

Sustainability and markets

Steven Baker

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Does 'aid for trade' deliver on strengthening an effective market of support and an enabling environment to sustain economic growth? Where there has been more planning and a stronger private sector element, sustainability has been greater. What does it all mean for beneficiaries and counterpart governments? Insights, context and challenges.

Private Sector-led development

AECOM is Empowering Agents of Change

We are delivering International Development services in 113 nations, coordinated through the work of 2,000 corporate and project staff.

AECOM believes that wealth creation is at the heart of development.

We know that the more accessible and competitive a market is, the more it will encourage the private sector to innovate and find efficiencies.



Sound economic policy is key to enterprise productivity and business competitiveness

Creates an environment that spurs private enterprise growth and expands employment opportunities



AECOM – Investor in its own right

AECOM's Commercial Advisory Group

AECOM Capital currently manages an Emerging Markets Fund with a USD450 million investment portfolio

AECOM's approach to development:

1. Building economic foundations
2. Growing businesses
3. Investing in people

Project work

The Trade Related Technical Assistance (TRTA) 3, European Union, Philippines

Industry roadmaps leading notably to an increase of 10% in the utilisation rate of Free Trade Agreements (FTA).

Driving regulatory reform in competition policy and implementing a National Quality Infrastructure (NQI) strategy designed to provide easier access to testing, certification and accreditation services (increased by 10%) and National Single Window upgraded to facilitate trade by reducing clearing time by 30% on average and import/export permit application processes.

Southern Africa Trade Hub: Enhancing Economic Growth and Food Security through Trade, USAID

SATH supported the implementation of the SADC Protocol on Trade, the Tripartite Free Trade Area, and the increased capacity of member states to engage in trade negotiations and implement trade agreements. It pioneered regional corridor work and developed tools to help SADC members reduce transport costs and streamline logistics.

Pacific Horticultural and Agricultural Market Access (PHAMA), DFAT and NZMFAT

PHAMA provides inputs to assist exporters to meet the biosecurity requirements of trading partners and quality requirements of overseas buyers. It works to increase exports of priority primary industry products (agriculture, forestry and fisheries) by focusing on improved market access, industry development and value chain development.

Financial Development Project (FDP), USAID, Iraq

AECOM supported the Central Bank of Iraq (CBI) to improve the financial regulatory environment, ease access to credit, and build the capacity of regulators and finance professionals

AECOM supported establishment of a Credit Information Bureau (CIB) to help Iraqi lenders make better lending decisions. CIB is expected to drive a 20% annual increase in SME lending, which is expected to result in 24,000 more jobs annually.

Trade and Investment Advocacy Fund 2 Plus (TAF2Plus), DFID, Global

TAF2Plus is an AUD 25 million six year program managed by AECOM providing the highest quality on-demand technical assistance to support trade and investment ministries and DFID country offices around the world to effectively participate - to their advantage - in trade and investment negotiations. The Fund has four windows: a Negotiation Window, which provides short-term technical support to any developing countries during a negotiation; a Strategic Window, that provides medium to long-term technical support to priority countries prior to, and initially after, a negotiation (such as country level trade analysis and strategy planning); and DFID Country Office window that provides highly technical trade advice. The fourth window, the Institutional Support Window, provides financial support direct to organisations that deliver niche trade and investment-related services.

Supporting technical, managerial and marketing skills of business (AECOM Case Study)

Businesses in the Pacific access **quality, affordable** and **appropriate** business advisory services.

SMEs



Subsidy Scheme: Buys down risk for SMEs to try out new services and for service providers to offer new business services and engage new clients.

Affordable Services



Service Providers offer **quality, affordable** and **appropriate** business advisory services to SMEs and grow.

Service Providers



Business Growth



Appropriate Services



Quality Assurance: Capacity support, **mentoring** and skills development is provided to service providers through a **competency framework** to ensure **quality of service provision** to SMEs.

Quality Services



Economic growth: SMEs increase turnover and profitability. Increased employment is achieved.

Business **needs are assessed and matched** with the right service providers: Online database, BAS-Net diagnostic and referral service.

Observations as a private sector practitioner to inform the discussion

Maximising the development impact of businesses. Why?

Creating Shared Value – Refer Bishop Ministerial Statement (2015)

Promote business activities that bring the poor into the market – enabling transactions to occur



Is Aid for Trade working? Some observations in closing

- Direct effects on export (growth) volumes are likely, but they are complex to substantiate
- Country ownership (broadening ownership of aid for trade beyond the trade Ministry)
- The active involvement and participation of the private sector – essential to identifying the real binding constraints to trade, and to making local officials accountable for results – is wanting
- Equality and non-discrimination in participation in economy – it's a basic right!
- Perception that the aid for trade is tied in favour of the donor country (Schulpen and Gibbon, 2002)
- Business partnership models are being questioned – not proved to have strong spill over effects (WTO 2015)

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Delivered.