** **

**STRENGTHENING ARAB ECONOMIC INTEGRATION FOR SUSTAINABLE DEVELOPMENT**

**Final Progress Report**

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| **Implementing Partner:** | United Nations Development Programme (UNDP)  |
| **Project Budget:** | SEK 54,800,000, the equivalent of USD 6,414,496.86, as per the current cost-sharing agreementIn addition, USD 324,161.76 were transferred from the previous Sida-funded projects Aid for Trade Initiative for the Arab States (AfTIAS project number 00085191) and Trade & SDGs (00103146) to AEISD, making the total budget for the reporting period USD 6,738,658.62 |
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**Acronyms**

|  |  |
| --- | --- |
| ACINETACUAEOATUAfc FTAECAECOSOCGOEICGTIAJNSWLASLDCsNSWPAFTARPD SMEsSPSSIATBTUNCTADWCOWTO | Arab Anti-Corruption and Integrity NetworkArab Customs UnionAuthorized Economic OperatorsAgadir Technical UnitAfrican Continental Free Trade Area Egypt Customs Authority Economic and Social Council of the League of Arab StatesGeneral Organization of Imports and Exports Control of EgyptGender Trade Impact Assessment Jordan National Single WindowLeague of Arab StatesLeast Developed CountriesNational Single WindowPan Arab Free Trade AreaRegional Programme DocumentSmall and Medium Enterprises Sanitary and Phyto-sanitarySustainable Impact Assessment Technical Barriers to TradeUnited Nations Conference on Trade and DevelopmentWorld Customs OrganizationWorld Trade Organization |

# Executive Summary

Trade has not yet played its potential role in enhancing sustainable growth and development in the Arab region when compared to other regions in the world. With due consideration to the diversity in size and composition of countries’ economies, the ratio of total trade to GDP ranges from more than 163 percent (130 percent for goods and 33 percent for services) in the United Arab Emirates to around 32 percent (26 percent for merchandise goods and 6 percent for services) in Sudan.[[1]](#footnote-2) It is to be noted that trade in oil accounts for a major proportion of trade openness indicator in the region, with fuel exports making up 45 percent of total merchandise exports compared to a global average of 12 percent[[2]](#footnote-3). All Arab countries are net food importers, with food imports making up 13 percent of total imports, compared to a global average of 8 percent.[[3]](#footnote-4) The potential of trade in services (e.g., in tourism, and transport), has not been tapped in the region, which is also not highly engaged in world value chains.[[4]](#footnote-5)

Most Arab countries are members of several preferential trade agreements, whether among themselves (e.g., Pan Arab Free Trade Area, Agadir, Gulf Cooperation Council, Arab Maghreb Union) or with other groupings (e.g., EU, USA, Canada COMESA, MECOSUR), whereby the implemented provisions are mostly limited to the removal of tariffs.

At the global level, the COVID-19 pandemic determined GDP contraction in 2020, and uncertain recovery thereafter,[[5]](#footnote-6) as well as a 7.5 drop in trades in good in 2020, which rebounded in 2021.[[6]](#footnote-7) The WTO observed large drops in travel services and increases in financial services and computer trade services in 2020 compared to 2019.[[7]](#footnote-8) For the Arab economies, this translated into a trade drop of 22 percent (in value) and of 9.7 percent (in volume) in 2020.[[8]](#footnote-9)

Against this backdrop, the regional project “Strengthening Arab Regional Economic Integration for Sustainable Development” was designed to enhance economic integration among Arab countries towards the establishment of an Arab Customs Union and a common market. The project assisted: a) the LAS Economic Sector/Arab Economic Integration Department to upgrade and promote the implementation of PAFTA-as per the Socio-Economic Affairs Council (ECOSOC) decisions; and b) select Arab countries (Egypt, Iraq, Jordan, Lebanon, Morocco, the State of Palestine, Sudan, and Tunisia) to upgrade their trade legal frameworks and infrastructure.

The project was initially planned to last until 31 December 2019 but was granted two consecutive no-cost extensions until 31 March 2022. At the beginning of 2020, the project was required to readjust its work plan and redesign activities in response to the impact of Covid-19 on working modalities and the realignment of regional and national priorities. On this occasion, the results framework was simplified and restructured to improve clarity. Nevertheless, performance indicators suffered from a lack of baseline assessment in the design phase.

This Final Report aims to provide an overview of results achieved during the entire duration of the project from November 2017, until March 2022. Annex 1 provides details on 2021 activities, to complement annual progress reports submitted in previous years. Annexes 2 and 3 provide in depth case studies of the project’s contribution to the pan-Arab trade in services and to the establishment of the national single window and the trade licensing hub in Jordan.

The main areas of work tackled by the project include:

1. reform of trade policies to achieve higher competitiveness and fair competition;
2. operationalization of Arab connectivity and trade facilitation measures;
3. promotion of transparency and efficiencies among border control agencies; and
4. assistance to small and medium enterprises to access international markets.

Key project achievements include:

* The adoption of legal instruments for the upgrading of PAFTA in the areas of trade facilitation, dispute settlement, competition, and protection of Intellectual Property Right, for which the project prepared technical analysis and initial drafts, as well as supporting negotiations among LAS member states.
* Upgraded monitoring tools for Arab Economic Integration, through the adoption of a new reporting format on annual progress achieved by ECOSOC and Arab countries.
* The definition of a new strategy for the development of the Arab Customs Union, through the operationalization of guidelines for the cumulation of rules of origin and the application of the Authorized Economic Operators. This included:
	+ A comprehensive assessment of the impacts of the Arab Customs Union on fiscal revenues and economic and industrial policies in member states;
	+ The design of mechanisms of distribution of collected revenues among countries based on international experiences and commitments under the World Trade Organization.

The findings informed the ACU draft agreement for the forthcoming negotiations, which is tabled for negotiations.

* Guidelines on transparency and voluntary compliance based on the analysis of potential exposure by border control agencies (Trade, Customs, Agricultures and Agencies in charge of non-tariff measures).
* The operationalization of the Arab Trade in Services Agreement, facilitating the negotiations for the membership of Palestine, and the joint UNDP-UNCTAD review of trade policies in three service sectors in Morocco. A case study on the Arab Trade in Services Agreement is available in Annex 2.
* The design of the Lebanon export promotion strategy.
* Capacity development for Iraqi trade negotiators to strengthen the understanding of WTO legal instruments.
* The establishment of a national single window in Jordan, enabling the pre-arrival clearance to expedite clearance of merchandise in the Aqaba port, and the related activation of a digitalized Hub for issuing trade licenses.
	+ Lessons learned from this exercise were transferred to the Palestinian Customs through a capacity development exercise.
* The identification of national trade policies that require updates, such as e-Commerce, including:
	+ The analysis of the legal foundations for e-Commerce in Lebanon prepared with the Lebanese Customs.
	+ The initiative of an Export Promotion strategy in Lebanon
	+ The review of the efficiency of the Moroccan national single window PortNet.
* The pilot supporting Moroccan Argan oil cooperatives, operated by women, and Lebanese agro-food SMEs to access US markets.
* An analysis of the impact of preferential trade agreements on the economic empowerment of women in the region, which revealed the need to enhance the participation of women, especially women entrepreneurs, in the review of commitments under regional trade agreements, which are currently gender blind.

The project utilized 99.78 percent of the multi-year budget over the reporting period of 1 October 2017-March 2022 (to be confirmed upon the closing of all pending transactions). During project implementation, the allocation of resources among the six outputs varied significantly compared to the budget prepared during project design. Specifically, activities contributing to outcome 3 on transparency and gender mainstreaming in trade did not receive the expected interest and buy-in from regional stakeholders. Therefore, the project team decided to re-allocated resources to outcome 2, providing direct assistance to the modernization of trade policies and trade infrastructure at the country level, whenever national stakeholders demonstrated their commitment to take over responsibility for implementation beyond the project’s duration.

**Adjusting to new circumstances of Covid-19**

The measures to contain the COVID-19 pandemic had profound socio-economic implications for Arab countries and the livelihoods of people in the region during both 2020 and 2021. In the Arab states, 39 million people working in sectors heavily impacted by COVID-19-related restrictions, especially in the informal economy, were exposed to layoffs or reduction of wages or hours of work.[[9]](#footnote-10) Reforms to trade policies were set aside as policy matters were focused on the unavoidable GDP contraction and higher spending in public health care and anti-Covid campaigns, which were accompanied by the erosion of the purchasing power for manufacturing in key export markets and changes in consumers’ behaviour.

The significant rise of the price of raw materials, higher food costs, inflation, and the disruption of supply chains limited economic recovery. Thus in 2021, Arab policy makers focused on lifting 2020 restrictions to commercial flows of goods and services, which renewed the interest in trade facilitation.

The project capitalized on opportunities the pandemic presented to:

* enhance policies on e-Commerce;
* raise awareness of the strategic relevance of intra-Arab trade to offset reduced supply from other markets;
* promote trade transparency through a notification mechanism of new trade regulations, which allows trade partners to better prepare and adapt[[10]](#footnote-11);
* accelerate the transition to electronic processing of trade procedures; and
* activate the trade facilitative platform of Authorized Economic Operators under the WTO Trade Facilitation Agreement.

***AEISD contribution to achieving Agenda 2030***

Arab countries suffered of multiple conflicts, political instability, exposure to oil price fluctuations, heavy reliance on food imports, some of the world’s lowest levels of economic participation rates for women, and exacerbated effects of climate changes, especially in terms of heat waves, droughts, and increasing water scarcity. Therefore, it is only through a thorough realignment of policies and interventions with the 2030 Agenda that the region can hope to achieve the Sustainable Development Goals (SDGs).[[11]](#footnote-12) Evidence from international experiences shows that trade can play a role in fostering sustained, sustainable, and inclusive economic growth, which is critical to achieving SDGs in the region.[[12]](#footnote-13)

The three outcomes of the project focused on regional and national trade policies reforms and measures with the potential to contribute to inclusive and sustainable economic growth, and employment (**SDG** **8)** and to the implementation and revitalization of the global partnership for sustainable development **(SDG** **17**).

In 2020 and 2021, based on the findings of research on the impact of trade policies on women with the realignment of the results framework, the project prioritized support to Small and Medium Enterprises, deliberately reaching out to those operated by women (like the Argan oil cooperatives in Morocco) to contribute to the economic empowerment of women in rural areas (**SDG** **5**). By fostering transparency in trade policies and through the development of guidelines on the Integrity of border control agencies, the project also aimed to contribute to effective, accountable, and inclusive institutions (**SDG** **16**).

***Main challenges and pitfalls identified during project implementation and evaluation***

The project relied on an overly ambitious scope and under-estimated regional challenges, such as political bottlenecks and poor national and regional coordination mechanisms in the Arab region. For example, the project effectively responded to most requests for support from LAS under the project outcome 1 and targeted seven member states - Iraq, Palestine, Egypt, Morocco and Jordan – under outcome 2 (with support for the Jordan Licensing Hub being hailed as a success story among stakeholders). However, it was challenging to determine how discrete improvements in certain areas contributed to change at scale at the outcome level.

The project’s theory of change was conceived following the 2011 Arab uprisings when demands for change ignited in the region made policy makers identify regional economic integration as a potential avenue to generate new and promising opportunities. While a vague project design and consultations with partners and stakeholders allowed adjustments in a quickly evolving context, an inadequate RBM strategy at the design phase, with weak metrics and weakly formulated causal links between inputs, outputs, and outcomes, made it challenging to determine if project objectives were achieved.

# Introduction

**Background and regional context**

At the onset of the project in 2017, Arab countries displayed the lowest rate of intraregional trade in the world and were less open to trade with the rest of the world compared to rapidly growing economies.[[13]](#footnote-14)  Modest signs of improvements appeared during project implementation. For example, 2019, registered an increase in intra-Arab export (11.1 percent of total Arab exports, compared to 10.4 percent in 2018). Still trade with other parts of the world absorbs most of Arab countries’ transaction, especially with Asia, which counts for 56.3 percent of total exports and 35.1 percent of imports.[[14]](#footnote-15)

Trade in the Arab region is also significantly affected by global development in the oil market: fuel exports make up to an average 45 percent of total merchandise exports compared to a global average of 12 percent[[15]](#footnote-16). Intra-Arab trade in crude oil accounted for 15.8 percent of total intra-Arab exports in 2019. Non-oil manufacturing goods accounted for 30.6 percent of the total intra-Arab exports and export of agricultural goods 8 percent of total exports.[[16]](#footnote-17) Trade in services like tourism and travel accounted for substantial incomes for many Arab countries like Egypt, Jordan, Morocco, and Tunisia among others. The deficit in trade in services of Arab economies decreased in 2019 by 1.5 percent due to the decline in service payment and higher receipts (at 3.7 percent).[[17]](#footnote-18)

The COVID-19 pandemic determined GDP contraction in 2020, and the uncertain recovery thereafter,[[18]](#footnote-19) with the IMF projecting that the Arab countries would enjoy an economic growth at 4.4 percent in 2021 and 4.5 percent for 2022,[[19]](#footnote-20) to be readjusted due to the Ukrainian crisis.[[20]](#footnote-21) Measures undertaken to curb the pandemic determined a 7.5 drop in trades in good in 2020, which rebounded in 2021.[[21]](#footnote-22) The WTO documented a change in the composition of trade in services, with a reduction in transport and travel from 43 percent to 31 percent of total trade in service while professional services, computer services, financial services increased from 54 to 66 percent.[[22]](#footnote-23) Among Arab countries, the pandemic has seen trade surpluses in 2020 only in the GCC countries, led by the United Arab Emirates and Saudi Arabia. The rest of PAFTA members suffered trade deficits at significant variations. [[23]](#footnote-24)

Major factors that have affected the performance of international trade in 2021 and might continue in 2022 include[[24]](#footnote-25):

1. Slow economic recovery;
2. Disruption of logistics network and increases in shipping costs;
3. Global semiconductor shortage;
4. Geopolitical tensions (e.g., the current Ukrainian crisis);
5. Shifts in national policies (e.g., to address uncertainties due to climate change).
6. Debt burden.

Macro fiscal policies, outdated market regulations, the absence of innovative investment strategies, inadequate transport networks and cumbersome logistical infrastructure, in addition to protracted conflicts, weak industrial capacities, and inadequate competitiveness, hold back trade in the region as well as meaningful integration into global value chains.[[25]](#footnote-26) Nevertheless, regional economic integration has the potential to lead to fair competition, a more efficient use of resources, and better partnership among public and private sectors, thus stimulating economic growth and employment. International trade is also expected to play an important role in view of the economic diversification, which is deemed necessary to promote sustainable economic growth and economies less reliant on fossil fuels in Arab countries.

Most Arab countries are members of several preferential trade agreements, whether among themselves (e.g., Pan Arab Free Trade Area, Agadir, Gulf Cooperation Council, Arab Maghreb Union) or with other groupings (e.g., EU, USA, Canada COMESA, MECOSUR). While Arab regional trade processes have encountered delays in implementation, new developments, like the entry into force of the African Continental Free Trade Area (AcFTA), present interesting opportunities to boost export and penetrate new markets for Arab countries in North Africa.

In this framework, the project “Strengthening Arab Economic Integration for Sustainable Development (AEISD)” supports PAFTA countries in taking suitable steps towards a Pan Arab market while deepening broader economic and trade cooperation. In 2017-2021, the project provided technical assistance and capacity development for the review and upgrade of regional and national trade policies in sectors of interest to Arab countries, while also piloting solutions at the country level.

The project implemented a hybrid regional-bilateral approach to trade facilitation. It was demand-driven with a bottom-up approach, making it relevant to the needs and priorities of both LAS and national counterparts. The final project evaluations identified strengths and weaknesses of this approach. On the one hand, it succeeded in assisting LAS counterparts developing and finalizing the Arab Framework Agreement of Liberalisation of Trade in Services. On the other hand, fragmented and occasionally conflicting interests between regional and national trade agendas did not allow to see the realization of mutually beneficial integration of Arab economies into the multilateral trading system.

# Progress Review: Key Activities and Results

## Section 1: Overall progress against the project outcomes

The project contributed to Outcome 1 of the 2018-2021 UNDP Regional Programme Document (RPD) for Arab States: *Accelerate structural transformation of productive capacities in a sustainable and inclusive manner*. Regional economic integration can contribute to a more efficient allocation of resources, economic diversification, enhanced productive capacities, and business and employment generation. When strategically and sustainably leveraged, economic integration of regional and global markets can therefore strengthen resilience to face unexpected and lingering challenges such as the socio-economic impact of pandemics or the effects of climate change.

The project is articulated through three Outcomes with six Outputs against which achievements are analysed below. It is to be noted that outcome indicators have been revised in 2020 and the assessment against qualitative outcome indicators revised based on lessons learned and information collected through the duration of the project.

**Outcome 1: LAS capacity strengthened to manage regional economic integration related processes.**

The project reinforced the capacity of LAS to undertake analysis to inform policies related to the Arab Agreement in trade in service, e-commerce, the green economy, construction services, and the Arab Customs Union (ACU). It accelerated the finalization of outstanding tasks under the Executive Programme of PAFTA, enabling enhanced technical coordination among PAFTA members and developing the capacities of the PAFTA Technical Secretariat. For example, the project assisted the Technical Secretariat to improve their reporting on the progress in deepening Arab economic integration.

Technical assistance in this area factored in new developments taking place in the proximity of Arab countries, like progress in the implementation of the African Continental Free Trade Area (AfCTA), as well as readjustment of policies and measures to respond to the impact of the Covid-19 pandemic. During the four years of project implementation, various factors influenced the evolution of national priorities in trade matters, triggering the adjustment of project activities.

***Key benchmarks of achievement against the outcome attributable to UNDP contribution:***

1. The kick-off of member states consultations on the Arab Customs Union, informed by a detailed analysis of the ACU potential impacts to national revenues, trade, and industrial policies.
2. The presentation for policy consideration by countries of the draft Agreement on Arab Customs Union and an analysis of its expected governance model.
3. The entry into force and promotion of the Agreement in trade in services.
4. The adoption by Arab countries of the institutional arrangements of the draft protocol on trade facilitation.
5. Enhanced understanding of the role of trade in services in deepening economic cooperation.
6. New “unified report” template to document and monitor progress in PAFTA implementation, endorsed by LAS ECOSOC in 2018.

To achieve those benchmarks, UNDP assisted the senior management of LAS Economic Sector, as well as its technical committees and working groups, with technical advice, analysis on trade matters like rules of origin, Arab Customs Union, impacts of Covid-19, trade facilitation, etc. The project also contributed to the review of drafting of legal instruments in measures related to sanitary and Phyto-sanitary (SPSs) controls and technical barriers to trade (TBTs), customs procedures, and modernization of trade techniques like electronic processing of trade information.

The assistance provided allowed to develop the capacities of LAS technical staff to provide effective support to Arab countries in preparing trade-related technical documents, as well as regional seminars or conferences on economic and trade matters.

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| **Project Outcome** | **Project Outcome indicators** | **Baseline** | **Target (2020)** | **Actual (2020)** | **Target (2022)** | **Actual (2022)** |
| **1.** LAS capacity strengthened to manage processes of regional economic integration.  | **Indicator 1.1:** Level of capacity of League of Arab States (LAS) Secretariat and Arab negotiators on trade policy formulation and reform under PAFTA *(low, moderate, high, significant)* | **1.1.** Low (Lack of dedicated support to LAS senior management for PAFTA upgrading ACU preparatory processes; non-existence of technical models for trade policy formulation) [2017] | **1.1.** **Moderate**   | **1.1.** **Moderate**1.Eight LAS technical committees, and ECOSOC increased their technical capacities to draft trade legal instruments, conduct follow-ups, advise technical committees and working groups.2.Adoption of the political decision of upgrading PAFTA. | 1.1 **High**  | 1.1 **High** – LAS secretariat disposes of:1. Draft instruments of Dispute Settlement, Trade facilitation, Protection of IPR, and Consumers’ protection 2. Draft ACU Agreement and proposed governance framework. |
| **Indicator 1.2**. Level of capacity of LAS Secretariat to facilitate the regional economic integration agenda *(low, moderate, high, significant)* | **1.2.** Low (Lack of work programs and non-existence of regulations) [2017] | **1.2.** **Moderate**  | **1.2.** **Moderate** 1.Website of LAS Economic Sector developed2. Support to improve planning capacity of LAS. | 1.2 **Moderate** | 1.2 **Moderate**. 1. The upgraded website on Arab Economic Integration did not go live.2. LAS staff trained on negotiations of protocols to upgrade PAFTA upgrading. 3. Enhanced operationalization of the Agreement on trade in services. |

**Outcome 2: Members states are capacitated and technically prepared for regional economic integration.**

The adoption of trade facilitation measures and the implementation of trade agreements relies primarily on implementation at the country level. Progress in this area supported by the project during its implementation period is summarized below.

***Key benchmarks of achievement against the outcome attributable to UNDP contribution:***

1. Under the guidance of the LAS ECOSOC, member states adopted the guidelines on the cumulation of rules of origin in facilitating the movement of goods and enabling more complementarity among the production platforms of Arab countries.
2. The State of Palestine became a contracting party to the Arab Agreement in trade in services.
3. A joint UNDP-UNCTAD review of trade policies in three services sectors in Morocco is being used during the negotiations within both the pan-Arab and the pan-Africa free trade agreements.
4. The Iraqi national negotiation team is ready to negotiate the membership in the World Trade Organization and in the Arab agreement on trade in services.
5. In Jordan, the introduction of the pre-arrival clearance of international shipments expedited and reduced the cost of clearance procedures, enhancing the competitiveness of the Aqaba port and Jordan. Applying international good practices in the operations of a national single window, a digital licencing hub was operationalized to streamline and enhance management practices of Jordanian agencies issuing import and export licences.
6. The challenges posed by Covid-19 triggered several countries to step up the adoption of digitalized applications to facilitate trade through electronic transactions. For example, PortNet in Morocco implemented accelerated electronic payments procedures.
7. In Lebanon and Morocco, guidelines on export administrative and logistic procedure were finalized, informing the Lebanese Roadmap for export promotion. A pilot in both countries has shown approaches and challenged in facilitating export to the US market for SMEs and cooperatives.
8. Work undertaken at the on-set of the project to activate the trade corridors of Nuweaibae (Egypt) and Aqaba (Jordan) through the Egypt- Jordan Economic Cooperation was paused as COVID-19 restrictions limited in-person consultations and policy attention turned to efforts for economic recovery. Consultations need to be reactivated to move to the operationalization of the corridors.

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| **Project Outcome** | **Project Outcome indicators** | **Baseline** | **Target (2020)** | **Actual (2020)** | **Target (2022)** | **Actual (2022)** |
| **2.** Members States are capacitated and technically prepared for regional economic integration.  | **Indicator 2.1:** Level of capacity of policymakers for their activities related to trade policy reform and coherence *(low, moderate, high, significant)* | **2.1.** **Low** (Low level of commitment to provisions of the WTO Trade Facilitation Agreement) [2017] | **2.1.** **Moderate** | **2.1.** **Moderate** –1. Palestinian offer to participate in the Arab Agreement on trade in services2. Morocco adopted new policies on trade in services.  | 2.1 **High** | 2.1 **Moderate** 1. Palestine become a contracting party to the Arab Agreement on trade in Services.2. Lebanon developed its Roadmap for Export Promotion.3. Morocco reviewed trade policies in three service sectors. |
| **Indicator 2.2**. Level of capacity of national policymakers on the modernization of their supply/value chain in preparation for the Arab Customs Union (ACU) *(low, moderate, high, significant)* | **2.2.** **Low** Lack of trade expertise in member states of PAFTA and inadequate knowledge and skills of policymakers [2017] | 2.2**.** **Moderate**  | **2.2.** **Moderate** - Uneven progress among PAFTA members:1. Jordan progressed on the national single window and Licensing Hub2.Morocco’s review of PortNet prompted a process for the adoption of pre-arrival clearances.  | 2.2 **High**  | 2.2 **High** – The project contributed to;1. Guidelines on the cumulation of rules of origin adopted by LAS member states2. Roadmap for the Jordan Single Window, pre-arrival clearance adopted and licencing hub operational.3. Memorandum of Understanding of the Nuweibae- Aqaba corridor. ready for signing.4. Design and adoption of the Morocco PortNet performance assessment |

**Outcome 3: Engagement of key development actors ensured through inclusive and transparent processes for regional economic integration.**

Improvement of regulatory transparency and fostering Voluntary Compliance through the progressive upgrade of the trade governance framework in the region are essential to deepen Arab economic integration and the trust of trade operators within and outside the region, in response to new dynamics of international trade. Rather than major steps forward in this area, during its implementation the project contributed to some improvement in trade-measures transparency, as manifested in the decision by LAS ECOSOC to activate a new modality of notification of changes in procedures and new trade regulations implemented by member countries. This is aimed at facilitating adjustments and limiting disruptions in times of sudden changes, such as during a pandemic. Within this new framework, Member States, except for Algeria, Iraq, and Yemen, submitted the electronic links of national regulations to LAS for distribution to all countries.

Moreover, the Arab Chamber of Commerce presented a report on PAFTA implementation progress and challenges[[26]](#footnote-27), which was peer-reviewed by UNDP and the LAS Monitoring and Enforcement Committee, to inform the design of new measures and policies that take into account the perspectives of both Governments and the private sector.

Although the final project evaluation determined that the project underdelivered in terms of allocating enough resources to make trade policies more gender sensitive, some contribution was provided to enhance the understanding of the importance of taking into consideration women’s perspectives in trade policies and trade negotiations, as well as of the role trade can play in women economic empowerment. Findings of the analysis of the impacts of Covid-19 in Morocco and Egypt revealed that women were more exposed to job loss compared to men. These findings informed an initiative by the Moroccan government to promote women-led cooperatives producing argan oil, which was supported by the project under its outcome 2 activities.

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| **Project Outcome** | **Project Outcome indicators** | **Baseline** | **Target (2020)** | **Actual (2018)** | **Target (2022)** | **Actual (2022)** |
| **3.** Engagement of key development actors ensured through inclusive and transparent processes for regional economic integration.  | **Indicator 3.1.** Degree of improved related regulatory frameworks for integrity, aiming for good governance for trade development measures *(limited, moderate, high, significant)* | **3.1** **Low**Non-existence of frameworks for the systematic assessment of integrity in trade policies | **3.1. Moderate**  | **3.1.** **Low** 1.Some measures undertaken by LAS to improve transparency and effectiveness in the notification of trade policies.  | **3.1** **Moderate**  | 3.1 **Moderate**. 1. Review of potential exposure to corruption in practices by border control agencies.2. 3. Improved mechanisms of notification of new trade policies under ECOSOC.3. Authorized Economic Operators /Gold Card Programme in Jordan |
| **Indicator 3.2**. Number of gender responsive mechanisms to ensure systematic integration of gender sensitivities in trade policymaking and negotiations | **3.2.** **0**[2017] | **3.2.** **2** | **3.2.** **0** Analysis of the impacts of regional trade agreements to women | **3.2****2** | **3.2: 1** Moroccan Government initiative to foster assistance to Argan oil cooperatives, operated by women. |

##

## Section 2: Progress against outputs

For the duration of the project, assistance to regional trade was designed in accordance with activities defined by the project document and customized to the policy priorities established by LAS and its member states. The project focused on measures to promote regional trade, trade facilitation, and accelerate digital transformation in trade practices (e.g., through National Single Windows), aiming to foster compliance with the WTO Trade Facilitation Agreement, and to optimize time and costs of doing business for competitiveness gains.

South-South cooperation modalities were adopted when feasible to enhance transfers of knowledge among developing countries on how to benefit from access to international markets. More than one thousand public officials and representatives of Arab countries benefitted from workshops (and webinars during COVID-19 restrictions) where policymakers and academic and research institutes exchanged experiences in trade facilitation, trade multilateralism, export promotion to support economic integration through evidence-based policy making. For example, Field studies were organized for Jordanian agencies to learn from the Indonesia experience, and for Palestinian Customs representatives to learn from the application of the National Single Window in Jordan.

In response to the challenges generated by Covid-19 restrictions, UNDP repurposed activities and adopted virtual working modalities to secure the achievement of the intended outcomes in the new circumstances. While adaptation contributed to the effective delivery, it caused delays and it could not be considered a perfect substitute of in-person activities, particularly when this entailed problem solving, sharing experiences and lessons learned, and advancing policy implementation at the national level.

Progress achieved in 2017-2021 against the six outputs envisaged in the project document is detailed in the section below.

**Outcome 1: LAS capacity strengthened to manage regional economic integration related processes.**

**Output 1: Structured and targeted technical support to LAS secretariat and Arab negotiators on trade policy formulation and reform under PAFTA**

The project focused on the upgrading of the Executive Programme of the Arab Agreement in the facilitation of trade and investment, the so-called PAFTA Plus, by supporting LAS Economic Sector/Arab Economic Integration Department in drafting technical documents and in the provision of technical advice to trade negotiators among Arab countries.

Within LAS, Working Groups and technical committees are responsible to negotiate regional activities within their technical purviews and to follow-up with Member States responsible to implement the adopted decisions. Progress is reported to LAS ECOSOC through the Enforcement and Monitoring Committee. During the reporting period, the project team supported the negotiations of technical and legal instruments under the purview of the following working groups and technical committees established by LAS ECOSOC:

1. The Committee for the Monitoring and Enforcement of PAFTA;
2. Arab Customs Directorates General meetings;

3. The Technical Committee on Arab Customs Union;

4.Technical Committee on Customs Procedures;

5. Working Group on Trade Facilitation;

6. Working Group on SPSs measures;

7. Working Group on TBTs measures;

8. Technical Committee on Trade in services;

9. The Working Group on Competition and Consumers’ Protection;

10. The Arab Customs Union technical committee in tariff nomenclatures; and

11. Technical Committee on Rules of origin.

Results achieved in this framework include:

***On PAFTA upgrading:***

* An initial assessment of LAS country members’ needs to advance economic integration and PAFTA implementation, which constituted the basis for the project annual workplans for 2018, 2019, 2020 and 2021-Q1 2022 upon the confirmation by LAS. Workplans were further refined throughout the life of the project to accommodate shifting priorities (e.g., due to the spread of the COVID-19 pandemic) or different levels of countries’ readiness to engage in the proposed activities, which were influenced by country-specific circumstances and shifting policy priorities (e.g., this made it challenging to work with the Sudanese government as it was initially envisaged by the project).
* A draft legal instrument on the protection of Intellectual Property Rights, which was discussed by LAS and member states, although progress was slowed down by some overlapping functions within LAS Economic Sector between the Intellectual Property Rights Department and the Arab Economic Integration Department.
* Guidelines on competition as the standard regulation for consumers’ protection were developed based on international legal instruments were adopted by LAS ECOSOC, and they will need to be further developed for adoption at country level.
* The study on the cumulation of rules of origin of goods and the proposal of applying electronic processing of the Certificate of Origin to facilitate intra-Arab trade were reviewed and adopted by ECOSOC in 2020. The approach is in line with regional commitments to the WTO. The related Operational Guidelines were prepared, consulted, and adopted by countries in 2021.
* A comprehensive review of the draft protocols on trade-related measures related to Sanitary and Phyto-sanitary (SPSs) control and to Technical Barriers to Trade (TBTs) was conducted.
* As follow-up to the 2019 Arab Soc io-economic Summit, the project produced background analysis on e-Commerce, Green Economy, and the Arab Trade Repository to monitor PAFTA implementation progress, which were presented to LAS ECOSOC in 2021.

***On the Arab Customs Union***

* Consultations on the ACU undertaken at the Technical Committee’s meetings in December 2020 tabled queries by individual countries (e.g., Tunisia and Morocco) which required additional analysis on the potential ACU impact on Arab economies.
* A report on the potential impact on national revenues of Arab countries, including proposed mechanisms of redistribution and compensation was prepared and presented to Technical Committee on Arab Customs Union for review in November 2020.
	+ The report presented the analysis of 8 scenarios under two alternatives of Common External Tariff (CET), which was designed based on the lowest tariff commitments by Arab countries to the WTO for a period of 5 years.
	+ The report details the impact on tariff revenues, GDP, sectoral outputs, employment, and trade aiming to inform countries’ position in the negotiation of the ACU.
* Three studies applied the Global Trade Analysis Project (GTAP) model to analyse the ACU implications for industrial policies, protection of domestic industries, and promotion of infant industries were presented to members states during workshops in 2020 and 2021, in preparation of ACU negotiations, which are expected to take place in 2022. These studies covered:
	+ A list of sensitive goods for each country for which CET exemption could be requested.
	+ A study on supporting the domestic industry, which looks into the reduction of non-tariff measures (NTMs) related to trade and investment.
	+ Flexibility options in the ACU implementation for granting longer adoption periods to certain countries (e.g., least developed countries) and sectors (e.g., agriculture) countries.
* The Technical Committee of Customs Procedures started to discuss the readiness of the customs clearance infrastructure for operating within the Customs Union.

***On PAFTA governance framework***

* Member states adopted the governance mechanisms for the draft Protocol on Trade Facilitation and related institutional arrangements (one of the four areas of the PAFTA upgrading).
* An upgraded system for the notification of new trade regulations aimed at addressing the challenges and incertitude created by the pandemic, was adopted by member states in September 2020.
* A proposal for upgrading the PAFTA governance model for deepening Arab Economic Integration, including dispute settlement, was presented to the LAS Economic Sector and requires further consultation with LAS concerned working bodies.
* The project contributed to enhancing LAS capacities for the systematic collection of inputs and comments to inform technical proposals and arrange trade facilitation consultations, which were applied on sectors such as tourism, and trade in services.

| **Project Output 1: Structured and targeted technical support to LAS secretariat and Arab negotiators on trade policy formulation and reform under PAFTA** |
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| **Output indicators[[27]](#footnote-28)** | **Baselines & Targets**  | **Progress against targets** |
| Indicator 1.1: Pace of PAFTA implementation1.1.1. Level of readiness of assessments and plans for PAFTA upgrading and ACU preparations considering WTO rules and best practices1.1.2 Availability of technical models of governance for PAFTA upgrading and ACU preparations and defined mechanisms of consultation with stakeholders. | Baseline 1.1: Slow implementation of PAFTA provisions.Target 1.1: Measurable progress in PAFTA implementation Baseline 1.1.1: Lack of assessments and plans for PAFTA upgrading and ACU preparations.Target 1.1.1: 6 assessments conducted and translated into plans detailing technical areas for PAFTA upgrading and ACU preparation.Baseline 1.1.2: Lack of governance models and mechanisms of consultations for policy coherence.Target 1.1.2: Draft regulations prepared and presented to the proposing 2 alternative governance models to be considered for adoption by LAS and Member States | * 1. Achieved milestones in PAFTA implementation include: a notification modality for new national trade regulations, disciplinary procedures for breaches of commitments (enacted with ECOSOC resolutions), and guidelines on the cumulation of origin.

Additional instruments available as drafts ready for negotiations include protocols on Dispute Settlement, Trade Facilitation, Protection of Intellectual Property Rights, and regional regulations for Consumers’ Protection.A new template for reporting progress on economic integration among PAFTA members operationalized in 2020 allows a better tracking of PAFTA implementation.1.1.1.6 assessments of impacts of the ACU membership on fiscal revenues, industrial policies, protection of infant industries, and promotion of domestic industries completed. Support for ACU negotiations and the draft ACU Agreement was presented to LAS/Economic Sector.1.1.2 Technical models of governance included in the draft Agreements and in the draft Protocol to upgrade PAFTA. LAS member states adopted the proposed governance framework of the draft trade facilitation protocol. |
| Indicator 1.2: Availability of a mechanism for consultations among Member States on an Arab economic integration framework. | Baseline 1.2: Lack of a consultation modality among Member States on how to improve regional economic development initiativesTarget 1.2: A consultation mechanism is established to gather understanding of matters of interest to four to five Member States on issues of regional economic integration. | * 1. A proposal for a consultation mechanism was presented to LAS/Economic Sector, but it has not been adopted yet. During implementation, the project developed the capacity of the LAS Technical Secretariat to prepare documentation for regional consultations.
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| Indicator 1.3: Extent of expertise mobilized through the UN System and other international organizations to support Arab economic integration. | Baseline 1.3: Limited availability and low level of use of regional and international expertise on Arab economic integration.Target 1.3: Expertise is mobilized for at least three activities with key UN agencies in support of LAS and Arab countries. | * 1. During 2017-2021, 24 Regional and international experts from the UN System, WTO, World Customs Organization, sub-regional entities, non-governmental organizations, and the private sector were engaged in PAFTA-related capacity-development activities for LAS staff and member states representatives.
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**Output 2: Provision of support for the organizational capacity of LAS secretariat to facilitate the regional economic integration agenda**

Activities undertaken under Output 2 aimed to reinforce achievements under Output 1 by facilitating exchanges and knowledge sharing on policies to promote the modernization of PAFTA and the implementation of related policies based on priorities identified by member states. The project team advised the Arab Economic Integration Department for better coordination with other departments within the Economic Sector at LAS and with departments responsible for transport cooperation.

Results achieved while assisting LAS senior management in policy consultations and dialogues with policy makers of Arab countries on PAFTA upgrading and ACU preparations include:

* The preparation of the work methodology for the Technical Secretariat at LAS for conducting audits of policies on trade in services.
* Mechanisms of consultation among multiple agencies participating in the management and administration of ACU operations were included in the draft outlines of the Agreement on the Arab Customs Union (ACU).
* Mechanisms for thematic consultations on trade-related matter were also presented to the Technical Secretariat at LAS. Once in person consultations with trade policy makers were put on hold due to the travel restrictions imposed by the Covid-19 pandemic, webinars were organised to allow the continuation of the policy dialogue.

The project developed the capacity ofLAS experts and staff on trade analysis techniques to be applied to PAFTA upgrading and ACU preparations, implementation, and monitoring. Completed activities in this field include:

* 16 regional workshops where LAS experts and staffs, as well as member states trade policy makers were trained on the working methodologies and analytical tools to be applied to Arab Customs Union-related policies.
* The project coached LAS staffs on how to draft working documents, modalities of negotiation, and thematic analysis to provide quality inputs to the LAS ECOSOC Working Groups and Technical Committees.

The project designed a new tool for monitoring progress in the PAFTA implementation progress, to compensate the lack of adequate information to assess the progress of the realization of commitments under PAFTA. The new template for member states progress reporting was endorsed by ECOSOC in 2019 and started to be applied in 2020. Fifteen Arab countries, in cooperation with the Arab Chamber of Commerce and Industry, applied the upgraded standard report to present the implementation of PAFTA to the Monitoring and Enforcement Committee under ECOSOC. Conflict-affected countries such as Yemen and Libya were not capable to submit their reports. The templated facilitated the analysis of the impact of the COVID-19 pandemic on international and regional trade in goods and services, including its implications for economic integration among Arab countries and for the implementation of the Arab Agreement in trade in services.

The project also worked on the improvement of the Arab Economic Integration Department Website, to improve policy transparency and access to information on new PAFTA requirements and related knowledge products and provide an interactive platform to LAS member states. In December 2021, LAS cancelled the launch of the platform due to a new internal regulation limiting the hosting and development of online platforms to its own IT division for cyber-security reasons.

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| **Project Output 2: Provision of support for the organizational capacity of LAS secretariat to facilitate the regional economic integration agenda** |
| **Output indicators** | **Baselines & Targets**  | **Progress against targets** |
| Indicator 2.1: LAS management has access to effective analytical and policy tools. | Baseline 2.1: Lack of instruments for technical and policy analysis in the Economic Sector.Target 2.1: At least two policy notes developed for the LAS senior management on policies for PAFTA upgrading towards ACU. | * 1. Four Technical and policy briefings to guide the work of LAS senior management in the Economic Sector were delivered on the following topics
		+ the Arab Custom Union
		+ trade in services
		+ trade facilitation
		+ upgraded PAFTA governance model, including new approaches to policy consultations to smoothen trade negotiations.
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| Indicator 2.2: level of increase in the knowledge and skills of Member States technical staff. | Baseline 2.2: Inadequate knowledge and skills among Member States officials on the PAFTA upgrading and ACU preparations.Target 2.2: 80 officials from at least 4 Member States and LAS trained in the use of these tools. | 2.2. Over the project duration, more than 600 policy makers from 17 Arab countries received transfers of knowledge and know-how on * trade policy for services
* impacts of the membership in the Arab Customs Union
* design of National Single Windows
* trade facilitation and negotiations
* Authorized Economic Operators
* Arab policy makers were trained virtually on the impacts of Covid-19 on international and regional trade
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**Outcome 2: Members states are capacitated and technically prepared for regional economic integration.**

**Project Output 3: Provision of country based technical assistance to policymakers for their activities related to trade policy reform and coherence**

Activities under output 3 supported specific countries to upgrade trade-related knowledge and policies based on international agreements and best practices. The level of trade openness and trade policies modernization among Arab countries is uneven. Therefore, tailored national-level support, in response to LAS member states’ requests expressing their political will to modernise and align trade policies, was deemed essential to operationalize regional commitments and develop practices and lessons learned that can be adopted by other countries in the region.

The project examined trade policy coherence and operating mechanisms to assess their compatibility with various trade agreements in selected countries. Specifically:

* Iraq, Morocco, and Palestine were supported in the progressive alignment of national trade policies to WTO practices in trade in goods and trade in services.
* The project supported Iraq and Palestine to approximate their trade policies to international standards and conventions of the multilateral systems in views of their forthcoming negotiations for WTO membership. As a follow-up, the project developed the capacity of the Iraqi Chairman of the newly established Working Party for Negotiations to prepare the country negotiations for WTO membership.
* Upon the request of member states, additional technical studies were prepared to increase policy makers understanding in selected areas particularly relevant for economic integration in the region and alignment to regional and multilateral trade commitment, including those related to WTO membership, trade in tourism services, trade to foster the green and circular economy, and e-commerce.
* In Morocco, a trade policy review in three service sectors was carried out in partnership with the Government and UNCTAD. A survey gathered information and trade statistics from public and private services suppliers in Morocco. The study also revealed the negative impact of Covid-19 on business opportunities and employment, with women and women-run businesses being the most affected. The study’s 20 policy recommendations, validated through consultations with local stakeholders and international experts, contributed to facilitating Morocco’s negotiations with the African Continental Free Trade Area (Afc FTA).
	+ An assessment of PortNet (the IT solution for the operationalization of the Moroccan National Single Window) done in cooperation with the PortNet operator and the Moroccan Customs, revealed some necessary upgrading to enhance the platform interoperability.
* A proposal for the promotion of a Coalition of Services Operators was presented to Jordan and Morocco policy makers.
	+ Morocco decided to work on this initiative upon the completion of above-mentioned the Trade Service Policy Review (SPR) in three services sectors.
* The project provided technical support to the State of Palestine in preparation of their offer to become a contracting party to the Arab Agreement in Trade in Services in 2021, which culminated with the successful accession to the agreement.
* The project supported the Ministry of Economy and Trade of Lebanon to develop the Roadmap of Export Promotion of Lebanon, inclusive of a monitoring mechanism. The reform is a key element of the Reform-Recovery-Reconstruction initiative, initiated by UNDP, the European Union, and the World Bank in the aftermath of the explosion in the Beirut port in August 2020.

In 2021, during the last year of implementation, the project, in consultation with Sida, decided to complement its upstream policy making activities, piloting downstream support to access export opportunities for Small and Medium Enterprises (SMEs) in Lebanon and women-led argan oil cooperatives in the South to Morocco. In partnership with Fair Trade Lebanon, an organisation experienced in promoting local products from Arab countries, the pilot supported access to the US market for eighteen Lebanese SMEs producing agro-food goods and sixteen Moroccan cooperatives producing argan oil derivates. All companies benefited from capacity development activities tailored to their needs in terms of understanding the US market requirements in their sector, the preparation of a communication plan for their products, marketing support, product innovation, and labelling. By the end of the pilot, the Lebanese SMEs also received logistical support to ship their products to the US. As only three Moroccan cooperatives were deemed export-ready, based on the availability of the necessary licences and certificates, an e-market place was developed to help them promote their products while the rest of the requirements are attained. Additional details on the pilot are available in Annex 4.

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| **Project Output 3: Provision of country based technical assistance to policymakers for their activities related to trade policy reform and coherence**  |
| **Output indicators** | **Baselines & Targets**  | **Progress against targets** |
| Indicator 3.1: Number of Morocco policies being revised for better alignment with PAFTA | Baseline 3.1: Morocco trade policies are not aligned with PAFTATarget 3.1: At least two proposals, contributing to Morocco policies being revised to better align with PAFTA | 3.1 The performance of the Moroccan Single Window/PortNet assessed the facility capacity to support supply chains and compliance with PAFTA provisions for trade in goods. The assessment informed the dematerialization of border control in line with the upgraded protocol of PAFTA. The project, in cooperation with UNCTAD supported the Trade in Services Policy Review of three sectors, namely: Legal Services, Whole Sales and Retail Distribution, and Logistics services of pharmaceutical products. |
| Indicator 3.2: Number of assessments of policy coherence mechanism and the relation between trade agreements  | Baseline 3.2: Absence of trade policy coherence mechanism at the national level vis-à-vis the increased number of trade arrangements in the region.Target 3.2: At least four countries benefit from mechanisms for coherence of trade policy  | 3.2. Iraq, Saudi Arabia, the State of Palestine, and Morocco were supported in aligning their policies to the Arab Agreement in trade in services, such as Mutual Recognition Agreements and intra-and cross-sector partnerships to achieve the harmonization of qualifications and regulations in the tourism and services sectors. These exercises included the engagement of the private sector in the design of related policies.The State of Palestine was assisted in the accession to the Agreement in trade in services. |
| Indicator 3.3: Existence of a framework to link trade policies in the region to the SDGs | Baseline 3.3: Trade policies in the region are not aligned to Agenda 2030 and the SDGsTarget 3.3: monitoring framework on trade and the SDGs discussed and adopted by LAS and member states | 3.3. The LAS Technical Secretariat was supported in the introduction of trade&SDG-related subject like e-Commerce and the Green and Circular Economy. |

**Output 4: Provision of country based technical assistance to policy makers for the modernization of the supply/value chain in preparation for the Arab Customs Union (ACU)**

Activities under Output 4 complement those under previous outputs, with a focus on supporting countries in the operationalization of trade reform at national level. Major achievements in supporting LAS member states in preparation for the Arab Customs Union include:

* The design of the institutional framework for the implementation of Jordan Single Window. The points below summarize the main achievements, while a detailed case study is included as Annex 3.
	+ Activation of working groups (the Steering Committee and the Task Force of Jordanian Licensing Hub) to implement the Jordan National Single Window
	+ Assistance to the Jordanian Customs in the application of the pre-arrival in Customs clearance of shipments at the Aqaba port. This helped reduce time and costs for border control agencies while enhancing control effectiveness and saving costs for the private sector (e.g., reducing storage costs while waiting for the completion of the control procedures). In 2018, the first year of implementation, the Jordan Government documented a reduction by 70 percent of the time in clearance for the pilot agencies, which determined the expansion of the methodology application to other agencies in 2019 and 2020.
	+ The next phase of the operationalization of the Jordan National Single Window was the development of the Jordanian Licensing Hub, a one-stop-shop where import and export operators could obtain their licensing from most issuing entities within the Jordan government. The poor performance of the initially selected contractor risked compromising the delivery of the digital application. The selection of proprietary software did not enable the necessary customization to the requirements of the Jordanian entities engaged in the initiatives. Learning from this experience, UNDP succeeded in terminating the contract and hiring a different local contractor who was able to develop an open-source software more responsive to the local needs. Despite the delays and the cost of settling the initial contract, the Licensing Hubs was completed by the project termination in March 2021, with no additional costs.[[28]](#footnote-29)
* The development of a draft Memorandum of Understanding for Authorized Economic Operators (AEOs), based on practical experience applied in the regional context through the Jordan National Single Window, was scaled at the regional level in close coordination with the Arab Economic Department at LAS and shared with other Arab countries.
* Promoting sharing of experiences among LAS member states through South-South cooperation exchanges, a capacity development workshop for the Palestine Customs was organised in Amman under the aegis of the Jordanian Customs, where Palestinian officers learned first-hand from the Jordanian experiences of Authorized Economic Operators (Gold Card Programme for the private sector) and the development of the National Single Window and its operationalization through the Jordanian Licensing Hub.
* In Lebanon, a study on the legal foundations for e-Commerce and automation, based on UNECE international instruments, informed the reform and modernization of the Lebanese Customs and related agencies. The study reviewed several Lebanese initiatives and national regulations concerning telecommunication operations, including those related to the needed reform of the legal framework to allow competition-based efficiency and the required investment for upgrading the outdated telecommunication infrastructure.
* A joint working group of Egyptian and Jordanian Customs and concerned agencies for the trade/transport corridor of Nuweibae and Aqaba was established but put on hold at the onset of the Covid-19 pandemic-related restrictions.
* The project also tried to extend its support to Least Developed Countries, those who were facing most challenges in complying with international WTO trade standards and with the terms of PAFTA. Contacts were initiated with the Government of Sudan for the development of the Roadmap of Sudanese Single Window since 2020. Nevertheless, the initiative was put on old due to several delays caused by political instability and logistical challenges of organising virtual training in a country with limited IT infrastructure.

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| **Project Output 4: Provision of country based technical assistance to policy makers for the modernization of the supply/value chain in preparation for the Arab Customs Union (ACU)** |
| **Output indicators** | **Baselines & Targets**  | **Progress against targets** |
| Indicator 4.1: Presence of international standards, good practices and procedures related to trade and transport facilitation, into national legislations.  | Baseline 4.1: Low level of commitments among LAS member states to the provisions under the WTO Trade Facilitation Agreement.Target 4.1: Higher level of awareness and preparedness of Member States to undertake strategic commitments in the implementation of the WTO Trade Facilitation Agreement | 4.1 Introduction and adoption of the World Customs Union Data Model into the Jordan National Single Window.Training on the WTO Trade Facilitation Agreement attended by 160 policy makers and representatives of the private sector from the region.Assistance on the implementation of the Trade in Services Agreement to Jordan, Saudi Arabia, and Morocco lead to the introduction of specific trade in services legislations in Jordan and Morocco. |
| Indicator 4.2: Existence of operational models to activate mutual recognition and acceptance practices, particularly for cross border operations and trade facilitation. | Baseline 4.2: Works on mutual recognition at the regional level has started and requires enhancing its effectivenessTarget 4.2: two new border posts/pilot schemes among Member States are initiated. | 4.2 In Jordan, the adoption of the pre-arrival clearance in the Aqaba port in 2018 resulted in the reduction of time and costs for public and private sector operators, with incremental. impacts during the period 2019 - 2021. - The Arab Customs Administration was supported to develop the draft Memorandum of Understanding for Authorized Economic Operators (AEOs), including provisions on mutual recognition. AEOs regional guidelines were presented to the Customs Procedures Working Group under ECOSOC.- A technical proposal and a draft memorandum to operationalize the trade corridor between the Nuweibae port (Egypt) and the Aqaba port (Jordan) were prepared and consulted with the governments of Egypt and Jordan, but the initiative was put on hold at the onset of the COVID-19 pandemic. |

**Outcome 3: Engagement of key development actors ensured through inclusive and transparent processes for regional economic integration.**

**Output 5: Improvement of related regulatory frameworks for integrity, aiming for good governance for trade development measures**

Activities under this output were de-prioritized by LAS and member states, who preferred to focus on the PAFTA upgrading at the onset of the project, and on COVID-19 recovery during the last two years. The project produced some analysis of corruption-risk exposure in Customs’ and cross border authorities’ operational procedures in Jordan. The completed study includes the analysis of 96 business processes, a series of recommendations and proposed policies to upgrade efforts in anti-corruption in light of international instruments, although its publication is still pending the approval of relevant Customs authorities in Jordan.

The unfortunate explosion in the Port of Beirut August 2020, which gave another blow to an already fragile situation in Lebanon, opened an opportunity to engage with the Lebanese Customs on a proposal for a new governance model for the Port of Beirut. In this framework, a mapping of stakeholders to engage in support of anti-corruption activities in Lebanon was completed as an input to the new governance model for the Port of Beirut management, within the Framework of the Reform- Reconstruction initiative.

The project team developed a risk management methodology for border control agencies and related training materials. Although a capacity development seminar for customs officers planned for 2020 was initially delayed due to COVID-19 travel restrictions, and later cancelled due to a shift in countries’ priorities, the risk management framework was presented to Arab countries during a Trade Facilitation Workshop in 2021.

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| **Project Output 5: Improvement of related regulatory frameworks for integrity, aiming for good governance for trade development measures** |
| **Output indicators** | **Targets**  | **Progress against targets** |
| Indicator 5.1: Availability of information on corruption risks and integrity challenges that undermine Arab economic integration | Baseline 5.1: No coherent body of information available on corruption risks and integrity challenges that undermine Arab economic integrationTarget 5.1: Information available on [www.arabacinet.org](http://www.arabacinet.org) | 5.1 Some information was collected through an analysis of exposure to corrupt border control practices based on a sample of 96 business processes by six control agencies in Jordan. Nevertheless, the Jordan authorities has not yet granted the permission to publish the findings.  |

**Output 6: Supporting gender responsive mechanisms to ensure systematic integration of gender sensitivities in trade policymaking and negotiations**

A Sustainable Impact Assessment (SIA) and Gender Trade Impact Assessment (GTIA) to evaluate the effects of trade agreements and policies on women’s livelihoods were completed and presented to Arab policy makers during a regional webinar in January 2021. The report applied an empirical economic analysis of business transactions affecting women in the context of relevant commitments in trade and economic cooperation preferential trade agreements. The analysis highlighted the gender blindness of most trade policies in the region, excluding from trade benefits women, and especially low-skill women in the informal sector. Country-specific findings include:

* In Morocco, women play an important role in the export-promising argan oil industry, often operating through cooperatives. The study recommended collaborating with organisations such as the Network of Moroccan Businesswomen (Women Advancement Network) to foster access to the markets such as the Gulf Cooperation Council countries. The American market was also identified as an opportunity, as the demand for Argan Oil is high and there is awareness on women economic empowerment with women-owned businesses representing fifteen percent of the American Chamber of Commerce. These findings informed the design of the pilot mentioned under output 3.
* In Egypt it is estimated that at least two million women work in the handicrafts sector, where entry is perceived easier due to low start-up investment requirements. The growth of businesses run by women in this sector is nevertheless facing considerable growth challenges due to limited access to upskilling technical training, new markets, and finance (as many women cannot provide the necessary collateral).
* The study provided recommendations for including gender-specific provisions in regional preferential trade agreements.

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| **Project Output 6: Supporting gender responsive mechanisms to ensure systematic integration of gender sensitivities in trade policymaking and negotiations** |
| **Output indicators** | **Baselines & Targets**  | **Progress against targets** |
| Indicator 6.1: Level of increase in the usage and circulation of gender-sensitive studies on trade policies | Baseline 6.1: Low level of awareness (Absence of regional studies and debates on gender sensitive trade policies) Target 6.1: At least 2 policy papers on the impact of gender sensitive trade policies on wages and employment, especially in the informal sector  | 2 case studies on the impact of trade policies on women entrepreneurs in Morocco and Egypt were finalized and presented to Arab policy makers. |

## Section 3: Monitoring and evaluation of activities

The project team oversaw the overall evaluation of timely and quality activity implementation, seeking feedback from key partners and stakeholders, including LAS representatives, national officers benefiting from project activities, and UNDP colleagues in country offices where country-specific activities were delivered.

Project reports were submitted to Sida on an annual basis or more frequently when required. Given due consideration to project design phase shortcomings in establishing a robust monitoring framework based on solid baselines, Sida agreed to a clearer and simplified results framework during the project revision that accompanied the no-cost extension request in 2020. This final report is based on this revised results framework.

A final project evaluation took place during December 2021 - March 2022, whereby terms of reference and the selection of evaluators was done in cooperation with Sida. The results of the evaluation have been used to substantiate results reporting in this document and have been summarized as “lessons learned and recommendations”

## Section 4: Project set-up, management, and governance

UNDP delivered project activities within the modality of Direct Implementation, in compliance with UNDP Programme and Operations Policies and Procedures (POPP), whereby compliance is supported by the dedicated Regional Programme Support Unit based in Beirut.

The project team was led by a Chief Technical Advisor responsible to provide technical advice, monitor project implementation, and coordinate activities with stakeholders. Through consultancies, or in cooperation with other international organisations such as UNCTAD and WCO, the project mobilized expertise in trade policies (in goods and in services), risk management for border control operations, customs integrity, trade facilitation and development of the national single window, and customs automated processing. The project team partnered with UNDP Lebanon, Morocco and Jordan during the design and delivery of country-specific project activities.

The project document and its Cost Sharing Agreement were signed in August 2017 and the implementation of specific activities is carried out through the operationalization of annual work plans designed in consultation with LAS and member states to respond to their priorities for trade policy reform, with the aim to ensure ownership and feasibility of the proposed activities and agreed by Sida.

# IV. Lessons Learned and Recommendations

## Lessons learned collected through project implementation and evaluation

Lesson learned 1. The initial broad and open-ended project designed made it difficult to measure the results achieved. Effective trade interventions need to focus on few ambitious but achievable and clearly defined pillars – preferably capacity-development and infrastructure support - and provide a clear rationale and results chain based on comprehensive roadmaps showing how these interventions contribute to development outcomes such as poverty reduction. Moreover:

* Once a precise scope of intervention is identified, the design phase also needs to collect proper baselines: while being demand driven is conducive to beneficiaries’ satisfaction and responsive to their needs, detailed data at the national and regional levels is required to tailor the project’s support areas for regional economic integration. The lack of needs assessments and stakeholder/context mapping can easily result in the provision of ad-hoc, incoherent and not integrated support, with limited contribution at the outcome level.
* A solid results-based management strategy and tools to measure capacity development initiatives' effectiveness are essential to capture the project’s actual benefits for stakeholders adequately. To scale and replicate successful initiatives, lessons learned documentation and institutional learning mechanisms need to be put in place.
* Project governance mechanisms are essential for corrective action and sustainability beyond a project’s duration. In this project, if the project advisory board was activated from the project’s onset, better monitoring could have triggered timely corrective action to optimise synchronicity between all stakeholders.

Lesson Learned 2: Occasionally, countries backed away from the implementation of regional decisions allowing national agendas to jeopardize the regional one. This unstable political commitment and determination by PAFTA signatory countries is an unavoidable feature and one of the major challenges for economic integration. The project responded through adaptation and frequent adjustments to the thematic design of project activities. While this caused delays and only partial achievement of planned results, it also allowed exploiting unexpected opportunities. With the intent to continue promoting the enhancement of trade regulation for better integration in regional and global markets, it is advisable to leverage the emerging commitment and political will (e.g., as in the case of the Jordanian authorities) to showcase benefits to other interested member states and stakeholders.

Lesson Learned 3: The development of trade policies and the readiness to be a part of the regional trade environment is significantly uneven among the 17 PAFTA countries. Several countries are not yet WTO members, therefore they tend to limit their level of commitment during negotiations. It is critical to provide additional support to countries that are lagging when they demonstrate the political will to close the gap, including by fostering their membership in international trade agreements and frameworks beyond PAFTA.

Lesson Learned 4: Small and medium enterprises represent the majority of private business operators in Arab countries. Their awareness of and capacity to capitalize on the new business opportunities offered by regional economic integration is weak. Bottom-up initiative to strengthen the business sector knowledge of trade policies and direct support to navigate the often-cumbersome procedures to access external markets should be a key component of initiatives aimed at promoting regional integration. A focus on the downstream operator could also trigger demand for policy reform at the upstream level and contribute to the consolidation of the necessary political will. Working with users of trade services – for example, SMEs – or institutions that provide these services could help showcase impact in the short-term and eventually inform longer-term trade reform processes. This type of downstream approaches needs to be implemented with adequate planning and precautions to ensure no harm is done, including securing sustainable funding.

Lessons learned 5: The application of digital solutions to trade processes can be a low-hanging fruit to engage decision makers in policy reform processes that increase efficiency, reduce time and monetary transaction costs, while also enhancing transparency and responsiveness to public and private stakeholders.

Lessons learned 6: Gender mainstreaming cannot just be limited to increased female participation in training and workshops. The involvement of women entrepreneurs and stakeholders needs to be an integral part of the gender mainstreaming of all trade-related initiatives.

## Recommendations for Future Action

UNDP strengthened the partnership with LAS Economic Sector and several Arab countries to introduce modern trade policy measures and directions in deepening Arab economic cooperation. Trade facilitation and improving access to new markets, particularly in Asia and Africa, is considered important by most Arab policy makers. In this regard, tightening the partnership with LAS Economic Sector while expanding knowledge sharing through South-South exchanges and focusing on the implementation of concrete activities at both regional and national level is recommended.

Specific recommendations derived from project implementation and from the evaluation are detailed below**:**

Recommendation 1. Future trade support projects should focus on one or two pillars such as, for example: trade policy reform and regulations, trade-related infrastructure, and support to SMEs access to external markets. Projects should justify the rationale and create a comprehensive roadmap for the selected pillar/s. It should be noted that policy assistance is the most challenging trade assistance pillar as it would require extensive effort to generate political buy-in and commitment, which the Arab region currently lacks. Hence, it is advised to focus on soft infrastructure (e.g. digitization) and assistance to export promotion for the private sector, which are more likely to achieve concrete results in the short and medium term. These types of initiatives can also provide some bottom-up proof of concept to help donors, direct implementers, relevant stakeholders advocate for policy reforms based on tangible results. Policy assistance can therefore be better tailored and informed by more accurate baselines.

Recommendation 2. Future project design should be based on in-depth country needs assessments and stakeholder/context mapping. Assessments at national level should focus on three main points. Firstly, an overview of the country’s economic performance and economic trends; politics, and safety and security trends; political and diplomatic relations with other Arab countries; existing trade-related policies and trade-related procedures; rating on transparency, accountability, access to information, and equity. Secondly, an examination of the performance of the public sector, particularly institutions engaged in trade and economic matters, as well as the performance and engagement of the private sector. Thirdly, a mapping of existing resources such as natural, financial, industrial, and human; industries; and internal and external growth limitations. Finally, an in-depth analysis of supply-side constraints is required to pinpoint inadequate infrastructure, lack of credits, inadequate technology or labour force. Due to the Arab region’s endemic lack of available data, creative ways need to be explored to access relevant sources of information to guide programming design and policy recommendations.

Recommendation 3. Combine upstream policy work with more bottom-up and direct engagement of businesses, which are the users of trade services. Trade policy reforms are insufficient to deliver the expected benefits from trade expansion. Hence the importance of clearly showing how trade can impact alleviating poverty and raising living standards for the most vulnerable groups. Concrete achievements could be the primary motivation used to encourage stakeholders – country and regional counterparts – to engage in policy reforms. Ultimately, deepening Arab Economic Integration will only succeed with the pro-active engagement of the private sector in the design and implementation of trade policies that better respond to their needs for business growth and sustainability.

Recommendation 3– Trade policy reforms should be designed with the primary objective of contributing to sustainable development. Building on the universal consensus among Arab States on Agenda 2030, the dialogue around regional economic cooperation should include:

* For countries that have existing national trade policies, these policies must be (1) re-vamped with results-based management (RBM); (2) aligned to the regional trade agenda; (3) linked to the SDGs; and (4) have services, environment, youth and gender as essential components.
* Support to economic diversification through supply chains that can develop based on comparative advantage within the regional economic space, and in connection with global markets. Complementary production networks in Arab countries can help move to higher value-added manufacturing. Linking local economies to international supply chains can also help increase the value added of agricultural products, reducing food dependency and improving food security in the region.
* Ensure that trade interventions guarantee more solid gender mainstreaming in future programming. Firstly, the project should assess how gender inequalities are impacted by trade to conceptualize trade approaches that help to redress pre-existing inequalities through a gender-sensitive lens. Further considerations should be given to promoting women’s productive employment and challenging discriminatory social norms in trade and the business market. Assumptions of gender-neutrality should be avoided in line with legal obligations under the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).
* Design trade policies with environmental protection in mind. For example, while reducing costs, lower trade tariffs can also facilitate trade actors’ access to equipment and technologies that can mitigate environmental harm caused by all stages of economic activities. Fostering cleaner practices in business through increasing awareness can also provide competitive advantages to green businesses and facilitate access to global markets. Greater investment is needed for the systematic collection of data related to the environment – for example, firms providing green services, the financial cost of environmental harm, simulations on how cleaner practices can improve performance and profits.

Recommendation 4 – Regional economic integration necessitates a new governance model with a regional body provided with the authority to enforce and monitor implementation. The aims would be to:

* promote the nationalization of regional commitments into national regulatory frameworks to strengthen the political will to comply with PAFTA provisions among Arab countries.
* The establishment of an Arab Trade Repository (national and regional mechanisms to improve transparency and monitor progress) to complement the Uniformed Report of PAFTA adopted by ECOSOC. This can be promoted based on the good experience with procedures for the timely dissemination of new trade regulations triggered by the uncertainties caused by COVID19, which increased predictability for trade operators.

Recommendation 5. Keep fostering the adoption of automated and digitized trade processes among trade authorities and operators to enhance efficiency and transparency. Address the importance of digital transformation for the delivery of trade services, including opportunities to boost e-commerce. Future projects should increase the awareness of the public and private sectors on digital trade trends and contribute to digital infrastructure support. For example, the project could provide new digital tools, then work to develop the capacity of staff to use these tools effectively.

Recommendation 6. Develop a clear and structured approach to assisting least-developed countries in building their trade-related capacity. This approach includes helping countries with information, policies, procedures, institutions and infrastructure and considering designing activities to encourage active knowledge-sharing through south-south cooperation, the improvement of institutional learning and the strengthening of institutional memory. Such actions will further help strengthen accountability for and ownership of trade policies.

Recommendation 7. Implement project governance mechanisms to ensure corrective action and sustainability beyond a project’s duration. These can inform the division of tasks and roles amongst implementing parties or project partners. The project oversight can be strengthened by designing, activating and consistently running a project steering committee that includes key stakeholders and/or a project advisory board that can trigger timely corrective action to optimise synchronicity between all stakeholders, as well as adequate risk identification and management.

# V. Risks and Mitigation Measures

**Risk Log**

| **Risks** | **Mitigation Measures** |
| --- | --- |
| Project Risk 1: Reluctance of member states in translating the political mandate of modernization and upgrading of Pan Arab Free Trade Area into a responsive legal framework with alignment to instruments of the multilateralism.  | * Due to COVID-19 implications, the risk expanded as member states are prioritizing their national agenda over regional interventions. To mitigate this risk, UNDP continued cooperation with the League of Arab States and its technical committees to enhance technical knowledge on the application of trade measures and policies and economic multilateralism to translate political decisions into concrete reforms, including in response to the impact of the pandemic.
 |
| Project Risk 2: Inadequate technical capacity of design of the new regulatory framework within the League of Arab States, and the related lack of authority to ensure the adoption of new policy measures. | * To strengthen technical capacity, the project assisted Arab policy makers with specialized analysis on the impacts of Arab Custom Union, E-Commerce, Investment, guidelines on Consumers’ protection, and upgrading the Pan Arab Free Trade Area through development of draft legal texts for the negotiations by Arab countries.
* Taking into consideration LAS new approach in the design of trade policies and as a preparatory step in the modernization of Arab trade policies, the project team in consultations with LAS, developed analysis of investment to deepen Arab economic integration, to upgrade the LAS technical understanding and foster informed decisions making on these topics.
 |
| Project Risk 3: Inadequate practices and modalities for regional commitments to be translated into policy actions.  | * UNDP supported key member states to design and update new trade policies at the national level in trade facilitation and services. For example, it assisted Palestine and Morocco to analyse and identify opportunities to participate to the Arab Agreement in the liberalization of Trade in services and deepen market access for Moroccan service products.
* UNDP prioritizes promotion of transparency in the publication and dissemination of trade regulations. A proposal to operationalize mechanisms of notification of trade related regulations was presented and accepted by Arab policy makers. UNDP also relied on materials and documents by the Arab Chamber of Commerce and Industry and those of official meetings of trade policy negotiators to understand operational challenges, faced by Arab traders.
 |
| Project Risk 4: Protracted political instability/conflict restrains the design of long-term programmes of Arab cooperation and hinder coordination on Arab economic integration | * UNDP monitored the situation through the UNDP networks of Country Offices, supported by the UN system, and in regular contact with stakeholders at the national and regional level.
 |
| Project Risk 5: Serious challenges posed by Covid-19 to the application of regionalism in trade policies and to the delivery of project activities.  | * In response to Covid-19, national authorities prioritized the domestic agenda over regional integration. To support regionalism, UNDP assisted LAS and ECOSOC to prepare ECOSOC Trade Policy Statements (issued in May 2020) to call for facilitating instead of hindering regional and international trade, particularly of medicines, face masks and other personal protection equipment, as a more effective response to the impact of the pandemic. To foster public confidence on the publication of trade regulations, UNDP assisted LAS ECOSOC to activate the mechanisms of notification of trade regulations, aligned to international best practices.
* UNDP also adopted flexibility in implementation and focused on activities that are desk-based. Adaptation and adjustment of activities included virtual workshops and consultations.
 |

# VI. Partnership and collaboration

UNDP collaborated with UNCTAD, WTO and the private sector to mobilize expertise and support to the project implementation. This helped to raise awareness of countries in the region on international standards and practices as well as to ensure that PAFTA instruments that were being upgraded were aligned with the regulations of WTO, WCO and other international trade organizations.

In addition, UNDP mobilized experts from developing countries to share experiences that can benefit Arab countries through South-South Cooperation. Several experts on trade facilitation and the National Single Window system from Asia were mobilized to share experiences and assist identified countries.

In response to the needs of supporting Lebanese SMEs and Moroccan cooperatives in the exportation of Lebanese products and Argan oil, its derivatives to the US market, partnership was established with Fair Trade Lebanon, a non-governmental entity, to leverage its 15-year of experience in the promotion of Lebanese exports to the international market.

# Communication and Visibility

The project included external communications and dissemination of information as an ongoing process covering activities and results through newsletter articles and social media posts that give visibility to the project.

The following articles were posted on the Regional Bureau for Arab States Newsletter and UNDP Arab states website, documenting activities and events carried out under the project:

* [Second Regional Workshop on Transport and Trade Facilitation to strengthen Arab Economic Integration](http://www.rbas-rpnewsletter.org/Home/index/?aid=142) (2017)
* [Jordan launches the National Single Window to streamline trade flows](http://www.rbas-rpnewsletter.org/Home/index/?aid=151) (2018)
* [The Jordan National Single Window benefits from the Indonesian experience](http://www.rbas-rpnewsletter.org/Home/index/?aid=166) (2018)
* [Measuring trade contribution to sustainable development in Arab countries](http://www.rbas-rpnewsletter.org/Home/index/?aid=174) (2018)
* [Helping Least Development Countries advance the regional trade agenda](http://www.rbas-rpnewsletter.org/Home/index/?aid=185) (2018)
* [Towards stronger trade policymaking in Palestine](http://www.rbas-rpnewsletter.org/Home/index/?aid=187) (2018)
* [Digitalizing Trade Facilitation in the Arab Region](http://www.rbas-rpnewsletter.org/Home/index/?aid=190) (2019)
* [National Seminar on Egypt National Single Window](http://www.rbas-rpnewsletter.org/Home/index/?aid=191) (2019)
* [Trade Data Analysis Training for the League of Arab States](http://www.rbas-rpnewsletter.org/Home/index/?aid=194) (2019)
* [Building capacities of Iraqi negotiators in trade in services](http://www.rbas-rpnewsletter.org/Home/index/?aid=197) (2019)
* [Supporting Palestine towards stronger trade policymaking](http://www.rbas-rpnewsletter.org/Home/index/?aid=207) (2019)
* [Strengthening Arab Connectivity through trade](http://www.rbas-rpnewsletter.org/Home/index/?aid=209) (2019)
* Trade in services to boost the economy of [Morocco](http://www.rbas-rpnewsletter.org/Home/index/?aid=210) (2019)
* [Arab Economic Integration for growth, peace and stability (2019)](https://www.arabstates.undp.org/content/rbas/en/home/ourperspective/ourperspectivearticles/2019/arab-economic-integration-for-growth--peace-and-stability-.html)
* [Towards Customs Digitalization for Trade Facilitation in the Arab region](http://www.rbas-rpnewsletter.org/Home/index/?aid=212) (2019)
* [Covid-19 and trade: finding opportunity in crisis](http://www.rbas-rpnewsletter.org/Home/index/?aid=217) (2020)
* [Leveraging trade for women’s empowerment in the Arab region](http://www.rbas-rpnewsletter.org/Home/index/?aid=224) (2021)
* [UNDP and SIDA Support Lebanese Companies Export to the United States](https://www.arabstates.undp.org/content/rbas/en/home/presscenter/pressreleases/2022/undp-and-sida-support-lebanese-companies-export-to-the-united-st.html) (2022)

During the project’s implementation, a [project page](https://www.arabstates.undp.org/content/rbas/en/home/sustainable-development/arab-economic-integration-for-sustainable-development--aeisd--.html) was created on UNDP Arab States website describing the scope of the initiative.

**Social Media**

To expand visibility and outreach, and ensure the dissemination of messages, the project mainly utilized the UNDP official account in the Arab States, [UNDP Arabic](https://twitter.com/UNDPArabic), a popular social media page that has an audience of over 101,000 users on Twitter. Over 60 tweets related to the project were posted, reaching over 38,800 impressions through the hashtag #TradeSDGs.

The project leveraged International Women's Day 2022, posting a [short video](https://twitter.com/UNDPArabic/status/1501530741087236100) including part of an interview with Nadia Fatemi, the Chairperson of Agadir Cooperatives Association describing how UNDP and Sida are supporting Argan Oil Women Cooperatives to export their products on the market through digital marketing, branding and coaching (over 290 video views).

News on activities related to supporting Lebanese SMEs in the exportation of Lebanese products to the US market in partnership with Fair Trade Lebanon were further disseminated through UNDP Lebanon social media accounts (Twitter, Instagram, Facebook and Linkedin) in 2022, reaching over 10,700 people.

# Financial Summary 1 October 2017 – 31 March 2022

|  |  |
| --- | --- |
|  | **Expenditures** |
| **Description** | **Budget** | **Q3 2017 & 2018**  | **2019** | **2020** | **2021 &****Q1 2022**  | **Total 2017-2022**  |
| **OUTCOME 1:Capacity of the League of Arab States strengthened to manage regional economic integration related processes** |
| Output 1 | Technical support to LAS secretariat and Arab negotiators on trade policy formulation and reform under PAFTA | 1,525,862.7 | 474,838.5 | 455,641 | 268,234 | 351,234 | 1,549,948 |
| Output 2 | Support for the organizational capacity of LAS secretariat to facilitate the regional economic integration agenda | 515,040.0 | 149,262.5 | 56,360 | 148,775 | 104,967 | 459,365 |
| **Subtotal Outcome 1** | **2,040,902.7** | **624,101.0** | **512,002** | **417,009** | **456,201** | **2,009,313** |
| **Outcome 2: Member states are capacitated and technically prepared for regional economic integration** |
| Output 3 | Country-based technical assistance to policymakers for trade policy reform and coherence | 280,608.0 | 68,977.5 | 69,371 | 113,206 | 440,915 | 692,469 |
| Output 4 | Country-based technical assistance in preparation of the Arab Customs Union | 2,917,080.0 | 701,478.4 | 693,773 | 553,910 | 1,243,724 | 3,192,885 |
| **Subtotal Outcome 2** | **3,197,688.0** | **770,455.9** | **763,144** | **667,116** | **1,684,639** | **3,885,354** |
| **Outcome 3: Engagement of key development actors ensured through inclusive and transparent processes for regional economic integration** |
| Output 5  | Improvement of related regulatory frameworks for the integrity of trade measures | 610,500.0 | 37,860.0 | 42,552 | 16,060 | 28,141 | 124,613 |
| Output 6  | Gender responsive mechanisms to ensure integration of gender sensitivities in trade policies and negotiations  | 279,698.0 | 12,400.0 | 79,789 | 45,161 | 47,896 | 185,246 |
| **Subtotal Outcome 3** | **890,198.0** | **50,260.0** | **122,342** | **61,221** | **76,036** | **309,859** |
| **MANAGEMENT OF RISKS OF THE PROJECT IMPLEMENTATION** | 33,710.0 | - |  |  |  | - |
| **Monitoring and Evaluation** | 77,000.0 | - |  |  | 21,999.78 | 22,000 |
| **Subtotal** | **6,239,498.7** | **1,444,816.9** | **1,397,487** | **1,145,346** | **2,238,876** | **6,226,526** |
| **GENERAL MANAGEMENT COST AT 8%** | 499,159.9 | 115,585.3 | 111,762 | 91,115 | 179,110 | 497,572 |
| **TOTAL GRAND** | **6,738,658.6** | **1,560,402.22** | **1,509,248.44** | **1,236,460.85** | **2,417,986.17** | **6,724,098** |
| UNDP confirms that the funds spent during this reporting period have been spent for the purpose of this project exclusively and in accordance with the terms and conditions of the Funding Agreement. Data contained in this report is an extract from UNDP financial records. All financial information provided above is provisional. Certified financial statements will be provided on 30 June of the following year of the reporting year |

# Annex 1: Summary Progress Report January 2021 – March 2022

1. **Summary of deliverables and activity implementation**

During the no-cost extension granted initially until December 2021, and later further extended until March 2022, the project focused on wrapping up key activities, transferring the acquired know-how to regional and national partner institutions, and capturing lessons learned to inform future interventions in this area.

Activities related to output 1 and 2, contributing to outcome 1 on Strengthening the League of Arab States capacities for economic integration, were geared to finalize and hand over all technical studies and documentation. The LAS technical secretariat received the documentation related to the impact of the Arab Custom Union, the cumulation of rules of origins, and the governance mechanisms for the draft Protocol on Trade Facilitation. With due consideration to the continuation of the COVID-19 pandemic and the increased familiarity of stakeholders with on-line consultations, the documentation was presented to Member States through a series of webinars.

Activities related to outputs 4 and 5, contributing to outcome two on PAFTA member states capacities to participate in economic integration, were re-focused to maximise the impact of those activities that benefited from commitment and political will among national stakeholders. The project succeded in completing phase two of the Jordan National Single Window, with the development of the Jordan Licencing Hub. Palestine could join the Arab Agreement on Trade in Services thanks to the support of the project. In Morocco, in partnership with UNCTAD, a review of trade in three sectors and an assessment of the Morocco National Funding Window were completed. Finally, leveraging previous analysis and stakeholder engagement, a pilot was implemented to provide direct export support to Lebanese small and medium enterprises, and Morocan women-led Cooperatives. The aim of the pilot was to demonstrate the potential of local sustainable products, once local companies are able to overcome administrative bottlenecks and acquire knowledge of export markets.

Outcome 3 on inclusive trade processes, with a focus on transparency and women empowerment, suffered throughout project implementation due to the lack of prioritization among PAFTA member states, as well as challenges in the identification of Arab expertise specialized in trade and anti-corruption or the gender dimension of trade. Activities in 2021 were thereby focused on the finalization of analysis and assessments that might provide baseline data for forward-looking work in these areas. It is to be noted that, while the gender and trade study was published and received the interest of regional and national stakeholders during a public event, the study on corruption practices in customs procedures could not be released and it is still under consideration with the relevant national authorities.

The table below summarizes progress against the activities planned and agreed with Sida for 2021 and Q1 of 2022.

| **Project Outputs**  | **PLANNED ACTIVITIES** | **TIMEFRAME** | **RESULTS ACHIEVED** |
| --- | --- | --- | --- |
| **2021** | **2022** |
| **Q****1** | **Q****2** | **Q****3** | **Q****4** | **Q****1** |
| **OUTCOME 1****Capacity of the League of Arab States strengthened to manage regional economic integration related processes** |
| **Output 1: Structured and targeted technical support to LAS secretariat and Arab negotiators on trade policy formulation and reform under PAFTA** | 1.1.1 Conclude the technical support on clarifications for Arab countries related to the Studies on revenue impacts, redistribution of the Arab Customs Union/ACU (requested by the ACU Committee and LAS). | X | X |  |  |  | The project’s technical support resulted in the Draft ACU Agreement and proposed governance framework, to be further negotiated and eventually adopted under the aegis of LAS ECOSOC. |
| 1.1.2 Complete three studies to be used as technical reference for the design of ACU and formulation of trade policies and negotiations:Study 4. Protection of Infant Domestic Industries within ACUStudy 5. Review of support to Infant Domestic Industries within ACUStudy 6. Review of Flexibilities in the accession to ACU. | X | X |  |  |  | The remaining three studies (out of a total of six, with the initial three delivered in 2020) were completed as per the schedule.  |
| 1.1.3 Hold a regional workshop to discuss findings of the ACU Studies 4, 5 and 6. |  | X |  |  |  | The three studies were presented to LAS member states through webinars in Q2 2021. |
| 1.1.4 Hold final consultations with LAS on newly developed technical components, considering mandates of the 2019 Socioeconomic Summit in areas like E-Commerce, construction services. |  | X |  |  |  | Background analysis on e-Commerce, Green Economy, and the Arab Trade Repository to monitor PAFTA implementation progress were finalized and presented to LAS ECOSOC in 2021. |
| 1.1.5 Finalize the Technical Guide on the cumulated rules of origin to improve flows of commodities among Member States within and beyond PAFTA | X | X |  |  |  | Las member states adopted the proposed guidelines on the cumulation of rules of origin in facilitating the movement of goods and enabling more complementarity among the production platforms of Arab countries. |
| 1.1.6 Hold a regional workshop on the determination of the cumulated origin of goods reflected in the Technical Guide. |  | X |  |  |  | A related workshop was held in Q2 2021, ahead of the adoption of the guidelines. |
| 1.2 Collaborate with UN agencies, regional commissions, international and regional organizations (e.g. GCC CU Secretariat and European Commission) to mobilize international expertise in support of the LAS Secretariat’s efforts to deepen Arab economic integration. | X | X |  |  |  | While collaboration with other international agencies has been tapped from the onset of the project, no specific engagement can be reported in its last years, besides participation of thematic experts in the webinars.  |
| 1.3 Hold consultations on the exit strategy with beneficiaries for future works (with LAS, Jordan, and relevant countries) | X | X |  |  |  | LAS and member states were informed about the ending of the project and all technical studies and other materials were transferred to its staff.  |
| **Output 2: Provision of support for the organizational capacity of LAS secretariat to facilitate the regional economic integration agenda** | 2.1 Complete the upgrading of the Arab Economic Integration Website to render it more comprehensive and interactive for the new needs of Arab countries. | X | X |  |  |  | The website could not be deployed due to a new LAS regulation limiting the hosting and development of online platforms for security reasons. |
| 2.2 Uphold wrap-up discussion on the assistance to Arab negotiators and policy makers of Member States at LAS technical committees on technical features of PAFTA upgrading in trade facilitation | X | X |  |  |  | Member states adopted the governance mechanisms for the draft Protocol on Trade Facilitation and related institutional arrangements (one of the four areas of the PAFTA upgrading) |
| **Outcome 2****Member states are capacitated and technically prepared for regional economic integration** |
| **Output 3: Provision of country-based technical assistance to policymakers for their activities related to trade policy reform and coherence** | 3.1 Wrap-up on the assistance to Member States categorized as Least Developed Countries (like Sudan) for the alignment of the legal and regulatory framework to the PAFTA upgrading, particularly on Trade Facilitation. | X | X |  |  |  | In 2021, the project provided technical support to the State of Palestine in the preparation of its offer to become a contracting party to the Arab Agreement in Trade in Services, which culminated with the successful accession to the agreement. A case study on the Arab Agreement in Trade in Services is available in Annex 2. |
| 3.1.1 Hold virtual regional workshops on Trade Facilitation for Non-WTO members and LDCs. | X |  |  |  |  | While LAS member states categorized as LDCs have been encouraged to take part in all webinars, a targeted workshop for non-WTO members could not be organised due to the volatile political situation. |
| 3.1.2 Provide assistance in the design of the Strategic Planning of Sudan National Single Window for policy decisions. | X | X |  |  |  | The project planned and designed initiatives to support the development of a national single window in Sudan, but the unstable political situation prevented the roll out of this activity. Efforts were redirected to a joint initiative with UNCTAD to finalize the Trade in Services Policy Review of three sectors, namely: Legal Services, Whole Sales and Retail Distribution, and Logistics services of pharmaceutical products. |
| 3.1.3 Provide capacity building activities on technical areas of Sudanese National Single Window | X | X |  |  |  |
| 3.1.4 Provide support to Arab countries, within a coordinated scheme, through LAS, in strengthening their design procedures and monitoring mechanisms for disputes coming out of PAFTA and the PAFTA upgrading. |  | X |  |  |  | Fifteen Arab countries applied the upgraded standard report to present the implementation of PAFTA to the Monitoring and Enforcement Committee under ECOSOC. Conflict-affected countries such as Yemen and Libya could not submit their reports. |
| 3.2 Develop the Roadmap of Export Promotion of Lebanon toward the new strategies for Reform-Recovery-Reconstruction, inclusive of a monitoring mechanism. |  |  | X | X |  | The project supported the Ministry of Economy and Trade of Lebanon to develop a Roadmap of Export Promotion, inclusive of a monitoring mechanism. This contributed to the Reform-Recovery-Reconstruction initiative, initiated in the aftermath of the explosion in the Beirut port in August 2020, in cooperation with the European Union and the World Bank. |
| 3.3 Undertake the pilot to support cooperatives working in the production of Argan oil in Morocco, operated by women, in using export promotion | X | X |  |  |  | This activity, initially planned to contribute to output 6, was repurposed under output 3 to develop synergies with Lebanon Export promotion roadmap. In partnership with Fair Trade Lebanon, the pilot supported access to the US market for eighteen Lebanese SMEs producing agro-food goods and sixteen Moroccan cooperatives producing argan oil derivates. Participants in the pilot benefited from capacity development activities for better understanding the US market requirements, marketing support, etc. By the end of the pilot, the Lebanese SMEs also received logistical support to ship their products to the US. As only three Moroccan cooperatives were deemed export-ready, based on the availability of the necessary licences and certificates, an e-market place was developed to help them promoting their products while the rest of the requirements are attained. Additional details on the pilot are available in Annex 4. |
| 3.3.1 Conduct the need assessment of identified cooperatives producing Argan oil on needs of strengthening staff capability in the export promotion. | X | X |  |  |  |
| 3.3.2 Design the plan of export promotion for the identified cooperatives | X | X |  |  |  |
| 3.3.3 - Develop the business network to support access of Moroccan cooperatives in producing Argan oil to connect to international markets |  |  | X | X | X |
| **Output 4:** **Provision of country-based technical assistance to policy makers for the modernization of the supply/value chain in preparatory process for the Arab Customs Union** | 4.1 Review of the regulatory framework to facilitate customs digitalization of one or two Arab countries. Analysis of gaps in the legal and regulatory framework for the electronic processing of information and data exchanges (Paperless Trade) | X | X |  |  |  | This activity covered the implementation of activity 4.4 in Morocco and 4.6 in Jordan. UNDP registered increasing interest in the digitalization of trade-related processes, which would require additional resources and an extended timeline. The experience gained through this project can be leveraged for future initiatives in this area.  |
| 4.2 Simplify and standardize trade and customs-related procedures based on international standards (e.g. AEOs, Post Clearance Audit, etc.) at the regional level. | X | X |  |  |  | Based on the Jordan National Single Window successful experience, the project supported the drafting of a Memorandum of Understanding for Authorized Economic Operators (AEOs) at the regional level in close coordination with the LAS Arab Economic Department. The draft was submitted to the Customs Procedures Working Group. |
| 4.3 Prepare the guidelines of the mutual administrative recognition on the basis of international conventions and practices. | X | X |  |  |  | Guidelines on mutual recognition were included in the Authorized Economic Operators Memorandum of Understanding. |
| 4.4 Conduct technical evaluation and consultations for the review of operations of Port Net of for the stage 2 of Moroccan Single Window | X | X |  |  |  | The Moroccan Single Window/PortNet was reviewed to assess the facility capacity to support supply chains and compliance with PAFTA provisions for trade in goods. The assessment informed the dematerialization of border control in line with the upgraded protocol of PAFTA. |
| 4.5 Follow-up on the activation of the Nuweibae-Aqaba Pilot, including the finalization of the MOU based on consultations with border management authorities in Egypt and Jordan. | X | X |  |  |  | the Nuweibae-Aqaba Pilot was put on hold at the onset of the COVID-19 pandemic due to the imposed restrictions and a change in priorities. Despite several attempts, work on the MOU could not be resumed within the duration of the project. |
| 4.6 Complete the development of Jordan Licensing Hub within Jordan National Single Window. | X | X | X | X | X | The Jordan Licencing Hub development was completed in March 2022 and handed over to the Jordanian Customs. A case study on this experience is available in Annex 3. |
| 4.7 Exchange mission on the application of Authorized Economic Operators and Trade Facilitation policies like pre-arrival clearance of shipments for Least Developed Countries like Palestine, Sudan |  |  | X | X |  | In November 2021, a capacity development workshop for the Palestine Customs was organised in Amman under the aegis of the Jordanian Customs. Palestinian officers learned first-hand from the Jordanian experiences on Authorized Economic Operators and the National Single Window. |
| **Outcome 3 Engagement of key development actors ensured through inclusive and transparent processes for regional economic integration** |
| **Output 5:** **Improvement of related regulatory frameworks for integrity, aiming for good governance for trade development measures** | 5.1 Conduct analysis of operational procedures in Customs and cross border in one Arab country to identify potential exposure to risk of corruption and inform a regional discussion on the improvement of performance in the control of cross border operations. | X | X |  |  |  | The project produced an analysis of corruption-risk exposure in Customs’ and cross border authorities’ operational procedures in Jordan, covering 96 business processes, and providing recommendations to upgrade efforts in anti-corruption based on international instruments. Its publication is still pending the approval of relevant Customs authorities in Jordan. |
| 5.2 Hold a virtual workshop to showcase tools to guide policy makers in Arab countries on how to identify and respond to corruption risks and integrity challenges in trade policies. | X |  |  |  |  | The planned virtual workshop did not take place, pending the approval of the Jordan Customs to release the results of the study.  |
| 5.3 Document and share implementation experiences for South-South cooperation through lessons learned |  |  | X | X |  | The transfer of knowledge on the operationalization of the National Single Window from the Jordanian Customs to the Palestinian Customs (activity 4.7) and the engagement of Lebanese free-trade experts to enhance the expert potential of Moroccan women-lead initiatives (activity 6.3) were the most significant South-South cooperation achievement in 2021. |
| 5.3.1 Develop a case-study on the modernization of the supply chain in the Jordanian Trade Licensing Hub |  |  |  | X | X | The case study has been finalized and it is available in Annex 3. |
| 5.3.2 Develop a case-study on mainstreaming trade in service in Arab countries- Operationalization of the Arab Agreement in Trade in Services |  |  |  | X | X | The case study has been finalized and it is available in Annex 2. |
| 5.3.3 Produce the Video Illustration on Arab Economic Integration in facilitating trade and supply chain |  |  |  | X |  | The video was not finalized before the end of the project, but UNDP is still planning to produce it, in cooperation with the Jordan Customs. |
| **Output 6:** **Supporting gender responsive mechanisms to ensure systematic integration of gender sensitivities in trade policy-making and negotiations** | 6.1. Hold the regional multi-stakeholder validation workshop on gender and trade (e.g. addressing the challenge in the access to production resources, technical trainings, enhancement of social norms in looking at the contribution of women) | X | X |  |  |  | The Gender Trade Impact Assessment (GTIAs) was presented to Arab policy makers during a regional webinar in January 2021. The report applied an empirical economic analysis of business transactions affecting women in the context of relevant commitments in trade and economic cooperation preferential trade agreements. The analysis highlighted the gender blindness of trade policies in the region. |
|  | 6.2 Complete technical analysis on the Economic Empowerment of women in Morocco, with focus on women working at the cooperatives in Argan oil and related products | X | X |  |  |  | The analysis was completed within the assessment mentioned in activity 6.1. The study recommended collaborating with organisations such as the Network of Moroccan Businesswomen to foster their access to markets. |

1. **Financial Summary**

As per the table below, during the period January 2021 – March 2022, the project utilized all funds allocated in the work-plan budget. The additional amounts reflected in this financial abstract are due to financial commitments undertaken in previous years, but disboursed during the reporting period. This is due specifically to the investment in the Jordan Licencing Hub, contributing to outcome 4, where contractors were engaged in 2019.

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| **AEISD** |
| **1 January 2021- 31 March 2022**  |
| **Description** | **Budget** | **Utilization** |
| **OUTCOME 1: Capacity of the League of Arab States strengthened to manage regional economic integration related processes** |
| Output 1 | Structured and targeted technical support to LAS secretariat and Arab negotiators on trade policy formulation and reform under PAFTA | 675,015.00 | 351,234.20 |
| Output 2  | Provision of support for the organizational capacity of LAS secretariat to facilitate the regional economic integration agenda  | 106,100.00 | 104,967.03 |
| **Subtotal Outcome 1** | **781,115.00** | **456,201.23** |
| **Outcome 2: Member states are capacitated and technically prepared for regional economic integration** |
| Output 3 | Provision of country-based technical assistance to policymakers for their activities related to trade policy reform and coherence | 476,815.00 | 440,915.25 |
| Output 4 | Provision of country-based technical assistance to policy makers for the modernization of the supply/value chain in preparatory process for the Arab Customs Union | 541,068.90 | 1,243,723.77 |
| **Subtotal Outcome 2** | **1,017,883.90** | **1,684,639.02** |
| **Outcome 3: Engagement of key development actors ensured through inclusive and transparent processes for regional economic integration** |
| Output 5 | Improvement of related regulatory frameworks for integrity, aiming for good governance for trade development measures | 55,600.00 | 28,140.50 |
| Output 6 | Supporting gender responsive mechanisms to ensure systematic integration of gender sensitivities in trade policymaking and negotiations | 51,158.52 | 47,895.55 |
| **Subtotal Outcome 3**  | **106,758.52** | **76,036.05** |
| **TOTAL OPERATIONAL BUDGET**  | **1,905,757.42** | **2,216,876.30** |
| **Monitoring and Evaluation**  | **40,000.00** | **21,999.78** |
| **GENERAL MANAGEMENT COST AT 8%**  | **155,660.59** | **179,110.09** |
| **TOTAL GRAND**  | **2,101,418.01** | **2,417,986.17** |
| UNDP confirms that the funds spent during this reporting period have been spent for the purpose of this project exclusively and in accordance with the terms and conditions of the Funding Agreement. Data contained in this report is an extract from UNDP financial records. All financial information provided above is provisional. Certified financial statements will be provided on 30 June of the following year of the reporting year. |

1. United Nations Conference on Trade and Development <https://unctad.org/statistics>. [↑](#footnote-ref-2)
2. The World Bank. <https://databank.worldbank.org/source/world-development-indicators> [↑](#footnote-ref-3)
3. Ibid. [↑](#footnote-ref-4)
4. United Nations Economic and Social Commission for West Asia (ESCWA). 2017. Transport and Connectivity to Global Value Chains: Illustrations from the Arab Region. <https://www.unescwa.org/publications/transport-connectivity-global-value-chains>. [↑](#footnote-ref-5)
5. World Bank, MENA Economic Update (October 2021) [↑](#footnote-ref-6)
6. UNCTAD, International Merchandise Trade 2020. [↑](#footnote-ref-7)
7. WTO, Trade Statistics 2021, https://www.wto.org/english/res\_e/statis\_e/wts2021\_e/wts2021\_e.pdf [↑](#footnote-ref-8)
8. WTO, Trade Statistics 2021, https://www.wto.org/english/res\_e/statis\_e/wts2021\_e/wts2021\_e.pdf [↑](#footnote-ref-9)
9. “Towards a Productive and Inclusive Path: Job Creation in the Arab Region”, ILO and ESCWA, 2021 [↑](#footnote-ref-10)
10. The mechanism was adopted during the September 2020 ECOSOC regular meeting. [↑](#footnote-ref-11)
11. Arab Sustainable Development Report 2020, ESCWA [↑](#footnote-ref-12)
12. Assessing Arab Economic Integration: Trade in Services as a Driver of Growth and Development”. ESCWA, 2018 [↑](#footnote-ref-13)
13. ESCWA 2017, (2017). “Transport and Connectivity to Global Value Chains: Illustrations from the Arab Region”. Beirut. www.unescwa.org/sites/www.unescwa.org/files/publications/files/transport-connectivity-global-value-chains-english\_0.pdf [↑](#footnote-ref-14)
14. Arab Monetary Fund, Joint Economic Report 2020, Chapter 8-International and Intra-Regional Trade [↑](#footnote-ref-15)
15. The World Bank. *World Development Indicators* <https://databank.worldbank.org/source/world-development-indicators>  [↑](#footnote-ref-16)
16. Arab Monetary Fund, Joint Economic Report 2020, Chapter 8-International and Intra-Regional Trade [↑](#footnote-ref-17)
17. Arab Monetary Fund, Joint Economic Report 2020, Chapter 8-International and Intra-Regional Trade [↑](#footnote-ref-18)
18. World Bank, MENA Economic Update (October 2021) [↑](#footnote-ref-19)
19. [Kristalina Georgieva](https://www.imf.org/en/News/Articles/2021/11/17/~/link.aspx?_id=9C8411E26BD84173955E3B29FB6ED485&_z=z), Managing Director of IMF, Arab Fiscal Virtual Forum Ministerial Meeting (November 20210. [↑](#footnote-ref-20)
20. IMF, April 2022 *Regional Economic Outlook (REO): Middle East and Central Asia* [↑](#footnote-ref-21)
21. UNCTAD, International Merchandise Trade 2020. [↑](#footnote-ref-22)
22. WTO, World Trade Statistics Review 2021, www.wto.org/statistics [↑](#footnote-ref-23)
23. https://www.statista.com/statistics/806350/trade-balance-of-goods-in-the-arab-world-countries/ [↑](#footnote-ref-24)
24. UNCTAD, Global Trade Update, November 2021. [↑](#footnote-ref-25)
25. ESCWA, Arab Sustainable development Report 2020 [↑](#footnote-ref-26)
26. In accordance with Article 8, sub-paragraph 4- Technical Secretariat, PAFTA Resolution (1997). [↑](#footnote-ref-27)
27. Output indicators, baselines and annual targets have been revised and simplified to enhance the RBM part of the project. [↑](#footnote-ref-28)
28. The amount of the initial contract was 943,151 USD. After the settlement, the company receive 556,291.59 USD, which covered the finalization of the technical specification and part of the development work, despite development count is not completed. The local company provide an open-source solution for 253,500 USD, which also left a residual budget invested in increasing the server capacity of the Jordanian Customs to improve the performance of the Licensing Hub. [↑](#footnote-ref-29)