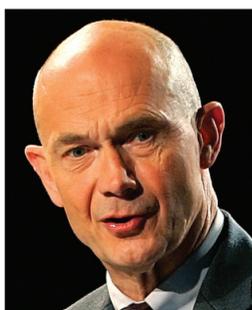


Aid for trade

By PASCAL LAMY

DIRECTOR-GENERAL, WORLD TRADE ORGANISATION (WTO)



PASCAL LAMY has served as Director-General of the WTO since September 2005. Previously, he was the Trade Commissioner of the European Union. Mr Lamy's career is marked by time spent in civil service at the French Finance Ministry, the Inspection Générale des Finances, and the Treasury Department. He later became adviser to Economics and Finance Minister, Jacques Delors, and to Prime Minister, Pierre Mauroy, and worked in Brussels as chief of staff to Commission President, Jacques Delors.

The WTO's main contribution to growth and development is the current Doha Round of multilateral trade negotiations. In terms of market opening and strengthened international rules, it promises to have a greater impact than the Uruguay Round.

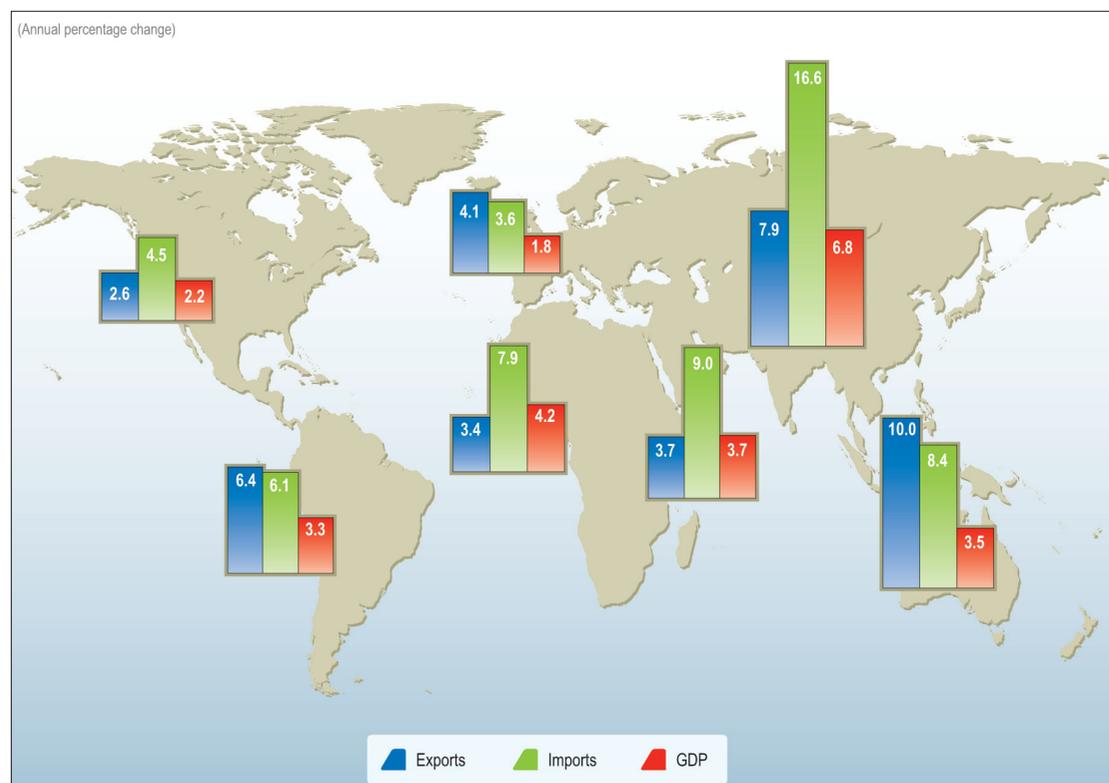
But while trade opening is indispensable to development, it is not sufficient in itself. What countries also need is access to the basic infrastructure that drives globalisation – 21st century transport corridors and telecommunications networks that can connect exporters to world markets; modern customs facilities that can move products rapidly and efficiently across borders; testing labs to ensure that exports meet international standards; and the sophisticated expertise and institutions needed to navigate a highly complex world trading system.

Some of the pieces are already in place, others are not, and the necessary investments cannot be supplied by poorer countries alone. Aid for Trade

is about helping to fill these 'gaps' – mobilising and leveraging the required financial resources – and providing a catalyst for the increased trade, investment and growth. It is about helping developing countries to benefit from the world trading system. But it is also about strengthening the world trading system itself – by ensuring that its opportunities are more widely shared. Although the volume of aid for trade-related technical assistance and capacity building has been increasing steadily since the launch of the Doha Development Round, the need for further assistance has been widely recognised by the international community. The Aid-for-Trade initiative demonstrates what can be accomplished when we focus on our common interests – and it bodes well not only for the future of Aid for Trade, but for the WTO as a whole.

Donors and international agencies need to focus more on trade and growth in their own development planning – and to make the case that in today's open

Growth in the volume of merchandise trade and GDP by region 2000-2006



and integrated global economy there can be no long-term poverty reduction or other social goals without increased trade and economic growth.

The biggest, and most important challenge, in the short term, is in finding ways to measure the impact of Aid for Trade, not just the flows. This initiative will succeed only if it produces results. And we will know if it is producing results only if we can measure progress. What I would like to see developed is a basket of performance indicators to help assess trade capacity in developing countries – a kind of league table that would give countries a clear objective to aim for and provide all of us with incentives for even greater efforts. There are already a large number of relevant indicators out there, and I see no reason to re-invent the wheel. I have asked the OECD, the World Bank and others to look at the range of existing indicators and to suggest possible options.

The second impending challenge is the need to shift our focus from awareness raising to implementation. Already I see unmistakable signs of increased focus, planning and resource mobilisation around Aid for Trade – in countries, in regions, in other international agencies, and even in the WTO. We need to encourage this activity and keep up the momentum. Regional Reviews came up with clear recommendations for taking this initiative to the ‘next level’. We are already in discussion with our partner agencies about possible candidates for this first generation of national and sub-regional reviews. I would also urge countries and lead donors to examine whether they are at a stage in their own Aid-for-Trade planning where they feel their initiatives would benefit from this kind of multi-stakeholder ‘spotlight’ – bearing in mind that there is a limit to the number of reviews we can conduct this year, and that, if successful, the process will be extended to other countries and regions in subsequent years.

We also need to focus on how we can encourage those countries that want to harness Aid for Trade, but lack a national plan – and lack the capacity to formulate one. Here I think the Enhanced Integrated Framework of Technical Assistance (EIF) for Least Developed Countries (LDCs) can, and must, play a central role. The EIF is country driven, it is all about helping countries to develop Aid-for-Trade plans, and it is now newly structured and newly funded to do a much better job of getting plans launched and mainstreamed into countries’ development priorities. It is the central platform for submitting funding needs to donors, beyond the financing already available in the EIF’s own Trust Fund. We need to get the EIF up and running as soon as possible. We also need a creative response to the planning needs of non-LDCs and of regions

which are not covered by the EIF.

The third challenge is the need for developing countries to be even more actively and directly involved in the initiative. This is obviously most important because empowering developing countries is what this initiative is all about. I think we have reason to be optimistic on this front, and that there are very encouraging signs that countries are increasingly motivated to take a lead. There is already a growing list of countries that are in the process of holding, or planning to hold, Aid for Trade events as a way mobilising both domestic constituencies and international support. In the end, nothing succeeds like success. The real key to ensuring developing-country ownership of this initiative is to produce results, which is all the more reason why we need to keep up the momentum.

By raising awareness about Aid for Trade, and shining a spotlight on the challenges, we have created incentives for the key actors to start talking, planning, cooperating and mobilising, without trying to prescribe solutions from the top down. I believe that we should stick to this bottom up strategy, and that the WTO should remain an advocate, a catalyst and a facilitator, but not a leader. That is a job for donors, for development agencies, regional development banks, and above all for the countries themselves. **F**

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Secretary-General Ban Ki-moon (right) meets with Pascal Lamy, Director-General of the World Trade Organisation (WTO) in Geneva, Switzerland

