



GLOBAL ALLIANCE  
FOR TRADE FACILITATION

2020

ANNUAL REPORT



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## OUR PURPOSE

To create new business opportunities, enabling greater economic and social development, and reducing poverty.



## OUR VISION

A world where cross-border trade is simple, fast, and cost-effective.



## OUR MISSION

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.

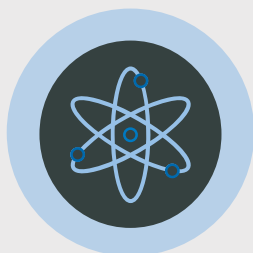
## IMPROVING PEOPLE'S LIVES

### The Alliance's approach to catalysing change

Our theory of change is based on achieving measurable results in trade facilitation that ultimately can help reduce poverty and improve people's lives in developing countries. Trade that is simple, fast, and cost-effective can unleash the potential of businesses of any size, letting them access global markets and expand their businesses, providing new jobs and generating investment that can drive inclusive economic growth.

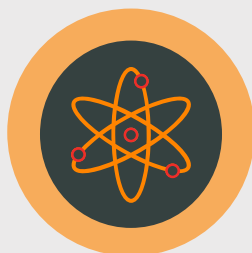


Our approach to turning this model into action is built upon three pillars that are our operating DNA:



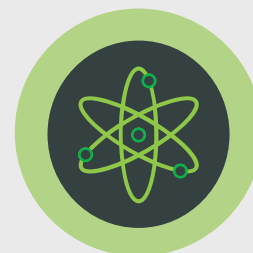
### FORGING STRONG PUBLIC-PRIVATE PARTNERSHIPS

We bring governments and businesses together as equal partners in tackling trade barriers, using a wide range of platforms to help all sides better appreciate each other's perspectives, identify the root causes of problems, and map out ways they could work together to resolve them. The Alliance's role is to be a neutral convenor and catalyst in these discussions, keeping up the momentum of engagement and ensuring all sides understand and meet their obligations to each other as they move ahead. A central element is raising awareness of the importance of trade facilitation and the advantages to both sides in implementing the World Trade Organization's Trade Facilitation Agreement.



### DELIVERING IMPACTFUL PROJECTS

Our projects translate the trust and confidence of public-private partnerships into concrete gains in the form of time and cost savings for both sectors. Most projects are created from the ground up by governments and businesses aiming for broad impact. Other projects are generated by businesses that have identified specific pinch points in their supply chains, while a third group scales up successful projects and applies them in other countries. The projects not only remove roadblocks to trade, they leave a legacy of close collaboration and new techniques that governments and businesses can apply well beyond the scope of their initial work on the Trade Facilitation Agreement.



### MEASURING AND SHARING OUR RESULTS

We look to show the impact of our projects in cutting the time and costs associated with trade and share the lessons we learn to encourage others to take on the red tape that entangles trade in developing countries. By adopting international best practices, Alliance projects are designed to be more efficient and impactful, and it contributes to countries better harmonising their trade procedures and practices.

# THE STRENGTH OF OUR NETWORK

**3**  
HOST ORGANISATIONS

**5**  
DONOR  
GOVERNMENTS

GLOBAL ALLIANCE  
FOR TRADE FACILITATION

**31**  
OFFICIAL  
BUSINESS PARTNERS

**3**  
IMPLEMENTING  
PARTNERS

**187**  
LOCAL BUSINESSES

including SMEs directly involved in project countries plus 117 business associations and 21 chambers of commerce representing thousands more

OUR DONORS



Global Affairs Canada / Affaires mondiales Canada



Australian Government  
Department of Foreign Affairs and Trade



MINISTRY OF FOREIGN AFFAIRS OF DENMARK

HOST ORGANISATIONS



IMPLEMENTING PARTNERS



BUSINESS PARTNERS INCLUDING





## OUR STEERING GROUP

Our Steering Group embodies public-private collaboration and puts partnership at the core of all Alliance work. It comprises representatives of our donor governments and global business partners.



**Jochen Daechert**

Vice President  
BASF Global Customs



**Mark FeDuke**

Director of Trade Compliance and Policy  
ArdoVLM



**Paul Fekete**

Senior International Trade Advisor  
USAID



**David Lepage**

Senior Policy Advisor  
Economic Relations and Strategy  
Strategic Policy Branch  
Global Affairs Canada



**Mads Thuesen Lunde**

Minister Counsellor  
(Economic and Commercial Affairs/WTO)  
Ministry of Foreign Affairs of Denmark



**Alexander Perkins**

Senior Manager  
International Government Affairs  
FCA Group



**Steven Pope**

Vice President of Trade  
Deutsche Post DHL Group



**Shannon Ryan**

Director, Trade and Development  
Australian Department of Foreign Affairs  
and Trade



**Amgad Shehata**

Senior Vice-President of Global Public  
Affairs & Strategic Development  
UPS



**Tammo Strümpler**

Senior Policy Officer  
Division 111 - Trade Policy  
German Federal Ministry for Economic  
Cooperation and Development



**Sarah Thorn**

Senior Director  
Global Government Affairs  
Walmart

# OUR YEAR IN REVIEW



**ePhyto**  
LAUNCHED IN MOROCCO



5

NEW GLOBAL BUSINESS PARTNERS



2

NEW IMPLEMENTING PARTNERS

USD **443,310**  
IN-KIND CONTRIBUTIONS



79

PUBLIC-PRIVATE DIALOGUES



4

NEW PROJECT APPROVALS



12

PROJECTS IN IMPLEMENTATION



21

COUNTRIES IN PROJECT SCOPING



2

HACKATHONS



13

PROJECT IDEAS FROM OUR GLOBAL BUSINESS PARTNERS



16

KNOWLEDGE PRODUCTS AND ACTIVITIES



## A LETTER FROM OUR DIRECTOR PHILIPPE ISLER

During a year in which the world was consumed by its response to the coronavirus pandemic, the Alliance embraced new ways to continue its work, implementing and adapting our projects through virtual engagement with our partners worldwide. Despite the difficulties, trade facilitation stands to emerge as an even more urgent but achievable global priority now that we all have seen what's possible thanks to greater digitisation and more efficient processes.



The global health crisis presents a compelling argument for the Alliance's approach to facilitating trade reforms, built upon the principle that **business and government should be equal partners** in confronting and overcoming steep challenges, marrying expertise and innovation with responsibility and security. This kind of collaboration has been evident in the rapidly-evolving response to the COVID-19 crisis; governments have relied on the private sector to discover, test, produce, and deliver the vaccines while they worked to ensure the public could trust that the new medicines would be safe, effective, and distributed equitably.

This embodiment of the public-private partnership will be crucial to finally resolving this historic health crisis and reviving the global economy. If anyone still had any doubts, this is further evidence of the essential need for both sectors to seek further common ground in areas where they can positively collaborate, including meeting the goals of the World Trade Organization's Trade Facilitation Agreement (TFA).

In terms of Alliance work, the private sector has enthusiastically supported the launch of a new way to develop projects that offers the private sector a direct role in identifying obstacles in the supply chain. The Alliance diagnoses the root cause of the blockage and then formulates a project to overcome it. Through this process, we are developing ways to reduce the clearance times for importation of HIV and malaria test kits in Mozambique, to better manage origin, to seek more consistent and fair ways to deal with valuation disputes, and to **smooth the delivery of vaccines** and associated health equipment in the wake of the COVID pandemic.

As you will see in this annual report, we are enhancing our project portfolio by developing new workstreams that seek **new answers to old problems**. Our work

on **electronic phytosanitary (or ePhyto) certificates**, for example, combines best-practice approaches with the experience we have gained in partner countries. We emphasise agile, rapid solutions and seek to introduce **new, yet robust, technologies** where they're needed to deliver measurable results.

During the year, we intensified our focus on innovation by partnering in virtual hackathons in Spain and Morocco, using new online tools to **brainstorm ideas to spur border and customs processing**. Ideas flooded in from start-up entrepreneurs and small businesses, researchers and academics, trade specialists, and even high school and university students from dozens of countries. In this way, the Alliance can serve as **a unique hub for generating and sharing new ideas**.

As we upscale successful projects, we launched a second ePhyto project in Madagascar following our successful experience in Morocco, and today are busy developing half a dozen more. The Alliance also approved three additional projects focusing on a range of TFA areas in Madagascar, Nigeria, and Senegal. All include a strong emphasis on **gender sensitivity**, with the Senegal project including a gender assessment as a central feature of its preparations. This is another step in implementing the Alliance's gender mainstreaming approach we put in place last year to ensure trade facilitation benefits are shared by all.

Our inclusiveness, experience and willingness to embrace new approaches characterised the Alliance in 2020, as did its signature role as **a pragmatic convener** in bringing together sides that too often can view each other as adversaries. We aim to build trust through our projects in such a way that they will not only sustain trade facilitation when completed but inspire greater collaboration across other initiatives and sectors.

Our research into the **trust-building effects of Alliance initiatives** has shown this is not merely an aspiration but a reality. Public and private sector participants in the Colombia Centre for Trade Facilitation and Good Practices project reported significantly improved trust in each other thanks to the convening efforts that helped each side learn from and about the other.

In our five years of work, we have shown how meaningful and measurable trade reform flows from this kind of public-private collaboration. The Alliance **listens to all sides** in the reform process, finds **a common platform for all to share**, and channels **knowledge and ideas** from the private sector that can serve to focus and accelerate progress in trade facilitation.

As the world begins to accelerate the fight against climate change and continues to respond to the Covid-19 crisis, international trade needs to deliver solutions. The questions we need to be asking now include **what role can trade facilitation play** in the **circular economy** of the future? Can it offer solutions to today's emerging challenges around **electronic or health waste** or to the barriers that still hamper the delivery of medications or **humanitarian aid**? During 2020, we continued to build on the gains from the Alliance's project work; we should now be lifting our eyes to these and other challenges that need to be addressed.

In closing, I wish to thank everyone at the Alliance, as well as our host organisations and implementers, who remained committed and dedicated in what was an extraordinary year. I also recognise that the Alliance's continuing progress is owed to the participation of all our partners among the private and public sectors, and naturally to our donors, and I thank them all for their enthusiastic and unwavering support.

# ADVANCING TFA IMPLEMENTATION

## A Forward Momentum



Progress toward full implementation of the Trade Facilitation Agreement continued despite the tremendous hurdles posed by the pandemic and its impacts on the world economy.

In the past year, another five WTO member countries committed to the TFA's principles of smoother trade. Cabo Verde, Tanzania, and Vanuatu joined Colombia and Tunisia in formalising their commitments, helping lift the total number of ratifications to 153 of the WTO's 164 member nations, equal to 93% of all countries.

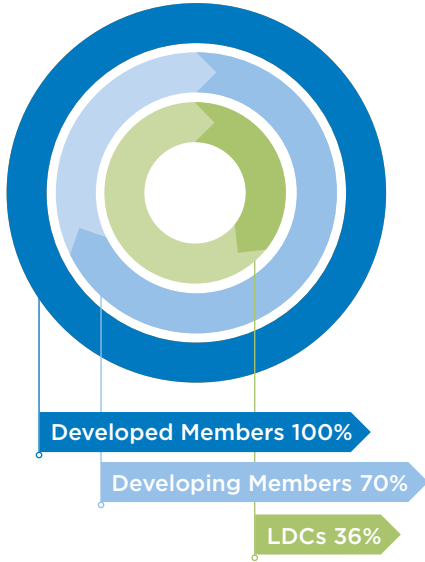
BY THE END OF 2020

# 93%

of WTO Member States have ratified the TFA

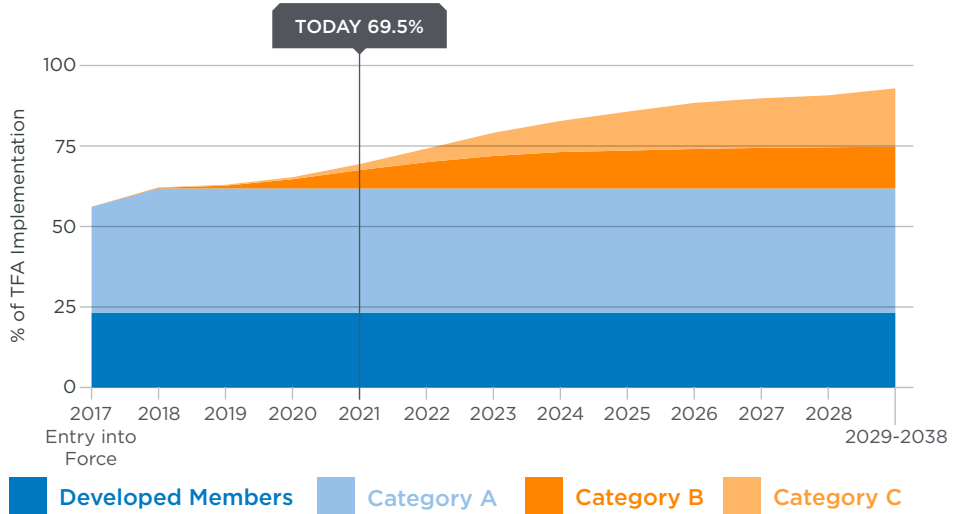
### RATE OF IMPLEMENTATION COMMITMENTS

Source: WTO, March 2020



### TIMELINE OF IMPLEMENTATION COMMITMENTS

Based on implementation commitments by all WTO Members over time  
Source: WTO, March 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

The Alliance continues to play its part in driving this progress, with each of its projects addressing specific TFA articles that deliver concrete benefits to governments and to businesses. The world still has some way to go to fully implement the TFA but the Alliance's growing project portfolio, its new workstreams and its emphasis on results will play a significant part in keeping up momentum.



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## GLOBAL PROJECT PORTFOLIO

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## AGILE PROJECTS, INCLUSIVE SOLUTIONS

Our projects fall into one of three types, reflecting their different origins: **co-creation projects**, **upscaling projects**, and **business action projects**.

**Co-creation projects** are developed from the ground up, while **business action projects** come from companies alerting us to narrower and specific bottlenecks. **Upscaling projects** take a successful solution and apply it

elsewhere, with the Alliance tailoring them to local needs and conditions. In essence, all of our projects stem from joint recognition by private and public sectors of the need to tackle particular trade barriers.



### BUSINESS ACTION PROJECTS

Business action projects are inspired by our global business partners who alert us to particular “pinch points” for industry. We then diagnose the underlying problem and act as an impartial catalyst to engage government, then formulate and deliver a solution.

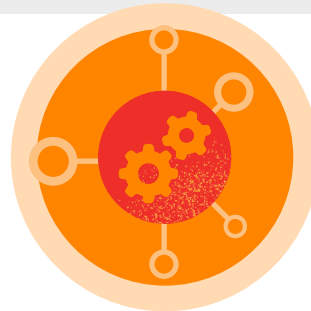
These projects are **narrowly targeted**, of **short duration**, and aim for **outcomes** that do not require policy changes or other sweeping reforms to achieve success. This process ensures a highly focused intervention, which then benefits the entire trading community.

This kind of tactical approach to trade facilitation is entirely novel in the international trade arena in that it can swiftly align governments and companies behind small-scale projects with the potential to generate outsized benefits for both.



### CO-CREATION PROJECTS

Under co-creation projects, governments and businesses join with the Alliance to identify specific trade bottlenecks and align behind the idea of reform. We then get them to collaborate in developing the project proposal and ensure the concept has feasible, targeted and measurable goals. The Alliance then leads project implementation, which relies on private sector delivery of technical expertise, resources, data, or modern systems.



### UPSCALING PROJECTS

We are beginning to upscale successful projects and apply their lessons to other opportunities for trade facilitation reform. We not only share the benefits of experience by taking these successful efforts to meet other challenges, we also improve our own efficiency by better understanding and anticipating how these projects will work in other settings.

### Fresh approaches to tackling stubborn obstacles

We began developing our first business action and upscaling projects in 2020. Our global business partners identified over a dozen opportunities for process reform, including solutions to ensure smooth delivery of HIV and malaria rapid test kits and vaccines into Mozambique; addressing challenges related to ensuring consistent and predictable procedures in cases of valuation disputes for technology products in West Africa; and modernisation of origin management. Amid the COVID-19 pandemic, our

logistics partners asked if the Alliance could support them in ensuring that vaccine distribution was not hampered by border issues. In response, we partnered with the US-ASEAN Business Council and created a unit dedicated to anticipating any potential red tape that might slow the supply chain in the ASEAN region.

Our success in bringing the ePhyto solution, developed and operated by the International Plant Protection Convention (IPPC), to plant and food trade clearances to Morocco made it

one of the first nations in the region to digitise this crucial trade process. This project gave us a springboard to bring this solution to other countries. In 2020, we approved a new ePhyto project for Madagascar and began scoping with a number of other governments across Africa, Asia, and Latin America.

Similarly, our advance rulings project in Colombia and our customs broker framework projects in both Malawi and Zambia are generating a great deal of interest in those regions and beyond.



# OVERVIEW AND PROJECT MAP

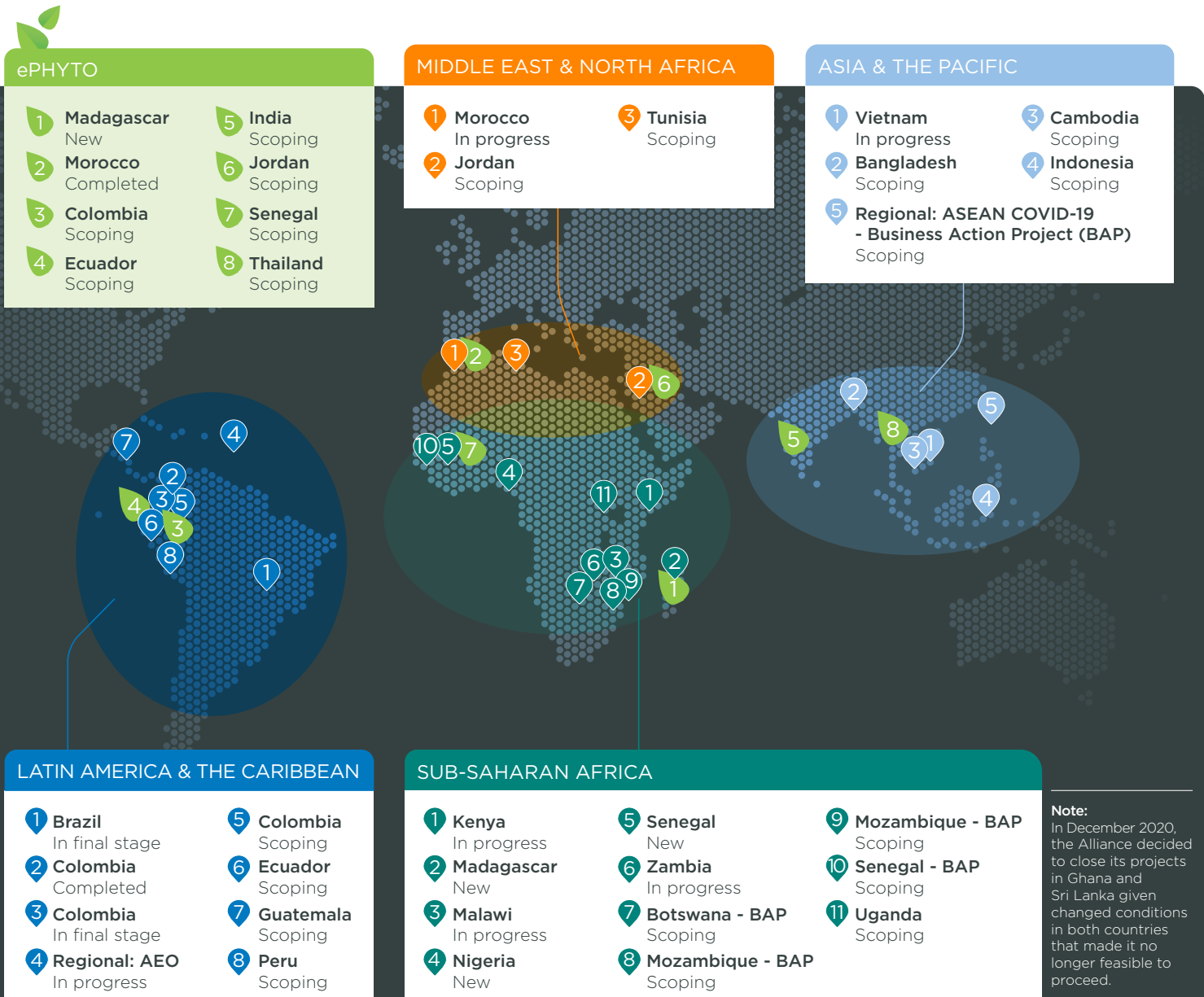
Our project work is designed to directly address the needs of both governments and the private sector. That philosophy, alongside our multilateral, multi-donor approach, has led to the growth of a diverse and growing global project portfolio in countries at differing stages in their development and implementation, with each project addressing a range of TFA provisions.



Our projects cover the spectrum of trade facilitation solutions, from broad, high-level reforms of customs regulations through to narrowly-focused, rapid interventions within a single sector or industry.

Alliance projects are unique in international trade, connecting private sector innovation and expertise with

governments committed to improving their customs and border services. To reach approval, every Alliance project must show that it will deliver measurable results within the overall objective of making trade smoother and more cost-effective for all, including small and medium enterprises and women-run businesses.



**Note:**  
In December 2020, the Alliance decided to close its projects in Ghana and Sri Lanka given changed conditions in both countries that made it no longer feasible to proceed.



## LATIN AMERICA &amp; THE CARRIBEAN

## 1 BRAZIL IN FINAL STAGE

We are working with Brazil's standards agency, the National Institute of Metrology, Quality and Technology on a swifter and cheaper automated licensing process covering an array of goods, from high-tech products to toys and auto parts. The integration of this new risk-based system with Brazil's single window is already having an impact,

with the number of licences issued within three days having risen to 24% from just 1% before implementation. The project is also expected to address the ongoing application backlog. The project has entered its final phases of implementation, including work on interface development and overall evaluation.

### ADDRESSING TFA ARTICLES

**Article 7.4**  
Risk Management

**Article 8.1**  
Border Cooperation

**Article 10.4**  
Single Window



## 2 COLOMBIA COMPLETED

We worked with the National Food and Drug Surveillance Institute, Invima, and the private sector to introduce a risk management system that facilitates trade while protecting public health. The new system, called IVC SOA Puertos®, assesses the risk level of imports and exports at the border and advises Invima inspectors when to conduct a physical inspection. It

develops risk profiles based on factors such as the shipment's country of origin, manufacturer's and trader's track records of compliance and any health alerts. The rate of physical inspections has since dropped from 100% to 70% and as low as 37% at some crossings, saving importers alone USD 8.8 million in just 18 months.

### ADDRESSING TFA ARTICLES

**Article 5.1**  
Notifications for Enhanced Controls or Inspections

**Article 7.4**  
Risk Management

**Article 7.9**  
Perishable Goods



## 3 COLOMBIA IN FINAL STAGE

The automotive sector is a key economic contributor in Colombia, but it could generate even greater value through reforms that clarify and streamline rules on classification, valuation and origin of important parts. The Alliance is working with DIAN, the Colombian customs agency, and the private sector to establish a Centre for Trade Facilitation

and Good Practices to process advance rulings affecting the auto sector. In December 2020, Colombia's president signed a sweeping customs restructuring decree that includes legal establishment of the new Centre and enshrines mechanisms to act on private sector guidance on customs matters, a pioneering development in this region.

### ADDRESSING TFA ARTICLES

**Article 1.3**  
Enquiry Points

**Article 2.2**  
Consultations

**Article 3**  
Advance Rulings



## 4 REGIONAL - AEO IN PROGRESS

With the goal of spurring faster, simpler and less costly trade across the region, we are facilitating negotiations among 11 Latin American and Caribbean nations to reach an Authorised Economic Operator (AEO) Regional Recognition Arrangement. A ratified Arrangement would reduce time lost through physical or documentary inspections of AEO goods and also deliver savings through

lower customs clearance costs in the signatory nations, namely Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Guatemala, Paraguay, Peru and Uruguay. The Alliance has been conducting business surveys, meetings with customs officials, workshops and online connections between public and private sector representatives.

### ADDRESSING TFA ARTICLES

**Article 2**  
Opportunity to Comment, Information Before Entry into Force and Consultations

**Article 7.7**  
Trade Facilitation Measures for Authorised Operators

**Article 12**  
Customs Cooperation



## SUB-SAHARAN AFRICA

## 1 KENYA IN PROGRESS

Risk management can play a vital role in reducing the need for physical inspections that can impede trade. We are working with Kenya on a fully-automated, paperless pre-clearance risk assessment system that will cut down on border formalities. By prioritising inspection of high-risk shipments, there are likely to be significant benefits

for both the Kenyan government and companies alike, although the scope of this project extends beyond customs alone to eventually embrace all border agencies. We have so far trained 450 staff in the new approach and are progressing with inter-government workshops focusing on risk management.

### 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 7.4**  
Risk Management



## 2 MADAGASCAR NEW

Alongside Madagascar's Customs and local and international companies, we are supporting Madagascar to introduce an electronic approach to issuing written rulings that establish in advance key shipment characteristics, including the applicable fees. Traders will be able to make an online application for a ruling, which creates an automated workflow

to establish the shipment's credentials for a defined period. Traders will be able to request an advance ruling on the application of customs regulations knowing that the resulting legal opinion will be binding, uniformly applied by Customs, and valid for a set period, usually several years.

### ADDRESSING TFA ARTICLES

**Article 2.2**  
Advance Rulings



## 3 MALAWI IN PROGRESS

Drawing on the Alliance's work in Zambia, we are working with the government, agent associations, and traders to create the regulatory environment necessary for clearing agents to be trained, assessed, and licensed in line with best practices. The training component will be made as accessible as possible to ensure that women, in particular, benefit from this opportunity for professional

development. It will include some e-learning elements and a scholarship fund will be available to support agents in becoming licensed. Thanks to virtual knowledge exchanges between the Zambia and Malawi project teams, we are making strides in producing the training curriculum and examination that will underpin the new licensing framework.

### ADDRESSING TFA ARTICLES

**Article 10.6**  
Use of Customs Brokers



## 4 NIGERIA NEW

The Alliance is joining with Nigerian government partners, businesses and associations to address costs and delays borne by exporters and importers across the country, including simplifying and improving documentary processes and training border agency staff. The project will start with air cargo at Murtala Muhammed Airport in Lagos,

before addressing sea freight at the port at Lagos. This approach allows us to absorb lessons learned from our work at the airport and to potentially broaden the scope to additional sectors. Preparatory work has focused on engaging trade experts and conducting a gender assessment.

### ADDRESSING TFA ARTICLES

**Article 2.2**  
Consultations

**Article 8**  
Border Agency Cooperation

**Article 10.1**  
Formalities and Documentation Requirements



## SUB-SAHARAN AFRICA

## 5 SENEGAL

NEW

The government of Senegal, West Africa's second-largest economy, has been upgrading its administrative systems and has asked for our support. The project will address a major challenge related to the long, complex, and costly process of importing agro-industrial products. The goal is to improve the visibility of import

procedures and digitise them to smooth and speed the process for importing seed and plant products. This will entail introducing new technologies and training customs staff in their use, as well as integrating the newly-automated system into existing electronic single window.

## ADDRESSING TFA ARTICLES

**Article 1**  
Publication and Availability of Information

**Article 8**  
Border Agency Cooperation

**Article 10.1**  
Formalities and Documentation Requirements



## 6 ZAMBIA

IN PROGRESS

Customs agents are critical but often overlooked actors in the global trade ecosystem, handling documentation and managing inspections on imports and exports alike. To boost the skills and improve the recognition of the importance of these key professionals, we are collaborating with Zambia's government, customs clearing agent associations, and the private sector on a

modernised licensing framework, which was approved during 2020. Newly-trained and licensed agents will be more efficient and more effective in facilitating trade and reducing non-compliant shipments. We have completed work on the materials for training as well delivering virtual instruction for the trainers themselves.

## ADDRESSING TFA ARTICLES

**Article 10.6**  
Use of Customs Brokers



## MIDDLE EAST &amp; NORTH AFRICA

## 1 MOROCCO

IN PROGRESS

An "ePort" solution at the Port of Casablanca will replace cumbersome paperwork and make lengthy truck queues a thing of the past. The new system will trace truck movements and exchange automated data at key port service points, hastening processing and reducing the risks that delays pose to

perishable products. Work is underway on an action plan and a tender on systems automation. We have facilitated a knowledge exchange between officials from the Port of Casablanca with counterparts in France's port of Marseille, which relies on automation to speed processing.

## ADDRESSING TFA ARTICLES

**Article 2.2**  
Consultations

**Article 7.1**  
Pre-Arrival Processing

**Article 7.9**  
Perishable Goods

**Article 8**  
Border Agency Cooperation

**Article 10.1**  
Formalities and Documentation Requirements



## ASIA &amp; THE PACIFIC

1 VIETNAM  
IN PROGRESS

Vietnam has been streamlining customs procedures and making them more transparent, yet many shipments still face delays in congested Vietnamese ports due to a lengthy release process. We are working with the government and the private sector to implement a modern customs bond system for the conditional release of goods. Traders will be able to purchase bonds to guarantee their payment of duties and taxes as well as regulatory compliance, allowing customs to expedite release of their goods. While awaiting approval of the framework legislation, we are providing online training to staff at insurance companies and testing software for the new system.

## ADDRESSING TFA ARTICLES

**Article 7.1**  
Pre-arrival Processing

**Article 7.3**  
Separation of Release

**Article 7.8**  
Expedited Shipments

**Article 10.1**  
Formalities and Documentation Requirements

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

**Article 11**  
Freedom of Transit



## ePHYTO

1 MADAGASCAR  
NEW

Our project will support Madagascar in introducing electronic phytosanitary certificates, or ePhytos, an initiative led by the International Plant Protection Convention (IPPC) Secretariat. Traders in Madagascar exporting or importing plants or plant products must acquire a paper phytosanitary certificate to show that the material is considered free from

pests and that it complies with plant health regulations. Using ePhytos allows them to electronically exchange ePhytos with trading partners quickly, accurately, and at low cost, replacing paper certificates that traditionally accompany the shipment, which could be damaged or lost in transit.

## ADDRESSING TFA ARTICLES

**Article 7.1**  
Pre-arrival processing

**Article 7.9**  
Perishable Goods

**Article 10.1**  
Formalities and Documentation Requirements

2 MOROCCO  
COMPLETED

Morocco achieved a historic milestone in international trade during 2020 by becoming one of the first African countries to fully integrate and use electronic phytosanitary certificates, or ePhytos, within their national trade system. The switch from burdensome paper processes to the ePhyto approach is part of the Alliance's efforts to support Morocco toward "zero paper" operations in processing all imports and exports.

Under the ePhyto system, developed and operated by the IPPC Secretariat, traders importing or exporting plants or plant products will no longer need to obtain a paper phytosanitary certificate to show that the material is considered free from pests and complies with plant health regulations, representing significant savings.

## ADDRESSING TFA ARTICLES

**Article 7.9**  
Perishable Goods

**Article 10.1**  
Formalities and Documentation Requirements





### 3

#### DELIVERING IMPACT

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## CREATING TRUST THROUGH PARTNERSHIP

### How Alliance projects can reset relationships

Five years ago, an Alliance project to establish an advance rulings approach in Colombia offered the chance for the government and traders to restore trust in a relationship characterised by wariness and resignation. As the project has neared completion, the Alliance found that not only did the project catalyse reforms in customs procedures, it also **rekindled trust on both sides** and showed the **tangible benefits** of working together.

The project, which is creating a Centre for Trade Facilitation and Good Practices, seeks to reform processes governing the origin, classification and valuation of goods destined for Colombia's automotive industry. By having a dedicated unit within the Colombian customs agency, DIAN, issue advance rulings establishing a shipment's credentials before its importation or exportation, importers and vehicle assembly companies will enjoy swifter and more predictable clearance times at borders.

Approaching this project, the Alliance understood that success hinged on Customs' leadership and private sector representatives **sharing information and listening to each other, understanding the other's aims, and having confidence that they could rely on each other**. This would represent a leap of faith by actors more accustomed to barely cordial and sometimes adversarial relations.

As borne out by Alliance research in late 2020, the private sector had long viewed the customs agency's mission as being to exert control, to strongly police the private sector, and punish any transgressions while turning a deaf ear to traders' complaints. For its part, DIAN felt the private sector didn't appreciate its mission to protect Colombia from illegal trade that would hurt their businesses and put citizens at risk.

The Alliance project was already underway in 2018 when new leadership took over at DIAN. It quickly came to appreciate the project as a chance to showcase a revitalised relationship with the private sector. Interviews, focus groups, and a survey conducted in 2020 revealed that key aspects of the Centre project allowed the two sides to rediscover each other by pursuing a common goal.

In discussing their experiences, participants explained that the project created **a meaningful space to connect** through its opportunities to meet, share and learn about best practices. These public-private dialogues are a central pillar of the Alliance's approach. We facilitated nearly 80 such encounters during 2020, building relationships while advancing progress toward project design and implementation.

**Training together** helped customs officials learn more about each business, their goals and their experiences, while company representatives came to appreciate the growing willingness of customs officials to listen and pursue real change.

Importantly, the **project helped unify the positions of industry associations** that previously had been viewed as fragmented and uncoordinated. **The Alliance, as a neutral party, played a central role in facilitating trust by assuming responsibility** for leading the effort and assigning accountability for roles as the project advanced.



#### What our partners say

"This initiative that the Alliance has coordinated with the national government has opened the door to establishing a relationship of trust and transparency in the work carried out by businesses and DIAN with respect to international trade."

**Oliverio Garcia**  
Executive Director, ANDEMO  
(National Association for Sustainable Mobility)

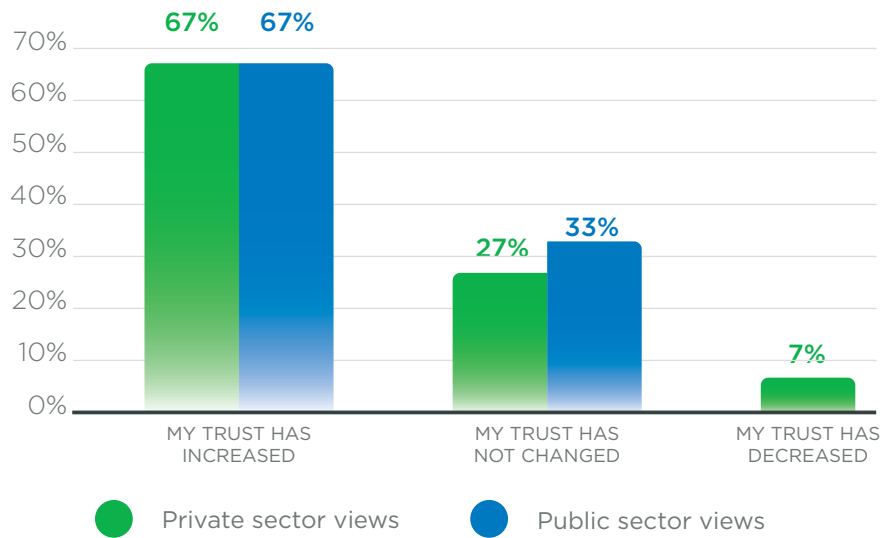


**Trust among the partners grew as they saw progress in creating the new Centre.** These gains showed the rewards in opening up and relying on each other to deliver on their promises.

Establishing trust takes time and effort – rebuilding it, perhaps, even more so. This project represents one significant stride forward in that process, rather than its conclusion. Indeed, the study found that **two-thirds of project participants said their trust in the other sector had increased over four years**, while they also reported having strong regard for the other’s benevolence, competence and integrity. We aim for a similar experience with our project in Vietnam, a pioneering effort for a country in the early stages of developing a culture of public–private sector engagement.

**CHANGE IN TRUST TOWARDS THE OTHER SECTOR IN THE LAST FOUR YEARS**

Source: Alliance 2020 Trust Case Study



**What the survey said**

*“The level of trust has increased...Now they have greater knowledge of the sector and together we can find the solutions.”*

*“What was most influential was the persistence in looking for those spaces for discussion, for conversation, between the managers and... the ministry.”*

*“To the extent that we get to know the goods better, we can be quicker and more efficient in the way we conduct our operations.”*

In other countries, the challenge might be less deep-rooted, needing only the right project to act as a catalyst to bring both sides together. Part of our project in Morocco, for example, offered a new forum for open exchange of knowledge and ideas between government and business.

The Alliance also aims to propel **national trade facilitation committees (NTFCs)** to **meet their potential as a bridge that the private and public sectors can rely on to maintain and deepen trust and collaboration.** In Kenya, for example, the Alliance is working with UNCTAD

to strengthen the Kenyan NTFC’s engagement with the private sector and focus it on the steps needed in meeting the country’s TFA commitments. We pursued the same approach in Ghana, ensuring the NTFC there is benefitting from private sector expertise and experience in the area of pre-arrival processing.

In the end, the Alliance’s projects show that trust is the bedrock for driving meaningful trade reform, but that even stronger bonds of trust can also be their own reward.



# PUTTING SMES AT THE CENTRE OF DECISION-MAKING

Smaller businesses get their chance to have a say in trade reforms



Small and medium enterprises (SMEs) represent 90% of businesses worldwide, but only account for 18% of exports due to tough trade barriers. One reason is that small businesses are not always included in discussions between government and the private sector on trade matters. **Alliance projects can give SMEs the opportunity to be heard.**

In Colombia, the automobile parts manufacturers association – largely representing SMEs – had little to do with DIAN, the customs agency, at the outset of our project there. Similarly, the clearing agent industries in both Malawi and Zambia are largely composed of SMEs with little experience in dealing with the government on trade issues.

**Through our projects, we provide a vehicle for SMEs to be heard.** In Colombia, the SMEs in the automotive industry – largely manufacturers of key automobile parts such as the leather for car seats or the parts that make up a car’s braking system – represent a vital part of the sector. As such, we invited them into the project working group to become important stakeholders in the reform process.

## What our partners say

“Colombia has a large number of SMEs that form part of the production chain of the automotive sector and seek better practices in trade matters. Having good relations with the public sector allows SMEs to be informed about the latest on trade policies. It also ensures there is a better customs operation throughout the whole supply chain.”

**Juliana Rico**

Director Automotive Chamber, ANDI – National Business Association

In Malawi and Zambia, our approach brought together a fractured yet powerful clearing agent industry, largely composed of SMEs, to sit with customs representatives and, with the guidance of our international technical experts, chart a path to improve the industry for both the private sector and the government.

**Our projects offer a platform for governments to engage with SMEs as responsible players, securing their buy-in and helping pave the way for successful joint implementation.** In Colombia, the SMEs involved in the automotive industry are being heard by DIAN, ensuring the whole industry will feed into and benefit from the Centre for Trade Facilitation and Good Practices. In Zambia, the collaboration between the clearing agent associations developed through the Alliance project has led to discussion for them to create an apex body, bringing together under one banner a sector largely made up of SMEs.

## What our partners say

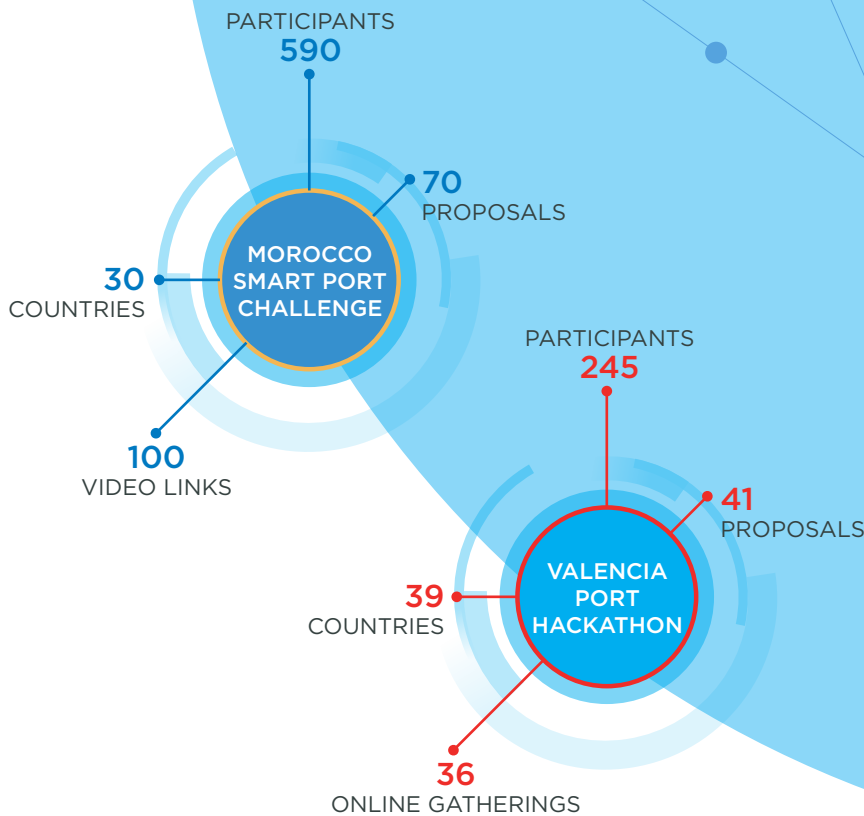
“Before the Alliance project, SMEs in the clearing agent industry were not involved. Consultations were carried out but these were in most cases simply a formality. SMEs are now involved at the heart of the project through the project working group. This allows SMEs to input into decision-making, policy formulation, curriculum development and training delivery. Full and deep involvement of SMEs in the project leads to outcomes that are relevant and meaningful – and that will ensure the project benefits the entire industry.”

**Eston Sakala**

Managing Director, Evolution

# SPARKING INNOVATION

Despite the emergence of many new technologies and approaches, there remain some areas of trade facilitation that have seen very little progress in the past decade. Improvements such as e-payments, better management of rules of origin, and fully paperless processes are yet to take hold in some developing countries.



The Alliance believes that new solutions can be found to such stubborn problems by engaging a wider group of stakeholders, including academia and entrepreneurs. We have begun spearheading innovation challenges, such as hackathons, to concentrate minds from different backgrounds on quickly resolving specific trade facilitation challenges.

The Alliance achieved its first milestones in this work area during 2020 when it collaborated with Fundacion Valenciaport for the Valenciaport Hackathon in Spain and Agence Nationale des Ports and PORTNET S.A. on the Smart Port Challenge in Morocco.

The Morocco and Valencia hackathons attracted hundreds of participants, including start-up entrepreneurs, researchers, academics, trade experts, and even high school students, and together they generated over a hundred ideas for improvements. In Morocco, three were selected to proceed to implementation; two will focus on trade facilitation and another on a green energy solution to lower power costs at the port.

### What our partners say

“We felt it was a great opportunity to showcase more innovative technologies and approaches to the field of trade facilitation – the whole team was excited to be working with the right stakeholders and decision-makers. As innovation is not a sprint, we hope to engage deeper beyond the hackathon.”

**Jens Munch**  
Head of Global Trade & Supply Chains, IOTA

“The hackathon created a space for creativity, the exchange of ideas. It has also provided a competitive platform for start-ups, students, academics, and professionals to showcase their talents and use them for the good of the community.”

**Mohamed Benatik**  
IT Manager at MARSA MAROC, Port of Casablanca



## 4

### SHARING WHAT WE'VE LEARNED

- Driving knowledge sharing /PAGE 24
- Finding common ground to ally the private and public sectors /PAGE 25
- Addressing gender imbalances in global trade /PAGE 26
- Revealing the potential in cutting indirect costs /PAGE 27





# DRIVING KNOWLEDGE SHARING

Keeping up with trends and best practices in trade reform



Success in finding the right solutions to trade impediments begins with knowing what is possible.

**The Alliance offers governments its own knowledge of the latest developments in trade facilitation as well as that shared by its local and global business partners.** In Latin America, for example, countries have different levels of knowledge about establishing approved economic operator (AEO) programmes, making it important to deliver knowledge from more experienced countries to peer nations.

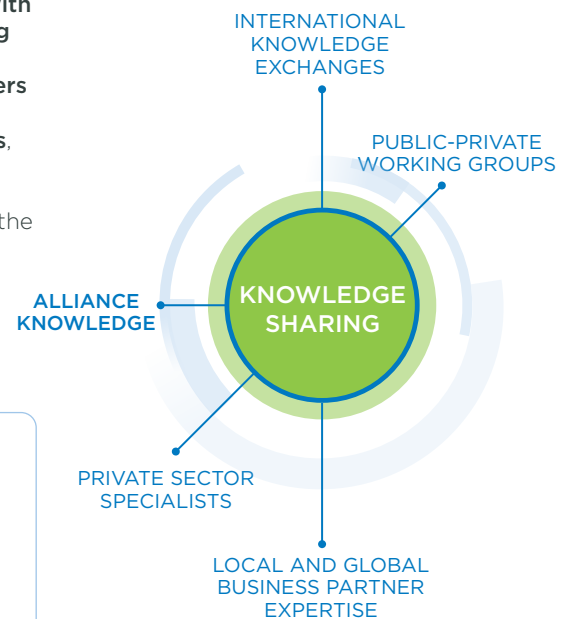
**The Alliance facilitates the sharing of expertise through international knowledge exchanges and our regular public-private working groups.** In Malawi, the Alliance organised a virtual knowledge exchange in Zambia that allowed trade stakeholders from Malawi to understand how Zambia is professionalising its clearing agent industry. In Latin America and the Caribbean, we have established a project group for member countries to share their knowledge of managing AEO projects. Training of Customs officials in how to conduct remote site validations has been conducted online in the Latin America and Caribbean AEO project to maintain progress despite the challenges posed by the pandemic.

### What our partners say

“The collaboration with the Global Alliance has been key to strengthening and promoting AEO in our country, and it gives us the possibility to provide benefits [to the private sector] beyond our borders with the 10 countries that are part of the regional AEO project. It also gives us a capacity building opportunity for our AEO team by getting to know best practices already implemented in other countries through the joint site validations.”

**Maria Karina Ojeda Fernández**  
AEO Director, Paraguay Customs

**We also design our projects in line with international best practices and bring in specialists from the private sector to ensure that our project stakeholders have the knowledge they need to deliver trade facilitation programmes,** whether it is a more efficient port system in Morocco or improved AEO operations across Latin America and the Caribbean.



### What our partners say

“We have had clear objectives among which we would like to highlight a better understanding of the IT systems used by other countries to manage the AEO certification, the joint site validation guide, the automatic exchange of AEO data, and the activities to reach out to the private sector through surveys and workshops which allow us to better understand their needs to facilitate trade.”

**Ingrid Magnolia Díaz Rincón**  
Customs Director General  
Colombia Customs

# FINDING COMMON GROUND TO ALLY THE PRIVATE AND PUBLIC SECTORS



As detailed in a 2020 lessons learned paper, appreciating the private sector's role is an elementary first step toward freer trade, smoothing the path to effective engagement with business.

The challenge begins when governments first consider who they should engage with, but the hurdles include the need to establish trust, to bridge their **cultural differences** in areas including operational language, and to recognise the **different perspectives** each brings to trade reforms. Both sets of actors also have their own **internal divisions** that can complicate collective action.

The Alliance's approach aims to bring all the key actors to the table and **provide a forum to engage**. This can mean including local reps and mid-level managers as well as senior executives from the corporate side and ministry officials and agency managers from the public sector. This lays the platform for **setting expectations and determining roles and accountability** during the reform process.

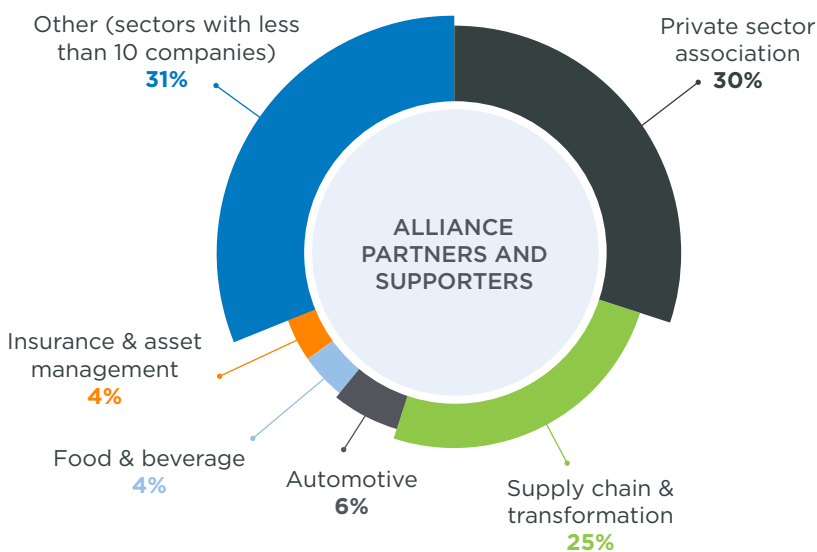
The Alliance's involvement builds trust by ensuring that each party will be held to honouring its commitments. We also work with companies locally and globally on projects that represent common ground, allowing them to address shared concerns as peers, rather than as competitors.

The Alliance has learned several key lessons essential to engaging the private sector, beginning with the understanding that companies are more likely to engage in reform efforts that are **aligned with their core business** and competencies. They are more likely to engage if they feel they can contribute in ways that play to their strengths and if they can see the potential for time and cost savings in their own exports and imports.

Companies are also looking for initiatives that **promote their values** and enhance their reputation for corporate responsibility. The Alliance has attracted private sector support by pursuing an agenda that seeks to foster economic growth and reduce poverty and is co-hosted by organisations whose missions are based upon positive change in societies worldwide.

There is strength in numbers in trade reform and the Alliance appreciates that it can attract more companies by first **enlisting champions with strong track records** and reputations that will encourage participation from others in their industry.

Finally, the Alliance's role as a **neutral facilitator** in trade reforms plays a critical role in attracting businesses that can be confident that they can count on a third party to sustain the dialogue with all parties and keep them engaged and committed throughout.



(Percentage of partners and supporters contributing to Alliance activities, Jan 2018 - June 2019)  
Source: *Engaging the Private Sector in Trade Facilitation Reform*, May, 2020

## ADDRESSING GENDER IMBALANCES IN GLOBAL TRADE



The Trade Facilitation Agreement offers potential benefits beyond lowering the costs of trade and boosting exports in low- and middle-income countries, it can also advance **gender equality** by helping women in trade overcome traditionally steep barriers to their success.

The challenge was highlighted in a World Trade Organization report in 2017 that found that **only 15% of exporting firms are led by women**, often reflecting their differing roles in individual societies and their restricted access to the resources they need to grow and flourish as exporters.

An analysis published by the Alliance during 2020 emphasised that **trade facilitation can both directly and indirectly address the gender imbalance** but that reforms need to be more gender sensitive to realise substantive gains for women and women-led exporters.

The Alliance's approach to boosting trade facilitation is predicated upon ensuring that its reform projects do not disadvantage any gender over the other, while also recognising the importance of fostering gender sensitivity across its projects.

Drawing on the best practices of other organisations, the Alliance itself has introduced **Gender Mainstreaming Guidelines** to ensure a sensitive and tailored gender approach in its own projects and is ensuring that gender is recognised throughout its training, documentation and results frameworks.

In particular, the Alliance's approach pursues a three-step approach that begins with **gender analysis** into the roles that women and men play in each country and sector of interest, progresses through **gender planning** and lastly includes ongoing monitoring and evaluation to see how well our projects engage women-owned businesses and how much they benefit.

Thanks to the results of gap analysis and research into gender mainstreaming, the Alliance identified a number of lessons that can drive success in fostering gender sensitivity in trade reform, beginning with the need for a **clear commitment by senior management to embracing gender sensitivity**.

This kind of strong leadership is essential in fostering a cultural commitment to considering gender across all aspects of work and for recognising and rewarding accomplishments in redressing gender imbalances. Visionary direction from the top is also critical to ensuring that there is gender balance across work teams.

The Alliance has also learned that successful gender sensitivity also hinges on the availability of resources and networks of experts who can drive gender awareness throughout an organisation, as well as the measurement of progress toward clear gender-based targets.

We have embraced these lessons in the Alliance's own approach to fostering gender sensitivity, starting with ownership from its Steering Group and senior management and weaving through the approaches taken by project teams on the ground.

### What our partners say

“When trade is made simpler, especially for women and small- and medium-sized businesses, more trade happens. We believe that promoting an inclusive trading system that works for all—consumers, workers, and businesses, alike—is the key ingredient to spurring economic recovery, especially in the wake of the current COVID-19 pandemic.”

**Penelope Naas**  
President Global Public Affairs and Sustainability, UPS

# REVEALING THE POTENTIAL IN CUTTING INDIRECT COSTS



Finding a solution to any problem becomes easier when you better understand the challenge, which is why the Alliance emphasises the importance of data in its projects.

But while much of the attention in trade reform has been on measuring the direct costs stemming from complex documentation requirements, delays in border clearances or cargo handling, the greater challenge has been to quantify and address the many indirect costs that impact trade.

To address this data gap and magnify the impact of properly-targeted trade facilitation reforms, the Alliance's approach has been to leverage the expertise of its business partners in adopting and enhancing the **Total Trade and Logistics Cost (TTLC) methodology**, originally developed by A.P. Møller-Maersk A/S.

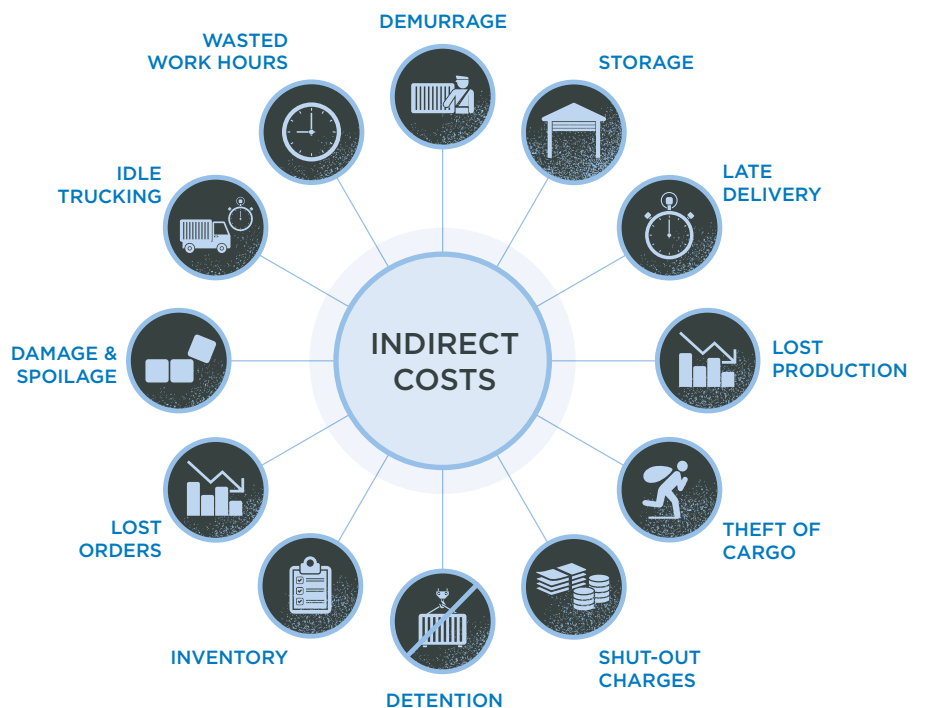
In addition to assessing direct costs such as administrative fees, the TTLC framework considers the impact of another dozen indirect costs related to lost time, including impacts from idle trucks, late delivery penalties, lost orders, extra storage and inventory costs, and demurrage and detention charges. These kinds of indirect costs can severely impact supply chains, drive up production costs and hurt the reputations of both importers and exporters, significantly eroding trade competitiveness.

While the TTLC has been used as an impact assessment tool, one of the most striking lessons the Alliance has learned is that the TTLC framework has other important applications, including as a diagnostic tool.

By quantifying the potential savings, the TTLC can be extremely useful in showing stakeholders that **targeting indirect costs could yield even greater gains** than might be realised in trying to tackle the more obvious direct costs related to handling cargo and processing documentation.

The TTLC can show how reforms focusing on indirect costs can have a multiplying effect by preventing additional delays and longer lead times further downstream in value chains.

As detailed in a 2020 paper on the TTLC approach, the Alliance will be increasingly using this framework across its projects and garnering further lessons from its experience with the TTLC to regularly revisit and improve this methodology.





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FINANCIAL SUMMARY



## 2020 FINANCIAL SUMMARY

| INCOME                                                                                                       |  | USD                 |
|--------------------------------------------------------------------------------------------------------------|--|---------------------|
| <b>Donor contribution</b>                                                                                    |  | 8,059,011.73        |
| EXPENDITURE                                                                                                  |  |                     |
| <b>Work stream 1:</b><br>Creating public-private partnerships and multi-stakeholder dialogues                |  | 1,160,505.71        |
| <b>Work stream 2:</b><br>Delivering commercially-measurable trade facilitation reforms (in-country projects) |  | 6,251,866.02        |
| <b>Work stream 3:</b><br>Measuring results and building trade facilitation knowledge                         |  | 646,640.00          |
| <b>TOTAL</b>                                                                                                 |  | <b>8,059,011.73</b> |