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DEVELOPMENT CO-OPERATION DIRECTORATE  
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**Proposed 2007/8 joint DAC/TD PWB on Aid for Trade**

*This document CANCELS AND REPLACES DCD/DAC(2006)38/RD1*

*This note is submitted FOR INFORMATION to the 22 September meeting of the DAC under item 4 of the agenda [DCD/DAC/A(2006)10].*

*In light of the July 2006 Recommendations of the WTO Task Force on aid-for-trade, this note suggests to create a DCD/TD joint account, outside the DAC system of accounts, which would be used to finance a two-year project post at the principal administrator level in the Trade Directorate and outreach activities, which would be managed jointly by the two directorates. A detailed proposal for the 2007/8 joint DAC-TC PWB will be submitted for discussions at both committee meeting in October.*

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## PROPOSED 2007/8 JOINT DAC-TD PWB ON AID FOR TRADE

The July 2006 Recommendations of the WTO Task Force on aid-for-trade highlight the Paris Declaration on Aid Effectiveness as the guiding principle for the expansion and delivery of aid for trade. Furthermore, the Task Force has invited the OECD to provide input into the periodic Aid for Trade review in the WTO.

In their Joint Statement to the IMF/WB Development Committee, Secretary General Gurría and the DAC Chair expressed the Organisation's willingness to contribute to the implementation process on Aid for Trade, to improve the monitoring of commitments through the joint WTO/OECD database, to integrate trade issues more effectively in aid programmes, to strengthen expertise both in the field and in capitals, and to develop tools for results based management of Aid for Trade programmes.

The DAC contribution to the proposed joint work on aid-for-trade is listed in its draft PWB 2007/8 under output area 5.1.3. *Poverty reduction, growth and trade, output result 2 trade and development: policy guidance on delivering effective Aid for Trade*. As specified in the PWB, voluntary contributions estimated at € 364 000 are needed to supplement Part 1 resources.

While there is thus significant aid-for-trade work already incorporated in the DAC PWB, neither the Trade Committee nor the DAC PWBs for 2007/8 provide for the joint work needed to follow-up the WTO Task Force conclusions, since the outcome of the Geneva process could not be foreseen. The Trade Directorate and the DCD estimate that the needs are for:

- a two-year project post at the principal administrator level to be fully financed by VCs to respond to the proposed joint programme (€ 268 000)
- outreach activities and recipient country participation, which are crucial elements for the successful implementation of the joint programme (€ 200 000 for the biennium).

It is proposed to create a DCD/TD joint account, outside of the DAC system of accounts which would be used to finance the project post and the outreach activities, which would be managed jointly. A detailed proposal for the 2007/8 joint DAC-TC PWB will be submitted for discussion at the October meeting of the DAC and the Trade Committee.