

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT CENTRE
TRADE DIRECTORATE

Cancels & replaces the same document of 16 June 2006

**POLICY DIALOGUE BETWEEN OECD MEMBERS AND NON-MEMBERS ON AID FOR TRADE:
FROM POLICY TO PRACTICE****Proposal for a 2 day event in Doha, Qatar, November 2006**

The original document [COM/DCD/TD/RD(2006)1/RD1] has been revised in light of discussions at the June 1st Joint Meeting of the Development Assistance Committee and the Trade Committee Working Party on Aid for Trade. It is being circulated for APPROVAL on a no objection basis. If the Secretariat does not receive comments to the contrary from the Members by 11 July 2006, this document will be deemed approved.

The document contains information regarding the background, and a draft agenda of the proposed Policy Dialogue with Non-Members. The event will be organised by DCD and DEV, in co-operation with ECH. It would bring together stakeholders from both developing and developed countries to exchange views and experiences on how to make 'Aid for Trade' an effective tool to help developing countries further their integration into the world economy and benefit from WTO agreements.

The current document is also submitted for information at the 852nd session of the Development Assistance Committee on 28 June 2006 and at the 144th session of the Trade Committee on 29-30 June 2006.

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POLICY DIALOGUE BETWEEN OECD MEMBERS AND NON-MEMBERS ON AID FOR TRADE: FROM POLICY TO PRACTICE

The aim of this Policy Dialogue between OECD Members and non-Members on Aid for Trade is to bring together a wide range of stakeholders from developing and developed countries to share experiences and information on how best to support developing countries' trade expansion and make it an engine of economic growth and poverty reduction. The objective is to provide developing countries' participants, and especially those who have not so far been part of the debate, the opportunity to ensure that their experiences in using donors' support to increase the benefits from WTO agreements do actively contribute to the operationalisation of the December 2005 Hong Kong Aid for Trade Initiative.

In addition, this Dialogue will provide an opportunity to seek feedback and input from partner countries on the OECD's 2007/08 planned work on trade and development issues. It will also offer an opportunity to assess the value-added that such events can bring to the development of good practices in Aid for Trade with the view of holding a series of OECD regional seminars during the 2007/08 planned work on trade and development.

Background

International trade, when coupled with domestic reform and sound macroeconomic policies, can be a powerful engine in promoting sustained economic growth, employment opportunities and poverty reduction. This has been demonstrated in a number of developing countries that have achieved impressive economic growth rates and substantial reductions in poverty. However, some developing countries are experiencing difficulties in capturing the benefits of more open trade. In these countries, governments, institutions and enterprises often lack the capacity, *e.g.* information, policies, procedures, institutions and/or infrastructure, to compete effectively in increasingly competitive global markets and take full advantage of the opportunities that are provided through international trade.

The deliberations that surrounded the launch of a new round of multilateral trade negotiations in late 2001 showed that development concerns have now moved to the centre stage of the multilateral trading system. The agreement to put developing countries' priorities at the centre of the 2001 Doha Development Agenda (DDA) further highlighted the challenge of how to address development concerns in the multilateral trading system, and in particular how to help developing countries overcome their trade-related institutional, human resource and supply capacity needs. The 2005 Hong Kong Ministerial Declaration agreed that Aid for Trade should aim to help developing countries to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO agreements and more broadly to expand their trade. Aid for Trade cannot be a substitute for the development benefits that will result from a successful conclusion to the DDA, particularly on market access. However, it can be a valuable complement to the DDA.

Dates and Location

To ensure maximum relevance, the OECD Policy Dialogue will be organised after the September annual Bank-Fund meeting (which will, *inter alia*, discuss Aid for Trade) and before the December WTO General Council meeting (which will put into place the Aid for Trade package and the enhanced IF). The

event is planned to take place in Doha, Qatar on 2-3 November, in partnership with a local regional research institution.

Background Documentation

The following analytical work will be distributed as background documents:

- The analysis of different elements concerning Aid for Trade undertaken by DCD and TD which also proposes for the creation of Aid for Trade partnerships based on local accountability and global monitoring to ensure effectiveness [COM/DCD/TD(2006)4/REV1]. In addition, a collaborative work between DCD and TD has analysed the developmental benefits of trade facilitation and ways to deliver donor support effectively. Finally, the OECD's 2005 work on Trade and Structural Adjustment (TASAP) and its follow-up work are also relevant for the current discussion on Aid for Trade.
- The analysis of national policy responses to strengthening productive and trade capacities on the basis of the seven country case studies (Mali, Mozambique, Tanzania, Senegal, Uganda, Zambia, Viet Nam) undertaken by DEV. The objectives were two-fold: (i) to discuss various aspects of aid-trade linkages from a country perspective and to point to the corresponding national policy responses that might lead to better development outcomes in terms of growth and poverty reduction; and (ii) to take stock of the progress that has been achieved in trade-related technical assistance and capacity building programmes for export diversification and private sector development.

Organisation of the Meeting

The morning session of the first day (Session I) will set out the key challenges for Aid for Trade in terms of the economic, political and implementation aspects (*“the policy”*). The objective of this session is to take stock of the emerging Aid for Trade framework from the WTO and the IMF/WB Development Committee processes, discuss the main implications for donors and partner countries, and enable a broad range of participants from the field to assess how their experiences can be best fed into the policy process.

The afternoon session of the first day and the morning session of the second day (Sessions II and III) will address the practical aspects of implementing Aid for Trade (*“the practice”*). In these sessions, participants, particularly from the case study countries, will discuss the inter-linkages of Aid for Trade with structural adjustment, private sector development, building supply-side capacities, facilitating trade and the role of donors to address these challenges. These issues will be discussed in four breakout group sessions. These sessions would aim at discussing developing countries' experiences in these trade policy areas and in the design and implementation of Aid for Trade programmes.

The final session will address the question on how to make sure the emerging framework on Aid for Trade responds to the challenges identified by policy makers and practitioners in developing countries and increase aid effectiveness. The need for a virtual “knowledge hub” for exchanging ideas, information and lessons learned will also be discussed.

Immediate Output

An OECD Policy Brief on the outcomes of the Policy Dialogue is envisaged.

Participants

The Policy Dialogue will bring together development and trade policy-makers from developing and developed countries, aid practitioners from headquarters and field level, and stakeholders from the private sector, academia and civil society from Africa, Asia and Latin America.

This would not only include participants from the case study countries (Mali, Mozambique, Tanzania, Senegal, Uganda, Zambia, Viet Nam) but also from a range of other LDCs and developing countries. Participants will come from both policy making and policy implementation areas of development with the objective of sharing and learning from lessons of experience and translating these into policy responses.

Resource implications

The total cost of the OECD Policy Dialogue, including the cost of inviting speakers from developing countries, is funded through voluntary contributions (VCs). The Qatari institution has kindly offered to provide the conference facility and to cover local logistical expenses.

Draft Agenda

DAY 1

10:00-10:30 *Introduction*

Welcome and opening remarks

- *Key note speaker* : From the co-host (tbc)
- *Key note speaker* : Mr Angel Gurría, Secretary-General, OECD (tbc)

SESSION I: AID FOR TRADE – ANYTHING NEW?

This session will set the stage by providing an overview of recent developments in the Aid for Trade agenda (including its scope) and key challenges ahead in terms of the economic, political and implementation aspects. Both donors and partner countries will present their views on the debate on Aid for Trade.

10:30-10:50 **Achieving the Development Dimension of the WTO Doha Round**

- *Lead speaker* : WTO (tbc)

10:50-11:10 **Partner Country Perspectives on Aid for Trade: What benefits do developing countries expect from an expanded Aid for Trade agenda and how to get there**

- *Lead speaker* : (tbc)

11:10-11:50 **Donors Perspectives on Aid for Trade: What impact will Aid for Trade have on donors' strategies**

- *Lead speakers* : Bilateral donor (tbc)
World Bank / IMF (tbc)

11:50-12:10 **Developing Country Business Perspectives on Aid for Trade: What impact will Aid for Trade have on the private sector in developing countries**

- *Lead speakers* : Developing country private sector representative (tbc)

12:10-13:00 **Open Discussion**

13:00-15:00

Lunch Break

Draft Agenda

DAY 1

SESSION II : CAPTURING THE BENEFITS OF TRADE – HOW CAN AID HELP? (PART 1)

This session and the next will address the inter-linkages of Aid for Trade with structural adjustment, private sector development, building supply-side capacities, facilitating trade and the role of donors to address these challenges, on the basis of the country experience from the seven case studies (Mali, Mozambique, Tanzania, Senegal, Uganda, Zambia, Viet Nam) and other new/existing work in the OECD. Participants will be asked to break out into four discussion groups with the objective of presenting per thematic area how donors and recipient countries have worked together in specific country context to maximise the benefits from trade liberalisation and WTO agreements for development.

15:00-18:00 Breakout Discussions on Cross-Cutting Thematic Areas

Discussion Group 1: The Right Policy Environment

Issues to consider include:

- ❖ What are the domestic factors that you consider most critical to maximise the benefits from more open trade?
- ❖ Why can some countries do better than others in facilitating and sustaining structural adjustment?
- ❖ How best can aid contribute to improving domestic policy environment?

Moderator : (tbc)

Speaker I : Lessons from the Trade and Structural Adjustment Project (tbc)

Speaker II : The Interaction of Trade and Aid Policies: Country Experiences (tbc)

Discussion Group 2: Eliminating Bottlenecks to Private Sector Development

Issues to consider include:

- ❖ What needs to be done on a priority basis in addressing supply-side constraints?
- ❖ How existing aid schemes can be best utilised for private sector development?
- ❖ What lessons can be drawn from recent country experiences?

Moderator : (tbc)

Speaker I : Supply-side Capacity (tbc)

Speaker II : Agribusiness in Mali and Senegal: What works, what doesn't (tbc)

18:00-20:00

Evening Reception

Draft Agenda

DAY 2

**SESSION III : CAPTURING THE BENEFITS OF TRADE –
HOW CAN AID HELP? (PART 2)**

10:00-13:00 Breakout Discussions on Cross-Cutting Thematic Areas

Discussion Group 3: Aid for Trade Facilitation and Export Capacity Building

Issues to consider include:

- ❖ What are the benefits (and costs) of trade facilitation?
- ❖ What can (and should) developing countries do in promoting export diversification, notably in agriculture and agribusiness?
- ❖ How best can donors help them do so?

Moderator : (tbc)

Speaker I : Reducing Trade Costs: Trade Facilitation (tbc)

Speaker II : Increasing Agricultural Exports: Lessons from Tanzania and Zambia (tbc)

Discussion Group 4: Designing Effective Aid for Trade Programmes

Issues to consider include:

- ❖ What are the most effective means to identify the binding constraints to trade?
- ❖ How to turn expectations into concrete commitments?
- ❖ How best to maximise the impact of donors' commitments?
- ❖ How to ensure effective monitoring and evaluating of results?

Moderator : (tbc)

Speaker I : Identifying where Financial Support will be more Effective (tbc)

Speaker II : Challenges in Managing for Results (tbc)

13:00-15:00

Lunch Break

Draft Agenda

DAY 2

15:00-15:30 Moderators to report back from the breakout sessions with recommendations

SESSION IV : MOVING FROM PRINCIPLES TO PRACTICE

This session will address how to put the aid effectiveness principles into practice and focus on how to assess and monitor in practice the progress made in Aid for Trade. At this juncture, the OECD Secretariat will introduce its proposals for the creation of an Aid for Trade partnership based on local accountability and global review, and for the development of a knowledge hub for sharing good practices.

15:30-17:00 New Partnership Framework to Promote and Monitor Aid for Trade

Issues to consider include:

- ❖ How can the delivery of Aid for Trade be improved?
- ❖ What role should the OECD play in this regard?
- ❖ How can we build and share knowledge? Do we need a knowledge hub based on peer-to-peer learning?

Chair : Mr. Richard Manning, DAC (tbc)

Presentation : How to Make Aid for Trade Effective

Discussion : All participants

17:00-17:45 Chairs' Wrap-up

Chairs : Ambassador Mia Horn af Rantzien, WTO Aid for Trade Task Force (tbc), Mr Richard Manning, DAC (tbc) and a developing country representative (tbc)

17:45-18:00 Closing remarks : By the Qatari co-host (tbc)