

“Aid for Trade Initiative for the Arab States”

Virtual Project Advisory Committee (PAC) meeting

13 – 28 December 2012

Participants:

The Document was shared by e-mail with the following HQ Units:

- Bureau for Development Policies (BDP) and BDP/Democratic Governance Group (DGG)
- Bureau For Crisis Prevention and Recovery (BCPR)
- Bureau Of Management (BoM)
- Evaluation Office (EO)
- Operations Support Group (OSG)
- BERA
- Regional Bureau for Africa (RBA)
- Regional Bureau for Asia and the Pacific (RBAP)
- Regional Bureau for Europe and the CIS (RBEC)
- Regional Bureau for Latin America and the Caribbean (RBLAC)
- Regional Center in Cairo (RCC)
- RBAS HQ

Responses were received from:

- Regional Bureau for Latin America and the Caribbean (RBLAC)
- Regional Center in Cairo (RCC)

Background:

The objective of the regional project is to achieve inclusive economic growth with increased employment opportunities and greater competitiveness through trade policy reforms in the Arab states as an integral part of the regional trade and economic integration agenda by providing a platform for targeted trade reforms at regional and country levels, building upon UN agencies’ experience and ongoing technical assistance and capacity development interventions.

The estimated budget is USD 11.5 million. Contributions of USD 5.5 Million have been confirmed by SIDA, the IsDB Group and the Government of Kuwait. Additional resource mobilization for the unfunded budget is on-going with development partners within and outside the Arab region.

The proposed project modality is DIM.

Below are comments from the PAC:

CONSOLIDATED RESPONSES TO THE PAC COMMENTS ON THE REGIONAL “Aid for Trade Initiative for the Arab States ” PROJECT

Comments	Responses
<p>1.Overall picture and challenges</p> <p>It could be useful to include as well some comments about the implications of big gaps in terms of size, trade and institutional capacity and competitiveness disparities among Arab States. This issue has been a major problem among other trade union (e.g. In the European Union, Germany and Greece, or in the <i>Mercosur</i> between countries such as Brazil and Uruguay; the former <i>Comunidad Andina de Naciones (CAN)</i> between Venezuela (Oil producer) and Colombia. It could be also interesting to study dos and don'ts from other regional integration initiatives. (p.9)</p> <p>The document is commended for reflecting the collective effort that has been invested in its elaboration and for taking into account the expertise and the concerns of its authors within their mandates and the regional context. The key objective is welcome and relevant as it responds well to the recommendations of the Arab Development Challenges Report.</p>	<p>Disparities among Arab states with respect to competitiveness and institutional capacity (using the trade facilitation/logistic performance index as a proxy) are noted and referenced in the prodoc, on pp.8-9. There is scope also to add trade volumes per capita as an illustration of disparity, although there will be many caveats on how to interpret this and as this indicator is already proposed as one of the indicators for monitoring the impact of the project – see project framework section on p.18, indicator (c). We will pay attention to indicator (c) as part of the monitoring and evaluation.</p> <p>On learning from the dos and don'ts from other regional integration initiatives, there is scope for this under activity 1.3. See pp.22-23 especially activity 1.3 (d).</p>
<p>Project Framework</p>	

<p>Related context indicators for monitoring and evaluation: The indicators are all at the macro level and aggregated and therefore might not consider important areas at the “micro” level important to improve trade. For example, It would be interesting to use surveys of firm’s perception in order to assess the situation of trade capacity gaps. Surveys such as the Enterprise survey for example, allow understanding what are the main challenges faced by firms for trade, exports and others. This can be assessed by size (number of employees) type of industry (sector) and geographical location (often main cities) (p 18).</p> <p>a) Human Development Index (HDI): Since gender and income inequalities are a major concern among Arab States, it could be useful to include as well the HDI adjusted for gender and inequalities.</p> <p>e) Employment, unemployment rate and labour force participation rate, as far as possible disaggregated by sex: Because the aim of the project is not only to create jobs, but that these are “decent jobs” it could be useful to include as well monitoring indicators of employment as well, job informality, workers with health insurance and pension. In addition, since youth unemployment is such a crucial issue, indicators should also be disaggregated by age groups and if possible, regions and main cities within each country</p>	<p>This is an interesting point and applies especially to result 3 and 4. We will include these points in our discussion with ITC, UNIDO and ILO and take into account as part of the post-implementation evaluation of the project.</p> <p>We would consider this covered by indicator (a) and (f) on p.18.</p> <p>We will discuss this with ILO the responsible party for this result area.</p>
<p>Project results (Page 20)</p> <p>Comment to Results 1.</p>	

<p>1.1. Number and quality of actionable interventions prepared for investment, resource mobilization and implementation: It might be useful to give some examples of the type of interventions mentioned previously on the text: Infrastructure development and improvement, “efficiency of border clearance, and the quality and competence of service providers in the region. Modernization of quality and standards infrastructure as well as actions in support of health/sanitary and Phytosanitary measures”</p> <p>1.4. Number of countries that improve mainstreaming trade in national development strategies: This goal could be very ambitious for a three year project. A short term goal could be for example, actions taken in terms of infrastructure development, changes in trade regulation and direct investments (regulations and flows) that would allow in the long run improving mainstreaming trade in national development strategies</p>	<p>The examples given in the comment are indeed among the types of projects that we hope will be developed.</p> <p>We appreciate the view that the indicated would be very ambitious in a short term project without any previous work in this area. However, as we/BDP developed a precise methodology for tracking mainstreaming trade at the policy, institutional and development cooperation levels (which can include investment and official flows) we should be able to achieve this goal.</p>
<p><i>Comment to Results 4 (Page 21)</i></p> <p>Since youth unemployment is such a crucial issue among Arab states, one might want to consider adding a specific skill development result for decent employment creation for young men and women. For this it could be useful to identify the most affected group (e.g. 18 to 29, 18 to 24, 20-24). Because of the characteristics of this age group, it could be useful to design and develop other type of programs. First, this group is transitioning from schooling to work, which would require a set of programs for job matching, information, signaling). Secondly, young individuals have higher turnover rates than adults. Most of the turnover occurs between informal wage employment, unemployment, and out-of-the labor force.</p>	<p>We will take these comments into account in our discussions with ILO, the responsible party for this result area.</p>

<p>4.1. Number of skill development strategies prepared and validated Previous to this point, It would be useful to add that it is necessary to make a diagnosis of the type of skills supplied and demanded by the labor market and assess a possible mismatch, gaps, oversupply or over demand of certain skills in the economy. In addition, this assessment would benefit from an analysis of labor regulations, mainly the freedom of hiring and firing and wages requirements. In some of the Arab Emirates, restrictive regulations protecting local nationals have increased employment for foreigners, leaving local youth applying only to government jobs.</p> <p>4.2. Number of capacity building events focusing on the design of skill development strategies: Previous to this point, It would be useful to add that it is necessary to make a diagnosis of the type of skills supplied and demanded by the labor market and assess a possible mismatch, gaps, oversupply or over demand of certain skills in the economy. In addition, this assessment would benefit from an analysis of labor regulations, mainly the freedom of hiring and firing and wages requirements. In some of the Arab Emirates, restrictive regulations protecting local nationals have increased employment for foreigners, leaving local youth applying only to government jobs. A great input from this project could be, to develop strategies</p> <p>This capacity building strategy could benefit from an assessment of both job creation and constrains to job access in both the private and the public sector.</p>	
<p>6.2 Evaluation (Page 34)</p> <p>The post-program implementation evaluation would benefit from the establishment of a base line assessment to see the change across time,</p>	<p>This is a very thoughtful suggestion with regard to micro level evaluation and we will work with UNCTAD, ITC, UNIDO and ILO in order</p>

<p>before and after the implementation of the project. In addition, since the indicators proposed for the monitoring and evaluation are so general and macro, it could be interesting to design to “micro” evaluation, randomly selecting some specific projects at the local and seeing how they were implemented and which results they got.</p>	<p>to produce the necessary baselines. .</p>
<p><u>Project duration</u></p> <p>The project document is an ambitious commitment to deliver on many issues. The project was supposed to start in 2012 and the timeframe included as annex2 to the document still reflects that. Assuming the project approval process can be completed by the end of the year, the earliest project activities can start would be second quarter of 2013. Further, the Results & Resources Framework in Annex 1 clarifies the extent and depth of the proposed activities and results. In view of this, it may be practical to consider extending the project cycle to four years. This would also allow that resource mobilization take its course and the necessary work on baseline data that make up the output indicators and targets be completed;</p>	<p>This is duly noted however, the beneficiaries i.e. the member countries of the LAS as well as the main partners (ITFC) are adamant that the duration of the project should not surpass 24 months in its initiation.</p> <p>Resource mobilization is currently taking place with USD 5.5 Million already committed and project partners and donors are aware that funds need to be available before activities can start.</p>
<p>It is welcomed that the project will be based in Cairo. It may be useful to clarify the RCC’s role in the project.</p>	<p>Consultations have taken place with the RCC throughout the development of the project document and the project unit will work together with the expertise based in the center in order to provide optimal support and service to country office and project beneficiaries.</p>

<p>The project should build on the good work of the regional trade project which was closed in late 2009 or early 2010. Consequently, and given the abrupt nature in which that project was closed, Some effort may be necessary in mitigating any potential resistance by some countries in signing up to this new project; and,</p>	<p>The project was conceived and developed as based on requests received by the WTO Arab Group in Geneva. The project was developed with this request in mind and takes into account the work of the partner agencies of the UN Inter-Agency Cluster on Trade and Productive Capacity. It will take into account and build on experiences made during the previous Trade Project when relevant.</p>
<p>Coordination amongst a large number of partners might have its own challenges. Project Coordination will be a key element to the success of the project. This task should be carefully designed with all stakeholders.</p>	<p>This comment is well noted and the project management unit has been aware that the project is conceived to work closely with the partner agencies of the UN Inter-Agency Cluster on Trade and Productive Capacity as well as regional institutions and partners. The project board with its very inclusive membership is designed to play an important role in including different partners and supporting coordination.</p>

Date: 3 January 2013