



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

aftias
Aid for Trade Initiative
for the Arab States



Aid for Trade Initiative for the Arab States (AftIAS)

INCREASING EMPLOYMENT OPPORTUNITIES AND
GREATER COMPETITIVENESS THROUGH TRADE POLICY REFORMS



January 2020

UNIDO's Interventions
AN OVERVIEW OF RESULTS ACHIEVED DURING PHASE I

AfTIAS Context and Objectives

BACKGROUND

It is well known that trade can be a powerful engine for economic growth and poverty reduction, but harnessing its power is difficult for many developing countries. This is particularly true for the Arab Region, where there is often a lack of capacity, in terms of information, policies, procedures, institutions, and the required infrastructure to integrate and compete effectively in regional and global markets.

To address these capacity constraints, the International Islamic Trade Finance Corporation (ITFC), on behalf of the Islamic

Development Bank (IsDB) Group, designed and launched the first phase of the Aid for Trade Initiative for Arab States (AFTIAS) in November 2013. AFTIAS was developed as a response to a request from the World Trade Organisation (WTO) Arab Group in Geneva. The programme was originally designed to run from 2014-2016, but this was later extended to December 2019. The phase I of AFTIAS was supported by seven donors and five UN agencies, and four other executing institutions contributed to implementing a total of 28 projects in 19 countries.

OBJECTIVE

AFTIAS is a multi-donor, multi-country and multi-agency programme, aiming to achieve inclusive economic growth with increased employment opportunities and greater competitiveness through trade policy reforms in the Arab states as an integral part of the regional trade and economic integration agenda.

OUTCOMES

The programme was arranged around three outcomes:

- > **OUTCOME 1:** Enhance regional competitiveness through Trade policy reform and Trade Support Institution efficiency;
- > **OUTCOME 2:** Strengthen trade supply side and value chain integration;
- > **OUTCOME 3:** Strengthen regional and sub-regional organizations' capacity to foster trade integration.




In line with its mandate to promote inclusive and sustainable industrial development, UNIDO delivered 7 projects within AFTIAS, at both intra-regional and national levels:

-  **Palestine:** Technical twinning in accreditation and mutual recognition
-  **GCC:** Supporting SMEs to participate and benefit from QI services
-  **Sudan:** Developing national quality policy and supporting accreditation
-  **Palestine:** Capacity Building for SMEs
-  **Tunisia:** SMEs upgrading, innovation and export promotion
-  **Libya:** Enhancing export capacities
-  **Iraq:** Upgrading GMO testing capacities to facilitate trade and enhance consumer protection

Overview of Achievements

The interventions undertaken by UNIDO within AFTIAS in the targeted Arab countries will contribute to expanding and enhancing intra-regional trade beyond current levels due to enhanced productive capacities, strengthened quality systems and innovative approaches to modernize the private sector and enterprises.

QUALITY INFRASTRUCTURE

 <p>PREPARATION OF NATIONAL QUALITY POLICY</p>	 <p>IMPLEMENTATION OF MANAGEMENT SYSTEMS (ISO/IEC 17011 AND ILAC & IAF)</p>	 <p>ACCREDITATION OF LABORATORIES</p>
 <p>TRAINING AND QUALIFICATION OF LEAD ASSESSORS (ISO 17025:2015)</p>	 <p>ENHANCING USAGE AND ACCESS FOR SMEs TO QI SERVICES</p>	 <p>UPGRADING OF TESTING LABORATORIES</p>

EXPORT PROMOTION

 <p>PREPARATION OF NATIONAL EXPORT STRATEGY</p>	 <p>CAPACITY BUILDING OF SME IN THE FIELD OF EXPORT PROMOTION</p>	 <p>DEVELOPMENT OF INNOVATIVE INDUSTRIAL UPGRADING APPROACH FOR ENTERPRISES</p>
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- 1 National Quality Policy developed and validated
- 15 lead assessors and technical assessors from the Sudanese Accreditation Council (SDAC) qualified
- Establishment of SDAC Management System according to ISO/IEC 17011:2017 and ILAC & IAF requirements
- Accreditation of 2 Sudanese Testing Laboratories with internationally recognized accreditation



- 1 national strategy for a new Upgrading Programme (UP) developed and endorsed by the Government to improve competitiveness and promote innovation within enterprises, which will benefit for more than 6,000 enterprises
- 3 enterprises awarded for their innovative upgrading plans to modernize their process and adopt new technologies
- 1 study tour organized in Ireland to learn from similar national policies and programmes to promote innovation and support export



- 2 Trade Capacity Building workshops organized for experts of GCC countries on quality infrastructure services and standards
- 162 SMEs and 25 Organization surveyed on the perception of standardization in GCC countries, providing a clear road map for the future of QI services
- 15 trainees (from agro industry sector) trained and 2 enterprises assessed on Good Manufacturing Practices (GMP)
- 4 GCC SMEs diagnosed and supported in the field of quality infrastructure and standards for competitiveness and sustainability



- 1 National Export Strategy, including action plans, developed and endorsed by the government
- Technical assistance provided to Libya Enterprise, the Ministry of Economy department in charge of developing SMEs
- Technical assistance provided to support Libyan Government to prepare a road map for the implementation of the national export strategy



- 1 GMO guidance document developed
- 1 GMO testing laboratory installed and equipped
- A Quality Management System completed to cover ISO/IEC 17025:2017 technical requirements
- 15 training sessions organized for the lab staff on all technical/quality aspects required to operate a GMO lab



- 10 lead assessors from PALAC qualified as PALAC ISO 17025:2015 assessors following support received from TUNAC
 - PALAC management system implemented in compliance with ISO/IEC 17011 and ILAC/IAF/ARAC requirements with support from TURKAK
 - 2 laboratories in the process of receiving international accreditation certificates - expected to be completed in 2020
- ACCREDITATION**
- 7 awareness workshop on exports conducted for 250 SMEs
 - 53 SMEs with high export potential diagnosed, trained and supported
 - Support and guidance to the Palestinian Trade Center (Paltrade) in developing and promoting Palestinian exports
- EXPORT**

Results by project

PALESTINE

TECHNICAL TWINNING IN ACCREDITATION AND MUTUAL RECOGNITION



Background

Accreditation determines the technical competencies, reliability and integrity of conformity assessment bodies. These are the organizations that check conformity and compliance with standards and regulations through testing, verification, inspection and calibration. In this way, the acceptance of products and services across national borders is made easier.

While some developing countries managed to have their own international recognized accreditation body, Palestine is still in its early stages to reach its own international recognition, which is a time consuming and costly exercise.

The project initially planned to establish a twinning arrangement between Tunisia and Palestine to support Palestine in developing its national accreditation system under the umbrella of the Tunisian Accreditation Council (TUNAC), with the purpose of building capacities of the Palestine Accreditation Unit (PALAC) and enhancing PALAC's ability to provide internationally recognized accreditation services to testing laboratories in Palestine.

As a first step, the project organized a training session on ISO/IEC 17025:2015, which was facilitated by experts from TUNAC with the participation of 13 PALAC trainee technical assessors and lead assessors. After evaluation, 10 out of the 13 participants successfully qualified as PALAC ISO 17025:2015 assessors.

Due to logistical constraints, UNIDO then decided to divide the implementation of the project with the participation and active support of the Turkish Accreditation Agency (TURKAK). TURKAK's support led to the establishment of PALAC management system in compliance with ISO/IEC 17011 and ILAC/IAF/ARAC requirements. A joint assessment of two Palestinian testing laboratories between PALAC and TURKAK is also currently under way, which should lead to the international recognition of these two laboratories in 2020.

Despite some logistical challenges, and even if there is still a long way to go before reaching international recognition, the project was viewed by key stakeholders as rather successful and efficient.



10 lead assessors from PALAC qualified as PALAC ISO 17025:2015 assessors following support received from TUNAC



PALAC management system implemented in compliance with ISO/IEC 17011 and ILAC/IAF/ARAC requirements with support from TURKAK



2 laboratories in the process of receiving international accreditation certificates – expected to be completed in 2020



▲ Training program to qualify PALAC assessors
Amman, April 2016



▲ PALAC/TURKAK joint assessment
Palestine, September 2019

GCC

SUPPORTING SMEs TO PARTICIPATE AND BENEFIT FROM QUALITY INFRASTRUCTURE SERVICES



Background

Since signing a cooperative framework agreement of joining six states, the Cooperation Council for the Arab States of the Gulf has made a number of initiatives towards the establishment and development of regional quality institutions to achieve coordination, integration and interconnection among the members. For instance, the GCC Supreme Council decided to establish in 2001 the Gulf Standardization Organization (GSO), which is mandated to the regional gulf standards. However, the level of impact of services provided and the number of companies/stakeholders that benefit from these services is still limited.

Against this backdrop, UNIDO's interventions under this project aimed at benefiting GCC SMEs from the quality infrastructure services that are available both at regional and national levels.

A number of capacity building activities and trainings have been organized, focusing on enhancing the linkages between SMEs and quality infrastructure services, such as a 3-day workshop in Manama in December 2016 and a 3-day workshop in Riyadh in January 2017, in collaboration with GSO. The trainings also focused on developing skills related to results-based management, project design and monitoring.

In addition, an SME survey was conducted on the perception of standardization in GCC countries and the level of satisfaction

with their economic benefit, providing a clear road map for the future of quality infrastructure services.

The project also selected 57 enterprises from the GCC countries on a pilot basis to undertake a quality assessment. The results of this assessment indicated that the visited SMEs needed to receive a detailed technical assistance in identifying shortcomings related to Good Manufacturing Practices (GMP), and learn about measure to address these shortcomings to enhance their performance. To this end, a 3-day workshop on GMP was conducted in Bahrain in December 2019 with the participation of 12 SMEs from 5 countries, as well as a 2 day factory diagnostic visits owned by two local entrepreneurs.



2 Trade Capacity Building workshops organized for experts of GCC countries on quality infrastructure services and standards



162 SMEs and **25** Organization surveyed on the perception of standardization in GCC countries, providing a clear road map for the future of QI services



15 trainees (from agro industry sector) trained and **2** enterprises assessed on Good Manufacturing Practices (GMP)



4 GCC SMEs diagnosed and supported in the field of quality infrastructure and standards for competitiveness and sustainability



▲ Workshop on Good Manufacturing Practices
Bahrain, December 2019



▲ Artisan chocolate factory assessed and supported in the field of quality infrastructure
Bahrain, April 2019

SUDAN

DEVELOPING NATIONAL QUALITY POLICY AND SUPPORTING ACCREDITATION



Background

Building a better quality infrastructure in Sudan is a priority to increase the competitiveness of Sudanese products and services, which is expected to increase trade, both internationally and nationally. Currently, the lack of adequate and sound quality infrastructures services in Sudan results in difficulties to design, manufacture and supply products and services in a manner that meet the needs of markets.

However, supporting enterprises in conforming to national and international standards and complying with technical regulations would play a crucial role in enabling sustainable economic growth, while contributing to the protection of the health and safety of Sudanese people.

To tackle this situation, UNIDO supported Sudan in strengthening its quality infrastructure through addressing its national quality policy and accreditation capacities. The project followed a two-step strategy.

The first step focused on the development and validation of a National Quality Policy (NQP), which articulates the Government's position on the quality of goods and services produced and consumed in the country. This major achievement is the result of comprehensive background and desk research, policy development, and extensive stakeholder consultations undertaken under the AFTIAS programme and supported by UNIDO's technical expertise in this field. The NQP sets out the objectives and strategies of the country to develop and use the National Quality Infrastructure in a way that satisfies Sudan's economic and societal needs.

In the second step, UNIDO supported Sudan in strengthening its accreditation infrastructure through South-South cooperation. Based on its advanced experience in this area, Tunisia has been selected to undertake capacity-building activities with the purpose of enabling Sudan to provide internationally recognized accreditation services to testing and calibration laboratories. The Tunisian Accreditation Council (TUNAC), which is already signatory of several multilateral/bilateral recognition agreements, successfully worked alongside the Sudanese Accreditation Council (SDAC) in that direction. This cooperation between Sudan and Tunisia in the area of accreditation has a high potential for replication in other developing countries, provided that policy decision-makers meet the necessary requirements to translate the domestic accreditation system into a success.

-  **1** National Quality Policy developed and validated
-  **15** lead assessors and technical assessors from the Sudanese Accreditation Council (SDAC) qualified
-  Establishment of SDAC Management System according to ISO/IEC 17011:2017 and ILAC & IAF requirements
-  Joint assessments of **3** Sudanese Testing Laboratories
-  Accreditation of **2** Sudanese Testing Laboratories with internationally recognized accreditation
-  Coaching of SDAC Technical & Accreditation decision Committees
-  First SDAC Management Review & Internal Audit achieved
-  Upgrading the SDAC membership in ARAC (Arab Accreditation Cooperation) from Associate to Full member



Validation workshop of the National Quality Policy
Khartoum, November 2019



UNIDO/SDAC coordination meeting
Khartoum, July 2018



PALESTINE

CAPACITY BUILDING FOR SMEs



Background

Several political and economic binding constraints are preventing the economic potential of Palestine from unfolding. These constraints either restrict market expansion for exporters, or prevent aspiring exporters from accessing the export value chain altogether.

In this context, the Palestinian Trade Center (Paltrade) was mandated at the national level to monitor and evaluate the implementation of the National Export Strategy, and is primarily responsible for developing and promoting Palestinian exports.

The project supported Palestine to unlock its export potential by building capacities of PalTrade and national consultants in the field of project management and SME diagnostic. A specific training was developed and delivered to Paltrade and its partner organizations, providing the participants the means to initiate, plan, execute and close projects professionally, thus allowing Paltrade to run efficiently a wide array of projects focused on increasing trade at the national and international level.

Among other activities implemented under the AFTIAS programme, the trained staff of Paltrade received support and guidance from UNIDO to transform potential exporters into new exporters, and new exporters into active exporters. With the support of the project, Paltrade designed and delivered 7 awareness

sessions on export related themes (including market requirements, trade agreements, export incentives, etc.) to 250 SMEs from all export sectors of the economy and women-owned businesses, in each of the West Bank and the Gaza Strip. In addition, Paltrade shortlisted, diagnosed and supported 53 SMEs with the purpose of equipping the SMEs with the needed skills in all export related aspects as a preparatory step toward penetrating specific markets. The following topics were covered: production, management, export/marketing, digital marketing and export procedures.

It is expected that efforts initiated by the project will be supplemented with additional initiatives to further increase and diversify exports in Palestine, thus boosting economic growth in the country.

-  **7** awareness workshop on exports conducted for 250 SMEs
-  **53** SMEs with high export potential diagnosed, trained and supported
-  Support and guidance to the Palestinian Trade Center (Paltrade) in developing and promoting Palestinian exports



Awareness workshop on exports
Hebron, July 2018



Awareness workshop on exports
Ramallah, March 2018

TUNISIA

SMEs UPGRADING, INNOVATION AND EXPORT PROMOTION



Background

To face the rise of competitive pressures both on its internal and external markets, Tunisia adopted in 1995 an Upgrading Programme (UP). The UP intends to strengthen competitiveness of SMEs, encourage industrial partnership, strengthen the socioeconomic environment and accelerate the modernization of enterprises. But recently, a comprehensive review of the UP was necessary to establish adjustment and adaptation of the said programme, in order to meet enterprises' needs in terms of getting more support on innovation and export promotion.

The support provided by UNIDO under the umbrella of AFTIAS focused on growth and upgrading through innovation, which appears to be a significant challenge for Tunisian enterprises.

Following a comprehensive diagnosis performed on the current national Upgrading Programme (UP), the project revisited the positioning of the UP in order to support enterprises, mainly SMEs, to develop innovative products and approaches that will enable them to improve their competitiveness and develop their exports, mainly for Arab markets. The entire project was implemented in partnership with the Upgrading Programme Office (UPO), which has extensive experience in the management of this programme. Moreover, the national strategy for the

new UP was designed and completed on the basis of extensive consultation and debate with various stakeholders groups, including public administration, private sector affiliate associations and financial institutions.

The new upgrading approach will encourage innovative approaches in achieving increased competitiveness amongst Tunisian industrial enterprises. Moreover, AFTIAS intervention allowed to award 3 enterprises for their adopted approaches to develop innovative products and access new potential markets. In addition, capacity building activities have been undertaken for the staff of the Tunisian UPO, including a study tour to see the approach adopted in Ireland, both at macro and micro levels.



1 national strategy for a new Upgrading Programme (UP) developed and endorsed by the Government to improve competitiveness and promote innovation within enterprises, which will benefit for more than 6,000 enterprises



3 enterprises awarded for their innovative upgrading plans to modernize their process and adopt new technologies



1 study tour organized in Ireland to learn from similar national policies and programmes to promote innovation and support export



National workshop on the new upgrading approach in Tunisia
Gammarth, December 2017



LIBYA

ENHANCING EXPORT CAPACITIES



Background

Libya has undertaken several trade reforms in the last decade to liberalize the economy, and it has adhered to a number of regional trade agreements that could benefit the development of SMEs. However, there is no comprehensive export promotion strategy, and limited attempts have been made to assist SMEs in developing export markets.

In response to this situation, the project intended to develop a national export strategy that is geared to enhancing opportunities for SMEs to engage in export activity, as well as helping SMEs overcome export barriers, which is a crucial for Libya's economic growth.

UNIDO provided its expertise in the field of export and BDS development to guide and advise Libya Enterprise, the Ministry of Economy department in charge of developing SMEs, for the formulation of a national export strategy addressing the needs of SME sector in terms of export promotion, access to BDS services, and access to markets.

As a first step, a comprehensive survey was developed and conducted among government stakeholders, national institutions and local enterprises. In addition to identifying the export potential of Libyans products and services, the survey revealed a number of difficulties and weaknesses with regard to private sector development, business environment and policy and institutional framework. In order to bridge these gaps, a strategy and clear action plans to develop export of Libyan enterprises were formulated

and endorsed by the government. The national export strategy outlines objectives, priorities and practical steps and measures for enhancing the Libyan SME sector performance in the field of exports and access to regional and international markets. It is based on a two-fold approach: first, to implement a transitional economic rescue package to overcome the current economic issues, and second, to develop a strategy for economic diversification that would be implemented in the mid-term in the post-conflict phase.

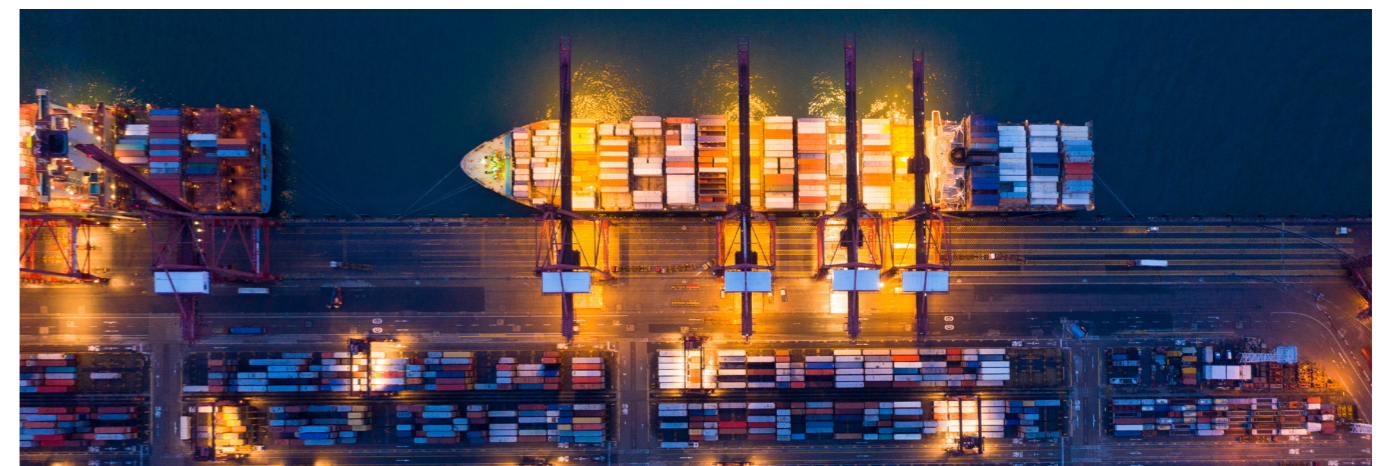
Some of the recommendations in the strategy have already been implemented by the government, and it is expected that the full implementation of the proposed plan will result in enhancing SME performance, improved competitiveness leading to higher access to regional and international markets.



1 National Export Strategy, including action plans, developed and endorsed by the government



Technical assistance provided to support Libyan Government to prepare a road map for the implementation of the national export strategy



IRAQ

UPGRADING GMO TESTING CAPACITIES TO FACILITATE TRADE AND ENHANCE CONSUMER PROTECTION



Background

In Iraq, a specific technical regulation which requires imported cereals to be tested and verified as being GMO-free is posing a big challenge to the country due to its lack of GMO testing facilities. Samples of concerned cereals need to be tested abroad which is not only time consuming, but also very costly, and it has hence evolved as a real impediment to trade.

In line with the objectives outlined in the National Development Plan for Iraq 2013-2017, this project aimed at upgrading the Genetically Modified Organisms (GMO) testing capacities of Iraq, ultimately aiming at enhancing Iraq's integration into regional and global value chains.

Following the implementation of an extensive quality infrastructure project in Iraq (completed in 2017), UNIDO capitalized on its expertise and excellent relationship with the Iraqi Central Organization for Standardization and Quality Control (COSQC) to support COSQC in upgrading the GMO testing capacities in the country.

With support from the project, a new GMO testing laboratory was established and designed according to international requirements, equipped with state-of-the-art equipment and all required tools, and operates under ISO/IEC 17025:2017 Quality Management System. The project succeeded in completely qualifying the GMO laboratory with scope of analysis

covering the current country interest regarding GMO analysis. A GMO guidance document was developed under the title "Framework for Importing Genetically Modified Cereals (Rice, Maize, and Flour) to Iraq", and disseminated among all relevant stakeholders. Moreover, competencies of the GMO laboratory staff have been enhanced through the provision of 15 training sessions that covered all technical and quality aspects required to operate a GMO laboratory.

Efforts undertaken by all parties will allow for the full operationalization of the supported laboratory and ultimately assure the availability of reliable and efficient GMO testing for concerned commodities.

-  1 GMO guidance document developed
-  1 GMO testing laboratory installed and equipped
-  A Quality Management System completed to cover ISO/IEC 17025:2017 technical requirements
-  15 training sessions organized for the GMO laboratory staff



GMO guidance taskforce meeting
Baghdad, September 2018



ISO 17025 awareness seminar
Baghdad, September 2018

Future outlook and challenges: AfTIAS Phase 2

BACKGROUND

During the first phase of AfTIAS, twentythree top-priority projects have been implemented in 19 Arab states, which benefited from the projects. These projects helped support the League of Arab States enhance regional competitiveness through trade policy reform and trade support institution efficiency, strengthen

trade supply side and value chain integration, and strengthen regional and sub-regional organization's capacity to foster trade integration. The initiative was supported in several regional and international meetings, and many Arab states expressed the need for further vital AfTIAS initiatives.

PROSPECTS FOR AFTIAS PHASE 2

Due to growing competition from world markets, it is imperative for the Arab region to continue reforming and modernizing existing trade policies. Further liberalizing and promoting Arab trade through export promotion strategies, tariffs/non-tariff measures and the adoption of regional and international trade agreements is crucial.

Nevertheless, in order to promote a more inclusive environment for international trade in the Arab region, which will create

opportunities for employment and growth, it is essential to focus on issues that are likely to have genuine success and real impact. This is exactly what AfTIAS phase 2 intends to achieve, based on experiences and lessons learned from the evaluation of the first phase, and as expressed by the Arab States, the League of Arab States and the regional and international organizations.

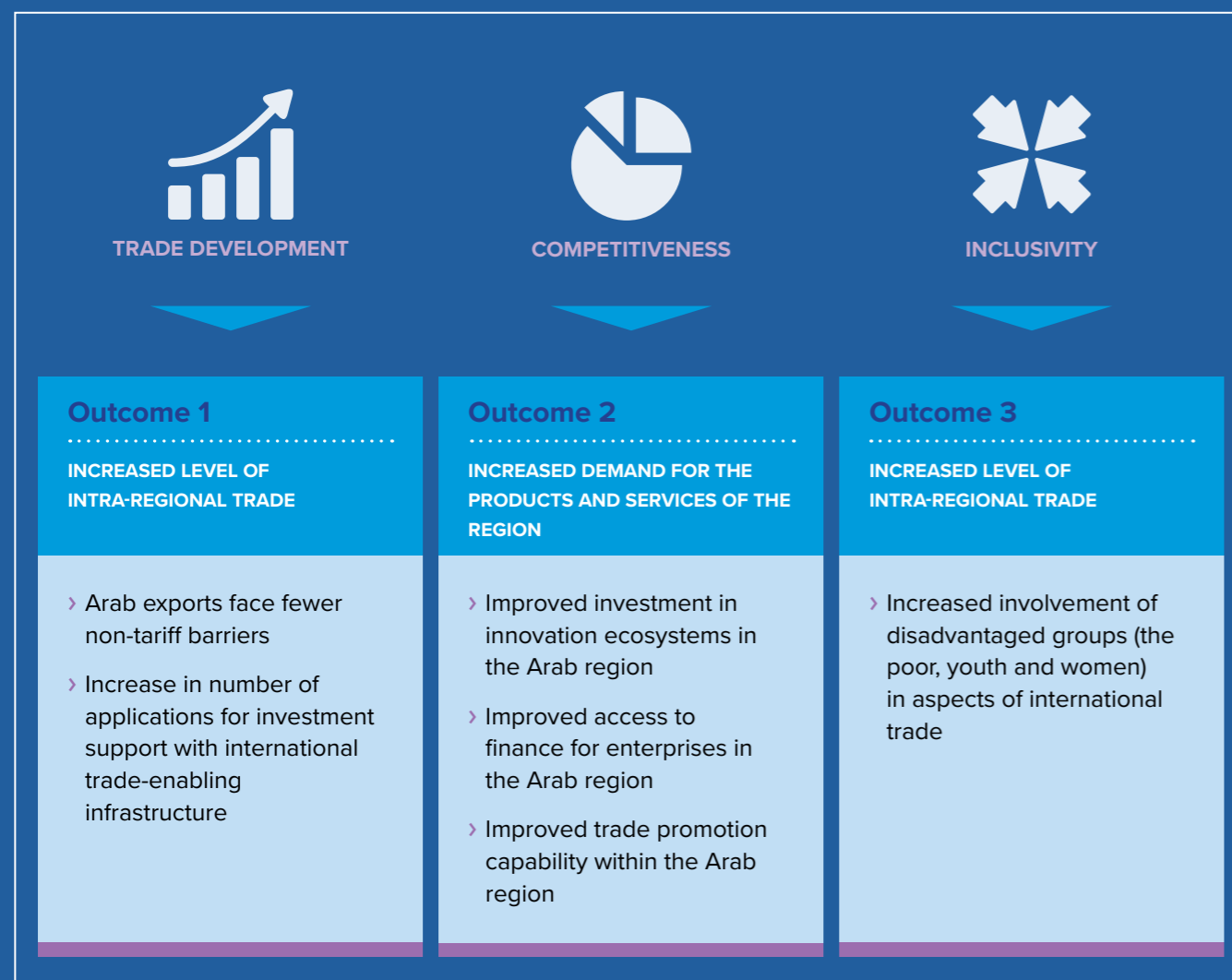
THE STRATEGY FOR AFTIAS PHASE 2

Following extensive consultations with a broad range of stakeholders to identify the main problems to be addressed and define priority areas for future interventions, the following overall objective for AfTIAS 2 was suggested:

"The environment for international trade in the Arab region is more inclusive and creates opportunities for employment"

The strategy for AfTIAS 2 should be based on a clear theory of change and take into account the fact that AfTIAS 2 alone cannot address all trade-related issues in the Arab region. That is why the prioritisation of the results chains is critical to allow AfTIAS 2 to focus its resources.

Based on an in-depth review of the results chain against clear and transparent prioritisation criteria, three main priorities have been identified, as shown on the next page.



NOTE: The strategy shown above is only indicative and does not imply endorsement by any party.

RESOURCES MOBILISATION

Resource mobilisation is a key function for AFTIAS 2, with the objective to enable its strategic policy and operational priorities to be implemented in a coherent, predictable and sustainable manner. The main donors to be considered will include multilateral donors and bilateral donors (both public and private), as well as Foundations. The resources mobilisation phase is expected to be completed in 2020.

“UNIDO considers AFTIAS and trade facilitation as a priority to better integrate Arab States into regional and international markets. We have been working hand-in-hand for many years with ITFC, the Islamic Development Bank, Arab States, UN sister agencies and other partners from the Arab region to enhance regional competitiveness. In line with its mandate to promote inclusive and sustainable industrial development, UNIDO will remain highly engaged with all partners and donors to translate the new AFTIAS phase into a success”.



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