Monitoring at the Country and Subregional Level

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Port of Colombo (Sri Lanka)
Japan’s position on Aid-for-Trade

- Definition of Aid-for-Trade should be a broad one.

- Aid-for-Trade comprises aid that finances trade-related technical assistance, trade-related infrastructure and aid to develop productive capacity.

- AFT can be a valuable complement to the DDA. However, it cannot be a substitute.
Aid-for-Trade & Poverty Reduction

Poverty Reduction

Aid for Trade

Positive effect

Promote

Sustainable Economic development of Developing Countries

Promote

Trade and Investment by Private Sector

Promote
Trade and Investment and Income
(Growth rate from 1990 to 2005)

Capital influx and Trade Amount
(116 countries)

Trade Amount and Income level
(129 countries)

Source: IMF, Direction of Trade Statistics, UNCTAD, World Investment Report

Source: IMF, DOTS, WB, WDI 2006
Economic Growth through Trade (Asian Experience)

National Development Strategy (Ownership)

- Better Environment for Foreign Direct Investments
- Investments
- Increase in Productivity
- Increase in Export
- Economic Growth

ODA in a tailor-made manner

Policy Consultations
Japan’s “Development Initiative for Trade”

3 Pillars

PRODUCE
Supply-side support

SELL
Distribution and export support

BUY
Positive differentiation of LDC products

Methods

Knowledge, Technology
e.g. Technical cooperation

Financial Assistance
e.g. • Concessionary loans
• Grant aid

People
e.g. • Dispatch of experts
• Acceptance of trainees

Systems
e.g. • Preferential tariffs
• Trade and investment insurance

- Duty-free and quota-free access for LDCs
- Enhancement of productivity
- Expansion of marketing channels
- Export promotion
- Expansion of South-South trade
- Support through neighbouring countries
- Partnership with NGOs and private sector
- Close consultation on assistance with developing countries
Country Level ~Asia~
Indonesia

Projects for
● Rehabilitation of the Tanjung Priok Port (2003)
● Construction of the Tanjung Priok Access Road (2004, 2005)

The Port of Tanjung Priok serves as an international gateway for raw materials and products

Port of Tanjung Priok

(photo: JBIC)
Country Level ~Asia~
Cambodia

Projects for

- Renovation and expansion of the Shihanoukville port (2004, 2005)
- Shihanoukville Port SE2 Development (2007)

Promote the introduction of FDI and expand trade

Port of Sihanoukville

(Photo: JBIC)
Viet Nam
(Most important recipient country of AFT)

- Improvement work on National Highway No.5 (1993, 1995)

Industrial production growth rate grew rapidly
- 8.2% (1999) → 24.8% (2002) in Hanoi
- 17.6% (1999) → 24.9% (2002) in Hai Phong
Country Level ~Asia~
Viet Nam

Japan’s Contribution to the Improvement in Viet Nam’s Investment Climate

- Ishikawa Project (1995~2001)
  Development surveys headed by Dr. Shigeru Ishikawa

FDI increased
US$ 3.06 billion (2003)
→ US$ 6.02 billion (2006)

- Support for Comprehensive Poverty Reduction and Growth Strategy
e.g. yen loan to finance WB’s credit
Subregional Level
~CLV (Cambodia, Laos and Viet Nam)~

“From battlefield To marketplace”

Regionalization
EPA, FTA
and other regional economic integration

Globalization
— common development objectives
— efficient use of resources

Cross Border Transport Infrastructure
e.g. roads, bridges, ports, airports
Japan’s contribution to the Projects in CLV by a regional approach

- **Subregional Level ~Asia~**
- **South Corridor**
  - Hinheup Bridge
  - National Route 1
  - Vientiane No.1 Road
  - National Road Route 9
- **East – West Economic Corridor**
- **Second Lao – Thai Friendship Mekong Bridge**
- **Hai Van Tunnel**
- **Da Nang Port**
- **Sihanoukville Port SEZ**
- **Vientiane No.1 Road**
- **Second Mekong Bridge**
- **Ho Chi Minh City Urban Railway**
- Development Triangle
  - Bilateral Cooperation (25 billion USD, 25 projects) + Multilateral Cooperation: (Japan – ASEAN integration Fund 20 million USD)
Three Goals

- Sustainable economic growth of the Mekong Region
- Life with dignity for the people in the Mekong Region and fulfillment of their potential
- Enhanced Japan - Mekong Region partnership

Three Priority Areas

① Integrate Economies of the Region and Beyond
② Pursue Universal Values and Common Goals of the Region
③ Expand Trade and Investment between Japan and the Region

Three New Initiatives

1. Expansion of ODA to the Mekong Region
2. Bilateral Investment Agreements with Cambodia and Lao P.D.R.
3. Japan – Mekong Region Ministerial Meeting
Subregional Level ~Africa~

- Duty-Free and Quota-Free access for LDCs (2007)

- TICAD IV in Yokohama (2008)
  - Asian experience
  - Doubling ODA without debt relief to Africa by 2012 including doubling bilateral Grants
Subregional Level ~Africa~

Japan’s initiatives at TICAD IV

- Doubling ODA to Africa by 2012 including doubling bilateral Grants

Focused areas of cooperation concerning AFT

● Support regional infrastructure development to connect Africa
  - Regional road networks
  - Facilitation of cross-border procedures e.g. One Stop Border Post (14 points)
  - Distribution/transmission lines for power infrastructure

● Promote trade and investment
  - Foreign direct investment
  - Financial support
  - Joint public-private sector missions

Other areas
  - Agriculture/Food, Community Development, Education, Health, Water, Cool Earth Partnership
Subregional Level ~Africa~

Undeveloped Infrastructure from road to passing customs

1. Lack of infrastructure for regional agreement and their operations
2. Troublesome procedures that differ from country to country
3. Delays in computerizing documents
4. Undeveloped border facilities

Solution: OSBP (One Stop Border Post)

which allows people to complete customs procedures in one stop by having countries that border each other jointly conduct customs, quarantine and immigration procedures

NEPAD (New Partnership for African Development) refers to Infrastructure as a means to promote regional integration
Subregional Level ~Africa~

Zimbabwe
Immigration control
(before improvement)

Tanzania—Kenya
International highway running between Tanzania and Kenya planned for improvement

EAC

(Photo: JBIC)
Conclusions

● In implementing the AFT projects, the external economic relationship of recipient countries, such as EPA/FTA, and other regional integrations should be taken into account.

● Efforts to integrate trade development needs into the design of national development strategies should be made. Such initiatives should be supported.

● It is essential to coordinate these efforts at field level.