



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	24	29	374
Middle East & North Africa	2	2	8	4	4	236
South Asia	2	2	158	3	3	81
East Asia and Pacific	1	1	14	10	7	241
Eastern Europe and Central Asia	5	4	46	4	4	90
Latin America and Caribbean	3	3	11	4	4	222
TOTAL	26	34	304	49	51	1244

* includes regional projects

Recent Achievements

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 will be released in December 2004.

- 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, 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 2004. 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.

Contact: tradefacilitation@worldbank.org

TRADE FACILITATION PROJECTS by Region and Theme

Country	Project Title	Business Environment	Transport Infrastructure	Customs Reform	Regional Integration
Africa					
Projects in Implementation					
Regional	Regional Trade Facilitation Project	X			X
Regional	HIV/AIDS for Abidjan Lagos Transport		X		
Burundi	Regional Trade Facilitation Project	X			X
Cameroon	Cameroon Douala Infrastructure		X		
Cape Verde	Growth and Competitiveness Project	X			
Ethiopia	Public Sector Capacity Building Program			X	
Gambia	Gateway Project	X			
Ghana	Trade Gateway and Investment Project	X			
Kenya	Regional Trade Facilitation Project	X			X
Kenya	Northern Corridor Transport		X		X
Madagascar	Transport Infrastructure Investment		X		
Malawi	Regional Trade Facilitation Project	X			X
Mali	Transport Corridors Improvement		X		
Mozambique	Beira Corridors Project		X		X
Niger	Agro-pastoral Export Promotion Project	X			
Rwanda	Regional Trade Facilitation Project	X			X
Senegal	Second Transport Sector Project		X		X
Tanzania	Regional Trade Facilitation Project	X			X
Tanzania	Central Transport Corridor Project		X		
Tanzania	Tax Administration Project			X	
Uganda	Private Sector Competitiveness Project	X	X	X	
Uganda	Regional Trade Facilitation Project	X			X
Zambia	Regional Trade Facilitation Project	X			X
Zambia	Support for Economic Expansion and Diversification	X			
Africa					
Projects in Preparation					
Regional	West and Central Africa Air Transport		X		X
Regional	Supplemental Regional Trade Facilitation Project	X			X
Regional	Regional Trade Facilitation Project II	X			X
Regional	EAC Transport Facilitation		X	X	X
Regional	CEMAC-Transport-Trade Facilitation		X		X
Regional	West Africa Road Transport		X		
Regional	Congo-Support to CFCO Railway Concessioning		X		X
Western Africa	Market Integration and Trade Surveillance	X			
Burkina Faso	Agro-pastoral Product Diversification	X			
Ethiopia	ICT Assisted Development Project				
Kenya	Institutional Reform and Capacity Building TA			X	
Mali	Agricultural Competitiveness and Diversification	X			
Mali	Growth Support Project	X			
Mali	Structural Adjustment Credit IV	X			
Nigeria	PSP II (Ports)		X		
Rwanda	Transport Sector Development Project		X		
Senegal	Casamance Emergency Reconstruction Support		X		
Senegal	Private Participation in Infrastructure		X		X

TRADE FACILITATION PROJECTS by Region and Theme

Country	Project Title	Business Environment	Transport Infrastructure	Customs Reform	Regional Integration
East Asia Projects in Implementation					
China	Inner Mongolia Hwy Project		X		
China	Hubei Shiman Highway		X		
Thailand	Highways Management Project		X		
East Asia Projects in Preparation					
Cambodia	Trade Facilitation & Competitiveness	X		X	
China	Renewable Energy Scale-up Program	X			
China	Inner Mongolia Transport & Trade Facilitation		X		
Indonesia	Indonesia Government Financial Management & Revenue Administration	X		X	
Mongolia	Transport & Communications		X		
Vietnam	Mekong Transport Infrastructure Development		X		
Vietnam	Customs Modernization			X	
Vietnam	Poverty Reduction Support Credit IV	X		X	
Europe & Central Asia Projects in Implementation					
Armenia	Foreign Investment and Export Facilitation	X			
Moldova	Trade and Transport Facilitation in SE Europe		X	X	X
Russia	Sustainable Forestry Pilot Project	X			
Russia	Customs Development			X	
Serbia and Montenegro	Trade and Transport Facilitation in SE Europe	X		X	X
Europe & Central Asia Projects in Preparation					
Albania	Third Poverty Reduction Support Credit			X	
Armenia	Poverty Reduction Support Credit			X	
Azerbaijan	Trade and Transport Facilitation in South Caucasus		X		X
Belarus	Post Chernobyl Recovery	X			
Croatia	Agricultural Acquisition Cohesion	X			
Georgia	Trade and Transport Facilitation in South Caucasus		X		X
Kosovo	Energy Sector Technical Assistance	X			X
Kyrgyz Republic	Business Development Enhancement	X			
Russia	Transport		X		

TRADE FACILITATION PROJECTS by Region and Theme

Country	Project Title	Business Environment	Transport Infrastructure	Customs Reform	Regional Integration
Latin America & Caribbean Projects in Implementation					
Brazil	First Programmatic Loan for Sustainable and Equitable Growth	X			
Dominica	Emergency Recovery Project			X*	
Ecuador	Institutional Reform Project	X			
Grenada	Emergency Recovery Project			X*	
Honduras	Enhancing Competitiveness: Trade Facilitation and Productivity Improvement Project	X			
Panama	Public Policy Reform TA Project	X			
Peru	Trade Facilitation and Prod. Improvement	X			
St. Kitt and Nevis	Emergency Recovery Project			X*	
St. Lucia	Emergency Recovery Project			X*	
St. Vincent and the Grenadine	Emergency Recovery Project			X*	
* Includes Security					
Latin America & Caribbean Projects in Preparation					
Brazil	Sustainable and Equitable Growth Technical Assistance Program	X	X	X	
Brazil	Federal Highways		X		
Chile	Deferred Drawdown Option-FPSI Component	X			
Dominican Republic	Roads II		X		
Paraguay	Road Maintenance Project		X		
Peru	Programmatic Reform for Growth II	X			
Uruguay	Transport III		X		
Middle East North-Africa Projects in Implementation					
Djibouti	International Road Corridor Rehabilitation Project		X		
Egypt	Airport Development Project		X		
Jordan	Horticultural Exports Promotion & Technology Transfer	X			
Jordan	Jo-Amman Development Corridor		X		
Tunisia	Export Development II	X		X	
Middle East North-Africa Projects in Preparation					
Lebanon	Export Development	X			
South Asia Projects in Implementation					
Afghanistan	Emergency Transport Rehabilitation		X		
Afghanistan	Emergency Customs and Trade Facilitation			X	
India	Tamil Nadu Road Sector Project		X		
Pakistan	Trade and Transport Facilitation Project (closing Oct 31, 04)		X	X	
South Asia Projects in Preparation					
Afghanistan	Emergency Transport – Supplemental		X	X	
Bangladesh	Export Infrastructure I	X			
Nepal	Agricultural Commercialization and Trade	X			
Pakistan	Tax Administration Reform Project			X	