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Pre-conference event

Aid for Trade and development: towards a new global solidarity initiative

Bangkok, 24–25 January 2008

Note prepared by the UNCTAD secretariat*

Summary of discussions

1. This pre-conference event was held in Bangkok on 24–25 January 2008 under the auspices of the Working Group on Trade of the United Nations Executive Committee on Economic and Social Affairs (UNCTAD, ESCAP, ECA, ECE, ECLAC, ESCWA, UNEP, UNDP).

2. Aid for Trade (AfT) has emerged from a shift in the development discourse on aid, trade and development. It marks a significant step forward by the international community in accepting that development assistance specific to trade must accompany any trade reform effort for such reform to be meaningful and lasting in terms of its development impact. AfT must be consistent with the vast needs for trade development in developing countries and countries with economies in transition to benefit from opportunities generated by globalization. This is evident from significant trade-related needs to promote export growth in Asia and the Pacific, Africa, Latin America and the Caribbean, as well as transition economies. Such needs relate to supply-side capacity-building and competitiveness in manufacturing, commodities and services; reducing the costs of conducting trade, including by improving transport and trade facilitation facilities; addressing non-tariff barriers; and building capacity to meet rapidly changing and ever stringent product standards. Coping with adjustment costs in the light of erosion of preferences and increased competitiveness will be important. Furthermore, facilitating and strengthening regional economic processes in developing countries must be an important component of AfT, in view of the important development role of such initiatives. AfT must also preserve national policy autonomy

* This document was submitted on the above-mentioned date as a result of processing delays.

and be customized to the needs at national and regional levels while responding to common sustainable development needs.

3. AfT and the WTO Doha Round offer a unique opportunity for making trade act as an effective catalyst for development in the context of increased globalization. The AfT initiative mandated by the Sixth WTO Ministerial Conference provides an important platform for advancing AfT. Support provided as AfT should reflect the six categories established by the WTO Task Force on AfT. At the same time, it is recognized that AfT is neither a substitute nor a condition for an expeditious and development-oriented outcome of the Doha Round. AfT should be a complement to the Doha Round and an essential component of a broader development package that must be pursued in conjunction with other development measures to promote trade, investment and financial cooperation.

4. Continuous assessment of AfT is necessary in order to assess the quantitative and qualitative delivery of AfT and its development impact. The global review by the WTO and the country-level review and monitoring are important mechanisms. However, these should not unduly burden the administrative capacities of the Governments of beneficiary countries. Monitoring and evaluation should continue to take place at the levels of the global review, the country-level monitoring, and the donors and the agencies implementing trade-related technical assistance.

5. South–South aid for trade is emerging as an important complement to North–South AfT. It is not only financial, but also technical and technological, and deserves special attention in terms of monitoring and assessment.

6. Beneficiary ownership of, and buy-in to, the AfT requires the integration of AfT into national development processes and the use of existing national coordination structures where possible. Beneficiaries' access to expected AfT funds is another important element for a successful initiative. The involvement of international finance institutions, regional development banks and the United Nations system, as well as bilateral partners, is also important in the development of plans, so as to facilitate their buy-in to programmes. The Enhanced Integrated Framework is an important platform for AfT assistance to least developed countries.

7. A holistic approach to AfT development at national, regional and international levels is important for the enhanced effectiveness of this initiative. Concerted approaches at national, regional and global levels to AfT among beneficiaries and donors, and between them, is necessary for fostering global coherence on the issue. A clear integration of AfT into intergovernmental processes will provide credibility vis-à-vis national Governments. AfT should also be integrated into UNCTAD XII and the mid-term review of the Monterrey Consensus on Financing for Development. This will ensure that it promotes trade and contributes to the realization of internationally agreed development goals, including the Millennium Development Goals.

8. The current level of AfT and indications of forthcoming AfT financing appear to be inadequate to substantially increase the export performance of developing countries and bring about a major improvement – through trade – in the lives of people living in poverty and extreme poverty. Therefore, AfT must be substantially additional to current development assistance, and large enough to meet the policy, supply and competitiveness trade development needs. AfT principles must include predictability and non-debt-creating options, and stress the mutual accountability of beneficiaries and development partners. The applicability of Paris Declaration principles on aid needs to be reviewed, particularly with regard to South–South AfT. AfT should develop the capacity of beneficiaries to take advantage of increased AfT, especially in developing countries that do not have effective implementation mechanisms. Institutional support mechanisms for AfT should include rapid-disbursement mechanisms at the level of donors and broad consultative processes at national and regional levels in beneficiary countries for, inter alia, elaborating appropriate AfT project proposals.

9. For trade development to take place, it is essential that the private sector participate in, and have a voice in, policy dialogue and intergovernmental processes on AfT. Private–public partnerships on AfT could be an effective mechanism for AfT delivery. Furthermore, civil society and non-governmental organizations can play an important role in ensuring awareness-raising and a participatory approach to AfT. Such participation needs to be integrated within national and regional committees on AfT.

10. United Nations agencies have an important role in implementing the AfT initiative at multilateral, regional and national levels in a way that complements the WTO's contribution in this process. In that regard, there is a need for greater policy coordination and priority-setting at all levels, coherence and synergies in accessing resources and implementing AfT. UNCTAD, UNDP, UNEP, ITC, ESCAP, ECA, ECE, ECLAC and ESCWA need to work together on AfT along the lines of their comparative advantages in trade-related technical assistance. AfT coordination could usefully take place under existing mechanisms, such as the United Nations Executive Committee on Economic and Social Affairs Working Group on Trade, the Trade and Productive Capacity Cluster of the Chief Executives Board of the United Nations, and the “One United Nations” country programmes. The WTO Advisory Group is another mechanism for enhancing coordination between the WTO, regional development banks, United Nations agencies and international finance institutions. Joint AfT activities reflecting the experiences of the United Nations bodies could be one of the UNCTAD XII outcomes. Delegates suggested that, in addition to carrying out its current AfT activities, UNCTAD should play a lead role in monitoring and assessing South–South AfT, and supplement the WTO AfT initiative.

11. UNCTAD XII could integrate, as appropriate, aspects of these recommendations and contribute to international efforts to implement the AfT initiative, situating that initiative within the wider development dialogue and cooperation.
