



In collaboration with the Fondation pour les Études et Recherches sur le Développement International, Overseas Development Institute, South Asia Watch on Trade, Economics and Environment, and the World Bank

The Future of Aid for Trade

Geneva, 22-23 November 2012

World Trade Organization, *Centre William Rappard*

MEETING REPORT

Introduction

This two day dialogue was aimed at bringing together a range of Geneva-based negotiators and officials, international trade experts, representatives from donor agencies, and key actors from beneficiary countries to review the state of the Aid for Trade (AfT) initiative. It also aimed to facilitate the exchange of experiences and inform future discussions in the lead-up to the next Aid for Trade Global Review in 2013. The meeting was organised by the International Centre for Trade and Sustainable Development (ICTSD) and the Ministry for Foreign Affairs of Finland, in collaboration with the Fondation pour les Études et Recherches sur le Développement International (FERDI), the Overseas Development Institute (ODI), the South Asia Watch on Trade, Economics and Environment (SAWTEE) and the World Bank.

The meeting programme and other information can be found on [ICTSD webpage](#).

Opening Session

The opening session was presided over by **Ricardo Meléndez-Ortiz** (Chief Executive Officer, ICTSD) and **Matti Anttonen** (Director General, DG), Department for External Economic Relations, Ministry of Foreign Affairs of Finland).

After presenting the agenda of the meeting, **Ricardo Meléndez-Ortiz** highlighted the commitment of the ICTSD on trade-related development assistance issues since 2001 and the ability of the partnership between the Centre and the Ministry for Foreign Affairs of Finland to provide intellectual insights regarding the evolution of the AfT initiative since its inception. This dialogue, he highlighted, is in continuity with two previous meetings that ICTSD and the Ministry organized in 2006 and [2010](#). Mr Meléndez-Ortiz noted the essential nature of AfT enabling mechanisms in order that countries are able to participate and benefit from the trade system, and emphasised the important role that questions regarding the effectiveness of AfT play in helping beneficiary nations. As part of this debate, ICTSD has conducted a two-year research project to assess the effectiveness and impact of AfT at country level, on the base of a methodological framework developed by SAWTEE and ICTSD. The project was launched in the previous meeting in 2010 and this dialogue constituted an occasion to share the main findings generated. The dialogue, he concluded, constituted an occasion to present the analytical work that other organizations have been undertaking in the area of AfT effectiveness, which explains the collaboration with the other partners in the agenda.

DG Matti Anttonen further emphasised the constructive relationship between the ICTSD and the Ministry for Foreign Affairs of Finland. He highlighted that since the launch of the AfT initiative at the Hong Kong Ministerial Conference in 2005 the international community has succeeded in increasing trade-related aid flows around the world. The initiative has also started generating results, as emerged in the last AfT Global Review in 2011. It was noted however that this success has also been aided through a range of other factors such as increases in commodity prices, which has boos trade and economic growth in many developing and least developed countries. Further to this, DG Anttonen also indicated that the AfT initiative is far from perfect in that many issues remain to be solved such as the

lack of capacity on the ground to produce results. This is something that both donor-agencies and recipient countries need to address to deliver better AfT in the future.

Session I: How Aid for Trade Can Stimulate Global and Regional Value Chains.

Chair: **Ricardo Meléndez-Ortiz**, Chief Executive Officer, ICTSD

Speakers: **Peter Draper** (Senior Research Fellow in the Economic Diplomacy Programme, SAIIA), **Jodie Keane** (Research Officer, Trade Programme, ODI), **Frans Lammersen** (Principal Administrator, Development Cooperation Directorate, OECD)

Discussants: **Dr. Sok Siphana** (Advisor to the Royal Government of Cambodia, Supreme National Economic Council), **Dr. Kent Wilska** (Ministry of Foreign Affairs of Finland), **Manab Majumdar** (Assistant Secretary General, Federation of Indian Chambers of Commerce and Industry), **Hernando José Gomez** (Oficina de Coordinación para el Aprovechamiento del Tratado de Libre Comercio EEU-Colombia).

Trade in intermediate goods nowadays represents more than half of OECD imports and close to three-quarters of the imports of large developing economies. Indeed, there is an increasing geographical dispersion of activities along value chains from getting the raw materials, to manufacturing, design, marketing and sales. Increasingly, countries do not specialize on industries but on tasks. National cluster formation may occur differently than before. It has become blurred to quantify where value added is produced, and traditional trade statistics can give a misleading picture. Therefore, trade policy choices become more and more complex since it is difficult to distinguish “who is them, and who is us”. AfT has to be seen in this context. This session explored how AfT can tackle developing countries supply-side bottlenecks, so that they can plug-in or scale-up regional and global value chains (GVC).

Peter Draper pointed out that the term ‘Global Value Chain’ was, in his opinion, a misnomer as today’s value chains were primarily regionally concentrated in the ‘triad economies’, namely North America, Asia and Europe. He highlighted that a typology could be formulated for different types of value chains and raised the question posed by many LDCs concerning how nations could ‘plug in’ to and maximise their position within value chains. To do this it was noted that a country could engage with two types of policy toolkit. The first, those focused at a horizontal level and largely concerning infrastructural improvements, and the second concerning the vertical components of the value chain to promote investment. Mr. Draper stated that an increase in institutional capacity was required for the implementation, especially in the case of the latter toolkit. He also proposed that a shift in value chain focus from East Asia to Sub-Saharan Africa may begin as a result of future trends in production costs. It was clearly stated however that to take advantage of this possible shift those African nations concerned needed to adopt good governance principles to ensure that rents from foreign direct investment were directed towards the aforementioned horizontal improvements. In addition it was highlighted that the horizontal level investments made as part of the AfT initiative should continue. The new Agreement on

Government Procurement could also be utilised to carve out policy space with which nations could engage with value chains through multi-national companies (MNCs).

Jodie Keane presented a case study of the GVC within the Kenyan horticultural sector. It was recognised that value chains, if used effectively, could facilitate an introduction to trade or upgrade an existing position within the system. Aid for Trade, in turn, can be a useful tool for policy-makers to address market failures. In the Kenyan case, donors had been active long before AfT became known and several shifts have taken place as integration has occurred. Horticulturalists are now far more connected to the buyer which has an effect on the structure of production. Further to this horticulturalists have come under the scrutiny of an increased number of standards which act to exclude smaller producers. To counter this, in 2005-2006, donors began to subsidise the cost of certification for the standards but questions are raised concerning the sustainability of this action and the fact that attempts by Kenyan producers to organise are not recognised by international end markets. Based on this example the AfT initiative must look beyond infrastructural improvements and also focus on market access and asymmetry.

Frans Lammersen noted that reductions in tariff and no-tariff barriers, advances in information technology, public and private standards and increasing competitiveness in the transportation sector have driven changes in the way that firms carry out business. Production is no longer organised between countries but between tasks in international production networks. Mr. Lammersen proposed that these changes heralded a new phase of global trade, in which more regions of the world were taking a larger share of GVCs in terms of value added and employment. He remarked that GVCs have development potential depending on the thickness of a nation's borders (i.e. getting to the border, at the border and behind the border) and the political and institutional stability that lead firms require. Donors are supporting developing countries in addressing binding constraints in these areas in order to help them connecting and moving up regional and global value chains.

During the discussion that followed many of the discussants, including **Dr. Sok Siphana** referring to Cambodia, highlighted the beneficial side effects of value chains to development as they allow populations to embrace new skills and technology, thus building capacity. **Kent Wilska** and **Manab Majumdar** reiterated the importance of the AfT initiative in developing economies and increasing value along the chain. Mr. Majumdar further emphasised the linking role of AfT but emphasised that national policies are required to lay the foundations for the initiative to be truly effective. He stated that GVCs and investment should be attracted to a locale through good policy framework, but their prolonged stay is not guaranteed by the initiative alone. Many other enabling factors and complementary policies are required which are not under the purview of AfT. He concluded by questioning the limited resource capabilities of the initiative and raised issues concerning the sustainability of AfT after project cycle completion. When considering a number of countries in Latin America **Hernando José Gomez** highlighted that a number of nations are lagging behind when attempting to take advantage of GVCs. Particular limitations of note included information barriers, the lack of local capability to understand and comply with different standards and a range of transaction costs. In addition it was recommended that,

given the global nature of exports and the local nature of production, adequate provisions should be made at a local level to ensure that businesses (especially SMEs) can connect to GVCs.

Key Conclusions and Recommendations from Session I

It was recognised that a number of difficulties exist for nations to engage with GVCs although AfT does contain development potential and may act as a way to address these difficulties. A number of participants questioned the current operational mode of AfT and stated that efforts should be made to look beyond infrastructural improvements and focus on issues pertaining to market access, with standards-compliance being one of the pressing issues where AfT can step in. Discussion also centred on the necessity of supporting the local level to ensure that institutional capacity is built to take advantage of GVCs.

Session II: Increasing the Effectiveness and Impact of Aid for Trade

Starting from some direct experiences from the ground, this session debated how best increasing the effectiveness and impact of AfT. The session was divided in two panels: the first looked at productive capacities, whereas the second at infrastructure development and trade facilitation.

Panel I: Enhancing Supply-side Capacities

Chair: **Pertti Ikonen**, Aid for Trade Coordinator, Ministry for Foreign Affairs of Finland

Speakers: **Jakob Engel** (Research Officer, ODI), **Dr. Vinay Ancharaz** (Senior Development Economist, ICTSD), **Dr. Ratnakar Adhikari** (Chief Executive Director, South Asia Watch on Trade, Economics & Environment).

Discussants: **Marco Tulio Molina Tejada** (Minister Counselor and Deputy Representative, Permanent Mission of Guatemala), **Sarah Jane Danchie** (Policy Analyst, African Centre for Economic Transformation, Ghana), **Michael Roberts** (Counsellor, WTO).

Jakob Engel opened the discussion drawing on a recent working paper produced by the ODI (“Increasing the Effectiveness of Aid for Trade”) he outlined the approaches taken at the project- and macro-level in attempting to evaluate the effectiveness of AfT. Drawing on -level case study work that the ICTSD and others have carried out, as well as recent evaluations of the Finnish and Swedish AfT programmes, he examined some of the frequent and recurring barriers in AfT effectiveness along different stages of the project cycle (including when identifying AfT priorities, structuring delivery, programme design and implementation, and during monitoring and evaluation). Despite the recognition within the academic

literature that AfT can be effective at addressing supply-side constraints there were large limitations to the way in which it is currently implemented. These limitations relate to donor-recipient relations, as well as issues pertaining to inter- and intra-institutional coordination within donor agencies, within recipient country ministries, and between governments and RECs. He pointed to the fact that according to ICTSD's country studies, for instance, AfT programme design often copied previous successful forms and did not appear willing to support new programmes or focus on country-specific needs. In addition to this, significant challenges to the monitoring and evaluation of AfT programmes were highlighted and included the lack of baseline data with which to measure progress against, and the lack of rigorous impact evaluation methods. Mr. Engel's presentation concluded by suggesting that there has been neglect thus far in recognising that AfT effectiveness needs to be examined not only in relation to specific supply-side constraints it is attempting to alleviate, but also in terms of the frequently conflicting incentive structures and coordination failures within the complex national and regional political systems within which AfT projects and programmes are embedded. As such, donor action requires coordination, and much beneficial progress could be made as a result of analysing and identifying a clearer typology of potential political economy barriers to the effectiveness for AfT projects.

In building upon the points raised previously **Dr. Vinaye Ancharaz** commented on the overarching effects of the AfT initiative to date. He noted that when measuring AfT against Official Development Assistance the WTO initiative has performed poorly with little additionality and a tendency for disbursements to trail behind commitments. In highlighting the work of the ICTSD in this field Dr. Ancharaz again drew the participant's attention to the broad definition by which AfT is treated. He added that when evaluating success those attempting to do so were faced with a lack of information but, despite this disadvantage, it was clear that where AfT funds could be classified as additional they were considered more effective. In comments concerning the ability of national governments to engage with the initiative it was stated that absorptive capacity, especially in LDCs, was a critical factor in determining effectiveness. The application of the principles of (political) ownership and the mainstreaming of trade were also considered important by Dr. Ancharaz who emphasised the critical nature of ensuring that donor actions were coordinated. Suggestions concerning a way forward for the AfT initiative included the need to recognise the interests of its recipients, allowing countries to gain increased input into project design.

Dr. Ratnakar Adhikari began by stating that previous trade-related aid initiatives have not been as effective as hoped in addressing the supply-side constraints of export expansion in LDCs. Through the use of evidence from the academic literature Dr. Adhikari drew on examples from the Indian subcontinent to identify current problems with the current AfT regime. In the case of Bangladesh it was noted that its AfT demand outstrips supply for trade-related infrastructure programmes. Nepal's limited improvement in its supply capacity can be seen as the result of a limited success in the capacity of the initiative to enhance productivity or exports. It was suggested that ways forward for the AfT initiative could be pursued by reframing the initiative as an entitlement rather than charity. A call was also made for the closer adherence of AfT to the Paris Declaration principles along with comprehensive needs assessments, substantive trade mainstreaming and improved coordination at all levels.

The ensuing discussion raised a number of significant questions over the effectiveness of AfT. **Marco Tulio Molina Tejeda** highlighted Guatemala's AfT story commenting that the nation has learnt many lessons from the capacity of AfT to add value in the production chain. He agreed with many of the speakers in that it was difficult to address supply-side issues and saw the need for an increase in institutional capacity. He echoed the need to question various facets of the AfT system including the fact that it neglects assisting with issues such as dispute settlement and trade remedies. In his view both trade policy and foreign aid policy must be comprehensive, aligned and interrelated. As example he mentioned that a country focusing in facilitating trade might have an incomplete strategy if that country is not capable to offset the effects of unfair trade practices or it cannot open new opportunities in other markets for its exports. It was also emphasised that the initiative should be incorporated into foreign aid policy but is not yet fully understood by government officials and the private sector. He believes that the main problem in taking full advantage of aid for trade is, perhaps, that governments and the private sector face some difficulties in understanding and defining their own priorities. **Sarah Jane Danchie** explained to participants the results of applying the ICTSD/SAWTEE methodology on evaluating the effectiveness of AfT in Ghana. She stated that the initiative had increased exports of non-traditional products, particularly in the agriculture sector, but it was difficult to isolate the impacts of AfT from the broader trade and economic trends. Concerns were raised over whether unpredictable AfT had succeeded in crowding out aid to other sectors in a country where ownership of the scheme is less than impressive. Mention was made of the increased nature of South-South cooperation but again any analysis of its effectiveness was hampered by limited data. In accepting the challenges in front of the AfT agenda **Michael Roberts** also agreed that trade mainstreaming was at the heart of the initiative, as highlighted in the previous AfT reviews. In addition, he stated that one must place AfT in context when examining issues relating to causality.

Key Conclusions and Recommendations from Session II, Panel I

Presentations from speakers and a number of discussants highlighted the need for more studies on the effectiveness of the AfT initiative. The need to recognise AfT not as a panacea but in context during its evaluation was also raised.

Panel II: Infrastructure Development and Trade Facilitation

Chair: **Dr Vinay Ancharaz**, Senior Development Economist, ICTSD

Speakers: **Dr. Joy Abrenica** (Associate professor at the University of the Philippines, Fellow at the Center for the Advancement of Trade Integration and Facilitation), **Mark Pearson** (Programme Director, TradeMark Southern Africa), **Professor Jaime de Melo** (Fondation pour les Études et Recherches sur le Développement International).

Discussants: **Kaliza Karuretwa** (Director General, Trade and Investment, Ministry of Trade and Industry of Rwanda), **Christian Kingombe** (Chief Regional Integration Officer, African Development Bank), **Selina Jackson** (Special Representative to the UN and the WTO, the World Bank), **Sofie Hermann Flensburg** (Attaché, Danish Mission to the UN and WTO).

In commencing the session on infrastructure development and trade facilitation **Joy Abrenica** introduced participants to the recent country study on the Philippines' AfT use, which is part of ICTSD's countries' assessments. Dr Abrenica highlighted the fact that despite the country's strong commitment to economic liberalisation (two thirds of tariff lines carry a MFN rate of 0-5%) trade has become stagnant compared to its neighbours and the country has performed badly in the World Bank's *Doing Business* reports. It was proposed that constraints existed in many forms including unsustainable funding (especially concerning road maintenance) and the poor government implementation of projects. A number of measures had been made to improve the effectiveness of AfT measures primarily aimed at building institutional capacity and making aid contingent on reform in this area. However, threats to reform persist through continued political interference and regular changes in project leadership. Despite very little appreciation of the role of trade facilitation within the national government it was identified that future efforts be centred on the evaluation of AfT programmes, the coordination of donors and the incorporation of civil society into the project cycle to assist in performance monitoring.

Mark Pearson firstly noted that AfT acted as an important way of framing trade within a development context. When looking at Sub-Saharan Africa Mr. Pearson proposed that the easily reachable benefits of AfT could be found not in improving infrastructure but in managing trade facilitation (through improving cross-border trade for example where procedures are starting to have an effect on crossing time). He highlighted a number of possible projects which the initiative may be able to assist with, linking with overarching development objectives in the region including road and railway improvements, energy requirements and the development of seaports. In concluding a large emphasis was placed on the ability of the private sector to assist with projects they themselves will benefit from and the need once again to pursue a more flexible approach from AfT donors.

Professor Jaime de Melo emphasised the wealth of econometric case study material concerning AfT. He expanded upon modelling techniques to gauge the effect of trade facilitation and the implementation of tariff measures. Professor de Melo repeated the difficulty in attributing causality when evaluating the success of AfT and continued the call for new and improved data sources. In a modelling exercise looking at transport prices and costs along four African corridors he noted that maintenance costs may not be as important as previously thought as a proportion of infrastructure spending, having implications for the way in which AfT initiatives are targeted. He finally called for greater action on the results of case studies which may change the paradigm from issues such as road rehabilitation to road maintenance containing an emphasis on 'soft' rather than 'hard' infrastructure.

In the discussion that followed participants expanded upon the insightful critiques provided by the speakers. **Kaliza Karuretwa**, in utilising the example of AfT in Rwanda, stated that many improvements were taking place partly as a result of national government commitment towards corruption and the ambitious elimination of non-tariff barriers. **Christian Kingombe** highlighted the work of the African Development Bank in AfT. He noted that the first AfT Global Review in 2007 showed that the state of cross-border infrastructure did not currently lend itself to economic development. Mr. Kingombe proposed that regional development banks had a large role to play in the effective delivery of AfT due to their ability to facilitate the delivery of trade-related financial and technical assistance, scale up funding for trade-related infrastructure and expand trade capacity building programmes. He highlighted the rising profile of regional capacity building operations carried out by the African Development Bank and the traditional dominance of West and East Africa within its portfolio. **Selina Jackson** echoed the sentiments of previous speakers and stated that the efforts by the AfT initiative can and do open up the global economy. She stated, in line with earlier comments, that trade facilitation deal should be viewed as part of a larger global trade picture. **Sofie Hermann Flensburg** emphasised the need to support regional integration initiatives. Important questions were raised regarding the afflictions suffered by AfT compared to other ODA and the ability of South-South cooperation to function more effectively than traditional relationships. In concluding she proposed that AfT must maintain a focus on development and poverty reduction with an acute understanding of national and regional requirements.

Key Conclusions and Recommendations from Session II, Panel II

There was a general call for proponents of the AfT initiative to begin to look more regionally in terms of project implementation. Issues concerning the difficulty in engaging with the private sector were also raised with an emphasis from some quarters placed on a switch in investment from hard to soft infrastructure.

Launch of Finland's Aid for Trade Action Plan 2012-2015

At the end of the first day, Finland presented its new [Aid for Trade Action Plan for 2012-2015](#) “Creating jobs through private sector and trade development.” The new Action Plan renews Finnish Aid for Trade in line with the Government’s new Development Policy Programme. Supporting the trade capacity of developing countries is also included in the objectives of the Government’s Action Plan on External Economic Relations. The main objective of the Action Plan is to facilitate the creation of decent jobs and opportunities for entrepreneurship in order to eradicate poverty. Particular attention is paid to employment and entrepreneurship opportunities for women and young people, as well as supporting the poorest countries in their efforts to benefit from trade and investment. Finland will also invest increasingly into improving gender equality and the status of women, reducing inequality and ensuring climate sustainability in our Aid for Trade.

Day 2 Session III: Roundtable Discussion on the future of Aid for Trade

Moderator: **Dr. Sok Siphana**, Advisor of the Royal Government of Cambodia, Supreme National Economic Council

Speakers: **Sigfrido Lee** (Vice-Minister of Economy of Guatemala), **Frans Lammersen** (Principal Administrator, Development Cooperation Directorate, OECD), **Professor Olivier Cadot** (Fondation pour les Études et Recherches sur le Développement International).

Panellists: **Matti Anttonen** (Director-General, Department for External Economic Relations, Ministry of Foreign Affairs of Finland), **Sumana Hussain** (Economic Advisor on Aid for Trade, Department for International Development, United Kingdom), **José Estanislau do Amaral** (Minister Deputy Permanent Representative, Permanent Mission of Brazil to the WTO), **Dr. Sun Tongquan** (Rural Development Institute, Chinese Academy of Social Sciences), **Joshua Setipa** (Chief Executive Officer, Lesotho National Development Corporation), **Magdi Farahat** (Principal Advisor on Trade, Geneva Inter-Regional Advisory Service, Financing Development, UNECA).

This roundtable provided an overview of the emerging issues around the delivery of AfT, in view to the next Aid for Trade Global Review in 2013. Panelists debated over current trends; South-South cooperation; monitoring and evaluation systems – with a view to deliver more and better Aid for Trade, among others.

Vice-Minister Sigfrido Lee opened the session using the case study of Guatemala to indicate that AfT does not always adhere to national priorities. Significant barriers to AfT effectiveness also existed due to a lack of systematised information, little appropriation of ideas, a lack of institutional capacity to take advantage of aid and the time lag for effects to be shown. He commented that due to complicated cross-effects answers to many questions concerning the effectiveness of AfT were not easy to find. He called for better evaluation against the backdrop of changing international conditions, an improvement in infrastructure after institutions had been strengthened and a more sustainable engagement with the private sector.

Frans Lammersen began by noting that the future of ODA looked bleak as recent trends indicate a decrease in commitments; furthermore problems in the delivery of aid remained due to the inherent imbalance in the power relationships. However, Mr. Lammersen stated that the aid for trade community has much to be proud of amongst others by putting local ownership, accountability and management for results at the centre of the Initiative. He suggested that future efforts should be made to ensure that trade is seen as a worthwhile issue on the development agenda. Furthermore, he suggested continuing focussing on the importance of the regional perspective on aid for trade. He also suggested that the aid for trade agenda offers great potential in engaging providers of South-South cooperation along the lines of the Busan Global partnership for Effective Development. Mr. Lammersen concluded by proposing to find ways of further engagement with the international private sector.

In attempting to maintain momentum for Aid for Trade against growing budget pressures in donor countries **Professor Oliver Cadot** indicated that it must show value for money, something which the sector has not been strong in doing thus far. Concerning the evaluation of AfT it was noted that the initiative is lagging behind other areas, partly due to the need to adapt impact evaluation methods to trade contexts. He outlined the way impact evaluation can help overcome identification problems mentioned by previous speakers in the attribution and causation of effects related to AfT and suggested that there was substantial scope for applying impact evaluation techniques provided that analysts were not dogmatic in their approach. A note of caution was made regarding a possible negative effect of over-reliance on evaluation on the willingness of donors and project managers to experiment with new approaches. In conclusion, Professor Cadot proposed that efforts be made towards providing AfT project design guidelines and working to reduce the cost of impact evaluations.

DG **Anttonen** emphasised the importance of trade and thin borders for small nations to be discussed in the context of future of AfT. He stated that in engaging with the private sector, AfT has a role to play in contributing to growth. Sumana Hussain recognised that there are limited financial resources but the amount of resources available is of less importance than how to use them to maximise impact. A small amount of aid can be a catalyst to have a large impact, and in future donors and partners will need to be more innovative in our use of aid for trade and get better at monitoring and evaluation to ensure that the limited resources available are put to best use. She also highlighted the growth in DfID commitment to AfT over the last five years. **José Estanislau do Amaral** commented on the important nature of South-South cooperation in Brazilian foreign policy in the context of AfT and proposed that these relationships should not be viewed through the traditional lens of ODA. He also highlighted the important non-conditionality and increased involvement of recipients accompanying much South-South cooperation. In presenting his research on the impact of trade on poverty alleviation **Dr. Sun Tongquan** reminded participants to think carefully about the effects of AfT on the poor. Firstly, in his views AfT do not benefit the poor directly, because the poorest section of the population in a country does not have the same position as the rich one in terms of benefiting from this form of aids. Secondly, since the poor are at the lowest level in GVCs, for small farmers in LDCs and other low income economies it is extremely difficult to benefit from GVCs. For this reason, small farmers are more likely to benefit from domestic or regional markets, rather than global ones. In this sense, AfT is more effective if it enhances domestic or regional markets. Moreover, farmers and small scale producers in LDCs and other low income economies have very little power in international trade negotiations, in contrast with large farmers from developed countries which are represented in sector associations. Therefore, small farmers should be supported to get organized so that they can strengthen their power in order to make the trade system more equitable and sustainable. Disparities concerning AfT within a nation were also highlighted when directly linked to the Chinese case. Dr. Sun stated that there was a distinct imbalance between east and west China with the western parts of the country experiencing a disconnection from GVCs. **Joshua Setipa** provided an overview of Lesotho's experience in relation to AfT. He stated that it was difficult to engage in many market access opportunities due to the nations' landlockedness and the fact that attempts at regional integration were hampered by the failure of its neighbours to share the same concerns. Further South-South cooperation was also called upon along with the recognition that such relationships do not necessarily require the mobilisation of significant amounts of capital. In concluding comments Mr.

Setipa also identified the gap between AfT commitments and disbursements and highlighted examples of successful private sector engagement. **Magdi Farahat**, in comments concerning Africa as a region, stated that the continent was unique in that a 'developed' parent nation did not exist to guide other nations within the region. He drew the participants' attention to the work of the UNECA in addressing transport corridor challenges and noted the role of the public sector in providing space for the private sector to engage, especially in the field of services. Mr. Farahat also called for greater coordination among donors and proposed that benefits could be gained from educating the private sector with the hope of maximizing the impact of the initiative.

Key Conclusions and Recommendations from Session III

Participants emphasised that the trade community has much to be proud of concerning AfT. The call for efforts to further the capacity and ability of bodies to improve monitoring and evaluation methods continued. Significant note was made of the need to consider the role of AfT within a broader development context, not forgetting its potential for poverty alleviation. The change in global economic situation and trade patterns also induces other strands of thinking on the future of AfT – this includes linkages to environment, South-South cooperation, greater emphasis on regional dimension of trade capacity building, and better targeting of problems facing the trading private sector.

Closing Session

Ambassador Päivi Kairamo-Hella (Permanent Representative of Finland to the United Nations and other international organisations and the WTO), **Christophe Bellman** (Programmes Director, ICTSD)

Ambassador Päivi Kairamo-Hella noted with confidence that the discussions held at this forum will facilitate and inform discussion during the Fourth Global Review of AfT in July 2013.

Christophe Bellman reiterated the fact that a greater emphasis is needed concerning the ability of trade to facilitate development. He welcomed the ability of AfT to shine a spotlight back on this important area for development and stated that attention should be given to promote the productive sector. In concluding comments Mr. Bellman emphasised the need for continual efforts towards maintaining the productive momentum currently exhibited by the AfT initiative.