WTO symposium on "Identifying indicators for monitoring Aid for Trade"

Session 1: "Monitoring AfT flows"
Speaking points for J. Clarke
15 September 2008

Mr. Chair, thank you for inviting me and giving the European Commission the opportunity to contribute to this debate.

Before entering into the topic of this morning, which is about monitoring Aid for Trade **flows**, I should like to stress that the whole exercise of monitoring any Aid for Trade indicators -at whatever level they may be- crucially depends on the involvement of **both donor and partner countries**. At the risk of restating the obvious, we need the full interest and participation of **all** those concerned to achieve success in our efforts on Aid for Trade.

The debate on the monitoring of Aid for Trade, at least since the last Global Review November last year, has indeed been so far mainly the occupation – and pre-occupation- of development agencies and donor co-ordination forums like the OECD. This has allowed donors to take important decisions on their own monitoring – I will come back to this in a moment- but **we must now move beyond this restricted circle**. It is time for decision makers in the administrations of Aid for Trade beneficiary countries to actively participate in defining the monitoring framework– and this means representatives **from both the trade and the development worlds**.

This also means that the debate and the involvement should not be confined to Geneva: issues of aid effectiveness, of beneficiary-donor relations, of building competitiveness and the capacity for trade are better mastered by development specialists and practitioners in recipient countries and regions, than they can be by trade negotiators. In the framework of the next Global Review of Aid for Trade, all efforts are made to **reach out** in a more effective way to our partners, so as to ensure a better participation in the self-assessment part.

Turning now to the topic of this session, the **monitoring of Aid for Trade flows**, donors took a number of decisions following the recommendations of the WTO Taskforce on Aid for Trade. These notably include:

- the use of the **Creditor Reporting System** of the OECD to monitor Aid for Trade based on the 6 Categories defined by the Taskforce;
- the **adaptation** of Creditor Reporting System to include a new code for Trade-Related Adjustment (*corresponding to Aid for Trade Category 5*), and to include a "Trade Development marker" (*that corresponds to the previously non identified Aid for Trade category 2*).
- It was also decided that reporting through the CRS system will be complemented by self-assessment based on **WTO/OECD questionnaires**. This with a view to increasing transparency and allowing more detailed explanation and follow up on the pledges.

As we all know, these decisions were taken after duly considering the **advantages and disadvantages** that they involve. For example, we know what the CRS system includes (such as the concessional part of loans) and what not (other loans).
We know that the system operates on single codes per programmes. We know that our Aid for Trade reporting is, partly, based on proxies and will not provide scientifically exact figures.

However, it is **not now the time for additional discussions** on the data system or the reporting. We should rather concentrate on putting our decisions into practice, taking into account that some time may be necessary to adapt our internal systems and procedures.

Changing the system and the method for reporting inevitably creates problems of data comparability. Moving from the system we were using earlier - the flexible ad hoc Doha Database on Trade Capacity Building- to an already functioning system such as the CRS has meant we could not keep on accounting in the same way as we did before. However, **sufficient flexibility** has been created by way of the WTO/OECD questionnaire, as well as with the creation of an 'open' Aid for Trade category 6 on "Other trade-related needs". We consider that with these adjustments, we should be able to report coherently - also over time - on our pledge.

In addition, within the EU we have set up a **working group** to ensure a certain uniformity and coherence of reporting to the CRS between Member States and the European Commission, at least in the medium-term. We are still discussing ways of how to deal best with some problematic open issues, like capturing the Aid for Trade component within larger programmes, how to make best use of the Trade development marker now available, or how and what to report as "Other trade-related needs". We will keep our partners informed on progress we will make.

We are already actively using the Creditor Reporting System by the OECD, and feel reasonably satisfied with the adjustments that have been introduced. Inter alia, we have relied on this system to produce the first **EU Aid for Trade monitoring report** which was part of the Commission's last Monterrey report, released in April 2008. Findings were presented during the informal presentation on the EU's Aid for Trade strategy in the WTO last June. The **data collected** show that the European Commission alone had devoted in 2006 € 941 million to the narrow category of Trade Related Assistance, and more than € 2.5 billion to the wider definition of Aid for Trade. To these figures one should clearly add the very large amounts provided by the European Member States in their bilateral cooperation programmes. We are thus **well on track** to meet the pledges we made in Hong Kong, and our figures show that in 2007 the flows have increased even further.

On this positive note, I would like to conclude and I look forward to a fruitful discussion during these two days of symposium.