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**3rd GLOBAL REVIEW OF
AID FOR TRADE:
SHOWING RESULTS
GENEVA 18–19 JULY 2011**

**PASCAL LAMY
DIRECTOR-GENERAL**

“The Third Global Review of Aid for Trade: Showing Results”

18 JULY 2011

Pascal Lamy
Director-General

Excellencies, Ladies and Gentlemen,

Let me start by welcoming you all to the 3rd WTO Aid for Trade Global review. Once again you accepted my invitation and this is a clear reaffirmation of your continued political commitment towards achieving the objectives set out in 2005 when we launched this initiative.

Many a speech on development will start with a quote, often attributed to an ancient Eastern sage, about how progress is a “journey of a thousand small steps” or that “success is a journey, not a destination.” Let me begin with a quote from a more modern source. I’d like to tell you it is hand-written by a calligrapher and inscribed on silk. But, no, it came off an office printer at the UN last year! Its prosaic origin belies its remarkable content.

**“Over a 25-year period, the poverty rate in East Asia fell
from nearly 60 per cent to under 20 per cent”.**

The printer is a good metaphor for why we are on track to meet the Millennium Development Goal target of halving the proportion of people living on less than \$1 a day by 2015.

The UN office in which the printer resides is the end point in a chain that includes many hundreds of suppliers working in thousands of different locations world-wide. It is testament to an ever more sophisticated “trade in tasks” and encapsulates an impressive story of technological innovation. Technology’s appeal is to render the intricate and challenging seemingly mundane.

“Made in the world” products such as printers, and the technological innovation which underpin them, are one of the reasons for this progress in poverty reduction, and not just in Asia. Global supply or value chains are extending ever more widely as countries in Asia, Latin America and increasingly Africa too fall under their spell.

It is in the same 25 year period referred to in the UN quote that this process has taken off. To use a web analogy, it's gone viral! In the mid-1980s, American, European and Japanese companies invested in vehicle assembly in China. In 2010, Chinese companies opened vehicle assembly plants in Cameroon and Zambia. And it's not only China and not just manufacturing. The same trends are evident in Kenyan investment in the East Africa Community, Brazilian investment in Central America and in Africa in particular. Nor is it just manufacturing. Services are becoming equally spatially diffuse.

This transformative power of global markets is the intellectual underpinning to Aid for Trade. It is also the reason I am still committed to finding a positive outcome to the Doha Development Agenda; to ensuring that the multilateral trade rules provide the legal certainty that companies need to go about their business beyond their borders. As we saw with our collective response to the global recession, these rules are our best insurance against the economically impoverishing influence of protectionism.

Rules do not respect themselves of course. The same mutual trust which underpins the complex printer chain is also the foundation of the multilateral trading system and its rules. These rules were severely tested during the recent crisis. But our collective response to this crisis underpins my belief in the power of what collectively we can achieve. It is also why I believe that Aid for Trade is integral to our efforts to ensure that the benefits of the multilateral trading system are shared as widely as possible.

Rules are not sufficient in and of themselves to overcome the constraints which developing and in particular, Least-Developed countries have in accessing this process. It is why you mandated me in Hong Kong in December 2005 to mobilize additional, predictable, sustainable and effective financing for Aid for Trade. To help overcome supply-side and trade-related infrastructure constraints.

So how does the balance sheet look nearly 6 years on from Hong Kong? That's the focus of the next two days. Let me outline where I believe we can show results and also explain where I believe we can do better.

What results can we report?

The headline number is a 60% increase in real terms since 2005 in the Aid for Trade resources mobilized. And positive signs that funding is holding up despite the lingering impact of the recession on public finances. This increase has not been at the expense of other categories of aid. And more is now going to the poorest than in 2005.

There are positive signs that progress is being made in bringing coherence to national and regional development policy by integrating trade objectives into policy frameworks and vice-versa. And donors are getting better at supporting these priorities, both in terms of offering support and the way they coordinate their support.

These are creditable achievements, but they are not impacts. We must show what these accomplishments have achieved on the ground. What we can show is based on the joint monitoring exercise that Angel and I launched last year and which you will see described in the 2011 edition of the “At a Glance” publication.

Let me outline where I think we can show results and let others fill in the detail of the balance sheet.

- A rich and varied picture of the results of Aid-for-Trade implementation activities on the ground. This covers projects and programmes from countries as geographically and alphabetically distant as Azerbaijan and Zimbabwe - and most countries in-between. Results range from increased export volumes, to more employment, to faster customs clearance times and impacts on poverty. Noteworthy is the positive impact on women identified in the results cited;
- An understanding of how aid for trade can work in support of trade opening and economic reform with positive direct impacts on economic growth and poverty alleviation. Support from the donor community has helped embed the trade opening and economic reform agendas as outlined by countries as diverse as Cape Verde, Costa Rica and Viet Nam;
- And an emerging body of research which draws a clear, positive link between Aid for Trade and improved trade performance.

Any balance sheet must of course include a debit account. So let me outline where I think Aid for Trade must make progress.

- **We need to make headway in bringing management for development results to Aid for Trade.** Get more serious about results-based management. On the donor side for obvious accountability reasons. But more importantly, on the side of partners, they need to possess tools to assess the impact of their actions.
- **Move ahead on aid effectiveness in Aid for Trade.** Factors such as alignment, ownership and others of the Paris principles emerge clearly as factors for success. But project management issues, inadequate funding, sustainability and problems in partner country systems are too frequently cited as shortcomings.
- **Bolstering private sector engagement in the Aid for Trade agenda.** In my view this is critical to sustaining AfT interventions beyond the end of projects. In a way, Aid for Trade should morph into “Investment for Trade”.

I have stressed the need to show results ever since the First Global Review in 2007. The reason is simple: If we are to sustain political interest and financial resources, at times of inevitable growing budgetary constraints in many traditional donors, we must show results.



As I move towards my closing, let me return to those latter-day sages and their thriving printer business. The global trading system has given them the opportunity to test their business acumen. But to focus on their business-alone is to lose sight of the value of the chain to which they are connected.

Can we attribute the progress in East Asian poverty alleviation to the one printing company? Evidently not. If we look at the whole value chain can we start to see causality? We might start to see clues. And so with Aid for Trade. Painting on this giant canvass, Aid for Trade is but one of the many colours in our palette. The initiative we launched in 2005 has made it a deeper, more vibrant one no doubt, but it is one part of a bigger whole.

We must be more rigorous in our approach to monitoring and evaluation so we can explain better the contribution we are making to the canvass with our brushstrokes.

I did not use the sage quote in my opening, so let me finish with it. I am, after all, a trade official talking about development. And one of our greatest achievements has been to get a dialogue started between both communities. Indeed, the depth of the dialogue has surprised and encourages all of us. 140 questionnaires and 275 case stories is a fantastic achievement. As is the willingness of the Secretary General of the UN who will be with us tomorrow, of Heads of Agencies alongside us and the Ministers in the audience to assemble here in Geneva for a third time here to review Aid for Trade, their Aid for Trade, your Aid for Trade, over these two days.

Back to my closing quote. **If success is a journey of a thousand small steps, I can tell you with confidence that this journey is now shorter.** By helping countries plug into the global economy, aid for trade is helping make the journey shorter. Can I tell you how many fewer steps we need to take? **No, we must get better at counting.** Am I sure that Aid for Trade, which helps developing countries enter this world of “trade in tasks”, offers unprecedented possibilities for economic growth, income growth and poverty alleviation? **Unquestionably yes.**

Thank you.



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Printed by the WTO Secretariat