narrative synthesis of current evidence', *BEAM Evidence Review*, p. 15, available at: <https://beamexchange.org/resources/1226/>, accessed 13 May 2019.



A female farmer in a newly planted moringa field in Indonesia © World Vision

## Case study:

### Promoting Rural Income through Support for Markets in Agriculture (PRISMA)

*PRISMA is a major 10-year Australian Government investment in market systems development in the agricultural sector in eastern Indonesia.*

PRISMA works with and through a range of private and public sector partners to improve farmers' access to inputs, services, information and markets.

In its first five-year phase (2013–18), PRISMA's goal was to improve the incomes of 300,000 smallholder farmers by at least 30%. It exceeded this target, with over 330,000 households experiencing an average income increase of over 250%. Nearly two-thirds of these had been below the \$2.50PPP poverty line, while 15% were extremely poor, with daily incomes below \$0.74.

The program also stimulated additional investment of AUD92 million, including a significant contribution from the smallholder farmers themselves, proving that the poor are willing to invest to achieve income growth.

An example of PRISMA's work in a particularly challenging context was in the vegetable sector of Papua province, where low productivity and poor quality were constraining farmers' returns. PRISMA identified key constraints as the limited supply of good quality seed, high production costs and poor agricultural practices. PRISMA then partnered with a nursery, an input supplier and a bank to improve access for smallholder producers to higher quality vegetable seeds, appropriate chemical inputs and financial services. The input providers also trained the farmers in good agricultural practices. As a result, nearly 3,500 households (62% below \$2.50PPP) increased their incomes.

## Discussion

### Towards hybrid market systems approaches

PRISMA and Australia's other MSD programs provide evidence of the transformative potential of MSD across a wide range of economic settings<sup>3</sup>.

**To maximise benefits for the poor, 'inclusiveness' needs to be embedded throughout the project cycle, from design through to implementation and evaluation.**

For example, locations and commodities can be selected to maximise impacts on disadvantaged groups such as women or remote communities. Businesses will need to see a strong business case and viable implementing strategies if they are to experiment with new practices (such as employing women as sales agents). Not all interventions will be successful, so there needs to be flexibility to shift focus and

adapt to local circumstances and market feedback loops. And while wealthier farmers tend to benefit soonest, the poverty outreach improves as the scale of impact broadens. In PRISMA, for example, the proportion of poor beneficiaries doubled over the life of Phase 1.

The question remains, however, whether the poorest and most marginalised are able to take advantage of new market opportunities created through standard MSD interventions. The rallying cry of the 2030 Agenda for Sustainable Development – 'leave no-one behind' – is reason to look further into how development partners can best facilitate the sustainable (and fair) participation of the very poor in agricultural and other markets.

The 'push-pull' approach to inclusiveness is outlined in briefs from USAID's Leveraging Economic Opportunities (LEO) project,<sup>4</sup> alongside other writings explaining the evolution of the value chain framework toward the MSD approach.<sup>5</sup>

Modern MSD thinking has tended to focus on the 'pull' (i.e. catalytic change at the macro level to strengthen the market system in ways that ultimately benefit the poor). However, there is a risk that those at the margins remain marginalised even after MSD interventions which improve market system functionality.

*We need to continue to embrace macro-economic change and celebrate the large-scale systemic change that is possible in economies, while ensuring that such change is combined with the work that still needs to be done at the household and farmer level.*

A number of Australia's MSD programs are collaborating closely with NGOs in push-pull or 'hybrid' models that harness the comparative advantages of both MSD and value chain approaches. For instance TOMAK (Farming for Prosperity) in Timor-Leste, and AMENCA3 (Palestinian Farmers Connecting to Market) both rely heavily on NGO engagement with target communities.

Some international NGOs are meanwhile strengthening their own analytical capability and market orientation to ensure that more sustainable linkages are made between poor communities and the private sector in their value chains. For example, in 2018 World Vision published a paper on Inclusive Market Systems Development,<sup>6</sup> building on a 10-year organisational history of value chain programming to embrace a push-pull strategy in MSD programming (see Case study).

3. See Delforce, J. and Gill, T., 2018, *Beyond Value Chains: Emerging lessons from Market Systems Development approaches in Australia's aid programme*, available at: <https://beamexchange.org/resources/1156/>, accessed 13 May 2019.

4. See Campbell, R., 2014, *A framework for inclusive market system development*, available at: <https://beamexchange.org/resources/105/>, accessed 13 May 2019; Garloch, A., 2015, *A framework for a push/pull approach to inclusive market systems development*, available at: <https://beamexchange.org/resources/543/>, accessed 13 May 2019.

5. See Kula, O., Downing, J. and Field, M., 2006, *Globalization and the Small Firm: A Value Chain Approach to Economic Growth and Poverty Reduction*, available at: <https://www.marketlinks.org/library/globalization-and-small-firm-value-chain-approach-economic-growth-and-poverty-reduction>, accessed 13 May 2019.

6. See Hunter, A. and Moores, D., 2018, *Towards a more inclusive approach to Market Systems Development*, available at: <https://beamexchange.org/community/blogs/2018/7/17/inclusive-markets-matter/>, accessed 13 May 2019.

# Case study:

## Building localised capability through market systems projects

*As an implementing partner of PRISMA, World Vision managed three interventions related to the cashew subsector.*

The most successful of these interventions was done in a partnership with an Indonesian agri-input supply company that manufactured the products necessary for farmers to double their crop yields. A business model was developed in partnership with the private company and local extension agents (retailers and cashew aggregators) to create the distribution mechanism for the products to small holder farmers. Over the life of the project, 18,000 farmers were reached and a measurable increase in income was recorded among 6,000 households.

At the conclusion of its role under PRISMA, World Vision was intent on building on these achievements and invested \$4 million over four years from its allocation under the Australian NGO Cooperation Program to support markets in the moringa tree and maize subsectors in the same regions of Indonesia through the MORINGA project.

The critical success factor for the design of this new project was the ability to retain and develop the experience, talent and learnings of key Indonesian staff over a decade. The MORINGA project leveraged the M4P capacity that World Vision Indonesia developed through its involvement in the PRISMA program, with the original World Vision PRISMA project staff taking on more senior positions within the organisation.

World Vision's design team is now exploring sustainable, scalable M4P interventions with the project partners, while at the same time ensuring that the benefits reach the most marginalised by programming necessary direct facilitation in parallel, thereby implementing push-pull MSD methodologies.

## Conclusion

*While MSD programs help markets 'pull up' the poor, their outcomes could be extended even further by also providing a 'push' that enables the poorest to engage sustainably in new market opportunities and trade as part of a holistic approach to Aid for Trade.*

The traditional dichotomy between private sector-led market expansion through MSD, and NGO-led 'direct delivery', is becoming less relevant as more NGOs strengthen their market analysis and work to create sustainable linkages between poor communities and value chains.

Leveraging private sector finance will be critical to achieving the SDGs. This requires working towards unlocking and then illuminating the economic value of the global poor and strengthening the commercial imperative for the private sector to engage with poor communities. Push strategies can be effective in packaging up the concealed commercial value at the bottom of the economic pyramid and lowering the transaction costs to a point that enables and incentivises the private sector to service these communities.

As outlined above, smallholder farmers and other poor women and men face multiple and complex challenges in connecting to markets. The EIF, Fair Trade, and a plethora of other Aid for Trade initiatives are helping address some of these constraints. Donor-funded programs can be particularly effective and sustainable when they take a systems view and help strengthen the markets that matter to the poor. However, there is no single 'silver bullet'. Greatest benefit will likely be achieved through a mix of interventions, engaging at multiple points and with multiple actors in the market system, including governments, multi-national conglomerates, local small businesses, farmers, households and communities.

# Chapter 02



## Key points:

- Trade is not isolated from gender norms; gender norms are part of the unspoken rules within a trading system.
- If women achieved their full economic potential, up to US\$28 trillion could be added to the global GDP in 2025.
- Recognising women as economic actors in their own right, Aid for Trade programs should intentionally promote gender equality outcomes in their implementation.

World Vision is supporting women to participate in and benefit from agricultural markets in Jamalpur, Bangladesh, by strengthening both women's access and agency and working with the private sector © 2017 Ellie Wong/World Vision

# Gender and Aid for Inclusive Trade

Ellie Wong – World Vision Australia  
Jim Redden – University of Adelaide

## Introduction

*Women make up more than half of the world's population but are disproportionately affected by poverty.*

Women's economic empowerment is critical to making Aid for Trade more inclusive, in addition to contributing to core growth objectives. According to the McKinsey Global Institute, if women could achieve their economic potential, and play an identical role in labour markets to that of men, then up to US\$28 trillion could be added to the global GDP by 2025.<sup>7</sup>

Women participate alongside men in local, national and international markets as producers, consumers, entrepreneurs and workers. However, given entrenched gender inequalities and harmful gender norms in numerous economies, the ability of women to be recognised and benefit as economic actors, and their ability to access trade opportunities, is more limited compared to men. Women often have less access to market services and information, and less access to credit, inputs and technology. On the other hand, when trade is inclusive, it facilitates women's equitable access to opportunities, resources, employment.

Donors and partner countries have increased their attention to gender dimensions in Aid for Trade. For the first time in the history of the World Trade Organization (WTO) in 2017, WTO members and observers endorsed the Buenos Aires Declaration on Women and Trade to increase the participation of women in trade, which seeks to remove barriers to, and foster, women's economic empowerment.<sup>8</sup> Integration of gender into Aid for Trade objectives is now considered mainstream practice.

**Today, 84% of donor Aid for Trade strategies and 85% of partner country national or regional development strategies seek to promote women's economic empowerment.<sup>9</sup>**

## Key trends and emerging issues

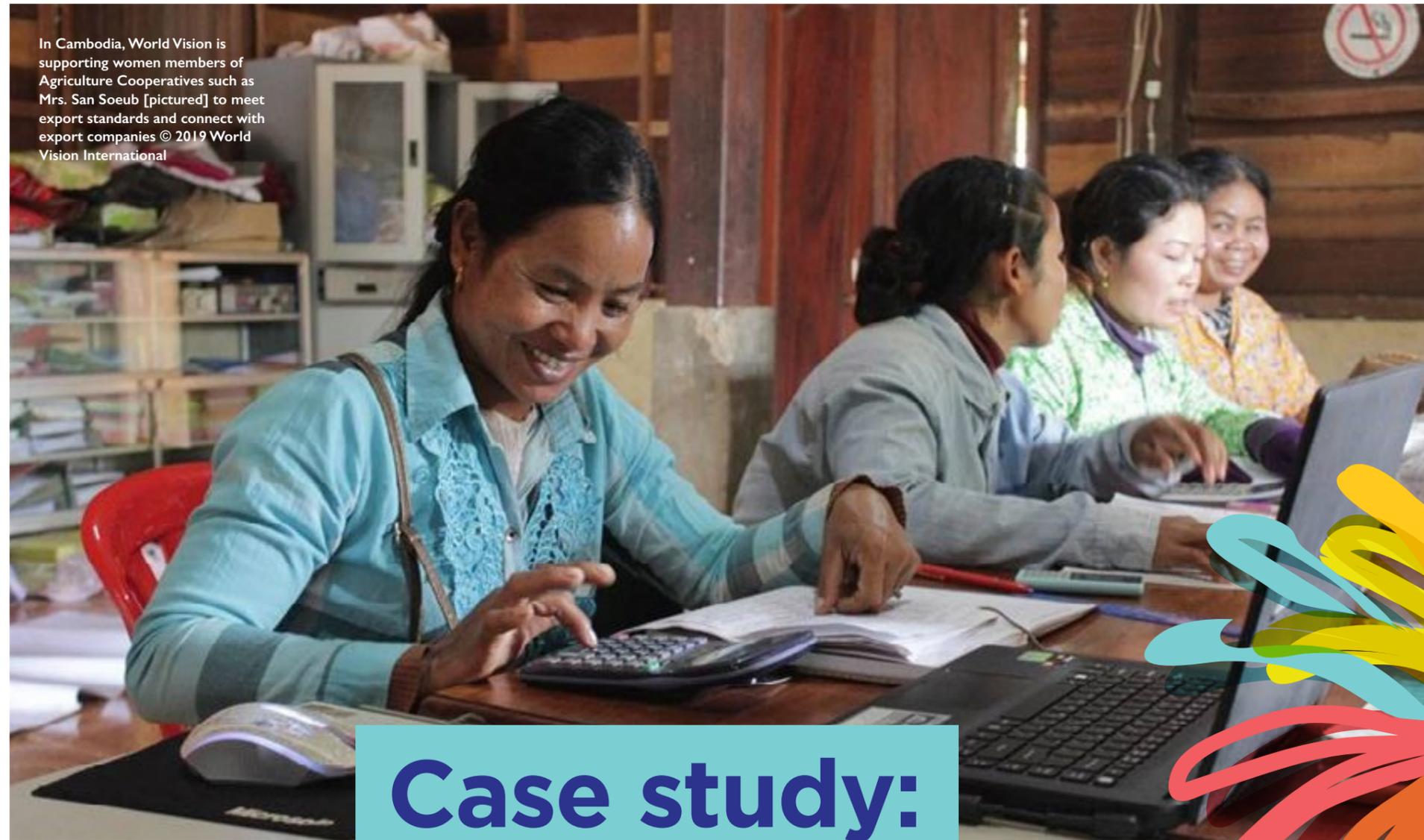
*Trade does not function in isolation from closely-integrated social and gender norms.*

As part of the enabling environment, gender norms are part of the informal or unspoken rules within a trading system. They influence where and what roles women and men play in trade, the extent that women and men can access trade, and the gender-responsiveness of formal rules, including policies on land rights, financial services and business registrations. Gender norms are closely linked to the gender inequalities and gender-based constraints that women face in international, national and local markets.

Not addressing these barriers has significant economic costs. According to McKinsey (2018), in a best-case regional scenario, the Asia-Pacific could add \$4.5 trillion to annual GDP in 2025, or 12% above business as usual. Some of the enablers of this growth are: women's labour-force participation rate; the number of paid hours women work (part-time versus full-time mix of jobs); and women's productivity relative to men's by adding more women to higher-productivity sectors.<sup>10</sup>

**While the situation of women differs significantly across developing countries, there are emerging trends and common barriers faced by women.**

In the context of global trade, women are most active in textiles, agriculture, fisheries and tourism.<sup>11</sup> However, women's roles within a market system are often undervalued and underpaid, 'hidden' in the informal market. This is especially the case in agriculture. It is estimated that the majority of the world's farms are family farming businesses.<sup>12</sup> However, women are often not recognised as 'real farmers', despite playing important roles, for example, in post-harvest processing or livestock rearing. It is estimated that women do 2.6 times more unpaid care and domestic work than men.<sup>13</sup> Women often have more limited role in decision-making compared to men, both at the household level and throughout global and regional value chains. The following case studies provide practical examples of how programs are seeking to address gender equalities to promote growth, pro-poor and gender equality outcomes.



In Cambodia, World Vision is supporting women members of Agriculture Cooperatives such as Mrs. San Soeub [pictured] to meet export standards and connect with export companies © 2019 World Vision International

## Case study:

### Applying a gender inclusion lens to trade programs

*To support women's economic empowerment, World Vision applies a gender-inclusion lens to its hybrid 'push-pull' market systems development (MSD) work (described in Chapter 02).*

These programs help markets actors to 'reach down' to poor women and men by promoting gender-inclusive business models, which intentionally include both sexes. However, recognising the need for equity, programs also directly engage low-income women producers, including female-headed households, to equip them with the skills and knowledge to participate and benefit from markets.

For example, through the Australian Government's Australian NGO Cooperation Program, the Cambodia Sustainable Development Project worked in partnership with Cambodia companies, including top rice exporters Signature of Asia and Amru Rice, to include poor

farmers from 38 Agriculture Cooperatives in Preah Vihear, Kampong Thom and Kandal provinces in their business models. Recognising that Cooperatives and their members needed additional support, the project also provided training on financial literacy, farming as a business, and market facilitation. Over the past three years (2016–2019), household income from agricultural activities increased, on average, by 62% for cooperative members. The project focused on women's increased 'access' to new opportunities, resources and networks, with women making up 72% of the Agriculture Cooperative membership and 44% of the Steering Committee roles.

7. McKinsey Global Institute, 2015, *The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth*, available at: <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>, accessed 13 May 2019.

8. World Trade Organization, 2017, *Buenos Aires Declaration on Women and Trade outlines actions to empower women*, available at: [https://www.wto.org/english/news\\_e/news17\\_e/mc11\\_12dec17\\_e.htm](https://www.wto.org/english/news_e/news17_e/mc11_12dec17_e.htm), accessed 13 May 2019.

9. der Boghossian, Anoush, 2019, *Research Paper on Women's Economic Empowerment: an inherent part of Aid for Trade*, Geneva: World Trade Organization, available at: [https://www.wto.org/english/res\\_e/reser\\_e/ersd201908\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd201908_e.pdf), accessed 13 May 2019.

10. McKinsey Global Institute, 2015, *The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth*, available at: <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>, accessed 13 May 2019.

11. World Trade Organization, 2017, *Removing barriers to women's participation in trade critical for economic development*, available at: [https://www.wto.org/english/news\\_e/news17\\_e/gr17\\_12jul17\\_e.htm](https://www.wto.org/english/news_e/news17_e/gr17_12jul17_e.htm), accessed 13 May 2019.

12. Food and Agriculture Organization, 2014, *State of the Food and Agriculture*, available at: <http://www.fao.org/publications/sofa/2014/en/>, accessed 13 May 2019.

13. UN Women, 2017, *SDG 5: Achieve gender equality and empower all women and girls*, available at: <http://www.unwomen.org/en/news/in-focus/women-and-the-sdgs/sdg-5-gender-equality>, accessed 13 May 2019.

## Applying a gender inclusion lens to trade programs (continued)

### CSBD Average Agricultural Income (USD)

Mean	Mean				Median
	Kampong Thom	Kandal	Preah Vihear	Total Mean	
Baseline	665	1,038	1,340	1,158	875
Endline	1,575	2,552	1,873	1,880	1,348

*Based on the findings from previous inclusive market systems development projects that focus on women's economic empowerment, World Vision is currently piloting projects that promote both women's 'access' and 'agency'.*

Also funded by the Australian Government's Australian NGO Cooperation Program, World Vision's Nutrition Sensitive Value Chains for Smallholder Farmers project in Jamalpur, Bangladesh, is one such example. Value chains – including chili, leafy greens, maize and rice – were selected based on criteria that included market demand, pro-poor potential and, importantly, the ability for women to benefit from the interventions. Responding to gender-sensitive market analysis, World Vision developed specific women's economic empowerment strategies for each value chain, given the distinct opportunities and constraints

facing women in the area. This included a mix of gender-responsive financial literacy, leadership and entrepreneurship training for women. Recognising the need to influence the environment and structures where women are situated, the project has targeted gender norm change activities including through community-based folk songs and male engagement initiatives, which aim to directly challenge specific gender norms constraining women in the selected value chains. For example, the project is promoting the value of women as key partners in the family farming business, highlighting the important value addition (or price raising potential) of activities traditionally done by women such as chili processing and vegetable post-harvest processing. Finally, in partnership with international NGO Promundo – United States, building on their evidence-based *Mencare* and *Journeys of Transformation* curriculums, the project is piloting a household intervention amongst some beneficiaries aimed at improving gender relations amongst married couples. Going through a 16-week participatory course, project facilitators work with couples to engage with key topics including gender equitable decision-making linked to family business and household spending, as well as decisions around both paid and unpaid work.



Port Vila handicraft seller totals a bill © 2009 AusAID

## Case study:

### Gender-sensitive trade facilitation

*Trade facilitation involves implementing policies and programs to reduce cross-border transactional costs to traders.*

By intentionally considering the trade facilitation barriers facing women, these initiatives can advance women's economic participation while also expanding trade flows.

For example, the South Asian Regional Trade Facilitation Program (SARTFP) is a joint Australian–World Bank initiative, which aims to integrate gender equality outcomes in trade facilitation and infrastructure connectivity throughout the South Asia region, with a particular focus on Bhutan, Bangladesh, India and Nepal. Within two years, the program has improved river crossing and island ferry services in India to improve transport for women in rural areas, supported Bangladeshi women involved in cross-border trade, conducted public

information campaigns on safety issues for women traders, and developed educational programs to educate female traders on the law and their rights.

Although the program has been implementing activities for a relatively short time, an initial evaluation found that development outcomes are beginning to emerge, including contributions to regional connectivity, trade facilitation and gender equality. These outcomes are strongest at the micro level, for instance at cross-border markets and trade through inland waterways.

## Discussion

### Women as economic actors

*There is growing recognition that gender equality is critical to achieving the poverty reduction potential of Aid for Trade initiatives.*

To maximise the benefits for both poor women and poor men, inclusion of the poor and the inclusion of women needs to be considered across the program cycle, including design, adaptive management, monitoring and evaluation. Programs need to make women visible as a sub-set of program target groups, understand their opportunities and constraints, and design interventions accordingly. When addressing these barriers for women, the impact of compounding disadvantage caused by other intersectionalities (for example disability, ethnicity, and/or sexuality) also needs to be understood to ensure that interventions are as effective as possible. When moving to implementation, programs need to be able to adapt and respond to implementing realities, including unintended consequences through adaptive management principles.

**Recognising women as economic actors in their own right, Aid for Trade should intentionally promote gender equality outcomes in its implementation.**

Gender equality is a cross-cutting issue but it is also encapsulated in SDG 5: Achieve gender equality and empower all women and girls. Targets under this SDG include ensuring women's full and active participation in economic life and undertaking reforms to give women equal rights to economic resources, as well as access to financial services and property ownership.

Despite growing global attention to issues of gender equality, there are still challenges with the uptake of gender-inclusive practices. Substantive gender mainstreaming is often only done for programs that have gender equality identified as a core objective. In these programs, gender-inclusive approaches that seek to respond to the different needs of women and men are front and centre of any trade-related initiatives. The insights, methods and program models gained from these programs need to be shared and embedded more broadly across Aid for Trade programs so that women can systematically benefit from trade inclusion, given their specific opportunities and constraints compared to men. Understanding that women's opportunity and barriers are linked to women's economic empowerment 'access' and 'agency' domains (access to opportunities, access to resources, decision making, manageable workloads, economic advancement) can provide practitioners with the knowledge base to design interventions that are gender-responsive so that both women and men can benefit.

# Case study:

## Supporting women-led and women-majority businesses to meet international standards

*One of the major contemporary challenges facing developing country firms, and especially small-to-medium-sized enterprises, is the ever-increasing number of regulations and sustainability standards required if they are to integrate into global value chains.*

Aid for Trade can help address this challenge by assisting the most vulnerable traders, including women and young entrepreneurs, to meet these standards and have access to import and export opportunities.

One example of such an Aid for Trade project is a joint initiative of the World Bank and the World Trade Organization to support the certification of Mango So, a medium-sized enterprise based in the Hauts-Bassins region of Burkina Faso. Mango So specialises in the processing and export of fruit and vegetables. Women account for 85% of the company's 200 workers and it is managed mainly by women.

The company lacked the appropriate processing equipment to meet environmental, food safety and import

requirements, making it difficult to obtain its Hazard Analysis and Critical Control Point (HACCP) certification. Furthermore, there were no accredited services (public or private) in Burkina Faso for HACCP certification, which meant that the cost of certification was prohibitively expensive (approximately USD 11,200).

To address these barriers, the project provided training for Mango So's workforce on how to meet hygiene and safety regulations. The project also involved upgrading the company's equipment and funding the company's certification. As a result, Mango So increased production from 32 tons in 2014 to 120 tons in 2017 and doubled its exports to the European Union.

## Conclusion

*The case studies demonstrate the impact of gender equality and women's economic empowerment on both donor and recipient Aid for Trade objectives. However, there is still much to be done.*

Women smallholder farmers, entrepreneurs and women-led micro-small and medium enterprises (MSMEs) continue to face significant challenges to participating and benefitting from export and import markets. Women's empowerment in MSD, gender-sensitive trade facilitation, and women-led MSMEs-focused programs are all helping to address some of the key barriers that women traders face. These diverse and innovative programming approaches play an important role in helping improve the 'productive capacity' of different sub-set of women working in different parts of the market.

Gender equality is an important end goal. However, it must also be pursued as a critical part of any pro-poor or growth objective. This is because gender inequalities hinder the effective functioning of markets.

**When women are not able to reach their potential in a market system, the entire system is constrained and compromised.**

Programs that seek to understand and respond to the interactions between gender norms and markets are critical for both women and men to benefit from trade and economic development. Effective and well-designed Aid for Trade programs can play a significant role in assisting this process while also mitigating any unintended negative consequences for women. It is only by placing gender equality at the forefront of program design, implementation, monitoring and evaluation that appropriate resourcing and planning for gender-inclusive Aid for Trade interventions can develop.

# Chapter 03

# Disability and Aid for Inclusive Trade

Christina Parasyn – CBM Australia  
Kylie Mines – Motivation Australia  
Ipul Powaseu – Deakin University

Dwi Ariyani – Disability Rights Fund  
Kieran Power – IP Australia

## Introduction

*Imagine a world where people with disabilities, who comprise one billion people globally,<sup>14</sup> are trade-policy makers and legislators, business owners and managers, employers and employees, students and consumers.*

Imagine a world where 20% of the world's poor<sup>15</sup> drive the changes needed for inclusive economic growth, poverty reduction and achievement of the Sustainable Development Goals (SDGs). How different would Aid for Trade investments look?

Trade is a key contributor to economic growth and poverty reduction; yet people with disabilities, 80% of whom are living

in developing countries,<sup>16</sup> are still being left behind. How can trade stakeholders capitalise on the untapped resources of the disability community to reach those who are poorest and most excluded from the global trading system?

According to the Convention on the Rights of Persons with Disabilities, 'people with disabilities include those who have long-term physical, mental, intellectual, or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others'.<sup>17</sup> Under article 32 of the Convention, governments must ensure that their development cooperation is disability-inclusive, including for trade-related assistance.

This chapter explores areas of convergence between Aid for Trade and Disability Inclusive Development and the positive impacts that result when they operate symbiotically. This chapter focuses on how to increase disability inclusion in four areas of the trade system: domestic legislation and the regulatory environment; accessible infrastructure; goods and services; and multilateral engagement.

## Key points:

- The current global employment rate for people with disabilities is half that of people without disabilities.
- National economies lose 3–7% of GDP when people with disabilities do not have equal access to employment.
- Aid for Trade can help break down barriers for people with disabilities to engage in trade by ensuring that economic infrastructure such as roads and bridges are accessible, supporting trade in assistive products, and by engaging people with disabilities in trade negotiations and program designs.

Kiawara people with disabilities working on their farm in Kenya © World Vision

14. World Health Organization and World Bank, 2011, *World Report on Disability*, p. 10, Geneva: World Health Organization.  
15. Elwan, A., 1999, *Poverty and disability: A survey of the literature*. Social Protection, Discussion Paper Series, No 9932, Social Protection Unit, Human Development Network, Washington, D.C.: World Bank, available at: <http://documents.worldbank.org/curated/en/48852146874667300/pdf/multi-page.pdf>, accessed 13 May 2019.  
16. World Health Organization and World Bank, 2011, *World Report on Disability*, p. 10, Geneva: World Health Organization.  
17. United Nations, 2006, *Convention on the Rights of Persons with Disabilities (Article 1)*, available at: <https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities/convention-on-the-rights-of-persons-with-disabilities-2.html>, accessed 13 May 2019.

## Facts and figures: Costs of exclusion and benefits of inclusion

*The current global employment rate for people with disabilities is half that of people without disabilities, a gap that has widened since 2010.*

**The costs of excluding people with a disability from trade are great, but the benefits of inclusion are greater.**

The costs of exclusion are significant. The International Labour Organization estimates that national economies lose 3–7% of GDP when people with disabilities do not have equal access to employment.<sup>18</sup> Disability affects the economic wellbeing of 20–25% of households in Asia alone.<sup>19</sup> These households bear the extra costs of treatment and travel, as well as foregone income when people with disabilities and their carers, often women and girls, cannot access paid work.<sup>20</sup>

However, the benefits of disability inclusion are greater. When people with disabilities can access livelihoods, the individual, their family and broader society benefits, with positive flow-on effects throughout the economy. Ensuring that public buildings and infrastructure are accessible by applying accessibility standards is often low-cost (as little as 0.01% of GDP), while retrofitting is much more expensive, making it even more important to consider disability at the design stage of any economic infrastructure.<sup>21</sup>

The trade barriers that people with disabilities experience can be removed. Such barriers may include attitudes; inaccessible physical environments, information and communication; and systemic/structural barriers such as discriminatory policies and legislation. Discrimination and exclusion result when the external environment exacerbates the impact of impairments on people's lives. Removing these barriers, or at the very least not creating additional barriers, should be a priority for Aid for Trade practitioners.

# Case study:

## Towards accessible economic infrastructure

*A significant portion of Aid for Trade funding goes towards the construction of economic infrastructure.<sup>22</sup>*

Making economic infrastructure, such as roads and bridges, accessible for people with disabilities is critical to breaking down one of their key barriers to trade.

As Ipul Powaseu from the Papua New Guinea Assembly of Disabled Persons said, 'enabling participation and building

capacity of people with disabilities in the areas of trade is a key driver of change'. She continued: 'Involving disabled people's organisations as trainers of trade sector stakeholders on disability issues is also important'

Funded through the Australian Development Research Awards Scheme, the Travelling Together: improving access of people with disability to road infrastructure in PNG research project interviewed 48 people with disabilities and nine decision-makers to explore the impacts, involvement and recommended approaches for inclusive road infrastructure consultations, planning and management. The report found

that involving people with disabilities as researchers helped shift the attitudes and understanding of decision-makers. Changes to signage, lighting and footpaths enable people with a disability, especially women, to move more safely between their homes and market places, breaking down barriers to local trade. This project developed replicable tools and protocols for consulting people with disabilities that could help guide Aid for Trade investments in economic infrastructure to ensure that they support, and do not unintentionally prevent, people with disabilities from accessing trade opportunities.<sup>23</sup>

## Discussion

### Towards disability-inclusive trade

*The same five principles that underpin Disability Inclusive Development<sup>24</sup> should be applied to all Aid for Trade initiatives to extend the benefits of trade to those with disabilities.*

## 1. Awareness of disability among trade stakeholders

Involving disabled people's organisations in trade negotiations and the design, implementation and evaluation of Aid for Trade investments are instrumental in identifying barriers and forming strategies for an inclusive trade system. Awareness-raising is two-way, requiring that information about how to access local, national and global trade is shared with people with disabilities, and that the needs and aspirations of people with disabilities are also shared with trade officials and decision-makers.

## 2. Participation and active involvement

'Nothing about us without us' is the disability rights movement slogan. People with disabilities are critical change agents and best positioned to inform decisions that affect their lives, including trade and economic participation. Involving people with disabilities in the entire trade investment process also builds skills and capacity, fosters changes in attitudes, and increases mutual understanding.

## 3. Comprehensive accessibility

Accessibility is a precondition for economic inclusion. Efforts to address physical, communication and information, policy and attitudinal barriers that prevent people with disabilities from engaging with and benefiting from trade, are needed. Ensuring that economic infrastructure is accessible is a key part of this.

## 4. Twin track approach

Disability inclusion should be pursued through two simultaneous tracks: (a) actively including people with disabilities as contributors, decision makers and beneficiaries across all aspects of the trade system and its activities; (b) investing in specific initiatives to enable the participation in trade of people with disabilities. Disability-specific activities could include building the trade capacity of people with disabilities through skills training and business coaching, conducting studies into the trade barriers in specific areas facing people with disabilities, or investing in mobility or communication assistive products for entrepreneurs with a disability.<sup>25</sup>

## 5. Reasonable accommodations

Reasonable actions that enable individuals with disabilities to engage in trade activities and economic empowerment activities.

**The launch of the 'Valuable 500 Campaign' at the World Economic Forum in January 2019 is an example of applying these principles in practice. The campaign aimed at promoting disability inclusion in business by securing commitments from 500 global businesses to put disabled people on their boards' agendas.**

18. International Labour Organization, 2009, *The Price of Exclusion: The Economic Consequences of Excluding People with Disabilities from the World of Work*, p. 51, available at: [https://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@ifp\\_skills/documents/publication/wcms\\_119305.pdf](https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@ifp_skills/documents/publication/wcms_119305.pdf), accessed 13 May 2019.

19. United Nations Department for Policy Co-ordination and Sustainable Development, 1982, *World Programme of Action Concerning Disabled Persons*, New York: United Nations Department for Policy Co-ordination and Sustainable Development.

20. Australian Government, 2015, *Development for all: Strategy for strengthening disability-inclusive development in Australia's aid program 2015–2020*, Available from <https://dfat.gov.au/about-us/publications/Documents/development-for-all-2015-2020.pdf>, accessed 13 May 2019.

21. Australian Government, 2013, *Accessibility design guide: Universal design principles for Australia's aid program*, available at: <http://dfat.gov.au/about-us/publications/Pages/accessibility-design-guide-universal-design-principles-for-australia-s-aid-program.aspx>, accessed 13 May 2019.

22. World Trade Organization, *Aid for Trade fact sheet*, available at: [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/a4t\\_factsheet\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/a4t_factsheet_e.htm), accessed 13 May 2019.

23. See The University of Melbourne, *Travelling Together: Disability Inclusive Road Development in Papua New Guinea*, available at: <https://msd.unimelb.edu.au/research/projects/completed/travelling-together>, accessed 13 May 2019.

24. CBM Australia, 2012, *Inclusion Made Easy: A quick program guide to disability in development*, available at: <https://www.cbm.org/Inclusion-Made-Easy-329091.php>, accessed 13 May 2019.

25. Australian Government, 2015, *Development for all: Strategy for strengthening disability-inclusive development in Australia's aid program 2015–2020*, available at: <https://dfat.gov.au/about-us/publications/Documents/development-for-all-2015-2020.pdf>, accessed 13 May 2019.

# Case study:

## Assistive products as an enabler of trade and a trade opportunity

*As a product and service, the provision of assistive products presents a trade and business opportunity, as well as an important enabler for people with disabilities to take advantage of economic opportunities.*

Assistive products/technologies are 'any item, piece of equipment or product that helps a child or adult carry out tasks they might not otherwise be able to do well or at all'.<sup>26</sup> Common examples include wheelchairs, walking aids, glasses, white canes, hearing aids, communication boards, and shower chairs. Only 5–15% of people who need assistive products can access them.<sup>27</sup>

An Assistive Technology Procurement Study funded by the Australian Government, commissioned by the World Health Organisation and led by Motivation Australia has explored options for the procurement of assistive products to increase access for people with disabilities in Pacific Island nations. Challenges identified include insufficient information on what items to procure and from which suppliers, a lack of consistent product specifications, long delivery lead times, poor device quality for the Pacific environment, complex import procedures, high import taxes and a limited service delivery capacity. Overcoming these challenges will be key for establishing an effective market in assistive products in the region.

Initiatives such as the Global Cooperation on Assistive Technology (GATE) and AT Scale are building momentum and increasing awareness of the market opportunity, working to reduce the cost of selected products and providing training tools to support countries to improve the accessibility of assistive products.

One example of an Aid for Trade program that supports assistive products is the Accessible Books Consortium (ABC), a joint initiative of the Australian Government and the World Intellectual Property Organisation that directly improves the educational and employment outcomes for people with blindness and low vision in the Indo-Pacific. ABC partners with established, local and not-for-profit organisations in Sri Lanka, Nepal, Bangladesh, Indonesia, Mongolia and Vietnam to provide training and technical assistance in the production and distribution of books in accessible formats.

**Since 2012 over 2,500 educational materials in national languages were produced in accessible formats, reaching an estimated 51,000 persons with low vision or blindness across primary, secondary and university levels.**

This is enabling them to continue their learning and develop the skills required to engage productively in the workforce.

<sup>26</sup> World Health Organization Western Pacific Regional Office, Motivation Australia, Pacific Disability Forum and The Nossal Institute for Global Health, 2018, *Assistive Products procurement feasibility study* (information sheet), available from [kylie@motivation.org.au](mailto:kylie@motivation.org.au).

<sup>27</sup> World Health Organization and World Bank, 2011, *World Report on Disability*, Geneva: World Health Organization.



Department of Health personnel work together to assemble an adapted wheelchair for a child with cerebral palsy, Angau Hospital, Lae, Papua New Guinea © 2013 Motivation Australia

### Conclusion

*Aid for Trade can play an important role in economically empowering people with disabilities so that they can contribute to and share in the benefits of trade.*

The costs of excluding people with a disability from trade are great, but the benefits of inclusion are even greater. To further unlock the economic potential of people with disabilities, it is recommended that:

- Aid for Trade investments, including those related to economic infrastructure, comply with universal design principles, enabling participation, autonomy and freedom of movement for all;
- people with disabilities are intentionally included in consultations on trade policy and regulatory reform and in the design of Aid for Trade initiatives;
- specific initiatives be designed to directly support people with disabilities to engage in trade by, for example, building the productive capacity of people with disabilities, increasing access to banking systems and loans, mobile networks and services for people with disabilities, and by supporting the production and trade of assistive products.

**By supporting people with disabilities to develop and sell their goods and services in local and global markets, Aid for Trade can be inclusive and maximise its poverty reduction potential.**

# Chapter 04



A young boy searches for recyclable waste in the city garbage dump at the outskirts of Najibabad, Uttar Pradesh, India © 2015 Jobin Matthew/World Vision

## Key points:

- Circular economy principles define second-hand materials and waste as a resource and a potential economic opportunity. In a world of increasing environmental pressures and threatened eco-systems through global material production and consumption, the circular economy may hold the key to achieving the 2030 Sustainable Development Goals.
- Trade and circular economy policies should complement, not undermine, one another. Given the global nature and efficiency of modern value chains, global trade has an important role to play in building and maintaining the circular economy. However, potential trade-offs such as the adverse impacts – especially environmental and health impacts – of the global waste trade must be carefully managed.
- Aid for Trade can help build the global circular economy by supporting developing countries' capacities in waste management services through building standards, definitions and classifications enabling their safe handling and trade, and by improving data availability on waste flows to help manage existing flows, identifying areas for investment and mitigate illegal and contaminated waste flows. It can also contribute by fostering co-operation to promote demand for second-hand goods and secondary raw materials, and remove unnecessary regulatory barriers for a global circular economy.

# The Circular Economy and Aid for Inclusive Trade

— Shunta Yamaguchi – OECD

Monique Retamal – University of Technology Sydney

Jack Whelan – Pacific Region Infrastructure Facility

Asa Doron – Australian National University

## Introduction

*The circular economy has been proposed as an alternative to a linear, 'take-make-dispose' economy, and aims to minimise waste products and toxic substances while maximising resource recovery.*

The intention of the circular economy is to use resources for their best and highest use for as long as possible so that maximum value can be extracted, and at the end of a product's life, materials can be recovered and regenerated.

Strategies to enable a circular economy align with the waste management hierarchy and include designing out waste; avoiding, reducing and virtualising material consumption; and establishing higher-value-loops such as

repairing, sharing, reusing, and remanufacturing products, in addition to materials recycling.<sup>28</sup> The opportunities for economic growth and environmental benefits posed by the circular economy have drawn global attention, with numerous countries and regions developing their own circular economy strategies and policy packages, including the EU, China and Japan.

The rise of the circular economy is likely to have implications for both aid and trade, as recovery of materials and recycling, refurbishing and remanufacturing end-of-life products is labour intensive and more likely to occur in developing countries. This situation presents both opportunities and risks to developing nations, with the potential to drive development of new markets for recycled materials and second-hand goods. However, it also brings the risk of detrimental environmental or health-related outcomes if waste is not properly managed. This chapter explores the links between aid, trade and the circular economy, and the opportunities and challenges that exist for developing countries participating in the transition towards a global circular economy.



Pollution from increased material use can adversely affect waterways and fisheries, such as in Tarawa (pictured) © Asian Development Bank

## Facts and figures

*Between 2017 and 2060, global material use is predicted to nearly double from 89 to 167 gigatonnes. This will contribute to water stress, biodiversity loss, climate change and pollution.<sup>29</sup> For this reason, circular economy policies and implementation are necessary to manage and reduce these environmental pressures.*

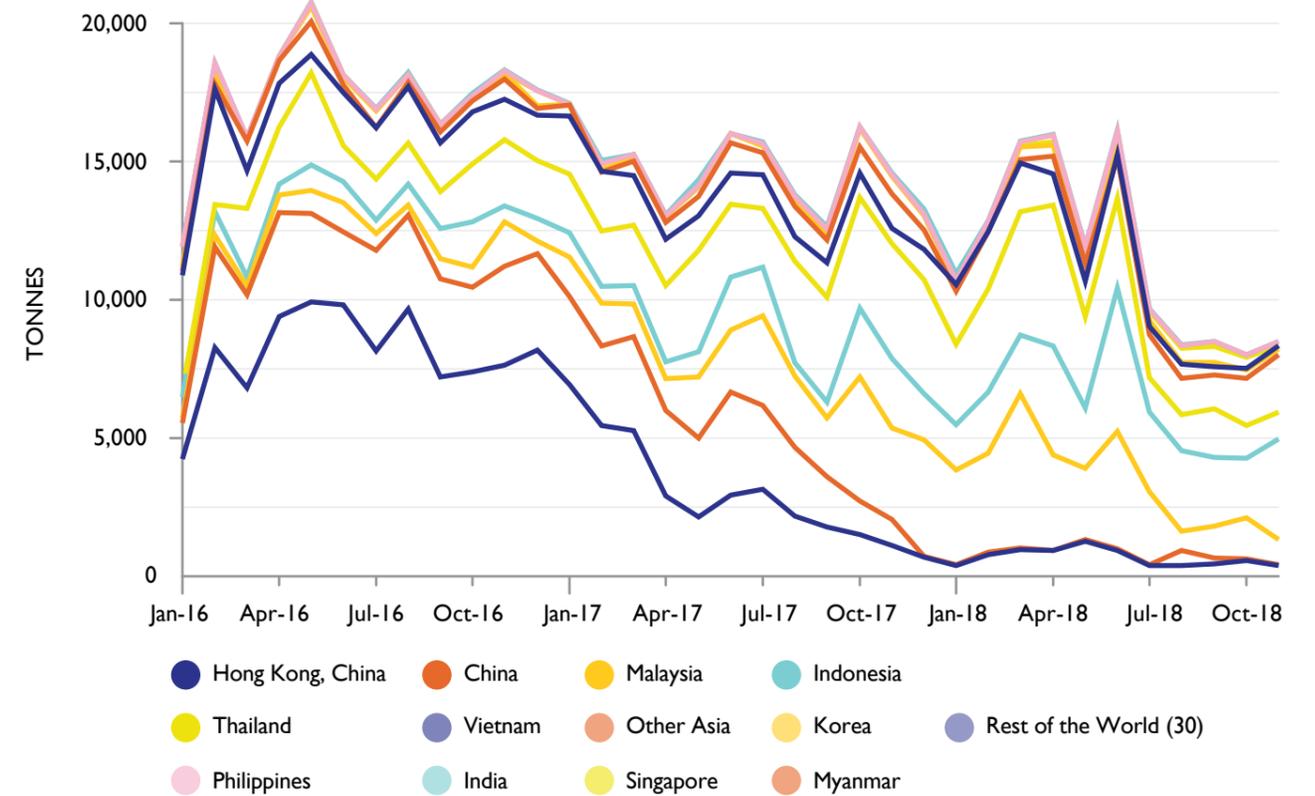
The transition towards a circular economy is largely facilitated at the domestic level. That being said, there are several ways in which international trade is involved such as in the export and transport of waste and scrap materials, secondary raw materials trade, and second-hand goods trade, as well as intermediate imports and services trade.<sup>30</sup>

Until recently in Australia, more than half of plastic scrap was exported.<sup>31</sup> However, due to growing import restrictions in Asia, exports plummeted in the latter part of 2018 (see Figure 2). As a result of China's import restrictions on waste and scrap, increased volumes were diverted to Southeast Asia (where processing often occurs informally leading to greater environmental and health-related impacts for workers). Further import restrictions

on waste including from Thailand, Vietnam, Indonesia and Malaysia have meant that Australian waste is increasingly managed domestically. This will likely spur increased investment in waste management services in Australia. Australia's recently released National Waste Policy (2018) notes that this sector is currently valued at \$12.6 billion per annum, with waste-related activities estimated to add an additional \$6.9 billion to the economy per annum. In addition, for every 10,000 tonnes of recycled materials an estimated 9.2 jobs are created.

There is growing recognition in Australia of the value of resources and embodied energy in waste and the economic benefits associated with moving to a circular economy.

Figure 2: Monthly exports of plastic waste from Australia: 2016–2018<sup>32</sup>



Nonetheless, trade can be an efficient and effective mechanism to transport end-of-life materials to achieve economies of scale for further processing. It can also facilitate the transfer of second-hand goods to markets with higher values for second-hand goods. Of course, these potential benefits should not come at the expense of the environment or human health. This is particularly important as waste and scrap can be channelled to destinations with insufficient waste management capacity and weak regulatory frameworks, resulting in serious health and environmental risks. Trade flows in waste can also be masked as second-hand goods which make the problem more ambiguous and challenging. Thus, building waste management capacity through Aid for Trade and formalising the informal sector while phasing out activities

associated with health and environmental risks will all be important going forward. From a policy perspective, it is important for the circular economy and trade policies to complement each other. Therefore, unnecessary trade barriers such as import and export restrictions should be avoided to the extent possible, so long as trade is legal and safe.

As products are often deeply embedded within global value chains, global or regional efforts beyond domestic initiatives are required to further support the transition. Definitions and classifications of waste and second-hand goods, as well as data availability on trade flows, are important factors in facilitating the transition to the global circular economy; however, they remain a challenge.

**The transition to a circular economy is already taking place, but more can be done to accelerate its progress.**

28. WRAP 2019, WRAP and the circular economy, available at: <http://www.wrap.org.uk/about-us/about/wrap-and-circular-economy>, accessed 13 May 2019; Ellen MacArthur Foundation, 2015, Delivering the circular economy: A toolkit for policymakers, available at: [https://www.ellenmacarthurfoundation.org/assets/downloads/publications/EllenMacArthurFoundation\\_PolicymakerToolkit.pdf](https://www.ellenmacarthurfoundation.org/assets/downloads/publications/EllenMacArthurFoundation_PolicymakerToolkit.pdf), accessed 13 May 2019.  
29. OECD, 2019, Global Material Resources Outlook to 2060: Economic Drivers and Environmental Consequences, Paris: OECD Publishing, available at: <https://doi.org/10.1787/9789264307452-en>, accessed 13 May 2019; United Nations Environment Programme, (2019), Global Resources Outlook 2019: Natural resources for the future we want, available at: <http://www.resourcepanel.org/reports/global-resources-outlook>, accessed 13 May 2019.  
30. Yamaguchi, S., 2018, International Trade and the Transition to a More Resource Efficient and Circular Economy: A Concept Paper, OECD Trade and Environment Working Papers, No. 2018/03, Paris: OECD Publishing, available at: <https://doi.org/10.1787/847feb24-en>, accessed 13 May 2019.  
31. Envisage Works, 2018, 2016–17 Australian Plastics Recycling Survey: National Report, available at: <https://www.environment.gov.au/system/files/resources/c8dd95af-c028-4b6e-9b23-153aebf8c3c/files/australian-plastics-recycling-survey-report-2016-17.pdf>, accessed 13 May 2019.

32. Retamal, M. et al., 2019, Here's what happens to our plastic recycling when it goes offshore, The Conversation, available at: <http://theconversation.com/heres-what-happens-to-our-plastic-recycling-when-it-goes-offshore-110356>, accessed 13 May 2019.

# Case study:

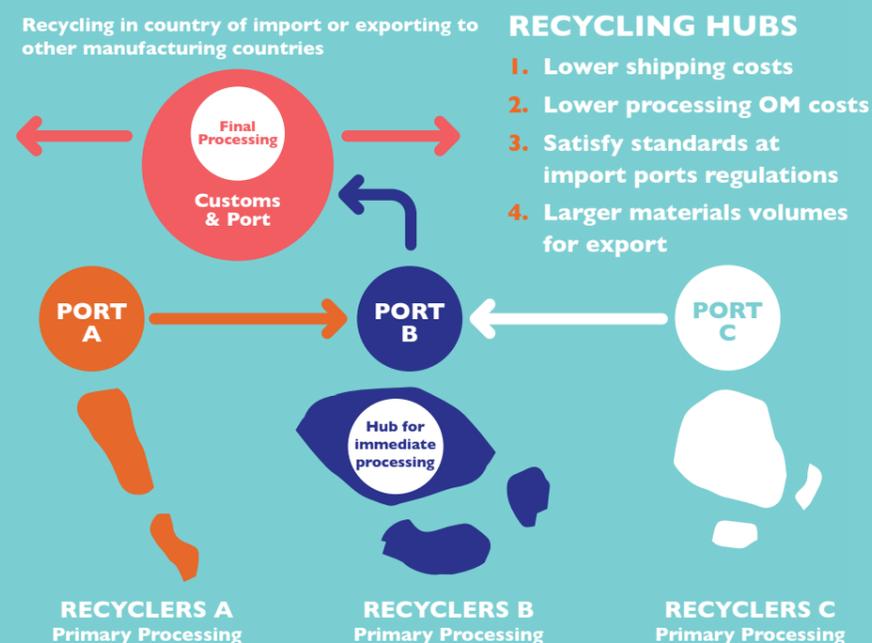
## Pacific resource circulation and recycling network

*The Pacific region faces significant land and marine waste management challenges, including long distances to recycling markets; limited available land for waste management; and small and dispersed populations, resulting in a low critical mass of waste. These challenges are amplified by the impacts of climate change and severe weather events.*

To address these challenges, the Pacific Region Infrastructure Facility (PRIF) commissioned a research study to assess the potential for resource recovery of 15 common recyclable commodities in the solid waste stream in 15 Pacific island countries and territories: Pacific Region Solid Waste Management and Recycling – *Pacific Country and Territory Profiles*.<sup>33</sup> Many of the 15 countries and territories have proposed, drafted or adopted a combination of solid waste and environmental management legislation to stimulate circular economy approaches, and to finance improved waste management systems and distribute the costs of managing end-of-life materials. These include banning the imports of plastic bags and other plastic products, extended producer responsibility, container deposit schemes, advance disposal fees, environmental taxes and levies, and user-pays or pay-as-you-go fees.

Given the relatively low critical mass of waste among the small and dispersed populations of the Pacific, setting up regional resource circulation and recycling networks is recommended to facilitate resource recovery and drive a regional circular economy. PRIF will soon commence a scoping study, with support from the World Bank and the Secretariat of the Pacific Regional Environment Programme to further examine the key elements of a circular network in the Pacific. The proposed multi-island network would include requirements for primary, intermediate and secondary processing facilities, and the potential for a processing, trans-shipment and recycling hub to prepare materials for supply to current/future remanufacturing enterprises or shipping to other destinations. A critical factor to make this proposal viable is the international demand for recycled materials as well as the ease of access for established international end-markets from these Pacific islands.

### Concept – Recycling Hubs



## Discussion

### Trade and the circular economy transition

*Safe and efficient trade is critical to the transition to a global circular economy. Trade can facilitate the transfer and sale of second-hand goods, end-of-life products, secondary materials or non-hazardous waste, as well as trade in related services.*

It is also a useful mechanism for channelling waste and materials to destinations where there is comparative advantage in sorting and processing these materials. In turn, the move towards reuse, recycling, remanufacture, repair and service economies opens up new opportunities for inclusive employment. For example, the International Labour Organization estimates that the circular economy transition will create six million more jobs by 2030 compared to a business-as-usual scenario.<sup>34</sup> If trade is conducted legally and safely, import and export restrictions on waste and scrap will likely encumber the emergence of the global circular economy and with it, opportunities for inclusive economic growth and environmental protection.

Trade plays an important role in achieving economic efficiency in the push towards circular economies. The aggregation of waste and scrap for recycling and energy recovery via trade presents significant opportunities to achieve economies of scale in waste management. In Scandinavian countries, waste trade optimises inputs for waste-to-energy incinerators. However, the higher heat value and drier content of waste in western countries may be more conducive to incineration than elsewhere. In the Pacific region, establishing resource circulation and a recycling network would help address the lack of critical mass of waste among the small and dispersed island populations, allowing the efficient management of waste (see Case study).

A global circular economy will likely have a number of important structural implications for international trade. Circular economies may reduce demand and therefore imports

for primary and secondary materials. This in turn may reduce exports of materials and waste as products are used for longer, reused or remanufactured into new products. There is, however, likely to emerge new trading opportunities for services trade, such as waste management, recycling, refurbishment and remanufacturing, reuse, and repair, as well as new business models and product service systems.

**Looking ahead, there are a number of critical areas at the interface between trade and circular economy that merit further data collection and investigation on definitions and classifications.**

These include trade in waste, secondary materials, second-hand goods, and goods for refurbishment and remanufacturing. Barriers to trade for the circular economy include inconsistencies in definitions, limited data availability, adverse cultural attitudes towards waste and used products, and a lack of common standards. As such, the international trading system, and Aid for Trade, will likely be important to help harmonise global and regional quality standards, build waste management capabilities and associated infrastructure, promote demand for second-hand goods and secondary raw materials, remove unnecessary regulatory barriers, and avoid environmentally harmful activities.

33. Pacific Region Infrastructure Facility, 2018, *Pacific Region Solid Waste Management and Recycling – Pacific Country and Territory Profiles*, available at: <https://www.theprif.org/documents/regional/urban-development-waste-management/pacific-region-solid-waste-management-and>, accessed 13 May 2019.

34. International Labour Organization, 2018, *World Employment and Social Outlook 2018 – Greening with jobs*, available at: [https://www.ilo.org/weso-greening/documents/WESO\\_Greening\\_EN\\_web2.pdf](https://www.ilo.org/weso-greening/documents/WESO_Greening_EN_web2.pdf), accessed 11 June 2019.



# Case study:

## Garbage, growth and the recycling economies in India

*India is facing a waste crisis. Historically, household waste was organic and readily decayed in the environment; however, new forms of waste such as plastic packaging, e-waste and other hazardous substances have emerged as a consequence of technological development and growing consumerism.*

India is facing a waste crisis. Historically, household waste was organic and readily decayed in the environment; however, new forms of waste such as plastic packaging, e-waste and other hazardous substances have emerged as a consequence of technological development and growing consumerism. This is compounded by the rapid pace of urbanisation and high population density. Now much of the waste, including toxic e-waste, is untreated and dumped in cities or the countryside, contaminating the environment.

Given the nature of governance in India, an efficient way to deal with waste is through decentralised processing, down to the level of the ward in a town or city. Much of India's household waste is organic and biodegradable, and can therefore be converted into compost in a relatively small space, with the potential to produce energy at the same time. Decentralised sorting stations for waste-pickers could

enable recyclables to be collected in large quantities and moved safely and economically. Remaining materials could be compressed into bales and turned into fuel. 'Scientific landfills' and incineration plants, on the other hand, are large and expensive to establish and maintain, and as such they should only be used as a last resort.

A decentralised recycling model aligns with a circular economy approach, as it encourages material reuse, repair and refurbishing. With the right policies it can also be inclusive. Local governments can incentivise an inclusive circular economy through the use of appropriate technology combined with the promotion of repair services and source segregation. Governments can work with waste-pickers to help ensure the dignity of labour and effective recycling while minimising health and environmental harm.

### Conclusion

*Trade is clearly useful to enable economies of scale for the treatment of waste and the development of the circular economy.*

However, at the same time, the potential and perhaps unintended impacts of global trade in waste scrap and second-hand goods must be carefully considered to ensure that trade and circular economy policies are mutually supportive. Unregulated trade can channel waste and scrap to destinations with insufficient waste management capacity and/or inadequate environmental protections.

**Building waste management capacities including monitoring systems will be an important factor in unlocking the potential for trade and investment in an inclusive and, above all, safe circular economy.**

Trade in waste is largely dependent on standardisation and quality. The standardisation of recyclability, reparability, reusability and material content of products, as well as the quality of secondary materials, are key to enabling the global circular economy. Efforts need to go beyond recycling and address higher-value loops such as reuse, repair, refurbishment and remanufacturing. Aid for Trade, along with the private sector, has a role to play in facilitating standards for trade and in encouraging high value loops.

# Chapter 05

## Key points:

- Trade practitioners need to be mindful of maximising the benefits and opportunities associated with technological change while minimising the risks and intensified vulnerability that it can create.
- Traditional pathways out of poverty for developing countries are now being challenged given the rise of automation, robotics and AI which are set to displace high volume, basic manufacturing industries.
- Aid for Trade can be part of the solution to help developing countries manage the transition to the Future of Work.
- Technologies that aggregate micro-finance can help replace the private capital flowing out of developing countries as a result of automatable functions returning to developed economies.



Technology has always shaped trade, but the forecast rate of global technological change surpasses even that experienced by recent generations © Fast Track Trade

# Technology and Aid for Inclusive Trade

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Michael Priddis – Faethm  
Agnès Hugot – Fast Track Trade

## Introduction

*The Future of Work – how jobs, skills and wages will be affected by automation technology such as artificial intelligence (AI) and robotics – is increasingly becoming the ‘now’ of work. Business models around the world are being transformed as the private sector takes advantage of emerging technologies to increase the efficiency of their operations.*

Too often these developments cause fear, not hope, as people wonder where rapid technological change is taking us.

Over the course of recent history the unintended consequences of technological disruption are rarely fully considered. If technology creates a problem disproportionate to a national or regional economy, how should the transition be managed? Trade and development practitioners have a key role to play.

This chapter explores the implications of the Future of Work for developed and developing economies, and discusses the potential role of Aid for Trade in managing the transition as low skilled functions are automated and skilled jobs are augmented and added. It also posits that technology itself can be part of the solution, highlighting how several new and emerging technologies might be leveraged to enable inclusive trade.

## Facts and figures

*Technology has always shaped trade, but the current and forecast rate of global technological change is faster than ever before, and is increasing. Between 2018 and 2021, an estimated 2.1 million new industrial robots will be installed in factories around the world.*<sup>35</sup>

In recent years, venture capital investment in robotics and AI ventures has skyrocketed, Amazon has trialled warehouse and retail robotics, IBM has announced plans to commercialise 'Watson' (cognitive computing technology), and many car manufacturers have announced plans to introduce autonomous vehicles.<sup>36</sup>

Research completed to date has primarily focused on the negative impacts of technological disruption: the automation of jobs. However, this is often based on a misunderstanding. Dubbed the 'lump of labour fallacy', this logical fallacy assumes a finite level of activity divisible by people present. This is problematic because work is elastic: it extends. Therefore, when considering the implications of robotics and AI, trade practitioners need to consider

three types of ramifications holistically: the automation of jobs; the augmentation of jobs; and the addition of jobs (or the 'three As'). Technology is opening up new industries, jobs and roles to explore, while also changing and replacing parts of the existing workforce. According to the World Economic Forum, 65% of children now entering primary school will hold jobs that currently do not exist.<sup>37</sup>

**It is important to remember that the Future of Work is not the end of work; it is a transformation of work.**

For developed economies, the effects of technology will mostly result in job augmentation. Developed countries' governance systems, access to capital to invest in the transition, educational institutions for retraining and upskilling, welfare systems, and their diverse and skilled workforces, will likely enable them to anticipate and adapt to workforce disruptions.

By contrast, developing countries' formal institutions tend to have a lower capacity to manage, invest in, and re-train existing workforces. Coupled with limited formal welfare systems and public healthcare, their ability to soften the transition to

the Future of Work is questionable. As a result, developing economies may not be as well equipped to deal with the technological disruption already under way. However, these economies can be resilient given strong family, religious and informal systems. Whether these systems are able to adapt and respond in the face of rapid technological change is moot.

Developing countries often depend on high volume, low skilled export-oriented manufacturing, the very jobs most at risk of being automated. For example, 83.4% of Bangladeshi export GDP comes from readymade garments signalling an outsized dependency on this sector for export GDP.<sup>38</sup> To date, automation of garment manufacturing has not occurred; however, many companies are currently developing these technologies and some analysts suggest that it is only a matter of time until labour-intensive, low-skill work is automated. This could have significant implications for developing economies, especially when the size of the low-skill workforce is considered. Faethm, for example, has developed a Future Workforce Index. It uses information about the technological, sociopolitical, and demographic environment to predict how jobs will be affected once specific AI capabilities are introduced. Analysis of 11 Asia-Pacific economies shows that AI will impact one job in every five – removing some jobs but enhancing others. On average, 12% of current jobs in Asia will be removed by automation within five years' time (by 2024), while 8% of Asia's current jobs will benefit from, and be augmented by, AI capabilities.<sup>39</sup>

**In countries that have large process-driven sectors such as manufacturing, twice as many roles will be eliminated as enhanced by AI capabilities.**

These process-driven economies include emerging markets such as Vietnam and Indonesia. In recent decades, labour costs per unit have been lower in developing countries compared to developed ones. This has incentivised companies in developed economies to implement offshoring and outsourcing strategies, moving labour-intensive work to the developing world. In the future, AI/robots production cost per unit will be cheaper than labour costs per unit in developing economies, which may lead to a return of labour-intensive work functions to developed countries where they will be readily replaced by AI and other forms of automation. This means that decisions about automation in developed economies will deeply affect jobs elsewhere, primarily in developing economies.

Technology clearly presents challenges for the global economy, but it also presents opportunities. For example, technology can be used to aggregate finance to help fill the void of capital leaving developing economies as a result of automation. Smartcard technologies such as 'Bele Pay' are already being used to increase access to finance for regional and remote communities (see Case study), and similar technologies can be deployed to aggregate small amounts of local savings into large sums to finance workforce transitions. Other technology solutions, such as e-commerce and digital trade platforms such as Fast Track Trade (see Case study), can also make trade more inclusive by increasing access to value chains and business services.

# Case study:

## Using technology to connect SMEs with global trade

*For small and medium-sized enterprises (SMEs) in developing economies, limited access to finance, services and markets can hinder growth and the social benefits that come with it.*

However, e-commerce and digital trade platforms offer significant opportunities to reduce these barriers and expand access to international trade networks and services. Fast Track Trade is a prime example of a digital trade platform that is doing just that.

Fast Track Trade helps facilitate the inclusion of SMEs in international trade by connecting SMEs in Southeast Asia with service providers who offer on demand services. Using Mutual Distributed Ledger technology to create a secure network, the platform enables businesses to authenticate a third-party merchant (buyer or seller) and conduct trade transactions (including buying and selling) online. In addition to providing authentication of third-party merchants which is critical in developing contexts, these transactions can be processed in line with international standards, which also opens new market corridors for SMEs.

The platform also provides digital access to accounting services, local and international digital payment providers, legal and regulatory specialists, as well as marketing and communication experts, linking SMEs to services that might otherwise be inaccessible. The platform has a very simple, mobile-first and event-driven workflow to facilitate requests for financing without any need for financial literacy.

With improved supply-chain visibility, businesses are able to request financing online with improved success rates. With more secure and encrypted data to analyse, businesses are also able to access better interest rates and policy premiums when seeking specific financing or insurance cover.

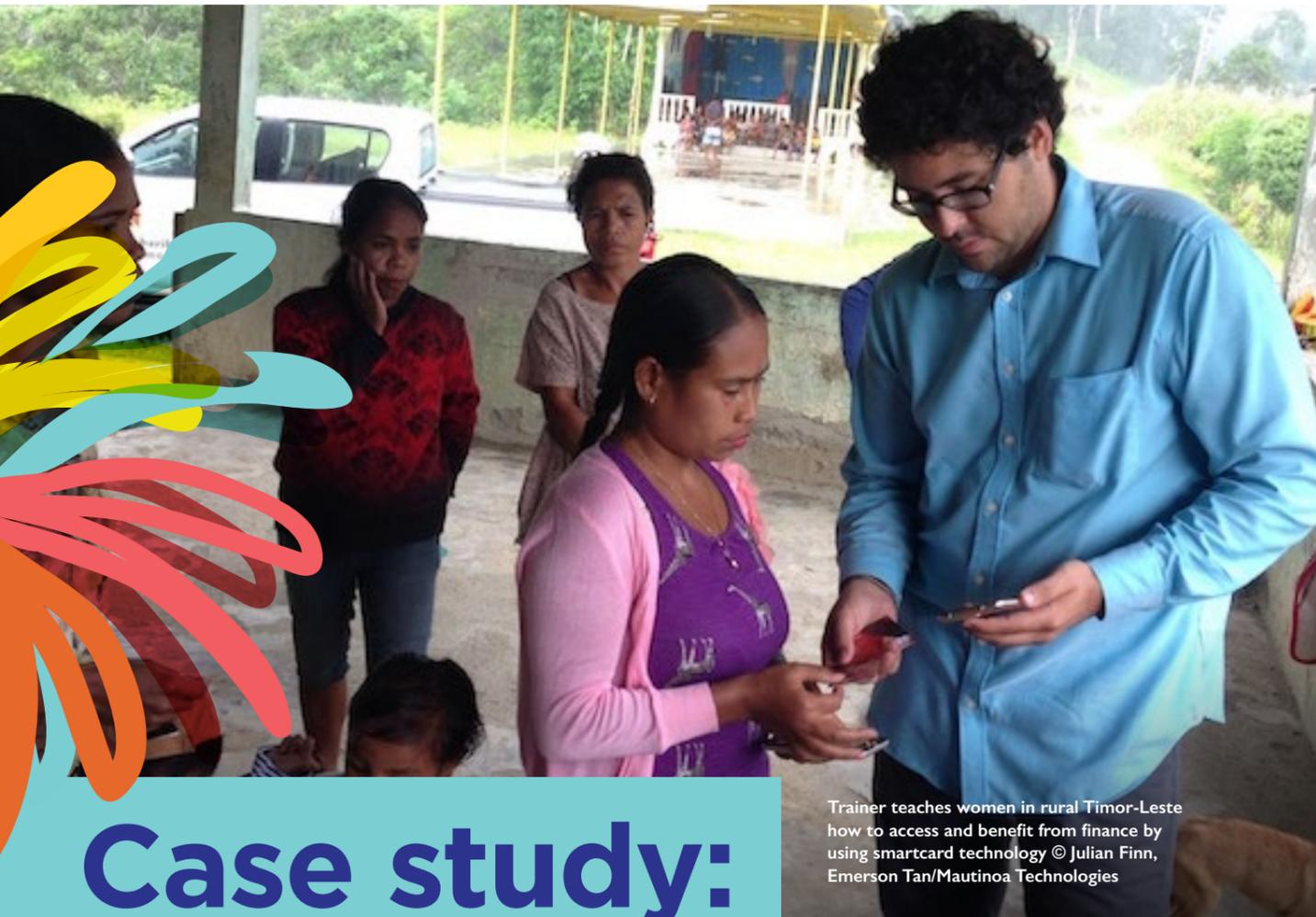
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36. Schatsky, D. and Mahidhar, V., 2014, 'Intelligent automation: A new era of innovation', *Deloitte Insights*, available at: <https://www2.deloitte.com/insights/us/en/focus/signals-for-strategists/intelligent-automation-a-new-era-of-innovation.html#endnote-sup-2>, accessed 13 May 2019.

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39. MIT Technology Review Insights, 2019, *Asia's AI agenda: AI and human capital*, available at: [https://s3-ap-southeast-1.amazonaws.com/mittr-intl/AsiaAI\\_talent.pdf](https://s3-ap-southeast-1.amazonaws.com/mittr-intl/AsiaAI_talent.pdf), accessed 13 May 2019.



Trainer teaches women in rural Timor-Leste how to access and benefit from finance by using smartcard technology © Julian Finn, Emerson Tan/Mautinoa Technologies

## Case study:

### Using technology to facilitate access to finance

*Bele Pay is an example of a technological solution that is increasing access to finance for regional and remote communities.*

To address some of the underlying structural challenges facing the financial market system in Timor-Leste, World Vision Timor-Leste and Mautinoa Technologies partnered to develop Bele Pay, a digital cash payment system that uses innovations in cryptography and smartcard technology.

Historically, development actors have not targeted interventions at the financial system level, leaving this to the private sector and development banks. However, the current lack of infrastructure makes this approach unviable in the Timor-Leste context and the opportunity presented itself to use digital payments technology to address the underlying liquidity issues that hold back local enterprise.

Bele Pay is a digital cash platform that enables remote populations to receive, store and send digital money from card to card or remotely, doing what the banks cannot do currently. Individual smartcards act as a 'digital wallet' for poor households. An agent network, utilising smartphones as terminals, enables transactions to occur between cards in the absence of network coverage (such as during or after a natural disaster or due to remoteness). Advanced cryptography and secure hardware ensure the safety and integrity of transactions.

By using smartcards, Bele Pay leapfrogs existing infrastructure constraints to reach vulnerable rural communities who would otherwise face significant barriers in accessing and benefiting from finance.

### Discussion

*The key to managing the transition to the Future of Work for both developed and developing countries is to recognise the shift early and to factor it into decision-making and policy development at national, bilateral and multilateral levels, including in Aid for Trade deliberations.*

In particular, having the right data will be critical to inform decision-making and education reform, and a cohesive, multi-lateral approach will be key to manage flow-on effects between economies.

In regard to data and analysis, initiatives are under way to better understand the effects of automation technologies on different sectors and economies. Incorporating data and analysis into policy deliberations is important to minimise the risks and maximise the opportunities associated with the Future of Work. With the right infrastructure and education, businesses will have the opportunity to flourish as automated technologies are introduced to the workforce. Evolving and modernising education and skills development is therefore an important step in this process. It is time to invest in new skills, industries and growth. Globally, all countries are lagging behind on education for the Future of Work. Many countries have not achieved basic universal education, never mind education and skills development for the Future of Work.

Developing economies are at greater risk of having more jobs automated by AI than developed economies, which have larger knowledge sectors that can be 'augmented' rather than replaced by AI capabilities. Nevertheless, over time both developing and developed economies should have increased employment opportunities as AI and automation technology improve productivity. For policymakers, the challenge is to ensure that these 'new jobs' are of equal or greater value than the 'old jobs' and to manage any discrepancies so that the transformation results in the reduction and not the entrenchment of poverty. Involving more people in the value-creation side of AI will be critically important to build inclusive economies into the future.

In addition to countries planning their own economic transitions, there is a need for coordination between countries to manage flow-on effects and inter-dependencies and to minimise any subsequent economic disruptions. Managing the transition to the Future of Work will likely be a collaborative effort between governments, private sector and citizens. Decisions regarding the adoption of automation in the value chains of one jurisdiction will deeply impact on the labour markets with other trading partners. Multilateral institutions – including the World Trade Organization – will be important in helping to mediate a staged transition to the Future of Work and therefore trade.

### Conclusion

The Future of Work can be perceived from both a 'glass half empty' and a 'glass half full' perspective. Impending technological change presents both opportunities and challenges. Much will depend on how the transition to automation is managed within and between affected economies.

**If we are sufficiently aware of the massive technology and workforce transformation that is taking place, and act in a timely manner to manage and coordinate the transition across developed and developing countries alike, then we may find ourselves living in a more prosperous world in decades to come, increasingly free from poverty and disadvantage.**

We all need to proactively consider potential flow-on effects of the Future of Work within and between economies. There is an opportunity for Aid for Trade to help manage the transition by building the productive capacity of developing economies to engage in more skilled work and by facilitating a coordinated approach to automation between developing countries and their trading partners.

# Chapter 06



## Key points:

- There is a need to strengthen the line of sight between Aid for Trade and its impact on inclusive development dimensions.
- Tools and methodologies to track progress and measure impact are evolving; however, they need to be widely accessible, understood and fully integrated into program design from the outset.
- A realistic and detailed results chain, informed by disaggregated data, analysis and diagnostics, and underpinned by extensive stakeholder consultations, is essential for effective inclusive Aid for Trade programs.

Local faith and community leaders evaluate a local project in the Solomon Islands © 2014 Sophie Timothy/World Vision

# Monitoring, evaluating, reviewing and learning from Aid for Inclusive Trade

Sabrina Varma – Department of Foreign Affairs and Trade

## Introduction

*Aid for Trade can be an effective enabler for developing countries to use trade as a tool to help achieve their national development objectives, including the Sustainable Development Goals (SDGs).*

Developing countries, including Least Developed Countries (LDCs), are giving increasing attention to the role of trade as a development tool, through the mainstreaming of trade in their national development plans.

Donors and international agencies have also increased their attention and resources to support trade capacity development, assisted by the Global Aid for Trade initiative.<sup>40</sup> NGOs, academia and the private sector are also involved in funding and/or implementing Aid

for Trade programs/projects. The potential of developing countries to increase their trade capacity can reduce the reliance on aid, create jobs, provide income opportunities, raise living standards and promote sustainable and inclusive economic development, and support food security, health and gender outcomes. This is reflected in the role of trade in supporting a number of the SDGs.<sup>41</sup>

The growing attention on Aid for Trade is helping to bring to the fore the global community's understanding of how building trade capacity can have a positive impact on development outcomes. Part of this involves being able to measure and track what is working well, or not so well, and under what conditions. This relies on being able to draw on Aid for Trade monitoring frameworks, evaluations and case studies, all of which are ways to measure progress, evaluate impact and identify good practices and lessons learnt.

This chapter outlines some key issues and challenges in strengthening Aid for Trade monitoring and evaluation (M&E) to better address and capture inclusive development outcomes and, in doing so, it highlights useful approaches and action points in relation to this important dimension of the inclusive Aid for Trade agenda.

40. OECD and WTO, 2017, *Aid for Trade at a Glance 2017*.

41. SDG 1: No poverty; SDG 2: Zero hunger; SDG 3: Good health and well-being; SDG 5: Gender equality; SDG 8: Decent work and economic growth; SDG 9: Industry, innovation and infrastructure; SDG 10: Reduced inequalities; SDG 14: Life below water; SDG 17: Partnerships for the goals.

## Emerging issues

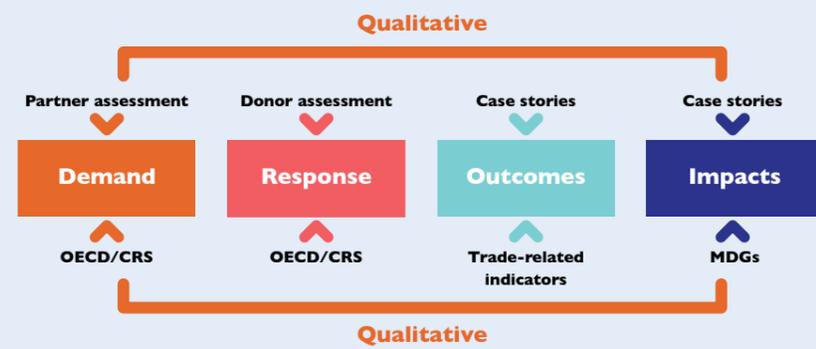
*Monitoring of Aid for Trade has been taking place at various levels including global (since the launch of the global initiative on Aid for Trade), regional and country level program/project.*

Some countries, namely LDCs, are building capacity through the Enhanced Integrated Framework (EIF), to coordinate and monitor Aid for Trade impact at a national level across specific indicators, which in turn is feeding into an aggregate results framework.

Monitoring at a global level through the global review process, summarised in Box 1, helps track resource flows, facilitate dialogue and keep attention on its importance.

Self-assessment questionnaires provide useful information on perceptions relating to various focus issues, which can help inform Aid for Trade planning. Country/regional/multilateral level case stories provide qualitative summaries of some good outcomes, and, increasingly, reflections on lessons learnt.

### Box 1: Summary of Global Aid for Trade initiative monitoring approach



Source: Lammersen, F. and M. Roberts (2015), 'Aid for trade 10 years on: Keeping it effective', OECD Development Policy Papers, No. 1, OECD Publishing, Paris

The empirical literature, including a growing body of econometric studies, is able to show the positive impact of Aid for Trade on increasing exports. At the same time, it has been found that the impact of Aid for Trade can vary, depending on the type of intervention, the income level and sector, and the geographical region involved.<sup>42</sup>

In considering Aid for Trade effectiveness from priority identification, design and implementation and M&E, research from the Overseas Development Institute (ODI) found that in relation to M&E, 'aid

for trade works best when the **impacts, outcomes and outputs are realistic, traceable and based** on baseline data',<sup>43</sup> suggesting that there is a need for more rigorous and quantitative based approaches to measuring the impact of Aid for Trade.

There is also room for more triangulation of existing approaches and feedback mechanisms between various existing mechanisms such as donor evaluations of sector strategies, country and project/program evaluations.



Measuring and tracking what is working well, or not so well, and under what conditions, is vitally important to maximise the impact of Aid for Trade © 2014 Christina Teramata/World Vision

In addition, specific indicators to measure progress against a baseline may be lacking or may not be relevant.<sup>44</sup> While there may be existing indicators in relation to measuring trade performance,<sup>45</sup> this does not mean that there is a common approach or practice in their application when developing Aid for Trade program/project monitoring and evaluation frameworks. This means that undertaking cross-country/Aid for Trade category-based comparisons can be difficult. Drawing on good practices of the Donor Committee for Enterprise Development, the OECD has observed that 'as more donors ... develop results frameworks for their aid-for-trade programmes ... introducing a limited number of indicators to measure results would enable both donors and partners to "add up" these results across programmes ... for benchmarking and for cross-country comparability'.<sup>46</sup>

Other difficulties often cited are the inclusion of a range of objectives, attribution challenges, available data, time lag issues and absence of counterfactuals.

Although M&E issues are not directly or consistently addressed in the self-assessment questionnaires and case stories submitted for the Global Review processes for 2011, 2013 and 2015, there has been progress. The case stories, which provide valuable insights and good outcomes, also reflect that there is room for continued improvement in the consistent use of baselines and quantitative indicators across the board amongst donors, partner countries and international agencies.

**Improvements can be seen in relation to measuring trade performance; however, capturing the impact of Aid for Trade on inclusive development aspects remains a key challenge.**

Consistent with the underlying objective of Aid for Trade, many, if not most, Aid for Trade programs/projects refer to contributing towards poverty reduction and/or sustainable development in broad terms, as end-of-program impacts. Some programs refer to specific pro-poor groups but these have tended to be assumed as there is limited information available relating to specific disadvantaged groups, including poor traders, women traders, informal traders, etc. In some cases, the link between Aid for Trade programs/projects and the country's development strategy priorities may not be acknowledged, whilst in other cases there may be an unrealistic results chain, based on its assumptions of the causal links between inputs, outputs, outcomes and impact.

The OECD has undertaken considerable work on the application of a results-based management approach to Aid for Trade which fully integrates a results chain. The results chain identifies the changes required to achieve the objectives, starting with the inputs/activities, through to outputs, and resulting in the intended outcomes, and contributing to impacts. The value of a results chain is dependent on setting clear, measurable, limited in number and time, bound objectives (which are expressed in human development terms) and verifiable targets at output, outcome and impact levels, a baseline and identified ways to collect information from the outset.<sup>47</sup>

From an inclusive development perspective, disaggregated data is critical. Whilst reducing the constraints to trade can benefit poor and disadvantaged traders, including women and/or informal traders, the benefits will be more effective if the intervention is informed by the specific constraints they face. For example, due to literacy and other constraints, certain groups may not have the same access to and/or understanding as others of online/published information on trade-related procedures/requirements, in order to engage in trade. Therefore different approaches would be required.

42. ODI, 2013, Exploring the impact, effectiveness and future of Aid for Trade.

43. ODI Working Paper 353, 2012, Increasing the Effectiveness of Aid for Trade, Yurendra Basnett, Jakob Engel, Jane Kennan, Christian Kingombe, Isabella Massa and Dirk Willem te Velde.

44. OECD, 2011, Strengthening Accountability in Aid for Trade.

45. Including the Doing Business database; Trade and Development Index; Trade Performance Index; Enabling Trade Index; World Trade Indicators; Logistics Performance Index.

46. OECD, 2010, Getting Results in Aid for Trade: the use of indicators.

47. OECD, 2009, Managing for Results in Aid for Trade.

## Discussion

### Strengthening M&E for inclusive Aid for Trade

*Inclusive development analysis needs to be better integrated into Aid for Trade program design if we are to strengthen the measurement of the direct contribution of Aid for Trade towards sustainable development and poverty reduction.*

This means more robust M&E, including program logics and realistic results chains, together with the use of quantitative indicators, stakeholder engagement and disaggregated data baselines, collection and analysis.

**The underlying approach to M&E for inclusive Aid for Trade program design is based on the assumption that there will be different needs amongst various stakeholder groups (see Box 2).**

This involves undertaking disaggregated diagnostic analysis which includes identifying specific groups and developing a detailed understanding of the constraints, opportunities and risks involved.<sup>48</sup> There is a growing body of evidence on the different barriers faced by different groups of marginalised traders in relation to access to information, border-related safety, harassment and discrimination, longer transaction time and higher related financial costs

#### Box 2: Summary of the approach underpinning inclusive Aid for Trade program design

- Diagnostic analysis based on disaggregated data (to support baselines);
- Stakeholder engagement/participation on solutions and engaging with relevant government institutions to establish regular dialogue, and be part of policy process (including capacity building);
- Inclusive solutions, drawing on expertise and buy-in;
- Disaggregated indicators integrated into program M&E.

<sup>48</sup> Kate Higgins and Liz Turner, 2010, *Trade, Growth and Poverty: making Aid for Trade work for inclusive growth and poverty reduction*.

As a part of the analysis, key questions to inform the approach in Box 2 from an inclusive development perspective may include:

#### Who and what

- Who would be the users, including potential users, of the proposed program/project? What is the nature and type of activity in which they are involved? How do they engage in trade activity? What are their specific constraints and needs? What other factors affect their mobility? Does access to available information/service/infrastructure address different gender, ethnicity, location, forms and types of trade?

#### How

- Is there an existing mechanism to make specific needs known? Are specific needs represented and if so, by whom? Do groups have the capacity to advocate their needs? Are these needs recognised by government agencies? And if so, how? What are the barriers to effective response?

#### Other considerations

- What are any specific risks, if any and how can they be mitigated? What other complementary measures would be needed to maximise the impact?

This information can be used to inform the program cycle, covering identification, inception, implementation and M&E, including the selection of indicators.

For example, trade facilitation is one area where the application of specific indicators is emerging from gender and SME perspectives, in addition to measuring overall trade performance outcomes. On compliance, indicators can include the cost of complying with requirements; number of hours/days to clear goods; and the number of procedures/documents required by border agency, disaggregated by specific group. On accessibility, indicators can include quality of information, level of awareness and understanding of procedures; numbers of users with access to online documentation, and number of documents processed online, disaggregated by specific group; together with border agency business hours, gender ratio of staff and level of staff training/awareness. On policy measures, indicators can include number of representative groups engaged in policy dialogue and capacity to advocate; and the number of policy measures/procedures which address constraints and costs, disaggregated by group.

## Case study:

### Integrating inclusive development in the implementation of PACER Plus

*PACER Plus is a regional trade and development agreement between Australia, New Zealand, Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu, covering goods, services and investment.*<sup>49</sup>

The overall objective of the agreement is to support economic growth through regional economic integration and a supportive business-enabling environment.

Australia has been working closely with UNCTAD to design and monitor the progress of training and capacity building for the implementation of the PACER Plus transparency commitments which relate to the establishment of national enquiry points, notification and the publication of trade-related regulations, processes and procedures.

Implementation of these commitments will help increase transparency through enhanced predictability and certainty, reduced red tape and trade costs, and facilitated trade and investment.

To ensure effective implementation from an inclusive development perspective, UNCTAD's approach in training, outputs and M&E is informed by gender considerations and the needs of SMEs in particular. This means undertaking detailed diagnostics of target groups, inclusive stakeholder engagement and capacity building, and design of tools which will maximise the benefits of trade for these groups.

<sup>49</sup> UNCTAD, 2019, *International Trade, Transparency and Gender Equality: the case of PACER Plus*.

**UNCTAD found that traders in general face significant barriers in relation to border compliance and documentation, with significant time and costs implications in the PACER Plus Pacific Island countries.**

Based on targeted stakeholder consultations and survey work, UNCTAD identified specific challenges and constraints for women traders including:

1. Lack of information on how to trade
2. Costs related to complying with foreign market requirements
3. Limited capacity to reach more profitable markets
4. Limited capacity to fulfil standards and quality requirements in destination markets
5. Transport costs
6. Costs related to the fulfilment of customs and documentary requirements.

UNCTAD's analysis, undertaken by its Gender and Trade Unit, found that access to relevant information by women traders in particular was a significant barrier and that they would benefit from implementation of the PACER Plus transparency commitments which specifically relate to export products of interest including liquid soaps, virgin oil, vanilla, cocoa nibs, and some handicrafts. This type of analysis is informing UNCTAD's other work areas (e.g. trade facilitation, non-tariff measures and trade portals) involved in the PACER Plus training in relation to access to information, the type of information provided, and how it will be provided (e.g. trade portals), together with relevant sensitisation of enquiry points. This work will also help to inform development of specific indicators for the M&E framework of the PACER Plus five-year development cooperation work program.

The above Case study also reflects the importance of working partnerships between donors, partner governments and multilateral agencies, to ensure that relevant expertise is built up and applied in the context of integrating inclusive aspects into regional/multi-country/multi-donor Aid for Trade programs, and that sufficient and sustained country capacity is also built.

Another example is a DFAT-funded multi-donor trade facilitation program (Trade Facilitation Support Program) through the World Bank, where the Bank's expertise on gender and trade is being used to inform its support to developing countries to implement the WTO Trade Facilitation Agreement. This support aims to ensure trade facilitation reforms which cover access to information, consultative mechanisms, appeal procedures, and automated procedures, specifically address gender specific constraints in target developing countries.



Disaggregated data, analysis and consultation with a range of stakeholders are critical ingredients for evaluating the inclusiveness and effectiveness of Aid for Trade programs © 2013 Connor Ashleigh/AusAID

**A forward agenda on M&E for inclusive Aid for Trade**

**Effective inclusive Aid for Trade design requires engagement of all stakeholders in various forms.**

- Within developing countries, mainstreaming of trade into national development plans provides a good basis for discussing and addressing priority-inclusive development aspects, and requesting and coordinating Aid for Trade accordingly.
- Program design should be based on partner country ownership and shaped by dialogue amongst donor-developing country-partner agency (where relevant), and M&E should be done cooperatively where possible and involve capacity-building.

- Donors should regularly engage with civil society and private sector and work with international agencies to better understand and measure inclusive development aspects in Aid for Trade program design.
- Donors need to bring together aid, trade, economic, private sector development, social inclusion/poverty, gender and M&E experts for inclusive Aid for Trade program design.

The Global Aid for Trade review process can continue to play an important role in raising awareness of the importance of strengthening M&E for effective inclusive Aid for Trade. This means consistently including questions on M&E in the self-assessment questionnaires as a basis for ongoing assessment in the bi-annual Aid for Trade at a Glance publication; having a format for the case stories which consistently capture both qualitative and quantitative aspects in the context of

inclusive development dimensions; and including M&E as a standing discussion item in the global review program from a thematic perspective.

**Other actions to support this area of work could include:**

- An online knowledge platform which serves as an accessible way to share and exchange information and knowledge products on Aid for Trade program design, including M&E
- More work by academia, NGOs and think tanks on formulating effective inclusive Aid for Trade approaches and possible indicators for each Aid for Trade category to help facilitate country/sector/category comparisons
- International agencies and NGOs developing and providing dedicated inclusive Aid for Trade M&E training modules.



Stakeholders from across sectors should be engaged to share insights and lessons learned to ensure that no-one is left behind from Aid for Trade initiatives © 2019 David Hill/World Vision

## Conclusion

*In addition to improving trade performance the [Aid for Trade] Initiative should aim more explicitly at positive social, economic and environmental impacts.*<sup>50</sup>

The role of Aid for Trade in contributing towards the SDGs makes a strong case for Aid for Trade programs which support improved trade performance that also demonstrates inclusive development outcomes, so as to directly extend and maximise the benefits of trade, particularly to marginalised groups.

There are many examples, studies and evaluations, including the Global Aid for Trade Review process itself, which have been able to showcase good results of Aid for Trade at macro and micro levels. However, there is growing recognition that there is a need to strengthen the link between trade performance/expansion and inclusive development aspects in the design of Aid for Trade programs, rather than to assume it.

Due to the complex nature of Aid for Trade, there are challenges with program design, including M&E. There are positive indications of both the recognition of the need for, and shift towards, more robust Aid for Trade M&E, including the integration of inclusive development dimensions.

There are ways to better integrate inclusive aspects in Aid for Trade program design, and work needs to continue in developing

suitable toolkits, methodologies and indicators. Importantly, the integration of inclusive development must be done from the outset of program design, and be informed by a disaggregated approach to data and analysis, underpinned by inclusive stakeholder consultations, and based on identification of differentiated needs, in terms of specific constraints, opportunities and possible risks.

Efforts to integrate inclusive development in Aid for Trade programming must be owned and grounded in developing countries' priorities and systems, and be a joint effort by donors, developing countries, international agencies, NGOs, academia and the private sector. These efforts must be reinforced by ongoing research and review, awareness raising, capacity building and training and knowledge sharing which promote access to and take up of tools, methodologies, good practices and lessons learnt.

The Aid for Trade M&E agenda remains an important area of work which requires ongoing consistent attention and support by the global Aid for Trade community, so as to fully catalyse the powerful role of trade in making an effective contribution towards achievement of the SDGs.

# Conclusion

Peter Draper – University of Adelaide

*The contributions to this volume make clear the potential of trade to connect marginal groups in society to international markets, offering pathways out of poverty.*

**Existing literature and studies highlight the significant obstacles to developing countries' ability to trade.**

Those marginal groups often need external assistance to provide them with both access to markets and the know-how to access them. Aid for Trade has a role to play in this.

In doing so, it is important to distinguish between broader development aid interventions, and Aid for Trade interventions. Development aid, broadly conceived, has promotion of inclusion as a core goal. Aid for Trade has evolved to focus primarily on four categories of targeted interventions:

- Technical assistance for trade policy and regulations, with focus on trade policy and administrative management, trade facilitation, regional trade agreements, multilateral trade negotiations, and trade education/training
- Trade-related and economic infrastructure; for example, building roads, ports and telecommunications networks to connect domestic markets to the global economy
- Productive capacity building (including trade development); for example support for the private sector to exploit its comparative advantages and diversify its exports.

None of this is incompatible with an inclusivity agenda, although that is not the direct focus. However, while there is significant convergence of thinking on the categorisation of, approaches to, and management of Aid for Trade, the global environment that frames it is shifting along both technological (the so-called 'Fourth Industrial Revolution') and geopolitical (the so-called 'Trade wars') axes. Both reinforce the need to buttress the global trading system and the institutions, notably the WTO, that frame the rules-based system. These challenges, and the need for donors to respond to them, will make it more challenging to retain inclusivity as a goal in its own right. Therefore, the inclusivity agenda may need to be elevated within traditional development assistance.

Furthermore, existing literature and studies highlight the significant obstacles to developing countries' ability to trade, and the importance of donor assistance to facilitate regulatory reforms as well as facilitate engagement with the international economy. While Aid for Trade investments have increased globally to support developing countries' access global markets through improved trade capacity, causal links between Aid for Trade interventions and poverty reduction are difficult to measure, presenting significant challenges for donors who find themselves under increasing

pressure to justify aid expenditure.

Despite significant challenges in evaluating explicitly the impact of any specific Aid for Trade intervention, there is robust evidence of the effectiveness of Aid for Trade in strengthening the trade capacity of recipient countries. The program supports developing countries' efforts to better integrate into and benefit from the global rules-based trading system, implement domestic reforms, and make a real economic impact on the lives of their citizens.

This is also true in the case of the Sustainable Development Goals which Aid for Trade interventions increasingly seek to address. International trade is recognised as an important means of implementing the 2030 Agenda, and cuts across many goals such as economic empowerment of women, food security, enhanced equality and poverty alleviation. Trade is directly related to 11 targets under nine of the SDGs, and indirectly relates to a further 32 targets under 14 of the SDGs.<sup>51</sup> These goals squarely coincide with the inclusivity emphasis addressed in this report.

Overall, therefore, Aid for Trade exists in a dynamic environment in which global challenges are on the rise and the trading system is increasingly in question, partly owing to a myriad of inclusivity challenges in developed, as well as developing, countries. Any ODA program has its painful trade-offs, and Aid for Trade is no exception. Choices will have to be made between buttressing developing countries' trade policies and capacity frameworks, and supporting marginal groups in societies where traditional development assistance has an important role to play.

50. Lammersen, F. and M. Roberts (2015), 'Aid for trade 10 years on: Keeping it effective', OECD Development Policy Papers, No. 1, OECD Publishing, Paris.

51. The EIF and the Sustainable Development Goals, <https://www.enhancedif.org/en/topics/elf-and-sustainable-development-goals>.

# Author biographies



## Dr Ratnakar Adhikari

*Executive Director, Enhanced Integrated Framework, World Trade Organization*

Ratnakar has been serving the Executive Secretariat for the Enhanced Integrated Framework at the World Trade Organization as its Executive Director since October 2013. Previously, he was the Chief Executive Director of South Asia Watch on Trade, Economics and Environment, a Kathmandu-based regional think-tank. Ratnakar has conducted extensive research in the areas of international trade, regional economic integration, Aid for Trade, competition policy and intellectual property rights, particularly from the perspective of the Least Developed Countries.



## Claire Rogers

*CEO, World Vision Australia*

Claire is CEO of World Vision Australia, the country's largest not-for-profit organisation, working in partnership across 90 countries to provide short and long term assistance to 100 million people. Claire is a social innovator who is passionate about women's empowerment and inclusive development. She has been a driving force behind change initiatives, helping organisations adapt to the tech-disrupted economy and aligning physical and digital execution to maximise opportunities. In her previous role as head of ANZ Australia's digital banking, Claire spearheaded the bank's digital channels transformation.



## Andy Hunter

*Principal Advisor (Market Systems Development), World Vision Australia*

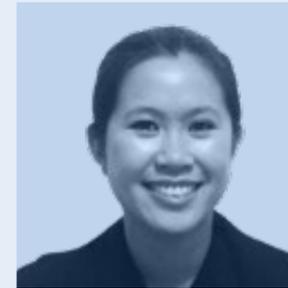
Andy heads the World Vision's Market Systems Development cluster; a team of dedicated specialists providing technical support to the programming portfolio. The portfolio includes Market Systems programming across the Asia-Pacific, East Africa and the Middle East, designing and supporting market-led interventions that engage the private sector. Grants under management span programming approaches including Gender Sensitive Market Systems Development (including M4P), Local Value Chain Development and selected push methodologies aimed at building the productive capacity of farmers and small businesses in partnership with the private sector.



## Julie Delforce

*Senior Sector Specialist, Department of Foreign Affairs and Trade*

Julie is a senior specialist in Agricultural Development and Food Security in Australia's Department of Foreign Affairs and Trade. This role involves supporting the Department's country and regional programs to strengthen the quality of agricultural development initiatives. Julie has worked on the Australian aid program since 1998.



## Ellie Wong

*Senior Advisor (Women's Economic Empowerment), World Vision Australia*

Ellie leads World Vision's Women's Economic Empowerment portfolio across inclusive market systems development and financial inclusion programs. She is responsible for the portfolio strategy and technical approaches for women's economic empowerment, working with project teams to practically apply a gender lens across the program cycle to achieve positive outcomes for women, men and communities. Before joining World Vision in 2015, Ellie worked for the United Nations Migration Agency in China where she managed the International Office of Migration's counter-trafficking program.



## Jim Redden

*Senior Lecturer and Visiting Fellow, Institute for International Trade, University of Adelaide*

Jim has served on the Australian Trade Minister's Advisory Committee to the World Trade Organization and has been part of the Australian Government's official delegation to a number of WTO Ministerial meetings and Global Aid for Trade reviews. He continues to advise the Australian Government on international trade and inclusive economic issues of concern to developing countries, in particular on Aid for Trade and gender issues.



## Christina Parasyn

*Senior Disability Inclusion Advisor, CBM Australia*

Christina has worked in international development and disability for two decades. She works in partnership with people with disabilities and other stakeholders to ensure that people with disabilities can access the same rights and opportunities as others, in line with the Convention on the Rights of Persons with Disabilities. Christina was a member of the team that led the development of Australia's first disability-inclusive development strategy, Development for All: Towards a disability inclusive Australian aid program 2009-2014.



## Kylie Mines

*CEO, Motivation Australia*

Kylie is the founder and CEO of Motivation Australia. Originally qualified as an Occupational Therapist, throughout her career she has been engaged in disability and international development. Kylie has a rights-based and equity-focused approach to development and is passionate about the creation of equitable, practical solutions for increasing access to inclusive health, rehabilitation and assistive technology as a fundamental facilitator for inclusion and participation.

# Author biographies



## Ipul Powaseu

*PhD Student, Deakin University*

Ipul has almost 25 years of experience in agricultural and socio-economic research in Papua New Guinea (PNG). She headed the PNG Assembly of Disabled Persons (the national disabled people's organisation) for nine years, recently handing over the baton to emerging leaders. She has been instrumental in advocating for ratification of the Convention on the Rights of Persons with Disability, in developing a structure for disabled people's organisations in 20 PNG provinces, and in advocating for a Disability Bill due for presentation to the PNG National Executive Council soon. She sits on the Pacific Disability Forum (PDF) Board, after a stint as the PDF Co-Chair Female.



## Dwi Ariyani

*Indonesia Program Officer, Disability Rights Fund and the Disability Rights Advocacy Fund*

Dwi has worked for over a decade on disability rights and movement building in Indonesia, focusing on capacity building, economic empowerment and emergency response. She has field experience conducting field surveys, focus groups, and assessments to support evidence-based research, and she works with grassroots and national disabled persons organisations to promote the rights of persons with disabilities and to advocate for better laws. In 2017, Dwi won a landmark case against an airline who refused to fly her because she was a wheelchair user travelling alone. Dwi is a BRIDGE CRPD–SDGs Trainer and recently co-organised the first convening of the women's and disability movements in Indonesia.



## Kieran Power

*Assistant Director, International Policy and Cooperation, Intellectual Property (IP) Australia*

Kieran is an Assistant Director in the International Policy and Cooperation Section at IP Australia. He has been with IP Australia since 2007 and has been working in the international area for the last eight years. One of Kieran's current responsibilities is the oversight of the World Intellectual Property Organization–Australia Funds-in-Trust program, an aid for inclusive trade initiative funded by the Department of Foreign Affairs and Trade.



## Shunta Yamaguchi

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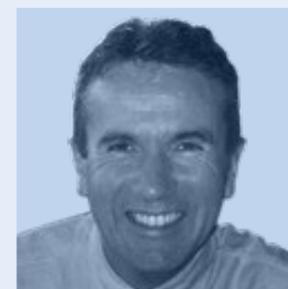
Shunta is a policy analyst in the OECD's Environment and Economy Integration Division. Since 2017, he has also been a member of the Trade and Competitiveness Research Committee for the Green Growth Knowledge Platform. Previously, he worked on resource productivity and waste management projects as well as environmental accounts at the Statistics Directorate. Prior to joining the OECD, he worked with the Japan International Cooperation Agency on energy and environmental projects across Asia, Middle East and Africa.



## Dr Monique Retamal

*Research Principal, Institute for Sustainable Futures, University of Technology Sydney*

Monique is a Research Principal at the Institute for Sustainable Futures at the University of Technology Sydney, specialising in sustainable consumption and production and the circular economy. Monique has recently undertaken three research projects to support the development of circular economy policy and initiatives for the New South Wales and Queensland governments. Her PhD investigated business models for sustainable consumption in Southeast Asia, focusing on the sustainability of product-service systems and potential policy interventions.



## Jack Whelan

*Secretariat Manager, Pacific Region Infrastructure Facility*

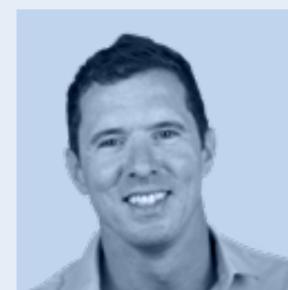
Jack has worked in the Pacific Region Infrastructure Facility (PRIF) Coordination Office since 2013, based within the Asian Development Bank's Pacific regional office in Sydney. Jack leads the governance, donor coordination, technical working groups, research and communication processes that enable PRIF development partners to connect, collaborate and coordinate planning, financing, management and monitoring of infrastructure in the Pacific islands region.



## Professor Assa Doron

*School of Culture, History and Language, Australian National University*

Assa's main areas of interest include urban anthropology, development studies, the environment, and media and technology. Much of his fieldwork was carried out in Varanasi, India, where he focused on the ritual economy of the river and questions of caste and identity politics. Assa Doron most recently collaborated with Robin Jeffrey on the book *Waste of a Nation: Garbage and Growth in India*, which was widely covered in media outlets. Assa Doron was also the Founding Director of the South Asia Research Institute at the Australian National University until 2017.



## Michael Priddis

*CEO, Faethm*

Michael is the CEO and founder of Faethm, an AI platform that is the world's data source for the Future of Work. Faethm was one of the first companies to be invited to join the World Economic Forum's Centre for the Fourth Industrial Revolution, and Michael is a member of the Forum's Global AI Council. Before founding Faethm, Michael was a Partner at the Boston Consulting Group (BCG) and Managing Director, Asia, of BCG's technology innovation practice, Digital Ventures.

# Author biographies



## **Agnès Hugot**

*Co-Founder, Fast Track Trade*

Agnès is a fintech entrepreneur. She has more than 20 years of experience in international finance, start up and corporate development. She has been based in Singapore since 2015, where she launched the development of 'Fast Track Trade', a 'wechat like' digital trade platform dedicated to supporting small and medium-sized enterprises to engage in domestic and international commerce. This is the first platform processed by Distributed Ledger Technology ([discover.fasttracktrade.co](https://discover.fasttracktrade.co)).



## **Sabrina Varma**

*Aid for Trade/Economic Advisor, Department of Foreign Affairs and Trade*

Sabrina is a Trade and Development Specialist, having worked on trade and development issues for over 20 years at national and global levels. Through her previous experience with the World Trade Organization, Sabrina was involved in establishing the global Aid for Trade initiative, together with development of its monitoring and evaluation aspects. Sabrina was also involved in the development of Australia's first Aid for Trade strategy and led the design of several Australian Aid for Trade programs in the Pacific and South Asia.



## **Professor Peter Draper**

*Executive Director at the Institute for International Trade, University of Adelaide*

Peter leads the Institute for International Trade at the University of Adelaide, Australia. He is also a member of the Board of Trustees of the International Chamber of Commerce's Research Foundation, non-resident senior fellow of the Brussels-based European Centre for International Political Economy, and Associated Researcher at the German Development Institute. He is also a Director of Tutwa Consulting Group and former member and co-chair of the World Economic Forum's Global Future Council on the Global Trade and FDI system.

Since 2005, over US\$400 billion has been disbursed to build the capacity to trade of the developing world, with one quarter of it going to the poorest countries facing the most challenging contexts.

