



Support to LDCs in the trade area

What are LDCs?

Since 1971, the UN has recognized a separate category of countries that are severely disadvantaged in their level of development for geographical, historical or structural reasons: the so-called Least Developed Countries (LDCs). LDCs are low-income countries confronting severe structural impediments to sustainable development. They are characterized by their vulnerability to external shocks, natural and man-made disasters and diseases. In addition, LDCs are more exposed than other countries to the risk of falling deeper into poverty and remaining in a situation of underdevelopment.

There are currently 45 countries on the UN list of LDCs. The list of LDCs is maintained by the UN and is subject to review by the UN Economic and Social Council every three years on recommendation of the Committee on Development Policy (CDP). The criteria used by the CDP to determine LDC status are: per capita income, human capital, and economic and environmental vulnerability.

The international community provides various benefits to LDCs due to their vulnerable situation, such as technical cooperation, technology transfer or development finance, including grants and loans from donors and financial institutions. In the multilateral trading system, the benefits include preferential market access, special treatment or technical assistance for mainstreaming of trade.

Swiss Economic Cooperation

Based on Switzerland's international cooperation strategy, the goal of the economic development cooperation is to promote economic growth and sustainable prosperity. The Swiss State Secretariat for Economic Affairs (SECO) supports the creation of reliable economic framework conditions and innovative private-sector initiatives in its partner countries. This gives people and companies access to markets and opportunities, creates employment opportunities and offers future perspectives locally.

SECO's activities concentrate on a limited number of countries in Africa, Latin America, South-East Asia, Eastern Europe and Central Asia that are (lower) middle-income countries. Nevertheless, SECO's trade promotion activities also support selected initiatives in LDCs.

Swiss trade promotion support to LDC's

Support for LDCs is provided mainly in the form of country interventions and projects, which are part of global or regional programs. Furthermore, there is a possibility to provide targeted support in selected countries in a specific trade area, such as WTO accession.

In addition, LDCs benefit from the Swiss Generalized System of Preferences (GSP). The objective of the GSP is to promote economic development in developing countries through an increase in export revenues and diversification of exports. Concretely, the GSP grants tariff preferences to goods originating from developing countries. In the case of LDCs, all export goods are granted duty-free and quota-free entry to Switzerland.

Swiss trade promotion initiatives can be grouped in five categories. These include initiatives in the following areas: value chains, strengthening of export capacities and market access, trade policy, climate change, labor markets and skills. The list below provides an overview of the main initiatives active in LDCs.

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Value Chains

Extractives Global Programmatic Support (EGPS), Phase II	Chad, Ethiopia, Guinea, Madagascar, Mali, Mauritania, Senegal, Togo, United Republic of Tanzania, Zambia	The Extractives Global Programmatic Support (EGPS) Multi-Donor Trust Fund helps resource-dependent developing countries manage their extractive resources to support poverty reduction and promote inclusive, sustainable growth and development.
IDH – The Sustainable Trade Initiative, Phase II	Ethiopia, Liberia, Madagascar, Malawi, Mozambique, Rwanda, Uganda	IDH aims to contribute to the Sustainable Development Goals at large but sets a specific focus on creating positive impact on better jobs (living wage), better income (living income) and better environment with gender as important cross-cutting theme.
Swiss Platform for Sustainable Cocoa, Phase II	Madagascar, Togo	Launched in June 2017, the Swiss Platform for Sustainable Cocoa (SWISSCO) is a multi-stakeholder initiative driven by chocolate manufacturers, traders, retailers, NGOs, research institutions and the Federal Government represented by SECO.

Strengthening of Export Capacities and Market Access

Contribution to Window 1 Trust Fund ITC - SheTrades	Guinea, Liberia, Malawi, Rwanda, Senegal, Sierra Leone, South Sudan	Established in 2015, ITC SheTrades aims to create the right conditions and capacities for women to thrive in global trade. The programme provides women producers and traders with access to key knowledge, resources, networks; and supports policymakers on inclusive policy reforms.
E-Commerce and the Digital Economy (ECDE) Programme	Malawi, Mauritania, Solomon Islands, Timor-Leste	The E-Commerce and the Digital Economy (ECDE) Programme helps policy makers in developing countries, in particular least developed countries (LDCs), to improve their understanding of the opportunities and obstacles related to e-commerce and the digital economy and strengthen their capacity to create favourable framework conditions, with a view to supporting developing countries' integration in the global economy.

Trade Policy

Umbrella Facility for Trade (UFT)	All LDC	The Umbrella Facility for Trade (UFT) responds to increased demand for policy-related support to increase productivity, boost real incomes and create more and better jobs through helping countries better integrate into the world trading system. The UFT also is operative amid rising scepticism about the benefits of trade integration. There is therefore a need to strengthen evidence-based arguments in support of the benefits of trade.
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Climate Change and Sustainable Ecosystems

Forest Carbon Partnership Facility (FCPF)	Burkina Faso, Cambodia, Central African Republic, Democratic Republic of the Congo, Ethiopia, Lao PDR, Liberia, Madagascar, Mozambique, Nepal, Sudan, Tanzania, Togo, Uganda	The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous Peoples focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries, activities commonly referred to as REDD+.
Partnership for Market Implementation (PMI)	Bangladesh, Guinea, Rwanda, Senegal, Uganda	The Partnership for Market Implementation (PMI) assists countries to design, pilot, and implement pricing instruments aligned with their development priorities. A 10-year program with a capitalization target of USD 250 million, the Partnership brings an ambitious and long-term vision for the viability of carbon markets to its support for programs and policies (across jurisdictions and sectors) that introduce a strong price signal on carbon emissions and contribute to the Paris Agreement goal of limiting temperature rise to 1.5°C.
Implementing Art. 6 of the Paris Agreement	Malawi, Senegal	The Paris Agreement on Climate Change sets out a global action plan to put the world on track to avoid catastrophic climate change impacts. This project provides technical assistance necessary to develop carbon market readiness for up to 6 countries, which have signed or will sign an Article 6 Cooperation Agreement with Switzerland. The provided technical assistance aims to prepare for implementing efficiently and successfully the Paris Agreement on Climate Change.

Labor market & Skills

Better Work, Phase IV	Bangladesh, Cambodia, Ethiopia, Madagascar	Since 2009, SECO has supported more and better jobs and skills development in the garment industry through the Better Work programme. This joint ILO-IFC flagship programme unites diverse groups – governments, factory owners, unions, workers and global brands – to create positive action that improves working conditions while stimulating both productivity and profitability in the garment supply chain.
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