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Fostering Resilience and Inclusivity: The Role of Strategic Philanthropy in Global Trade

*Engaging Strategic Philanthropy
in Global Trade Dialogues*

Roundtable Outcomes Report
February 27, 2024

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Introduction

In today's evolving philanthropic landscape, it is clear that we are currently in the midst of a paradigmatic shift in the world order. Triggered in large part by the COVID19- pandemic, we are witnessing a change in global power dynamics on multiple levels – socioeconomic, geopolitical, etc. – which is bringing new challenges to the international trade sector. Those challenges include lack of resilience – which was laid bare in the supply-chain disruptions during the pandemic – the sluggish transition to sustainable practices, and the lack of urgency in addressing the equity gap that leaves less developed countries without a voice.

When discussing philanthropy in the broadest terms, as the use of private funds towards public good, trade does not automatically come to mind. But in this paradigm shift we are living through, we need to rethink the way we tackle the issues facing the global trade system and consider that philanthropy can be a key partner in finding innovative solutions.

On February 27, 2024, at the World Trade Organization (WTO) MC13 meeting, co-hosts the United Arab Emirates Ministry of Economy and Crescent Enterprises brought together 20 experts and specialists whose collective experience spans philanthropy, trade, and the private sector to discuss where and how trade and philanthropy can best work together.

In his opening remarks, His Excellency Juma Al Kait, Chief Trade Negotiator for the UAE and Assistant Undersecretary for International Trade Affairs at the UAE Ministry of Economy, said international trade has been a significant driver for global economic growth, providing opportunities for development, innovation, and cultural exchange. "However, developing countries often face numerous barriers that hinder their global trade integration," he continued. "There is a critical need for robust trade infrastructure in these economies, to promote a more open and inclusive trade environment."

His Excellency noted that some studies show facilitating trade has a direct positive impact on economic growth, pointing to a [World Bank report](#) that showed increasing the logistics performance of a low-income country to the average performance of a middle-income country can boost trade by at least %15. “Despite the importance of trade infrastructure, commercial investors often hesitate to invest in the least developed and developing countries, due to high risk and slow rates of return,” he added. “This is where global philanthropy comes into play. It has a crucial role in addressing trade infrastructure challenges, enhancing impact, and fostering greater inclusivity. It is important to explore how philanthropic capital can be more effectively focused or deployed to mitigate both the immediate and long-term effects of these challenges.”

Following the opening remarks, the roundtable commenced with participants aiming to dig deep into the questions of how strategic philanthropy can contribute to streamlining global trade processes, how it can enhance impact and inclusivity and help build resilience within the global trade ecosystem, how the leveraging of philanthropic capital can be used toward advocacy and mitigation, and how all of this fits into the evolving ecosystem and the changing world order.

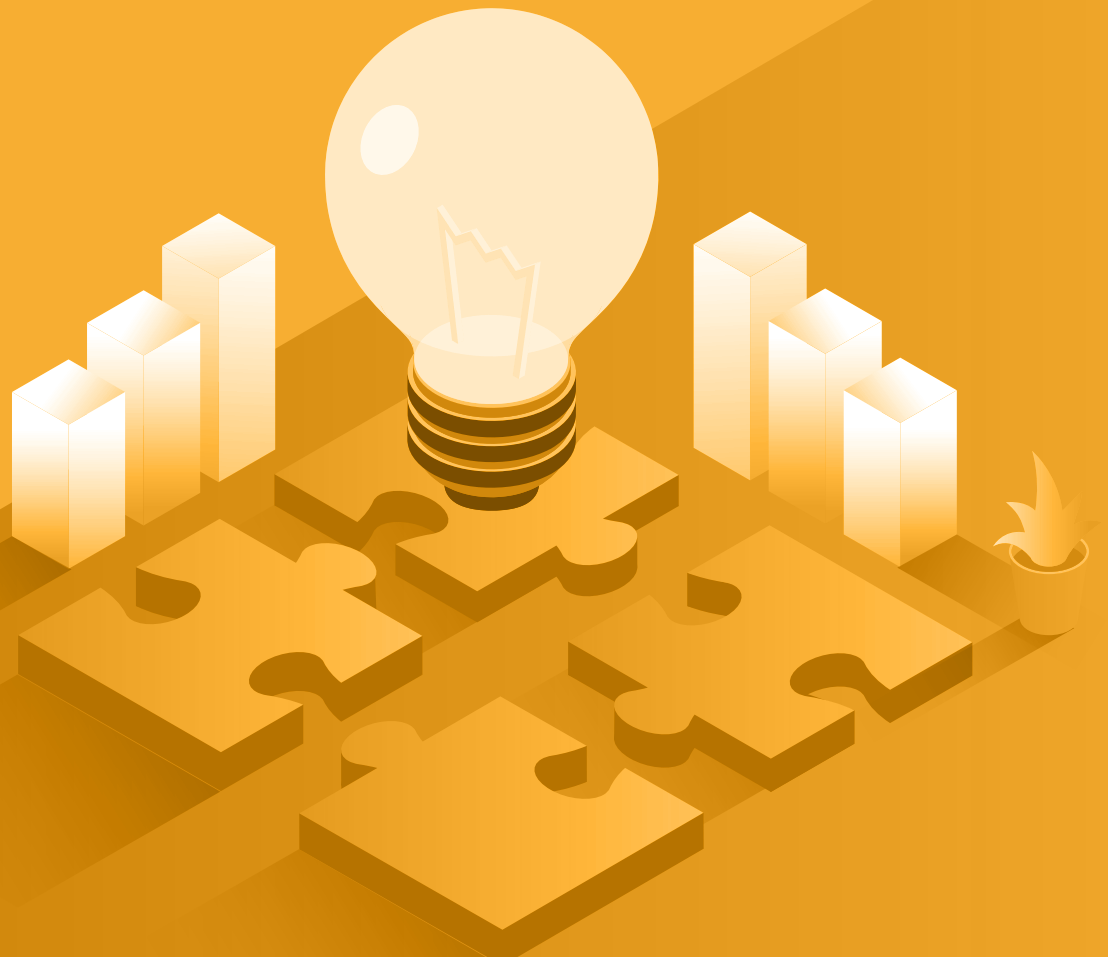
Tushar Singhvi, Deputy CEO of Crescent Enterprises, noted that “trade is at the heart” of how Crescent Enterprises operates and said he was looking forward to discussing ways strategic philanthropy can work more closely with both the private and public sectors to create catalytic impact.

“Another element to touch on is the importance of technology transfer,” he said. “Not just transferring technology from the Global North to the Global South, but also the reverse. There are technologies which are being developed in emerging economies for emerging economies which are relevant to the Global North as well. And more technology transfer within the South — that’s critical to strengthening the trade ecosystem.”

Aik Hoe Lim, Director of Trade and Environment at the WTO, noted that international trade is at a juncture right now, highlighting the importance of delivering for people and the planet through trade. Addressing philanthropists around the table, he said philanthropy can play an important role in helping trade achieve its aims. “Philanthropies are much more agile actors than organizations like the WTO, so you have more of a pathfinder perspective. You can be more innovative, put forward ideas, be much more of a laboratory to test things out,” he said. “You have a lot of agility, as well, in terms of convening — who you bring around the table — and the advantage of having a much more systemic perspective. Many of the issues facing international trade cannot be addressed without systems-based thinking and that thinking feeds well with philanthropy, connecting many different dots in various areas. And you have the financial means by which you can enable these processes. That’s particularly important if you want to have an inclusive dialogue [and] find ways to bring voices into the conversation that don’t normally emerge.”

01

INNOVATIVE SOLUTIONS FOR EXPANDING TRADE OPPORTUNITIES



The discussion, which was moderated by the Arab Foundations Forum, started with participants sharing examples of philanthropic funding leading to innovative solutions with potential for outsized impact within trade logistics and supply chain management. One of the examples discussed was the [Export Launchpad program](#), a joint initiative of the International Islamic Trade Finance Corporation (ITFC) and Global Affairs Canada. The program works with small and medium-sized enterprises (SMEs), providing technical assistance and capacity building, boosting their understanding of export standards and how to meet them, and helping with market access, which includes trade missions with the ITFC for the program's top performers.

Another example focused on the benefits of localization, a theme that emerged again and again over the course of the discussion. In this case, it was the ITFC's work teaching farmers growing the ylang-ylang flower in Comoros how to add value with minor post-harvesting processes. The training and technology are given to farmers on a grant basis, mainly through farming cooperatives. The resulting increase in incomes improves the lives of their families and allows them to send their children to school. This project provoked excitement among some of the participants, who saw it as a potential solution to one of the biggest problems facing agriculture in the developing world, which is that farmers sell their produce at a low price to companies in the developed world who process it to add value and sell it at a higher price for their own profit.

A relatively new pharmaceutical information management system

for developing countries, based on software designed by the International Medical Corps (IMC), was pointed to as another example. The project was born from the needs of a pharmacist in Jordan, who developed a system that was piloted in a local refugee camp. It allowed health administrators to track every pill to the last mile, throughout the supply chain, with an accuracy rate of about %99.8. The IMC saw the value of this system during the COVID pandemic, when it was used to help the organization mobilize non-COVID medications. Philanthropists saw Kenya as a promising place for another pilot, leading to the project being implemented by a major pharmaceutical company and driven by philanthropists.

The WTO's talks with the [Clean Cooking Alliance \(CCA\)](#) were held up as an example of innovative ways the philanthropy-trade partnership can push for policies for social good. The CCA works with a global network of partners to help make modern, efficient cooking stoves and fuels accessible to all. This reduces the use of open fires and stoves which run on fossil fuels and release toxic pollutants into the air, harm the environment, and contribute to climate change. It was noted that the WTO and the nonprofit joined forces to convince the governments of developing countries to reduce tariffs on clean cook stoves.

A project by Bain & Company, The Nature Conservancy, and several other philanthropists was spotlighted for [greening the trade routes of shrimp farming](#), which is relatively carbon intensive compared to many other types of farming.

In Ecuador, Thailand, and a number of other countries, the project examined the whole supply chain, from the sourcing (e.g. what the shrimp were being fed on) to the end buyer (e.g. consumer preferences), and identified opportunities for optimization. The five resulting pilot projects addressing the different pain points have since reduced the carbon footprint of shrimp farming in the pilot areas by about %30-40. "This wouldn't have happened without philanthropists funding this effort because you cannot have piloting flexibility in the same way from larger organizations and the private sector did not have incentives [to invest], mainly because this was a lot of small-scale traders who did not have the means or awareness of how to improve their business," said Anne-Laure Malauzat, partner and EMEA Social Impact Practice leader at Bain & Company.

The discussion also turned to Finland, which was the first country to create a circular economy roadmap. The bottom-up approach and inclusiveness of the roadmapping process prompted the Finnish innovation fund [Sitra](#) – which has identified circular economy as a priority to addressing the triple crises of climate change, nature loss, and pollution – to push the

the Finnish government to create [a circular economy fund](#) at the African Development Bank. That fund allows countries across the region to create homegrown circular economy roadmaps, based on their local circumstances. Trade considerations are part of that roadmapping process from the beginning, as countries think about global circular economy value chains, resource efficiency, and net zero.

Participants agreed that philanthropy has a role to play in supporting local-level initiatives for training, added value, and market access, all of which feed into the larger international trade system. Philanthropic funding was also credited with allowing for the type of large-scale piloting and experimentation that the private sector often sees as too risky, leading to innovative solutions that could have been missed otherwise.

02

EMBEDDING LOCALIZATION AND EDUCATION IN PROGRAM DESIGN



Much of the discussion centered around the importance of localization when thinking about both top-down policies and bottom-up initiatives. One participant pointed to the WTO's [10 Trade Policy Tools for Climate Action](#), which cover a range of trade policy measures, including tariffs, subsidies, regulations, and standards, and which governments can integrate into their own Nationally Determined Contributions (NDCs) and National Adaptation Plans without a negotiation process.

It was noted that we are seeing a shift in how industrial policies are being instituted. Until recently, most such policies would be created in the developed world and then transplanted to the developing world, often inadvertently penalizing least-developed and developing countries in the process. Unable to match the advanced decarbonization policies being applied in the US and Europe, countries in sub-Saharan Africa, Latin America, Southeast Asia, and other parts of the world are developing their own local requirements, many which force the domestic processing of some raw materials, keeping the added value closer to home as a result – and philanthropy is well placed to support this domestic manufacturing process at the grassroots level.

The conversation turned to the pivotal role that strategic philanthropy can play in fostering positive change within the global trade ecosystem by investing in knowledge exchange projects and initiatives that promote sustainable and inclusive trade practices.

One example was the [Stevens Initiative](#), which is supporting the virtual

exchange ecosystem by bringing young people from diverse places together to collaborate and connect through everyday technology and better preparing them to contribute to societal issues. By targeting key areas such as education and skills development, philanthropic investments can empower and equip young people to actively participate in the global economy, including the development of more efficient and equitable trade policies and practices.

All the participants also agreed that education, in its varied forms and focuses, is integral to any effective partnership between philanthropy and trade. One participant spotlighted an agricultural program to encourage the safe use of pesticides which recognized that illiterate farmers could not read the labels on fertilizers and pesticides, meaning they could not make decisions on which were best for their crops. To address this issue, along with teaching farmers about pesticide use, how to identify problems with their crops, and how to enter the market, the program also included a literacy component that would serve to enhance the livelihoods and well-being of the farmers.

The group stressed the benefits of this type of holistic approach to education and the importance of embedding it into any program design. The general view was that donors must also be educated on the value of vocational education, instead of focusing only on primary education. Philanthropic investment in vocational training and education are perceived as important pathways for enhancing local manufacturing and agricultural practices capacities in the Global South that can foster trade inclusion.

03

ENGAGEMENT WITH WTO AND OTHER LARGE ORGANIZATIONS



This topic was a chance to highlight the WTO's role in driving stronger links between trade and climate action. It was noted that at COP28, the WTO convened about 40 steel standards developers, as well as industry associations, to connect the global trade picture to local needs. The issue at hand was how to handle the many fragmented steel standards and all the different methodologies for calculating carbon embedded in steel, because it is difficult to scale up mitigation efforts without cooperation on how to calculate the amount of carbon in steel. The WTO saw trade as a natural partner to bring about that cooperation, since much of trade is about aligning standards and regulations and reducing the cost of transactions between countries. The group came out of COP28 with a unique climate-oriented pledge based on the WTO's "[Six Principles" for the Development of International Standards, Guides, and Recommendations](#).

There was some criticism of the WTO's [Technical Barriers to Trade \(TBT\) Agreement](#), which aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade. Countries are encouraged to adopt TBT policies on a unilateral basis, but it was noted that many do not have the capacity to implement them without any financial support or technical assistance. And if a country's trade standards fall short of what has already come into the market, their exports are hit with high tariffs and other penalties. There was a call for the WTO to take some responsibility for implementation of the TBT, instead of leaving countries to pick and choose which policies they want or

One participant pointed out that the [Aid for Trade](#) initiative is supposed to help with this, but the overseas development assistance that has been deployed since the initiative launched in 2005 is only about 210 billion USD, a figure dwarfed by available philanthropic funding.

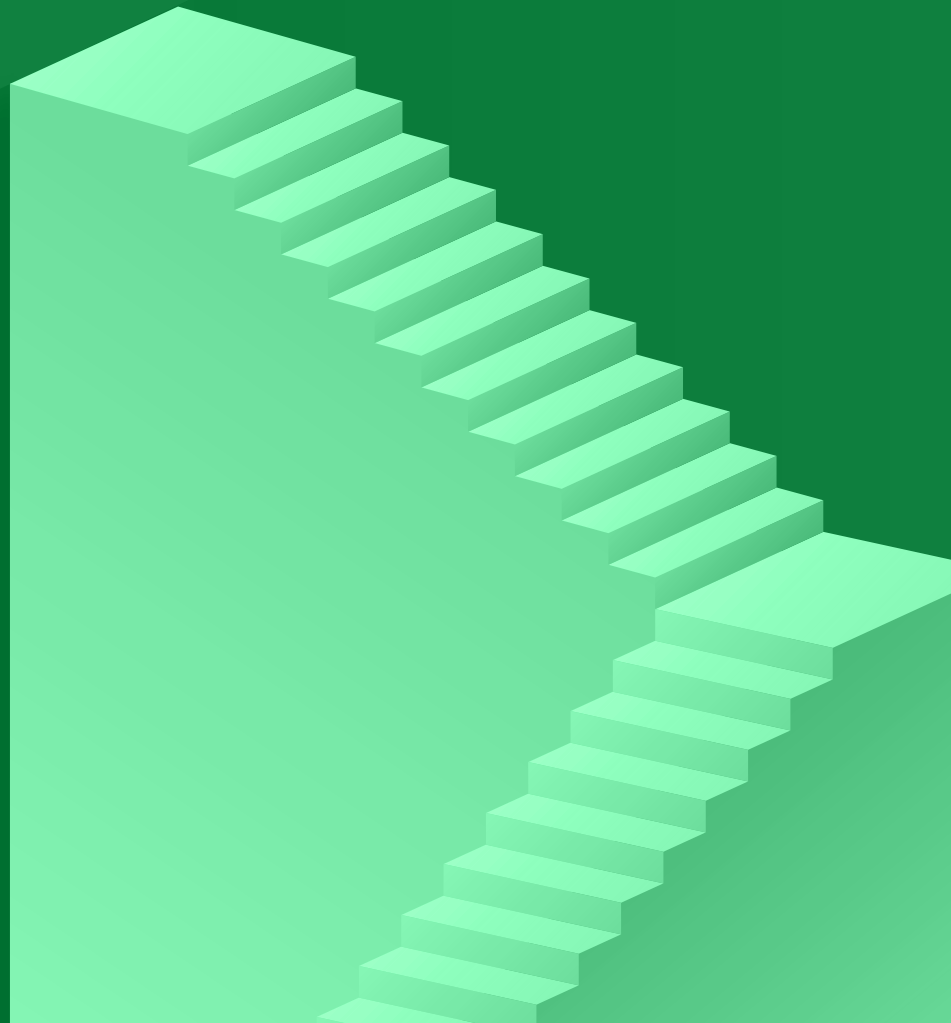
The discussion moved to the potential promise of the upcoming UN [Tax Convention](#). For decades, most UN members from the Global South have been calling for it to establish an intergovernmental tax body, and work on the convention finally started in 2023. This could generate more tax revenue for developing countries, and it was mentioned that here philanthropy could have a multiplier effect if it helps to build that UN Tax Convention process and helps support it to allow more tax revenue to come into developing countries.

One participant referenced the [Action on Climate and Trade \(ACT\) initiative](#) launched by the WEF, the World Bank Group, and the WTO in 2023 as an example of a successful philanthropy-trade partnership. ACT was created to provide participating economies with climate-action analysis specific to their trade flows and national circumstances. The analysis and capacity building efforts will identify opportunities to leverage trade and investment policy for participating economies' National Adaptation Plans and their NDCs under the Paris Agreement. The first phase has been funded by philanthropy.

This case, said Jeet Kar, a resource circularity and sustainable trade expert with the WEF, “is a really good example where philanthropy did and can support a non-state actor [here, WEF], to work with and help traditional capacity building institutions such as the World Bank and the WTO to engage policymakers and a broader group of stakeholders in a different way. This is significant for trade because businesses and civil society have such a strong stake but are often not represented adequately at the negotiating table. Climate is just an example, but a similar philosophy could apply to inclusive trade, as well.”

04

RECOMMENDED NEXT STEPS



Most of the discussion revolved around three major themes: barriers to trade — how to address them and who is best positioned to address them — localization, and education.

It was widely recognized that one issue running under the entire discussion was the question of whether the most progress would be made by starting with grassroots solutions or by tackling the (intended and unintended) consequences of top-down policies. How should we understand the balance between bottom-up and top-down solutions and which actors should establish that balance? How best to get philanthropy and trade to work together? What are the priorities, and for which countries and at what level?

At the same time, both international trade and philanthropy work on a combination of interests-driven agendas and issues-driven agendas, it was noted, and often in international trade there are conflicting interests — the trick is to figure out how philanthropy fits into and improves that space.

One recommendation was to start with a stakeholder mapping exercise to find out which organizations around the world are giving money to which issues. The mapping would also include information on where these organizations are operating to support their focus issues and which subsidiary organizations and frontline operators are doing the work on the ground. The resulting map would help clarify which organizations are receiving assistance from which corporations, where they are working, and whether their work is being effective or not.

An important outcome would be the ability for governments to see

where those answers overlap with their own legitimate interests and foreign trade policies and make it easier to decide where to invest and whether that investment would be politically feasible and financially realistic. The last step would be to identify what specific areas will have the greatest impact for what a certain government wants to achieve and use that as a pilot for other countries to emulate or to motivate other actors to join in on specific areas of interest.

It was agreed that this analysis should be a continuous effort and that along with the issues of barriers, localization, and education, it should also take into consideration technology, governance, and data. The nexus approach of linking philanthropy to trade is a relatively new process, it was noted, which adds to the complexity of the analysis. But participants were buoyed by the opportunities for piloting in the area of using such tools for formulating policies, which would then help open the space for new tools later on. Stakeholder mapping would also allow philanthropy to evolve from a traditionally reactive sector to one that is more proactive, making it more able to seize opportunities, to avert risk, and become more impactful.

Another important point of discussion was how to best assess the outcome of philanthropic actions to be able to act on that information in the future. It was suggested that creating a platform that allows trade and philanthropic actors to see the initiatives and programs being implemented around the world and their outcomes would be very informative.

The [Arab Philanthropy Survey](#) led by the Arab Foundations Forum and [Candid's comprehensive database](#) of global philanthropy were pointed to as already existing examples of those types of initiatives.

Participants stressed the need for collaboration between philanthropic organizations, so they can work simultaneously with one another and avoid overlapping similar projects in the same area – a common problem, especially in the Arab region where there is a dearth of data on philanthropic activity. It was noted that long, sustainable local partnerships can identify whether a given project is tackling the target issue, can continually assess the project's impact, and can point to outcomes as a way to cement partnerships with the public and private sector or bring in more philanthropic investments.

There was discussion of the underlying principles that should be considered when thinking about any partnership between philanthropy and trade, including the importance for financing to address the debt crisis in developing countries; the principle of common but differentiated responsibility in any climate-based financing; the need to respect rights-based development, such as the right to development, and economic and social rights; and the need to ensure the sovereignty of the states receiving the money in their financing governance. At their core, such partnerships should also abide by the basic principles of philanthropy: accountability, transparency, and participation.

There was consensus that strategic philanthropy should also look to leverage partnerships with governments, businesses, and civil society organizations to amplify its impact and drive systemic change in the global trade ecosystem. On the topic of partnering with the private sector, it was suggested that the trend of the professionalization of philanthropy – whether in impact measurement or dashboards, accountability or transparency – will be helpful in building an impactful relationship between philanthropy and trade. So, too, will the rising trend in environmental, social, and governance (ESG) investing, which it was noted can help actors in both sectors think differently about the ways programs are designed and how impact is measured. It was suggested that philanthropies should work on tapping into the corporate social responsibility (CSR) funds of big companies to help further the philanthropic agenda. It was conceded that with any CSR or socially responsible investing (SRI) fund, investors need to see some kind of return and that the push-and-pull between those doing impact on the ground and those providing the money is a big challenge.

05

KEY TAKEAWAYS



There was a wealth of suggestions on ways philanthropy can play a role in the global trade dialogue and catalyze the development of policies that get us closer to an international trade system that is more resilient, sustainable, and inclusive. It was noted that philanthropies should remember most of them are already working on issues that have a link with international trade, and it would only require a small tweak in focus to find an impactful connection between their projects and international trade.

There is a real need to approach any action or solution from both a top-down policy angle and a bottom-up grassroots angle and that any program design should have elements of both multi-stakeholder focused education and localization, which is crucial for involving local community voices, especially when trying to scale up a successful project. As well as tackling the issue at hand, programs that link philanthropy and trade also need to address the underlying issues and drivers.

Collaboration is key and by leveraging the collective resources and expertise of various stakeholders — including governments, businesses, and international organizations — philanthropic investments can create a multiplier effect, attracting additional funding and support for initiatives in the Arab region and beyond. Comprehensive mapping of stakeholders and issues is a good way to bolster collaboration, as it can clarify which organizations and actors should work together on specific issues for the most impact. By working together, philanthropies can more effectively advocate with policymakers on ways to make philanthropy more flexible

for better impact and a more fruitful relationship with the trade sector, especially in places like the Gulf Cooperation Council (GCC) where the regulatory system still needs further development to build an enabling philanthropic environment. In the process, philanthropy must also do no harm, meaning it should not support rules in trade negotiations that worsen the ability of developing countries to collect revenue and that restrict their policy space to deal with the current poly-crises.

Having enough data to power the stakeholder mapping process mentioned in Section 04 and the interactions that come out of it is critical. Data is also essential for properly showcasing the value and effectiveness of trade-related programs and initiatives. Data, testimonials from participants, and success stories all help to maintain the interest of current funders and to attract new funders by demonstrating why the work is important and how it ties into their broader economic goals. In this way, strategic philanthropy becomes a catalyst for attracting further private and public sector funding.

06

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