



TRADE FACILITATION IN THE WORLD BANK

“... we are ramping up to be able to help any country that requests financing or policy advice for trade logistics. “

-Shengman Zhang

World Bank Managing Director for Operations at the Cancun WTO meetings

TRADE FACILITATION IS AN IMPERATIVE FOR DEVELOPMENT

Trade Facilitation plays an important role in development as it enhances countries' competitiveness, allowing them to trade goods and services on time and with low transaction costs. This puts them in a greater position to avail of the opportunities offered by trade reform and trade liberalization. Many developing countries may not be able to take advantage of those opportunities unless they can make investments to develop their trading capacities such as in ports and roads improvements, improved efficiency in customs administration and the like.

The Bank has been actively supporting Trade Facilitation in the past. In light of client countries' demand and the focus on Trade Facilitation in the Doha Trade Development agenda, the Bank has considerably stepped up its analytical and lending activities to promote trade integration.

Given its development focus, the World Bank has developed a cross-cutting approach to Trade Facilitation in order to effectively address the bottlenecks and

inefficiencies of developing countries' supply chains. The main areas of focus include:

- Infrastructure investment
- Customs modernization and border-crossing environment
- Streamlining of documentary requirements and information flows
- Automation and EDI
- Ports efficiency
- Logistics and transport services: regulation and competitiveness
- Transit and multimode transport
- Transport security

A VERY COMPREHENSIVE RANGE OF INTERVENTIONS

The Bank supports its constituencies' efforts of Trade Facilitation reforms through worldwide initiatives, and by helping to mainstream Trade Facilitation at the country or regional levels.

Supporting Constituencies

In order to build constituencies for Trade Facilitation, the Bank is working closely with other organizations such as the IMF,

WTO, UNCTAD, WCO, and UNECE to disseminate knowledge and help policy makers and stakeholders from developing countries to better understand the stakes and the roadmap to trade facilitating reforms. This program includes:

- Bank contribution to workshops and seminars on facilitation.
- Operational support to the Global Facilitation Partnership for Transport and Trade (GFP) which has established itself as the worldwide forum for

facilitation with both private and public participation.

- Organization of Trade Facilitation trainings with the participation of the World Bank Institute.
- Creation and dissemination of knowledge for a worldwide audience. It can take the form of economic research or the preparation of toolkits designed for practitioners, such as the recently published Customs Modernization Handbook.

GLOBAL FACILITATION PARTNERSHIP FOR TRANSPORTATION AND TRADE (GFP)

The Global Facilitation Partnership for Transportation and Trade (GFP) was established in 1999 and is a network of 150 members in both developed and developing countries. The partnership includes international organizations, trade associations and the private sector. The core institutional partners include: the World Bank, UNCTAD, the IRU, the WCO, UNIDO, TIACA and the UNECE. The GFP aims to explore all aspects of Trade Facilitation from customs procedures to transport infrastructure to cross border operations with a view to cutting red tape, streamlining procedures and reducing costs while at the same time increasing the level of confidence in the security of the international trade supply chain. Partners are working together to design and undertake specific programs, create knowledge, support training (including a distance learning initiative). See www.gfptt.org

Mainstreaming Trade Facilitation in Bank Operations

The Bank is supporting client countries with both analytical and lending instruments:

The Bank is lending to projects involving one or several of the areas of trade and transport facilitation. Depending on the context, it can be an investment or an adjustment loan. For instance, over the last twenty years the Bank financed 120 projects just for the customs modernization component of Trade Facilitation.

Lending for Trade Facilitation is one of the fastest growing themes in development finance.

The Bank has also stepped up its analytical work, diagnosis and studies, in response to the demand by the client countries willing to better cope with the various issues in Trade Facilitation. It is also stimulating the potential of implementation projects, in line with the trend in lending. Since 2003, the Bank has developed a fast growing program of Trade and Transport Facilitation Audits (TTFAs). TTFAs are carried out as part of wider analytical work (on trade or investment climate) or as part of project preparation.

PROJECTS WITH TRADE FACILITATION COMPONENTS

Regions	Approved Projects FY96-03			Approved and Projected FY04-06		
	Projects	Countries	Trade Facilitation Commitment	Projects	Countries	Trade Facilitation Commitment
			(US\$ million)			(US\$ million)
Sub-Saharan Africa*	13	22	68	33	33	633
Middle East & North Africa	2	2	8	9	5	331
South Asia	2	2	158	10	8	358
East Asia and Pacific	1	1	14	12	7	331
Eastern Europe and Central Asia	5	4	46	5	3	187
Latin America and Caribbean	3	3	11	6	4	79
TOTAL	26	34	305	75	60	1918

* includes regional projects

Recent Achievements

During Fiscal Year 2004 (July 2003-June 2004), the Bank supported a number of key outputs:

- The preparation and publication of the **Customs Modernization Handbook**.
- The preparation of a series of **modular toolkits** designed for policy makers and projects task managers: transit and multimodal transport, transport security, customs, and ports.
- Expansion of activities and membership of **the Global Facilitation Partnership**, the creation of a new website and the initiation of distance learning activities.
- The preparation of **Trade Facilitation Seminars** for the Middle East and North Africa Region (Cairo, April 2004); the Geneva community (Geneva, May 2004 jointly with UNCTAD); South Asia (Dhaka, June 2004) and East Asia (Shanghai, Nov 2004) jointly with the EU.
- The Bank has initiated a program on Trade Logistics Performance Indicators.
- Two Trade Notes – “Trade Facilitation: New Issues in a Development Context”, and “Trade Facilitation: Ways WTO Disciplines Could Promote Development.”

TRADE AND TRANSPORT FACILITATION AUDITS (TTFA)

The facilitation audit establishes a diagnosis, as comprehensive as possible, of procedural or operational constraints to external trade and international transportation services. The three main areas of focus are: a) procedures and regulatory requirements for international trade transactions (e.g. customs), b) efficiency and market structure of transport services and infrastructures, c) measurement of costs and delays. This analysis is carried out through a series of interviews of private sector operators and public agencies, according to the methodology published by the World Bank in *Trade and Transport Facilitation: a Toolkit for Audit, Analysis and Remedial Action, World Bank 2001*. It results in a comprehensive analysis of the present situation and a remedial action plan, which would break ground for future trade or transport facilitating projects.

CUSTOMS MODERNIZATION HANDBOOK (CMH)

The CMH was prepared by the International Trade Department of the World Bank in 2004. It provides guidance to organizations and individuals that are involved in the preparation and implementation of customs modernization projects. It is designed as a practical toolkit, which will contribute to the development and implementation of more effective customs reform and modernization initiatives in the future. The handbook draws on the lessons learned from past successes and failures of projects undertaken by the Bank and other relevant organizations. It is the result of a cooperative initiative, as experts from various background and organizations, notably the WCO, contributed their expertise and experience to the preparation of the handbook. The final version was published in January 2005.

- The World Bank is also responding to an increasing demand for more analytical work and project lending related to Trade Facilitation. The **Trade and Transport Facilitation Audit** program intervened in many countries including LDCs in sub-Saharan Africa: Malawi, Chad, Benin, Zambia, Guinea, Mozambique, Rwanda, Tanzania, as well as in Bangladesh, the Dominican Republic, and Tajikistan.
- **Engagement in new projects** has been growing rapidly: 16 new projects with Trade Facilitation components for a total commitment of more than US\$560 million were approved during the fiscal year 04. This more than doubles the number of projects and commitments from the previous year.

FUTURE DEVELOPMENTS

Demand by client countries is anticipated to keep growing whether for analytical work (Trade and Transport Facilitations Audits) or lending operations. It is expected that in 2005 Trade Facilitation operations will extend to more than 50 countries. This effort will be complemented by further contributions to the global agenda:

- Step up dissemination and training program
- Extension of GFP activities
- Extension of the modular toolkits
- Studies on cost of compliance to security regulations
- Collection of quantitative data and availability of a set of indicators

A NETWORK OF EXPERTS

Currently, the Trade Facilitation agenda is well mainstreamed in Bank operations and is widely taken into account by Country Economist or Project task managers working in Bank regional Vice-Presidencies. A dedicated trade logistics group within the Bank is driving this effort. It can provide sharp expertise to clients thanks to its diverse team of economists, transport engineers, and customs specialists. The group can also tap other resources within the Bank or among the Bank's network of partners.

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TRADE FACILITATION PROJECTS BY REGION

Africa Region Projects in Implementation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Africa	Regional Trade Facilitation Project								X	
Africa	3A-HIV/AIDS Abidjan Lagos Trnspt (FY04)		X							X
Africa	Regional Trade Facilitation Project Supplemental								X	
Burundi	Regional Trade Facilitation Project								X	
Cameroon	Douala Infrastructure Project				X		X			X
Cape Verde	Growth and Competitiveness Project	X		X	X				X	
Cape Verde	Road Sector Support						X			
Ethiopia	Public Sector Capacity Building Project	X								
Ethiopia	ET-ICT Assisted Development SIM (FY05)								X	
Gambia, The	Gateway Project	X		X	X				X	
Ghana	Trade Gateway and Investment	X		X	X	X			X	
Guinea	National Rural Infrastructure			X	X		X			X
Kenya	Regional Trade Facilitation Project - Kenya								X	
Kenya	Northern Corridor Transport Project		X	X	X		X	X		X
Madagascar	Governance and Institutional Development	X							X	
Madagascar	Transport Infrastructure Investment Project			X	X		X			X
Malawi	Regional Trade Facilitation Project - Malawi								X	
Mali	Transport Corridors Improvement Project		X	X		X	X	X		X
Mali	Growth Support Project								X	
Mozambique	Beira Railway Project					X				X
Niger	Agro Pastoral Export Promotion								X	
Rwanda	Regional Trade Facilitation Project - Rwanda								X	
Senegal	Second Transport Project			X	X	X	X			X
Senegal	Private Investment Promotion Project	X		X					X	
Tanzania	Tax Administration Project	X							X	
Tanzania	Regional Trade Facilitation Project - Tanzania								X	
Tanzania	Central Transport Corridor Project		X		X	X	X			X
Uganda	Regional Trade Facilitation - Uganda								X	
Uganda	Second Private Sector Competitiveness Project						X		X	X
Zambia	Regional Trade Facilitation Project - Zambia								X	

Africa Region – Projects in Preparation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Africa	Regional Trade Facilitation Project II								X	
Africa	EAC - Transport Facilitation	X	X		X	X	X		X	X
Africa	CEMAC-Transport-Trade Facilitation	X	X		X		X			X
Africa	West Africa Road Transport	X	X		X			X		X
Africa	West and Central Africa Air Transport			X					X	X
Africa	West Africa Agricultural Productivity Program								X	
Africa	Regional Telecommunications Infrastructure Project								X	
Burkina Faso	Agropastoral Product Diversification								X	
Congo, Democratic Republic of	Support to CFCO Rail Concession					X				X
Equatorial Guinea	Transport Infrastructure and Capacity Building								X	X
Ghana	e-Ghana SIL								X	
Ghana	Regional Trade SIL (FY06)									
Mali	Agricultural Competitiveness and Diversification								X	
Mauritania	Transport Sector Project			X	X		X			
Nigeria	Third National Fadama Development Program									
Rwanda	Transport Sector Development Project						X			X
Senegal	Markets and Agribusiness Development								X	
Sierra Leone	Regional Trade SIL (FY06)									

East Asia and Pacific Region - Projects in Implementation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Cambodia	Trade Facilitation and Competitiveness	X							X	
China	Inner Mongolia Highway and Trade Corridor						X			X
China	Inner Mongolia Highway Project						X			X
China	Hubei Shiman Highway						X			X
Indonesia	Government Financial Management and Revenue Administration	X							X	
Thailand	Highways Management		X				X			X
Vietnam	Fourth Poverty Reduction Support Credit								X	

East Asia and Pacific Region - Projects in Preparation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
China	Fujian Hwy Sector Investment (3rd Hwy)						X			
Vietnam	Mekong Transport Infrastructure Development									X
Vietnam	Customs Modernization	X								
Vietnam	Northern Delta Transport Development									X

Eastern Europe and Central Asia Region - Projects in Implementation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Armenia	Foreign Investment and Export Facilitation								X	
Bosnia-Herzegovina	Trade and Transport Facilitation in SE Europe	X	X						X	X
Bulgaria	Trade and Transport Facilitation in SE Europe	X	X						X	X
Macedonia, former Yugoslav Republic of	Trade and Transport Facilitation in SE Europe	X	X						X	X
Moldova	Trade and Transport Facilitation in SE Europe	X	X						X	X
Romania	Transport Restructuring					X	X			X
Russian Federation	Sustainable Forestry Pilot Project								X	
Russian Federation	Customs Development	X							X	
Serbia and Montenegro	Trade and Transport Facilitation in SE Europe	X	X						X	X
Serbia and Montenegro	Transport Rehabilitation						X			
Turkey	Railways Restructuring Project									

Eastern Europe and Central Asia Region – Projects in Preparation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Azerbaijan	Trade and Transport Facilitation	X	X					X	X	X
Azerbaijan	Highway 2						X			
Bulgaria	Transport and Trade Facilitation in Southeast Europe						X			
Croatia	Agricultural Acquis Cohesion Project								X	
Kyrgyz Republic	Business Development Enhancement								X	
Macedonia, former Yugoslav Republic of	Trade and Transport Facilitation in SE Europe II	X	X		X	X	X		X	X
Romania	Transport SWAP (APL #1)						X			

Latin America and Caribbean Region – Projects in Implementation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Bolivia	Abapo-Camiri Highway						X			
Brazil	Sustainable and Equitable Growth Technical Assistance	X			X		X		X	
Colombia	Public Finance Management	X							X	
Ecuador	Institutional Reform	X							X	
Grenada	Grenada Emergency Recovery Project			X	X			X		
Guatemala	Tax Administration Technical Assistance Loan	X							X	
Honduras	Trade Facilitation and Productivity Enhancement			X	X	X	X		X	
Nicaragua	Third Road Rehabilitation and Maintenance Project						X			
Panama	Public Policy Reform Technical Assistance								X	
Peru	PE Trade Facil. And Prod. Improv. T. A.	X			X		X		X	X
St. Kitts	St. Kitts and Nevis Emergency Recovery Project			X	X			X		
St. Lucia	St. Lucia Emergency Recovery Project			X	X			X		
St. Vincent and the Grenadines	St Vincent Emergency Recovery Project			X	X			X		
Uruguay	Transport Infrastructure Maintenance and Rural Access		X				X			X

Latin America and Caribbean Region – Projects in Preparation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Brazil	Federal Highways Project									X
Brazil	Bahia State Highway Management						X			
Colombia	Buenaventura Export Corridor Development Project								X	X
Colombia	Business Productivity and Efficiency								X	
Colombia	Business Product and Efficiency II								X	
Dominican Republic	Second Roads Project									X
Paraguay	Road Maintenance						X			X
Peru	Regional Transport Decentralization									X
Peru	Programmatic Reform Growth III								X	
Uruguay	Infrastructure									X

Middle East and North Africa Region – Projects in Implementation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Egypt, Arab Republic of	Airports Development Project			X						X
Jordan	Horticultural Exports Promotion and Technology Transfer								X	
Jordan	Jo-Amman Development Corridor		X		X		X			X
Tunisia	Transport Sector	X			X	X			X	X
Tunisia	Export Development II	X							X	

Middle East and North Africa Region - Projects in Preparation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Egypt, Arab Republic of	Ports Sector Development				X					
Iran, Islamic Republic of	Urban/Transport Technical Assistance						X			
Lebanon	Export Development Project								X	

South Asia Region – Projects in Implementation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Afghanistan	Emergency Transport Rehabilitation			X			X			X
Afghanistan	Emergency Customs and Trade Facilitation	X	X							
Afghanistan	Emergency Transport - Supplemental									X
Bangladesh	Economic Management Technical Assistance Program	X								
India	Tamil Nadu Roads Project						X			X
Pakistan	Trade and Transport	X							X	
Pakistan	Tax Administration Reform Project	X								

South Asia Region – Projects in Preparation

Country	Project Title	Customs reform	Transit	Airports	Ports	Rail	Roads	Security	Business environment	Transport infrastructure
Bangladesh	Export Infrastructure I								X	
Nepal	Agricultural Commercialization and Trade								X	