



Trade Policy and Trade Promotion Fund

Description

Context The increasing globalisation of the world economy offers great development opportunities, but also poses risks. Many developing countries are unable to argue their cases adequately in the negotiations of the various international and regional trade regimes and to use their membership in these bodies to promote poverty-reducing development processes. They also lack coherent, cross-sectoral strategies for promoting trade and investment which are needed to initiate adaptation processes in their own economies and develop new value-creating chains. Given these problems, the heads of government of the industrialised countries have agreed to increase their efforts in this area and to make the new world trade round a “development round”.

Germany’s Federal Ministry for Economic Cooperation and Development (BMZ) has set up the “Monterrey Fund” with EUR 20.1 million to support trade of our partner countries. The overall term of the fund is 10 years until 2014.

Objective The purpose of the fund is to help developing countries improve their positions in bilateral and multilateral trade negotiations, translate commitments made into national legislation, and design and implement trade and investment promotion strategies.

Cooperative relationships Measures supported by the fund should be closely linked to current or future bilateral focused programmes (especially programmes/projects of economic reform and market development, possibly also agriculture, public administration, etc.). It is vital that the existing project/programme portfolio offers interfaces for trade-related measures within a priority area and that the measures can be networked and/or expanded into a systemic trade promotion strategy. Individual measures are to be country-related, or preferably region-related. “Aid for Trade” should no longer adopt an isolated approach, but rather take into account that trade is accepted as an integral part of a poverty-related development strategy to be shared by all actors, including those in private enterprise and civil society. Donor coordination assumes special importance in this context. Part of the fund will continue to be available for ad hoc requests by the partner countries after short-term consulting (e.g. within the framework of WTO accession processes).

**Selection criteria**

The fund is available to developing and transforming countries. The following selection criteria are applied:

- Inclusion in priority programmes should be fundamentally possible.
- The partner must be willing to expand or launch trade activities. Financing is available for a pilot phase. Readiness to co-finance through bilateral projects/programmes should be recognisable.
- It should be possible to implement a systemic trade strategy at macro, meso and micro levels.
- If several countries meet the selection criteria, LDCs will be prioritised.

Procedure

The Fund is managed by GIZ. Individual measures or action packages of up to EUR 1 million : examined and specified in individual proposals that have to be approved by the responsible Sector Division of BMZ. Applications/project ideas can be submitted by the institutions of the partner countries (via the German Embassy), the Regional Divisions of BMZ, the regional and specialised divisions of GIZ, and the bilateral projects/programmes in the field.

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