



GLOBAL ALLIANCE  
FOR TRADE FACILITATION



# 2019

ANNUAL REPORT



# CONTENTS

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1

## INTRODUCTION /PAGE 3

Our vision and mission /PAGE 4

Our theory of change in a nutshell /PAGE 5

The power of our network /PAGE 6

Our year in review /PAGE 9

Letter from our director /PAGE 10

Why our work matters /PAGE 11

2

## GLOBAL PROJECT PORTFOLIO /PAGE 13

3

## MAKING A DIFFERENCE /PAGE 18

Making trade simpler, faster  
and more cost-effective /PAGE 19

Delivering value for money  
in aid for trade /PAGE 23

Fostering the relationships for  
reform to flourish /PAGE 26

4

## DRIVING TFA IMPLEMENTATION - THE CHALLENGE REMAINING /PAGE 33

5

## FINANCIAL SUMMARY /PAGE 35



1

# INTRODUCTION

Our vision and mission  
Our theory of change in a nutshell  
The power of our network  
Our year in review  
Letter from our director  
Why our work matters

4  
5  
6  
9  
10  
11



### OUR VISION

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A world where cross-border trade is simple, fast and cost-effective, creating new business opportunities, enabling greater economic and social development and reducing poverty.

### OUR MISSION

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To enhance trade facilitation by bringing together the public and private sectors as equal partners to identify and deliver commercially-meaningful reforms in developing and least developed countries.

# OUR THEORY OF CHANGE IN A NUTSHELL

Our theory of change is our strategy for action.

It is based on the well-established assumption that by making trade simpler, faster and more cost-effective, more trade will happen. This can trigger inclusive economic growth that helps alleviate poverty and improves people's lives.

We believe that three pillars, which form the basis of everything we do, will support us to reduce the time and cost of trade:



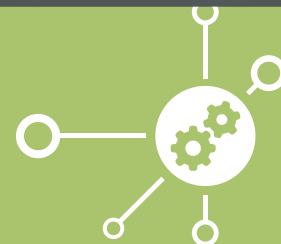
### 1. BUILDING PUBLIC-PRIVATE PARTNERSHIPS

Partnerships where government and business work as equals are vital to ensuring that trade facilitation reforms address the needs of all, leverage private sector resources, and ultimately succeed in boosting trade. We work to create an environment for these partnerships to flourish by acting as a neutral facilitator and catalyst while raising awareness of the importance of facilitating trade and implementing the World Trade Organization's Trade Facilitation Agreement (TFA).



### 2. DEMONSTRATING THAT IT WORKS

We deliver projects in both developing and least developed countries putting our theory into action. We bring governments and business together to jointly design and deliver reforms. It's called co-creation and co-implementation. We ensure our projects are both measurable and quantifiable.



### 3. SHARING KNOWLEDGE

We measure the impact of our projects in ways that are relevant to both business and governments and capture lessons learned. We share this knowledge far and wide to encourage both sectors to pursue meaningful reforms together and to enrich understanding of how trade facilitation can benefit people's lives. Promoting international best practices can also help to harmonise trade procedures and practices around the globe.



## THE POWER OF OUR NETWORK

Ripping up the red-tape that holds back trade and economic growth requires a rethink from both governments and business. If reforms are to be truly meaningful, we need trust and collaboration on a new scale. That's where the power of our network comes in, combining business and political networks right across the globe.

3 host organisations

1 implementing partner

6 donor governments

25 official business partners and a global business network of over 60 multinationals

187 local businesses including 118 SMEs directly involved in our project countries plus 117 business associations representing thousands more

32 government departments and agencies directly involved in live Alliance projects

OUR DONORS



HOST ORGANISATIONS



IMPLEMENTING PARTNER



BUSINESS PARTNERS INCLUDING



### OUR STEERING GROUP

Our steering group puts public-private collaboration at the heart of our Alliance, comprising representatives of our donor governments and business partners.



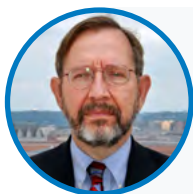
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## OUR YEAR IN REVIEW

### MAKING A DIFFERENCE

- ✓ made trade simpler, faster and more cost-effective
- ✓ delivered value for money in aid for trade
- ✓ fostered the relationships for reform to flourish

### KEY ACTIVITIES

1

#### FIRST PROJECT COMPLETED AND EVALUATED

reducing the time and cost of trade and building trust between government and business

43

PUBLIC-PRIVATE DIALOGUES attended by over

1300

#### PARTICIPANTS

from governments, SMEs, multinational companies and civil society to work concretely on trade facilitation issues

5

NEW PRIVATE SECTOR PARTNERS

bringing the total to

25

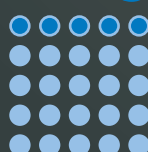


APPROVAL OF OUR FIRST REGIONAL PROJECT

USD **5.19M**

IN-KIND CONTRIBUTIONS

from the private sector since our inception



Our trade ambassadors spoke in **34** INSTANCES AT EVENTS AND IN THE MEDIA



PEER REVIEW AND ENDORSEMENT OF OUR UNIQUE TTLC METHODOLOGY for identifying trade bottlenecks and measuring results



FULL GENDER-LENS REVIEW OF THE ALLIANCE and a plan in place for gender mainstreaming

# LETTER FROM OUR DIRECTOR

**PHILIPPE ISLER**



In a year when the multilateral system has been under pressure, and prospects have at times seemed uncertain to those of us working in international development and trade, I believe the Global Alliance for Trade Facilitation stands in stark juxtaposition.

It is pioneering 'a new multilateralism' - an alliance far broader, more inclusive and human than our notion of the term, yet focused, results-orientated and pragmatic. Governments, regulators, businesses and civil society are working together across the globe on reforms that can economically empower individuals, support small and medium sized enterprises (SMEs) to grow, create jobs, raise incomes, and ultimately improve lives. Sitting at the intersection between these different actors, the Alliance is uniquely positioned to catalyse change.

Among many incremental results, 2019 saw us fully complete and assess the results of our first project. We worked with the Colombian National Institute for Food and Drug Surveillance (Invima) to introduce a risk management system aimed at reducing the number of physical inspections for essential goods. The project delivered for government, business and the public - removing trade frictions and leading to a significant reduction in the time and cost to business, while allowing Invima to continue to deliver strong protection for public health. Perhaps most exciting of all are the longer-term, sustainable benefits we believe the project has unlocked. Thanks to the commitment and openness from both government and business in Colombia, new partnerships have been forged based on the notions of increased trust and transparency. This new way of collaborating is already showing signs of spilling over into other reform projects in the country. This is

a trend we are seeing elsewhere in our project portfolio - an encouraging sign that the Alliance's model of joint public and private ownership of designing and implementing reforms is catalysing deep and sustainable change.

We are seeing an increasing willingness by the private sector to come forward to play an active and dedicated role in implementing the TFA. The Alliance is being recognised by business as the ideal mechanism to meaningfully engage towards achieving measurable results. In 2019 the Alliance attracted new global business partners from the technology, aviation, pharmaceutical, agri-food and logistics sectors as well as hundreds more local businesses and SMEs engaging in our projects on the ground. Our results demonstrate that by leveraging the resources and expertise of the private sector we can deliver outstanding value for money in aid for trade.

This report reflects on some of the successes of 2019 which serve as a springboard for what we hope to achieve in 2020. We have been working hard to capture lessons learned on private sector engagement and the measurement and evaluation techniques that matter to business. We will be publishing these in the coming months to support others in TFA implementation initiatives. But more can be done - in 2020 we will be pushing the boundaries of collaboration with our global business partners, giving them the opportunity - and the responsibility - to collaborate with each other to

actively bring forward trade facilitation project ideas to the Alliance. This new workstream which we call Business Action Projects will assist in scaling up Alliance work directly in response to the immediate needs of the main actors in the supply chain. We have been scoping or considering projects in nine additional countries, several of which we aim to add to our portfolio in 2020. We are collaborating with technology and innovation experts along with academia to explore new ways of identifying and solving problems in highly collaborative and time-bound environments such as hackathons and innovation challenges. Finally, we are implementing our gender mainstreaming approach, built in 2019, to ensure that all of our projects are sensitive to the complex impact they may have on gender equality, unlocking opportunities for women's economic empowerment wherever possible.

Three years after the TFA came into force, many challenges remain to be overcome before hailing this agreement a success. Let's make no mistake, the low-hanging fruit have been picked, we all need to persevere and not shy away from deep reform. I continue to be inspired by the collaboration of all those involved in Alliance projects, and I wish to thank them, and particularly our donors, for their continued energy, determination and willingness to embrace new ways of working.

## WHY OUR WORK MATTERS

Over the past 30 years, international trade helped to lift over a billion people out of poverty. If policy is made in a balanced way, trade has the potential to benefit everyone.

Trade facilitation can reduce the cost of trade and spark competitiveness, productivity, innovation, and growth. From helping small businesses to grow, to supporting women's economic empowerment and driving progress towards the UN Sustainable Development Goals, we make an impact.



### FOR BUSINESS

#### Jyoti Wadhwa, Founder, Sanskriti Vintage, India

Jyoti Wadhwa is a successful entrepreneur, who sells Indian handicrafts and promotes the spirit of craftsmanship through international trade. In 2010, she set up her online business, Sanskriti Vintage, to sell vintage handcraft fabrics, various types of embroidery, and other craft items. At the time, she worked from home while taking care of her child and handled all operations single-handedly. Ten years later she employs 25 people, supporting local artisans and serving antique collectors and aesthetes all over the world.

Jyoti now exports to the U.S., Europe, Russia and Latin America, but "the journey has been slow due to the lengthy and burdensome processes involved," she explains. For Jyoti, customs clearance is particularly burdensome due to the small size and resource base of her company. Customs procedures are complicated, time-consuming, labour intensive and require a lot of paperwork. "We have three accountants and two consultants who oversee this," explains Jyoti. If export processes were digitised and duplicative processes streamlined, small businesses like Jyoti's could save significant time and money. "It would also allow me to use my human resources more efficiently and get my products to customers faster," she says.

It is not uncommon for Jyoti's customers to feel the burden of delays and costs, often because of a lack of international border agency coordination. Vintage fabrics have no real value and valuation systems of some customs administrations are incompatible. "Recently, we sent a parcel to Chile. In India, the customs value was set at 22 euros. The parcel was detained at European customs and our customer in Chile was asked to pay additional import duties and explain why the invoice valuation was so low. This type of incident can be damaging for our customer

relationships," explains Jyoti. "We help our customers by paying the extra import duty. It is indeed a significant loss for my business, but we want to provide an outstanding customer experience."

"I want to be known as the housewife who introduced the whole world to the beauty of Indian fabric," says Jyoti. She would like to grow her business and offer a wider range of products, including skincare products and more jewellery. "If trade was easier, I would be able to scale up my business and offer better deals to my customers."

**"Trade facilitation reforms that reduce administrative burden and encourage closer collaboration between border agencies around the world would be a game-changer for businesses like mine."**

Jyoti also sees international trade as an opportunity to give back to her community. "I'm working at the grassroots level. If Indian craftspeople can sell more, they will secure a better future for their families, and pass their skills onto others, preserving local knowledge for future generations." Jyoti hopes her story will inspire others to set up their own businesses and support local development.







Facilitating trade and ensuring proper regulation can sometimes seem at odds but in fact trade facilitation reforms can strengthen the capacity of border agencies to ensure compliance, protect public health and safety, enhance revenue collection and improve efficiency.

### FOR GOVERNMENTS

In Morocco, in collaboration with the Alliance, the government is embracing that opportunity.

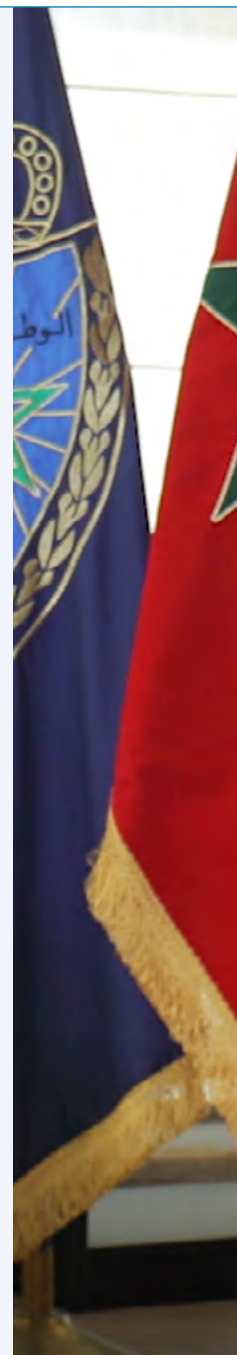
**Nabyl Lakhdar**, Director General of Customs, explains how trade facilitation reforms can help his officials do their jobs better.

“We play a triple role: we have a monitoring role, we collect revenue, and we protect the consumer and the economy by ensuring that goods entering the country comply with local regulations. If customs officers can use their tools more efficiently, they can focus on high-risk shipments, enhancing consumer protection and eventually increasing revenue collection.”

Delivering meaningful trade facilitation reforms creates a better business environment, making countries more competitive and driving economic growth. Customs administrations around the world play an important role in achieving that.

**“It is our duty to ensure that trade flows as smoothly and predictably as possible, creating a positive business environment that will benefit the local economy. The quality of our work can have a direct impact on the attractiveness of our country for foreign direct investment,” he adds. “The customs component and the quality of human resources are the first two questions that foreign companies ask themselves before entering a new market. Economic competitiveness is all about the cost and time of commercial operations.”**

Trade facilitation reforms can also boost exports by connecting local companies to international supply chains, helping countries integrate into the global economy.



2

GLOBAL PROJECT  
PORTFOLIO





Our philosophy is to respond to the real needs on the ground identified by both governments and the private sector.

That philosophy, alongside our multilateral, multi-donor approach, has led to the growth of a diverse project portfolio spanning countries at different development stages across the world and tackling a multitude of TFA provisions.

Our projects dive into deep reforms which require legal and procedural adjustments but also changes in mindset.

Some projects represent pioneering work never before undertaken by any other technical assistance provider. We are also breaking new ground by seeking measurable results which can become examples of regional or global best practice.

MIDDLE EAST & NORTH AFRICA

- 1 Morocco Implementing
- 2 Tunisia Scoping
- 3 Jordan Pre-scoping

ASIA & THE PACIFIC

- 1 Sri Lanka Implementing
- 2 Vietnam Implementing
- 3 India Scoping
- 4 Regional - South Pacific Pre-scoping

LATIN AMERICA & THE CARIBBEAN

- 1 Colombia Complete
- 2 Brazil Implementing
- 3 Colombia Implementing
- 4 Regional - AEO Implementing
- 5 Costa Rica Scoping

SUB-SAHARAN AFRICA

- 1 Ghana Implementing
- 2 Kenya Implementing
- 3 Zambia Implementing
- 4 Malawi Implementing
- 5 Nigeria Scoping
- 6 Senegal Pre-scoping



## LATIN AMERICA &amp; THE CARRIBEAN

1 **COLOMBIA**  
COMPLETE

We worked with the National Food and Drug Surveillance Institute and business to introduce a risk management system for food, beverages, medicines and medical devices. It is allowing inspectors to focus their resources on high-risk shipments without jeopardising safety

and security, while stripping hundreds of hours of delays out of the border clearance process for traders. Importers of food and beverages saved USD 8.8M in just 18 months after the system was introduced.

## ADDRESSING TFA ARTICLES

**Article 5.1**

Notifications for Enhanced Controls or Inspections

**Article 7.4**

Risk Management

**Article 7.9**

Perishable Goods

2 **BRAZIL**  
UNDER IMPLEMENTATION

We are working with the National Institute of Metrology, Quality and Technology to modernise licensing procedures for everyday goods from electronics to children's toys to auto parts. Upgrading IT systems, integrating

them with Brazil's Single Window and introducing a risk-based, automated process will cut the time and cost involved in issuing licenses for both government and compliant traders.

## ADDRESSING TFA ARTICLES

**Article 7.4**

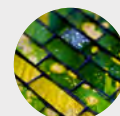
Risk Management

**Article 8.1**

Border Cooperation

**Article 10.4**

Single Window

3 **COLOMBIA**  
UNDER IMPLEMENTATION

Learning from Centres of Excellence and Expertise in the United States, we are working with customs and business to establish a Centre for Trade Facilitation and Good Practices to process advance rulings on the classification, valuation and origin of automotive goods. The centre will be staffed by specialists with detailed knowledge of

the industry helping to harmonise the treatment of goods across Colombia's 13 border crossings and ensuring compliant importers benefit from lower clearance times. Crucially, with greater communication between the two sectors we can help to foster trust – the pathway to future reforms.

## ADDRESSING TFA ARTICLES

**Article 1.3**

Enquiry Points

**Article 2.2**

Consultations

**Article 3**

Advance Rulings

4 **REGIONAL - AEO**  
UNDER IMPLEMENTATION

Eleven Latin American and Caribbean countries are working to establish an Authorised Economic Operator (AEO) Regional Recognition Arrangement (RRA). In our first regional project, we are facilitating the negotiations, bringing the voice of business to the table and supporting the development of an IT platform for sharing AEO-related data.

Under the RRA, AEO companies in one country will receive preferential treatment in all ten others, facilitating intra-regional trade.

## ADDRESSING TFA ARTICLES

**Article 2**

Opportunity to Comment, Information Before Entry into Force and Consultations

**Article 7.7**

Trade Facilitation Measures for Authorized Operators

**Article 12**

Customs Cooperation



## SUB-SAHARAN AFRICA

## 1 GHANA UNDER IMPLEMENTATION

Ghana introduced an electronic pre-arrival system in 2015, but it doesn't allow for the risk-level of shipments to be assessed so that it can assign goods for physical inspection, scanning or passing straight through accordingly. That means most goods are still physically inspected at the border, making clearance times and

requirements unpredictable for traders. We are working with the Ghana Revenue Authority to introduce fully-automated, risk-based pre-arrival processing. This will allow customs to focus its resources on inspecting high-risk shipments, speeding up the clearance and release of goods for traders.

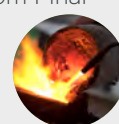
### ADDRESSING TFA ARTICLES

**Article 7.1**  
Pre-Arrival Processing

**Article 7.2**  
Electronic Payment

**Article 7.3**  
Separation of Release from Final Determination of Duties, Taxes, Fees and Charges

**Article 7.4**  
Risk Management



## 2 KENYA UNDER IMPLEMENTATION

We are tackling the high numbers of physical inspections at Kenya's borders by working with the Kenya Revenue Authority, the Ministry of Trade and the Kenya Trade Network Agency (KenTrade) to introduce risk-based pre-arrival processes. This will allow

customs to prioritise high-risk shipments for inspection, speeding up clearance and release of goods. The project extends beyond customs as we work with KenTrade to promote a risk-based approach across all Kenya's border agencies.

### ADDRESSING TFA ARTICLES

**Article 7.1**  
Pre-Arrival Processing

**Article 7.2**  
Electronic Payment

**Article 7.3**  
Separation of Release from Final Determination of Duties, Taxes, Fees and Charges

**Article 7.4**  
Risk Management



## 3 ZAMBIA UNDER IMPLEMENTATION



We are working with the Zambia Revenue Authority, customs clearing agent associations and traders to introduce professional training and examination for customs clearing agents. This project to modernise the licensing framework for agents will create new

professional opportunities while ensuring Zambia is equipped with a fully trained pool of agents who are able to facilitate faster clearance and transit of goods across the country's borders, reducing the cost of trade and enhancing the country's competitiveness.

### ADDRESSING TFA ARTICLES

**Article 10.6**  
Use of Customs Brokers



## 4 MALAWI UNDER IMPLEMENTATION

Customs clearing agents play a vital role in international trade, handling all the documentation needed to clear goods arriving and leaving the country. Learning from our ongoing work in neighbouring Zambia, we are working with the Malawi Revenue Authority, the Ministry of Trade, Industry and Tourism, customs clearing agent associations,

and local and international businesses, to introduce a new licensing framework for clearing agents in Malawi complete with a training curriculum and exam. By upskilling a profession we can help ensure that goods keep moving smoothly and efficiently across borders.

### ADDRESSING TFA ARTICLES

**Article 10.6**  
Use of Customs Brokers



## MIDDLE EAST &amp; NORTH AFRICA

### 1 MOROCCO UNDER IMPLEMENTATION

We are supporting Morocco in its ambitious plan to fully digitise all import and export operations by 2021. We are working with the relevant ministries, customs, the Office National de Sécurité Sanitaire des Produits Alimentaires, the National Ports Agency and business community to digitise the

weighing process at Morocco's ports and introduce electronic phytosanitary certificates (ePhytos). Together these modernisations can help boost trade in the country's agri-food sector, a major employer and driver of economic growth.

## ADDRESSING TFA ARTICLES

**Article 7.9**  
Perishable Goods

**Article 10.1**  
Formalities and Documentation Requirements



## ASIA &amp; THE PACIFIC

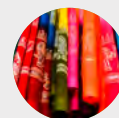
### 1 SRI LANKA UNDER IMPLEMENTATION

We are helping Sri Lanka realise its vision of becoming a key regional logistics hub by putting in place the right processes and legal framework for Multi-Country Consolidation (MCC). The reforms will position Sri Lanka as an MCC hub - an intermediate point where multiple shippers from multiple

origins consolidate their shipments to build Full Container Loads. The project can make trade more cost-effective for businesses trading in small quantities, increase trade flows through the country and support the growth of new service industries such as packaging and labelling.

## ADDRESSING TFA ARTICLES

**Article 11**  
Freedom of Transit



### 2 VIETNAM UNDER IMPLEMENTATION



Together with Vietnam Customs, traders and the insurance community we are working to introduce a modern customs bond system for the conditional release of goods. This new system will enable traders to purchase bonds to guarantee

their payment of duties and taxes, allowing customs to expedite release of their goods while ensuring regulatory compliance, and supporting Vietnam to become a manufacturing powerhouse.

## ADDRESSING TFA ARTICLES

**Article 7.1**  
Pre-Arrival Processing

**Article 7.3**  
Separation of Release from Final Determination of Duties, Taxes Fees and Charges

**Article 7.8**  
Expedited Shipments

**Article 10.1**  
Formalities and Documentation

**Article 10.9**  
Temporary Admission of Goods and Inward and Outward Processing

**Article 11.6**  
Freedom of Transit





3

MAKING A DIFFERENCE

- Making trade simpler, faster and more cost-effective 19
- Delivering value for money in aid for trade 23
- Fostering the relationships for reform to flourish 26

# MAKING TRADE SIMPLER, FASTER AND MORE COST-EFFECTIVE



2019 saw the completion of the Alliance's first trade facilitation project, delivering significant benefits for both government and business.



**Introducing a risk management system for Colombia's National Food and Drug Surveillance Institute**

**Timeframe:** August 2017 - August 2019

**Donor funding:** USD 157,812

**In-kind contribution from business:** USD 150,220

## THE CHALLENGE

Inspectors at Colombia's National Food and Drug Surveillance Institute, Invima, were physically inspecting 100% of food and beverages arriving at the country's borders and were preparing to introduce similar checks for medicines and medical devices.

Physical inspections are a vital part of Invima's role in ensuring essential goods are safe for the public, but they are also time-consuming and costly for Invima and businesses who need to keep goods moving, particularly those companies trading perishable products.



## WHAT WE DID

The Alliance worked with Invima and business to introduce a risk management system (RMS), IVC SOA Puertos®, that can facilitate trade while protecting public health.

The RMS uses mathematical and statistical methods to assess the risk level of imports and exports arriving at the border and tell Invima inspectors whether a documentary or physical inspection is necessary. It does this by developing risk profiles over time based on factors such as the shipment's country of origin, the manufacturer's and trader's track records of compliance and any health alerts.

Businesses who play by the rules benefit. Over time, compliant businesses can expect to see a reduction in physical inspections of their goods as the model 'learns' of their compliance. The system also supports the traceability of goods. The project was co-created by the Alliance bringing together Invima with businesses who trade internationally. Colombian business associations shared their insights with Invima and the Alliance so that the new processes best meet the needs of traders. These include the National Business Association of

Colombia (ANDI), National Association of Foreign Trade (ANALDEX), Colombian-American Chamber of Commerce (AMCHAM), Latin American Association of Express Delivery Companies (CLADEC), ICC Colombia, Bogotá Chamber of Commerce, Council of American Enterprises (CEA), Colombian Federation of Customs and Logistics Brokers (FITAC), and Business Alliance for Secure Commerce (BASC). The Colombian Ministry of Trade and the National Planning Department have also been involved.

## THE RESULTS

In its first 18 months of operation, the RMS for food and beverages has delivered results for the government and business.<sup>1</sup>

### PROJECT RESULTS



- Invima cut its average rate of physical inspections of food and beverages by 30% - from 100% to 70%. At some border crossings the rate has been cut to just 37%. Invima inspectors can now focus their resources on high-risk shipments and work more efficiently without jeopardising safety or security.
- Goods that only require a documentation inspection can clear the border in just three hours, compared to the up to two days (16 working hours) needed for physical inspection.
- The system is making trade more cost-effective for companies. When goods are inspected, traders must pay for container handling and storage and could face demurrage and detention fees. A container that enters Colombia without being physically inspected by Invima costs on average USD 379 less to move than a container that is physically inspected – **that adds up to USD 8.8M in 18 months.**

1. Data is for imports of food and beverages between March 2018 and September 2019. The calculations focus on imports as they currently make up most requests for food and beverages processed by Invima (87% in this time frame).



## HOW WE MEASURE RESULTS

Our approach is based on the assumption that trade facilitation reforms will be most effective in catalysing economic growth and poverty reduction if they respond directly to traders' needs, so we measure our results in the way that matters most to business – how far we have reduced the time and cost of trade for companies.

Our team of measurement experts conducted a Total Transport and Logistics Cost (TTLIC) study before the RMS was introduced. The study identified costs incurred by business as a result of physical inspection – the direct costs of

moving the container to the inspection zone and storing it in the inspection area, and the time-related indirect costs of demurrage, detention and storage. By applying these reductions to the TTLIC model, it allowed us to estimate the saving per container. The data was validated through a series of interviews with the top importers in Colombia.

The cost savings are based on the number of low-risk transactions handled by Invima in the 18 months period, so if trade volumes increase, the savings thanks to the RMS, would be even greater.

**The TTLIC methodology** measures the total cost of transport and logistics involved in cross-border trade. Donated to the Alliance by Maersk and tailored to our needs, the methodology is unique as it captures both direct and indirect costs of trade. Indirect costs are those related to time. Capturing them allows us to identify costs along the full supply chain, and so more accurately identify costly bottlenecks and measure the true impact of reforms on business.

**In 2019 we conducted TTLIC studies in Colombia and Morocco.**

## THE IMPACT

When trade is simpler, faster and more cost-effective, more trade happens, unlocking inclusive economic growth that can benefit government, business and consumers.

It is expected that customs revenues will increase over time thanks to efficiency gains and higher trade volumes. The benefits for traders could be even greater than the results show if predictability and fewer delays mean they can better retain customers. In the longer term, these cost savings can be passed on to consumers.

The project's impact goes beyond just the results. Both Invima and business have found the open public-private dialogue that underpinned the project has helped to build trust and understanding between the two sectors, that can potentially facilitate future reforms.



**Julio Cesar Aldana Bula**  
Director of Invima

“Being closely involved in the project meant that we were able to suggest how the RMS could best meet the needs of both business and government. We proposed that Authorized Economic Operator (AEO) status be taken into account by the RMS so that AEO users are not subject to additional inspections. That has helped to make trade smoother for AEO companies. Since Invima

is only part of the AEO programme for exports in Colombia but not for imports, the RMS has made a real difference in the import process.

Overall, projects like this are important for helping to make importing to and exporting from Colombia more attractive. We have more work to do but this project is helping us get there. We need to move away from the perception

of Colombia as a high risk exporter to a reliable and transparent trading partner. The Alliance project and Colombia's AEO programme will help to do that by showing the government sees a role for itself as facilitating trade rather than just controlling it. Trade facilitation is an important policy for government – one that can benefit everyone and lead us to a positive future.”



**Julio Cesar Aldana Bula**  
Director of Invima

“This work is helping to fulfil the national government’s agenda of facilitating trade and increasing Colombia’s competitiveness. The reforms will help Colombian businesses connect to international markets, as well as help Colombia to become more attractive for investment and deliver inclusive growth that can benefit all.

Although this model aims to improve process efficiency through risk management, under no circumstances will public health be compromised. On the contrary, the improvements will strengthen inspection, surveillance and control.”



**Juan Antonio Moreno**  
Legal Vicepresident, Latam  
Pernod Ricard (Alliance business partner)

“Of all markets where we operate, Colombia was identified as one where the costs associated with import processes are the highest and the time to complete those processes is the lengthiest. Our team on the ground attended the Alliance’s public-private dialogues, shared our experience of trading in Colombia and our ideas for how the RMS could improve things. As a result of the inclusion of our products into the scheme, the rate of physical checks went down from 100% to 36%. We are rightly still subject to spot-checks, but the system’s algorithm has allowed us to build up a record as a

compliant trader and therefore be subject to less physical inspections than before.

Public-private partnerships are a win-win strategy. Only businesses really know the barriers they face at the border and where the costs come from. The role of the Alliance as an interlocutor and the framework of the Trade Facilitation Agreement are essential in legitimising the partnership and making it work. We are glad to have been part of a project that has made a positive impact not only on our own business, but for all importers and exporters of food and beverages in Colombia.”

## DELIVERING VALUE FOR MONEY IN AID FOR TRADE



If the Trade Facilitation Agreement is to be fully implemented and the UN Sustainable Development Goals achieved the development community must tap into the wealth of physical and human resources that business possesses.

When the Alliance was formed, it set out to create a new role for business in international development and leverage the private sector's resources like never before. By working through public-private partnerships where both sectors take concrete action to design and implement a project, we believe we can create better value for money in aid for trade projects.

### BUSINESS' CONTRIBUTION TO THE ALLIANCE

In the past four years since our inception, we have leveraged USD 5.19M of in-kind contribution from the private sector.

In 2019 we convened 43 public-private dialogues attended by over 1300 participants from governments, SMEs, multinational companies and civil

society to work concretely on trade facilitation issues. Throughout the year companies of all sizes contributed in many ways such as identifying trade bottlenecks in India, Malawi and Nigeria, piloting new systems in Colombia and Morocco, or acting as ambassadors for the Trade Facilitation Agreement and the power of public-private partnerships. In 2019 our ambassadors spoke in 34 instances at events and in the media.

In 2019 we brought five new official business partners on board, Abbott, BDP International, Cargill, Champ and SITA, bringing the total to 25 of the world's largest importers, exporters, technology and logistics companies who move goods across borders every day. These companies contribute their knowledge and expertise, supporting government and the business community in our project countries.

### SURVEY 2019

#### Our Annual Partner Survey 2019

found that our global business network continues to find engaging with the Alliance strategically important both for their businesses and for wider development goals.

✓ **100%**

of respondents agree  
**THE ALLIANCE IS BRINGING TOGETHER THE BUSINESS COMMUNITY IN DEVELOPED AND DEVELOPING COUNTRIES** to coordinate and accelerate trade facilitation initiatives.

✓ **90%**

of respondents believe  
**THE ALLIANCE IS EFFECTIVE AT TARGETING AND DEVELOPING MEANINGFUL TRADE FACILITATION INITIATIVES**

✓ **81%**

of respondents believe  
**THE ALLIANCE IS TAKING MEANINGFUL ACTION TO CREATE INCLUSIVE TRADE FACILITATION OUTCOMES**

✓ **81%**

of respondents agree that  
**THE VIEWS OF PRIVATE SECTOR COMPANIES ARE REPRESENTED IN THE COUNTRY SELECTION AND IN THE DESIGN OF ALLIANCE PROJECTS**

### IN 2019



Our trade ambassadors spoke in  
**34** INSTANCES AT EVENTS AND IN THE MEDIA

**5** NEW PRIVATE SECTOR PARTNERS

Bringing the total to  
**25**

**43**

PUBLIC-PRIVATE DIALOGUES attended by over

**1300**

PARTICIPANTS from governments, SMEs, multinational companies and civil society to work concretely on trade



## CASE STUDIES - HOW BUSINESS WORKS WITH US

### COLOMBIA

The National Business Association of Colombia (ANDI) brought together member companies of its chamber of medical devices to lead a workshop with the National Food and Drug Surveillance Institute (Invima) as Invima was introducing the new risk management system for medicines and medical devices. Companies brought their experts in regulatory affairs to train Invima officials on specific pharmaceutical and medical goods, their expiration times and how they work.

**“Companies are the ones who know their own products best, especially goods that have a high level of technology,”** says **Maria Carolina Uribe**, ANDI’s Industry Director.

**“Officials often do not have time to keep up with the latest innovations and, therefore, have a limited understanding. By sharing expertise and knowledge we were able to support technical officials in performing their important functions.”**

**“Companies want to be part of the solution here – every single company in our chamber of medical devices wanted to participate. Companies even brought their experts from abroad.”**



### VIETNAM

Roanoke has been heavily involved in the Alliance’s project in Vietnam where the team is working with Vietnamese Customs to introduce a modern customs bond system. Bond solutions for international trade is a niche area of expertise that Roanoke has been working in since 1935.

**“Through our in-depth knowledge of customs bond structures around the world we have been able to advise on how the process could be best designed to support traders in Vietnam,”** says **Robert Kielbas**, Vice President of Global Development at Roanoke.

**“We also helped the Alliance to plan a knowledge exchange in the United States in phase one of the project so that Vietnamese project partners could meet those involved in implementing and using the US customs bond system. In 2019 we have been delivering training for insurers in Vietnam who will go on to issue bonds once the pilot is up and running.”**

**“Working with the Alliance we are not just part of discussions but are taking concrete action and we can see the direct impact of our involvement on the outcome of the project.”**



SUCCESS FACTORS IN ENGAGING BUSINESS

We are working to understand the drivers behind the businesses working with us so that we can share key success factors throughout our own team and the wider development community striving to work more closely with business.

1. **Insight** - Businesses have fewer resources to lend to areas that are not considered core functions of the business. We can engage business by aligning our work with those core functions.

**Success factors** - Engaging business in our projects at the operational level, rather than solely on high-level policy, allows them to provide technical input (their core expertise) which is welcomed by governments and helps the Alliance to align expectations and encourage joint project ownership and accountability. Meanwhile, ensuring our project results are measurable in a commercially-meaningful way helps to incentivise businesses to participate. Many companies see their role in Alliance projects less as an additional effort and more as a core business function that advances their internal and external goals.
2. **Insight** - Companies seek to engage in initiatives that promote their corporate values and enhance their reputation and brand with both internal and external stakeholders.

**Success factors** - The Alliance puts its goal of fostering economic growth and reducing poverty at the heart of its work while its host organisations whose missions are to promote positive societal values add legitimacy to the Alliance and incentivise businesses to associate themselves with it.
3. **Insight** - Businesses perceive strength in numbers when it comes to trade facilitation and are more likely to engage in initiatives where a number of companies with strong reputations are already active.

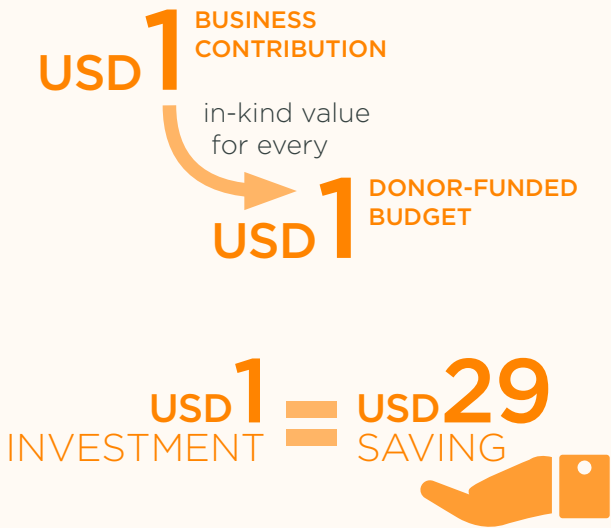
**Success factors** - The Alliance actively publicises the involvement of its business network and encourages companies to sign up as official partners and bring their industry peers to the table.
4. **Insight** - Companies see the presence of a neutral facilitator as a real strength - a catalyst that will maintain dialogue and keep all parties engaged.

**Success factors** - The Alliance is recognised as a legitimate and neutral mediator by both governments and businesses thanks to the standing of its donors, host organisations and implementing partners. That gives it unparalleled convening power.

VALUE FOR MONEY IN COLOMBIA

Our project with Invima in Colombia demonstrates how governments, aid organisations and businesses can work together to get more done, faster and with better value for the public purse. The project was designed and delivered with business efficiency - it took just one year to assess the functional and technical gaps, propose recommendations, pilot the system, and scale it up to 13 points of entry. Business worked alongside Invima, contributing its resources and expertise in-kind to the value of almost USD 1 for every USD 1 in the donor-funded budget.

Overall the project has delivered approximately USD 29 of savings to business for every USD 1 of investment.



# FOSTERING THE RELATIONSHIPS FOR REFORM TO FLOURISH



According to our theory of change a particular set of relationships needs to be in place to deliver truly impactful reforms.

We need to see three main elements which are all integral to the TFA: cooperation between border agencies, private sector organisations willing to put competition aside and work together in the interests of a public good, and public-private collaboration based on trust.

We are seeing encouraging signs that as our projects drive to reduce the time and cost of trade, the Alliance’s role as a neutral facilitator is catalysing these relationships – relationships that can endure long after our projects are complete and support further reforms.





## BUILDING A CULTURE OF INTERAGENCY COOPERATION

Solving an issue with one border agency often fails to address the overall delays in border clearance that may be holding back trade growth. That is because goods are regulated by multiple agencies every time they cross the border. Article 8 of the Trade Facilitation

Agreement commits border agencies to cooperating with other agencies, in their own country and with those abroad, so that reforms are based on addressing the overall user experience i.e. the experience of traders using their services.

### BRAZIL

Our project with Brazil's national standards agency, INMETRO, is modernising its licensing process, introducing risk management, and integrating it into Brazil's new single window, Portal Unico. In October 2019, INMETRO signed an agreement with Brazilian Customs, Receita Federal, meaning that companies who become AEO-certified 'trusted traders' with Receita will also be able to benefit from simpler and faster interactions with INMETRO.

**José Raúl Perales**, Deputy Director of the Alliance who is overseeing the Brazil project, explains:

**"We encouraged INMETRO to join Receita's AEO programme and they grasped the opportunity."**

**"Having an effective AEO programme in place will mean we can make an even greater impact**

**– the risk-management system's algorithms can take AEO status into account, ensuring that INMETRO can expedite the license process for AEO-certified companies."**

The Alliance is now supporting both agencies in their consultations with the private sector to ensure the new arrangements work as well as possible for companies.



### KENYA

Our project in Kenya is introducing risk-based pre-arrival processing for customs, the Kenya Revenue Authority. Through the course of the project we have worked closely with the Kenya Trade Network Agency (KenTrade) which is leading the way in risk management in Kenya. In 2019 we signed a partnership agreement with KenTrade, committing to carry out a series of capacity-building workshops, bringing border agencies from across Kenya together to tackle risk management related border issues and ensure that risk-based approaches become an integral part of all border operations, speeding up border clearance for compliant traders. The first workshop in March 2019 brought together 40 participants from over 20 different government agencies.

**Mr Amos Wangora**, Chief Executive of KenTrade, explains:

**"We have developed a risk management module but uptake among other government agencies had been low."**

**"The workshop and the Alliance's involvement helped to catalyse collaboration."**

**"As a result, there was a realisation across government agencies that we need to share risk information and 12 more agencies have since been integrated into the module, two more will be on the platform by the end of March 2020 and work has commenced on including an additional five agencies. There is an important balance between ensuring compliance and removing disruption to logistics that risk management can help us navigate. Our ambition is to see a national risk profile created with all government agencies involved that will facilitate faster clearance of goods and deliver real value for traders and government alike."**



## MOBILISING BUSINESS TO COLLABORATE FOR PUBLIC GOOD

Trade facilitation measures are reforms that tend to benefit all businesses – like the tide raising all boats. For that reason, businesses, particularly large companies who are better able to absorb extra costs and overcome barriers, may lack the incentive of a competitive advantage when it comes

to contributing to their design and implementation. Yet we know that reforms are more likely to be effective if business plays an integral part. The Alliance's approach has sought to mobilise business to collaborate in the name of public good using its unique network.

### ZAMBIA

Our project in Zambia is upskilling customs clearing agents by introducing professional training and an examination as part of the Zambia Revenue Authority's licensing process. There are currently four associations representing customs clearing agents in Zambia which did not have a history of collaboration. The Alliance's ability to act as a neutral facilitator has encouraged them to pursue the process of unification.

**Eston Sakala**, Secretary of the Zambia Customs and Forwarding Agents Association and Managing Director of a customs clearing SME, Evolution Logistics and Solutions explains:

**"The project working group meetings, research activities and knowledge exchange trips conducted jointly by all the associations have brought the customs clearing agent community in Zambia closer than ever before."**

**"We are now working as a unit for the first time under this project behind a common objective that can benefit our industry as a whole."**

**"An accredited training programme will make the industry more attractive to new entrants and we will have graduates looking to take up customs clearing as a career path. That will help Zambia to build the expertise it needs to facilitate greater volumes of trade in the future. And, of course, there are huge national benefits at stake. As an industry if we can reduce the overall number of errors being made and expand the knowledge base, this will assist service delivery by customs, further reduce delays and make trade with Zambia more cost-effective and attractive. That means the government will collect more revenue and we will see greater economic growth."**



### GHANA

The Borderless Alliance has been working to bring business together with government decision makers in Ghana to drive forward the trade facilitation agenda since 2012. **Ziad Hamoui**, National President of the Borderless Alliance in Ghana, explains that private sector engagement to date has often been too little and fragmented.

**"The Alliance is like the Borderless Alliance on steroids: its network means it is better organised to engage a broad range of stakeholders and, in particular, ensure business is united behind the common objective. Throughout the project in Ghana I have seen private sector engagement in the project growing – the more they are sensitised to it the more they engage."**

**"It demonstrates that the private sector can collaborate towards public good particularly when there is a perceived benefit to all. The Alliance is successfully bringing business to the table by targeting its bottom line."**



## FOSTERING TRUST BETWEEN GOVERNMENT AND BUSINESS

One of the essential elements of an efficient commercial environment is trust between the public and private sectors. Through the process of co-creating and co-implementing Alliance projects, we are building relationships and fostering trust that can help business thrive. We are seeing signs that across our project portfolio this important culture shift is

helping authorities to see that although regulation is still a vital function, border management can be a shared responsibility with traders. The private sector is also beginning to be seen as both a partner and a client. Likewise, business is starting to see value in participating in the reform process and trust that it can expect fair treatment in

return for compliance. The importance of this shift cannot be underestimated – it's the key to the success of our projects, and it is vital to building capacity for future collaborations that can continue to bring benefits to governments, business and consumers in the years ahead.

### COLOMBIA

When the Alliance began scoping its first project in Colombia, there was a deep mistrust between the government and business driven by a history of illegal economy. Overcoming this would require huge efforts from both sectors. Yet both were committed to investing time and resources in making it happen. The project brought together the seven largest business associations involved in foreign trade with the government and co-created a project to establish a Centre for Trade Facilitation and Best Practices that will process classification, valuation and origin for the automotive industry. In 2019, the benefits of this new trust-based partnership were instrumental as the project's working group, comprising automotive sector associations and government representatives, collaborated to draft the resolution that will officially establish the Centre within a new structure of the National Directorate of Taxes and Customs (DIAN), with its institutional set up and responsibilities, and prepare training materials for DIAN's staff to help them specialise in the automotive sector.

And that is not all. The Alliance's risk management project with Invima which concluded in 2019 was in fact born from our initial engagement in the country and has been built on this same shift in trust levels.

**Maria Carolina Uribe**, Industry Director of the National Business Association of Colombia, told us:

“The most striking impact [of the project] has been in the relationship between the private sector and government.

**Before this project, it was extremely difficult for companies to have a constructive, working relationship with Invima's technical staff. Through the project, the government and the private sector worked together to identify which goods should be included in the risk management system, and the criteria for assessing risk levels. We are building a tradition of public-private collaboration and trust in Colombia, and we hope to replicate this approach to developing other reforms.”**



### VIETNAM

As the Alliance developed its project to introduce a customs bond system to Vietnam, the political and business dynamic did not allow for the typical co-creation model. Yet the Alliance was able to act as a neutral facilitator, consulting widely among both the public and private sectors. While it may not have been possible for both sectors to work together around the same table to co-create the project, co-implementation is now happening. Government and business worked together throughout 2019 to design the customs bond system and to identify and train insurance companies to take part in the forthcoming pilot.

This is a new level of public-private collaboration and represents a significant culture change that could bring much wider benefits beyond the project itself.





## BUILDING A NETWORK FOR KNOWLEDGE SHARING

The power of the Alliance network is enabling our teams to connect governments and businesses in developing and least developed countries with those right across the globe to facilitate the exchange of knowledge. Not only can knowledge exchanges be a source of inspiration

and technical expertise to ensure that projects are informed by international best practices, but the relationships built in the process lay foundations for closer collaboration between border agencies internationally and, in the longer term, international harmonisation of standards.



### MOROCCO

Morocco has made giant strides in digitisation through its National Single Window of Foreign Trade, PortNet. The Alliance is collaborating with the government and PortNet to build on this progress, with a project to digitise and automate import and export processes underpinned by the principle of knowledge sharing.

Throughout 2019 the Alliance facilitated three benchmark and knowledge exchange visits for ministry, public administration, port authority, customs and single window officials to ports in Jordan, Spain and the Netherlands. The team exchanged ideas on port organisation within the region at the port of Aqaba and learned from a front-runner in digitisation at the port of Valencia. At the port of Rotterdam, a gateway for Moroccan fruit and vegetables to the EU market, Morocco's National Office for Food Safety heard how a similar agency, the Netherlands Food and Consumer Product Safety Authority, is using electronic phytosanitary certificates to promote safe and secure trade and how it introduced a bespoke application for exporters to pre-register their shipments of food and be granted permission by trading partners.



**Younes Jalal, Director General of Transit** Jalal, a leading Moroccan transport company, who was part of the delegations, said:

**“It is inspiring to see how border processes are managed abroad and I am excited about the prospect of bringing this knowledge back to Morocco.”**

This approach has helped to raise aspirations among the project stakeholders. At the end of 2019, alongside the National Ports Agency (ANP), we decided to expand the project beyond the weighing process to have a far greater impact on improving traffic flows. Now, we are also supporting ANP to install automatic gates and introduce an ePort ‘Internet-of-Things’ solution capable of tracing truck movement through the port and at ANP’s and the port operator’s service points. The project’s evolution is a great example of how collaboration and knowledge sharing can catalyse action and raise ambition.



## ZAMBIA & MALAWI

In 2019 the Alliance officially launched its projects in Zambia and neighbouring Malawi, both of which will introduce new professional opportunities for customs clearing agents through a modern licensing system complete with accredited training and examination. The Alliance brought a 14-strong delegation of Zambian government officials and business leaders to the United States to talk to counterparts about the role of customs clearing agents in the U.S. and how they are trained and licensed. The visit included meetings with U.S. Customs and Border Protection, the National Customs Broker and Forwarder Association of America and the International Federation of Customs Brokers Associations, and a visit to the Port of Detroit to see first-hand how customs brokers operate at the border and cooperate closely with both U.S. and Canadian border agencies. The business community was central to organising the programme of events and in sharing its knowledge of working with agents around the world.

The knowledge exchange helped to identify best practices and went on to inform the design of the new licensing process and training course to be introduced in 2020 in Zambia.



**Patricia Maunda Mwale Mwela,**  
Secretariat Trade Facilitation  
Specialist at Zambia's National Trade  
Facilitation Committee (NTFC), who  
was part of the delegation, said:

“In a land-linked country like Zambia a knowledgeable customs clearing agent sector will not only be a driver of revenue collection but also contribute to reducing the costs of doing business. The public-private sector collaboration we have witnessed in the U.S. is something we believe we can emulate as part of our commitment to modernising all the systems related to customs brokerage training, licensing, operations and accreditation.”

During the co-creation of the Alliance's project in Malawi, Malawian stakeholders attending the public-private dialogues were aware of the project in neighbouring Zambia and were keen to learn from it. The teams in both countries will meet regularly throughout the course of the projects ensuring that knowledge and lessons learned are shared.

SUPPORTING A GENDER-SENSITIVE  
APPROACH TO TRADE FACILITATION

Making it easier for women to trade can help them control their economic resources and increase their ability to make decisions that benefit them, their families and their communities. Economic empowerment of women is vital if we want to set a path for inclusive growth that benefits all and creates more equal societies.

Trade reforms are rarely gender neutral, meaning they have differential effects on men and women depending on many factors, such as unequal access to resources or higher concentrations of men or women in particular industries. The Alliance is working to ensure that all of our projects are gender-sensitive and do not have any negative effects on either women or men, but drive women’s economic empowerment wherever possible. We know that what doesn’t get measured often doesn’t get done, so we revised our results framework in 2019 to include gender-disaggregated targets and impact indicators. We will be implementing our gender mainstreaming approach in

2020, including training for our team to drive a gender-aware culture, working to ensure more gender-balanced project teams and continuing to build partnerships with gender experts across our networks.

We recognise that building relationships with women-owned businesses and women’s business and trade associations is crucial to ensuring they actively engage in our projects and that our projects are truly gender-sensitive. In Nigeria we engaged with the Organisation for Women in Trade (OWIT) and in Ghana with the International Trade Centre’s SheTrades platform. In Kenya, we engaged the

women’s SME working group that sits in the National Trade Facilitation Committee and held a standalone session with them to brainstorm on trade facilitation and gender issues to inform our project implementation.

Female participation in public-private dialogues across our project portfolio was 31% in 2019. Despite trade being a male-dominated sector where according to the WTO only 15% of exporting firms are led by women, there is still much work to do to improve this engagement and this remains a priority for the Alliance in 2020 and beyond.

KENYA

“When it comes to solving the practical barriers, trade facilitation reforms can serve as an effective tool for creating a more predictable and inclusive environment. But civil society also has an important role to play in ensuring that women benefit from the TFA. Often part of what holds us back as women are societal constraints, and these are felt particularly keenly here in Kenya. Women traditionally have caretaking responsibilities which mean that they can miss out on opportunities to network and participate in trade discussions. At OWIT, we promote the advancement of women in international trade.

“Working with the Alliance, we can connect women-owned businesses from across our membership to Alliance projects to ensure their voice is heard and that the trade facilitation reforms being pursued are gender-sensitive.”

Mucha Mlingo  
Board Member and Former-President  
of OWIT Nairobi





4

## DRIVING TFA IMPLEMENTATION

# DRIVING TFA IMPLEMENTATION - THE CHALLENGE REMAINING



As we enter the fourth year since the Trade Facilitation Agreement came into force, encouraging progress continues.

2019 saw eight more WTO Member States commit to modernising and streamlining their border processes by ratifying the TFA. This brought the total number of ratifications to 148, or 90% of the WTO's 164 Members States.

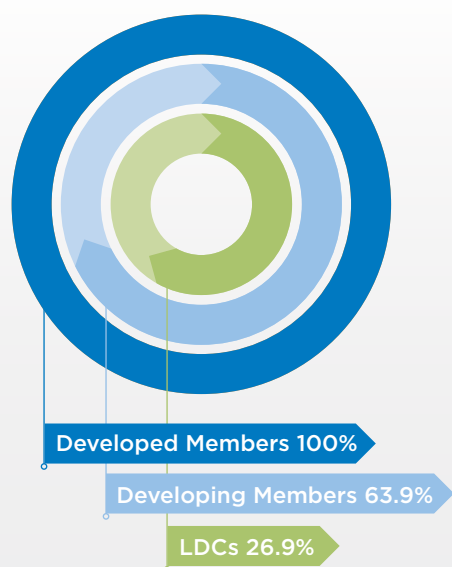
Based on the notifications made by Member States to date, it is possible to map out when the TFA might be fully implemented.

BY THE END OF 2019

# 90%

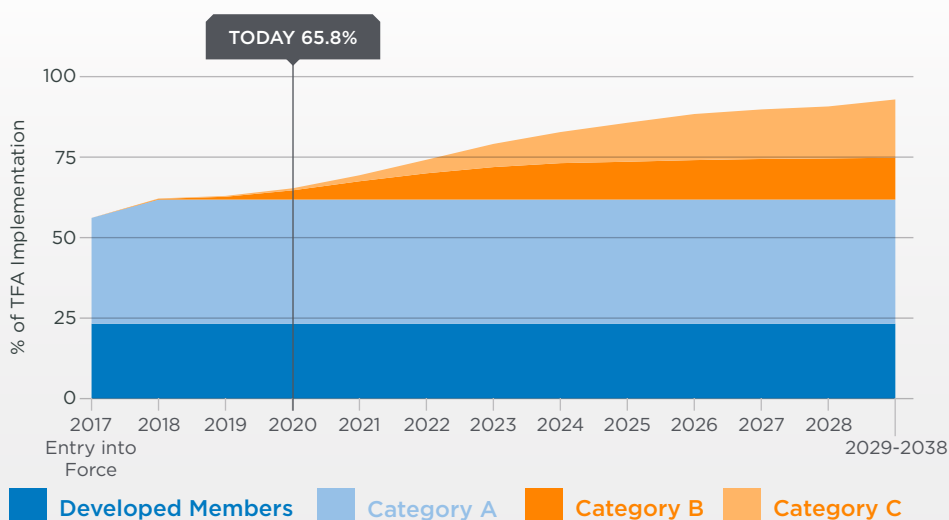
of WTO Member States have ratified the TFA

### RATE OF IMPLEMENTATION COMMITMENTS



### TIMELINE OF IMPLEMENTATION COMMITMENTS

Based on implementation commitments by all WTO Members over time



Source: WTO, February 2020

#### CATEGORY A

Developing Members will implement the measure by 22/02/2017 and LDCs by 22/02/2018

#### CATEGORY B

Members will need additional time to implement the measure

#### CATEGORY C

Members will need additional time and capacity building support to implement the measure

Clearly there is much work left to do. The Alliance's goal is to accelerate that timetable by fostering public-private partnerships, building a culture of trust between the two sectors and sharing knowledge and lessons learned from our projects both in-country and internationally.

5

FINANCIAL SUMMARY



## 2019 FINANCIAL SUMMARY

INCOME		USD
<b>Donor contribution</b>		7,934,062.89
EXPENDITURE		
<b>Work stream 1:</b> Creating public-private partnerships and multi-stakeholder dialogues		742,117.65
<b>Work stream 2:</b> Delivering commercially-measurable trade facilitation reforms (in-country projects)		6,378,203.62
<b>Work stream 3:</b> Measuring results and building trade facilitation knowledge		813,741.62
<b>TOTAL</b>		<b>7,934,062.89</b>