

*German Development Institute (DIE)- Consumer Unity and Trust Society (CUTS)*

“Aid for Trade –From Concepts to Action”

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## **A Critical Appreciation of the Aid for Trade Agenda**

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# Aid for Trade: Origins and Definitions

- WTO Doha Round: Hong Kong Ministerial 2005
- WTO Taskforce recommendations mid-2006
  - Additional, predictable, sustainable and effective financing + Paris Declaration principles
  - 5 categories: Trade policy and regulations; Trade development; Building productive capacity; Trade related infrastructure; Trade adjustment
- Work by WTO/OECD with donors on measuring AfT
- Invitation to DCs to identify their A4T needs

# Responses: The EU Joint AfT Strategy

- Adopted in October 2007 as a practical response to AfT agenda:
  - Commitment of €2bn per year ‘Trade Related Assistance’ by 2010 (€1bn EC, €1bn Member States)
  - EU also a big donor in other AFT areas (e.g. infrastructure)
  - Many principles, but the approach is open to interpretation?
- Questions on operationalising the strategy:
  - Existing or new bilateral programmes; EC-led ‘regional packages’ and RIPs; multilateral programmes?
  - What to support? How to engage and identify ACP needs in a way that avoids either ‘shopping lists’ or loss of ownership?
  - At what level (national/regional/local?): possibility of undermining national-level donor coordination processes?

# Linkages to new EPAs

- A particular preoccupation of both EU and ACP countries has been the linkage between AfT and Economic Partnership Agreements
- Most ACP regions see some linkage between AfT and EPAs:
  - Costs of implementation (e.g. fiscal adjustment, economic adjustment, competition regimes, intellectual property)
  - Taking advantage of EPA opportunities (e.g. building productive capacity, sector-specific programmes)
  - Opportunities to deepen regional integration
- But ...different EU and ACP stakeholders place different emphasis on EPA linkages and still **confusion** about the relationship
  - this is covered in ECDPM discussion paper on AfT

# Critical Questions in ACP

- ACP have sometimes been criticised for not coming up with workable concrete proposals... yet face important practical considerations including:
  - is any new funding actually available?
  - scope of AfT requests ...what is possible?
  - problems of internal coordination and prioritisation (both at national and regional level)
  - regional element: how to structure their AfT programmes to reconcile national strategies with a regional approach?
  - what do donors **want** from ACP requests or needs assessment exercises... little common understanding on this
  - what is best way to engage donors (for example, RPTF have not delivered)?

# Critical Issues for Donors

- What to fund?
  - how to engage and identify ACP needs in a way that avoids ‘shopping lists’ or loss of ownership? How to ensure integration and coherence with existing national strategies/plans/priorities?
- How to fund?
  - Existing or new bilateral programmes? Co-financing? New ‘regional packages’? Multilateral programmes?
  - At what level (national/regional/local)? Regional funds: are they supported, what is needed to make these work?
  - How to coordinate/establish division of labour? geographical focus, sector, AfT category; with other donors incl. private sector?
  - Different approaches in different categories?
  - What’s the process of matching AfT ‘demand’ and ‘supply’ (RPTFs, AfT conferences in ACP regions, lead donors, etc?)
- How to **meet expectations** on AfT?

# Moving 'from Concepts to Action'

AfT represents an opportunity but new efforts needed on...

- Clarifying remaining confusions:
  - e.g. additionality, nature and scope of 'regional packages' versus other delivery mechanisms, donor division of labour in different ACP regions
- What to support?
  - ACP 'needs assessments': work needed on agreed methodologies, without sacrificing ownership?
  - Strategic approaches in AfT? Linkages across AfT categories?
  - ACP capacity to develop projects and absorb funding?
- How to implement and on what level(s)?
  - Donor responses to AfT; ACP responses to AfT
  - **Bringing ACP recipients and donors together**

**For more information, please refer to:**

**[www.acp-eu-trade.org](http://www.acp-eu-trade.org)**  
**[www.ecdpm.org](http://www.ecdpm.org)**

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