

## **Towards Conflict-Sensitive Trade: Implementing the Economic Foundations Pillar of the New Deal**

Geneva, Switzerland, 2 July 2012

### **Meeting Report**

In order to develop a better understanding of the role of the trade community in contributing to the implementation of the “*New Deal for engagement in fragile states*”, the International Trade Centre, the International Institute for Sustainable Development, and the Geneva Peacebuilding Platform, convened an exploratory and informal meeting on ‘conflict-sensitive trade’. The meeting focused on the potential peacebuilding contribution of business and trade in areas such as public procurement, value chain management, Aid-for-Trade initiatives and country-specific experiences with trade development in fragile and conflict-affected areas, especially in the focus countries of the New Deal Implementation and other g7+ member countries.

The objective of the meeting was to gather action points for an 9-12 month process that brings the trade, development effectiveness, and peacebuilding communities closer together in view of elaborating practical contributions to the implementation of the New Deal’s Peacebuilding and Statebuilding Goals in particular those relating to ‘economic foundations’ and ‘revenues and services’.

A group of 20 senior level participants from the Geneva-based trade and peacebuilding communities and invited guests including H.E. Emilia Pires, Minister of Finance of East Timor and Chair, g7+ Group of Fragile States, explored the trade, development and fragility nexus on 2 July 2012. Discussions occurred under Chatham House Rules and the following report distils the main findings and action points discussed at the meeting. The agenda and list of participants are enclosed below.

### **1. Findings**

#### **Trade takes place in all conflict and fragile contexts:**

Interventions from around the table demonstrated that trade and procurement do not wait for stable conditions and developed institutions, but continue in both formal and informal guises, illicit or licit, throughout the fragility cycle. Participants confirmed the relevance and timeliness of addressing the concept of conflict-sensitive trade, and explored the potential to harness trade within the fragility and peacebuilding context.

**The concept of ‘conflict-sensitive trade’ requires more precise definition and elaboration:**

While peacebuilding and economic priorities are often interconnected in such areas as jobs, domestic market growth, improved infrastructure, or security and economic governance issues, the meeting confirmed that ‘conflict-sensitive trade’ required a new approach for all organizations and a more detailed conceptual delimitation would be necessary to advance this work stream. Such elaboration would help reorient the thinking and practice of development practitioners to deal more explicitly with the challenges of enabling trade in conflict and post-conflict situations to become a positive contributor to exit from fragility.

**A mapping of existing practice and the findings of research:**

Such mapping should identify entry points to undertake a more systematic analysis of the interaction between the trade, aid effectiveness and the peacebuilding processes. The three communities active in these areas are still relatively unfamiliar with each other’s approaches and practice. This mapping would open opportunities to draw on their respective experiences to develop a more effective approach to improve the contribution of trade in implementing the New Deal in fragile states, especially in the g7+ group of conflict-affected countries. It would also avoid duplication of efforts and enable us to build on what others have done. With this in mind, it was recommended that a brief survey of trade-related issues as viewed by member states be carried out as part of the “Fragility Assessment” being currently developed by the g7+ Secretariat.

**There are a series of focus themes that may serve as entry points for a continued dialogue between the trade, aid effectiveness and peacebuilding communities:**

There are many themes that could be explored, including Aid-for-Trade aspects unique to fragile states (including illicit trade), value chain development (particularly in the nutrition/food security sectors), public procurement, trade development processes, institutional and individual capacity building (including negotiation skills), youth unemployment, community-level interventions, macro-economic policy process issues (tariffs, trade-distorting subsidies, overdependence on primary commodities, insufficient attention given to situations of fragility in the global trade regime), natural resource management, role of local private sector, public-private partnerships, social enterprises, and the role of the diasporas. It is obvious that not all such issues can be tackled at the same time or in a short time frame, and there is a need to establish priorities as set by the g7+ group.

**Institutional and human resource capacities:**

Underlying these challenges is the need to deal with the weak institutional and human resource capacities in fragile countries in order to enable them to gain fuller control of their development agenda and exit from fragility. Assuming ownership and leadership by the g7+ countries is essential if the development assistance received is to maximise its positive impact.

## 2. Action points

### 1. Elaborate a more detailed concept note:

This note should (a) introduce the concept of 'conflict-sensitive trade' (b) showcase experience from value chain development and public procurement, and (c) identify opportunities for potential collaboration between the trade, aid effectiveness and peacebuilding communities. The conveners should make a draft available to the g7+group by mid-August 2012.

### 2. Collect and review practical experience of engagement in focus countries of the New Deal:

This paper should outline specific trade development themes, such as Aid-for-Trade priorities, value chain development, public procurement, trade facilitation, export potential assessment, as determined by fragile countries.

### 3. Conduct a pilot study:

This study should focus on export value chain management in the food sector and on public procurement in Timor Leste, following a request made by H.E. Emilia Pires, Minister of Finance of Timor Leste, during the meeting.

### 4. Explore the feasibility of a "Conflict Impact Assessment" for trade development and Aid-for-Trade initiatives:

Such efforts could begin with a review of existing assessment and monitoring tools developed by UNEP, IISD, IMF, UNDP, ITC and case studies on impact assessment in fragile situations, with a specific focus on exploring the adaptability of existing tools to the trade development and Aid-for-Trade context.

### 5. Explore synergies of the work stream on 'conflict-sensitive trade':

Consult the political calendar of the g7+ and the International Dialogue on Peacebuilding and Statebuilding to ensure delivery of our work results in time for the consideration of the Group's political leaders. Key dates are the finalization of the "Fragility Assessment" by the g7+ Secretariat by 15 August 2012; the g7+ Ministerial Retreat in Haiti planned for late October 2012; and the annual meeting of "the Dialogue" in February 2013.

**The meeting recognised the importance of distinguishing the short and longer term dimensions of undertaking this exploratory and analytical exercise (points 2 to 5 above), and will be guided by feedback sought and received from the g7+ countries and by resources that could be mobilised to carry out this exercise.**

**The meeting also took note of the fact that the New Deal was endorsed as part of the Busan Global Partnership for Development Cooperation Effectiveness.** This partnership provides the framework within which future initiatives would be designed and implemented.

### 3. Agenda

#### TOWARDS CONFLICT-SENSITIVE TRADE: IMPLEMENTING THE ECONOMIC FOUNDATIONS PILLAR OF THE NEW DEAL

Geneva, 2 July 2012

INTERNATIONAL TRADE CENTRE (ITC), Conference Room 6-40

- 14.00-14.30     **Welcome by the convening partners**  
International Trade Centre  
International Institute for Sustainable Development  
Geneva Peacebuilding Platform
- Introduction by the Moderator**  
Mr. Talaat Abdel-Malek, Chair, OECD/DAC Working Party on Aid Effectiveness
- 14.30-15.30     **Perspectives on conflict-sensitive trade**
- Priorities of the g7+ for the Economic Pillar of the New Deal*  
H.E.Ms. Emilia Pires, Chair, g7+, Timor Leste
- Trade across the line-of-control in Kashmir*  
Mr. Tahir Aziz, Conciliation Resources, United Kingdom
- Strengthening country systems for peacebuilding: the case of public procurement*  
Ms. Oshani Perera, International Institute for Sustainable Development, Geneva
- Value chain management and community resilience*  
Ms. Sabine Meitzel, International Trade Centre, Geneva
- Following these brief (5-7 minutes) presentations, there will be a “tour de table”
- 15.30-16.00     **Break**
- 16.00-17.30     **Strengthening the trade-peacebuilding links:** issues and options in light of the  
Busan Global Partnership for Effective Development Cooperation
- Moderated roundtable discussion among participants
- 17.30-18.30     Closure and reception

#### 4. List of participants

Name (Mr. /Ms)	First Name(s)	Title	Organization
1. Mr. Abdel-Malek	Talaat	Chair	OECD/DAC Working Party on Aid Effectiveness
2. Mr. Aziz	Tahir	India-Pakistan (Kashmir) Programme Manager	Conciliation Resources
3. Mr. Buhne	Neil	Director	Liaison Office, Bureau for Crisis Prevention and Recovery, United Nations Development Programme
4. Mr. Colverson	Samuel	Sustainable Development Consultant	International Institute for Sustainable Development
5. Mr. da Costa	Helder	Director	Ministry of Finance
6. H. E. Mr. da Fonseca	Joaquim	Ambassador, Permanent Representative	Permanent Mission of the Democratic Republic of Timor-Leste
7. H.E. Ms. Golberg	Elissa	Ambassador, Permanent Representative	Permanent Mission of Canada
8. Ms. Hagemann	Karin	Director, Public Sector, Int. Organizations and Civil Society	KPMG S.A.
9. Mr. Hamro-Drotz	Dennis	Programme Officer	United Nations Environment Programme, Post-Conflict and Disaster Management Branch
10. Mr. Liebert	Tilmann	Project Officer	International Institute for Sustainable Development
11. Mr. Manson	Hernan	Advisor, Export Strategy	International Trade Centre
12. Ms. Meitzel	Sabine	Senior Officer, Millennium Development Goals	International Trade Centre
13. Mr. Mitchell	Leigh, H.	Adviser	g7+ Secretariat, National Priorities Secretariat, National Directorate for Aid Effectiveness (NDAE)
14. Mr. Munafò	Alexandre	Institutional Support Officer	Interpeace
15. Mr. Nayyar	Syed	Councillor Development Division	World Trade Organisation
16. Ms. Perera	Oshani	Program Officer	International Institute for Sustainable Development
17. H.E. Ms. Pires	Emilia	Minister of Finance, Timor Leste	Chair, g7+ Group of Fragile States
18. Mr. Venuprasad	Govind	Senior Trade Promotion Officer	International Trade Centre
19. Mr. von Kirchbach	Friedrich	Director Division of Country Programmes	International Trade Centre
20. Mr. Wennmann	Achim	Executive Coordinator	Geneva Peacebuilding Platform
21. Mr. Woolley	Jonathan	Director	Quaker United Nations Office, Geneva