

Wednesday 16 - Thursday 17 January 2013

OECD Conference Centre • Paris, France

POLICY DIALOGUE ON AID FOR TRADE

AGENDA



OECD POLICY DIALOGUE ON AID FOR TRADE

16 – 17 JANUARY 2013

OECD CONFERENCE CENTRE, PARIS

Organised by the OECD
Development Co-operation and Trade and Agriculture Directorates,
in collaboration with the Government of Sweden and the Overseas Development Institute
with the support of the European Commission

AGENDA

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www.oecd.org/dac/aidfortrade/aidfortradepolicydialogue2013.htm

BACKGROUND

The Aid for Trade Initiative has galvanised broad based engagement from the international donor community to help developing countries, and in particular the least developed, overcome the structural and capacity limitations that undermine their ability to maximise the benefits from trade opportunities. Successive Global Reviews have provided clear evidence that the Initiative has resulted in integrating and prioritising trade in development strategies, in increasing commitments (USD 45 billion in 2010) to tackle the bottlenecks that undermine the ability of local producers to access regional and global markets and that these programmes have bettered the livelihood of many men and women in developing countries.

Since the launch of the Initiative in 2005, there have been rapid changes in trade patterns due to the transformation of the strategic framework, from countries to firms and global value chains; the economic framework, from industries to tasks and business functions; the economic endowments from stocks to flows; and the trade barriers from public to private – changes that accelerated after the 2008-09 economic crises. The Global Partnership for Effective Development Co-operation, launched in 2012, provides a new framework for strengthening efforts to help developing countries in leveraging and improving the results of diverse forms of development finance and ensuring that all these have a catalytic effect on trade and development.

OBJECTIVES

The OECD Policy Dialogue will bring together a wide range of stakeholders (*i.e.* policy makers, practitioners, academics, the private sector and civil society) from developing and developed countries, including providers of South-South co-operation to discuss what needs to be done to continue delivering aid for trade results in this changing international environment for trade and development.

The Policy Dialogue will contribute to ensure that aid for trade remains relevant for its purpose by:

- ❖ delivering and managing aid for trade and development results;
- ❖ easing the binding constraints to trade expansion;
- ❖ promoting regional aid-for-trade programmes;
- ❖ reducing the thickness of borders;
- ❖ linking to value chains; and
- ❖ engaging the private sector.

FORMAT

Sessions will be introduced by a keynote speaker or start with a discussion by a panel comprised of representatives from partner countries, donor agencies, the private sector and providers of South–South co-operation. After the panel discussion the floor will be opened for a moderated debate to give participants an opportunity to discuss general and/or specific challenges, so that everyone can engage in peer learning through knowledge-sharing.

WEDNESDAY 16 JANUARY 2013

08:00 – 09:00	Registration
09:00 – 10:00	Welcome and Opening Remarks: Angel Gurría, Secretary-General, OECD Keynote address: Karel de Gucht, EU Trade Commissioner Keynote address: Pascal Lamy, Director General, WTO

10:00 – 13:00 **SESSION 1**

HOW TO MANAGE AID FOR TRADE AND DEVELOPMENT RESULTS

The 3rd Global Review of Aid for Trade and the 4th High Level Forum on Aid Effectiveness both stressed the need to better manage aid to achieve trade and development results. This demand to demonstrate the results of aid programmes has increased due to the severe budgetary pressure most OECD/DAC donors are facing. The OECD/WTO analysis of the aid-for-trade case stories highlights the positive results of these projects and programmes, but also highlights the conceptual difficulties in attributing trade and development outcomes and impacts to specific aid-for-trade interventions.

The OECD, in close co-operation with a number of partner countries has developed tools to open ‘the black box’ between aid-for-trade interventions and trade and development outcomes and impacts. The results chains allow for better measurement of progress towards trade and development targets through a menu of performance indicators.

The objective of the session is to contribute to the broad introduction of meaningful and comparable aid for trade results frameworks based on country systems, which allow for the tracking of progress at country-level and, at the same time, satisfy donor accountability.

- Issues for discussion**
- ❖ What kind of country-based results frameworks can track progress and provide mutual accountability in aid for trade?
 - ❖ How can progress towards trade and development objectives best be measured?

Moderator **Jon Lomøy**, Director, Development Co-operation Directorate, OECD

- 10:00 – 11:30** Panellists (in alphabetical order):
- **Enoch Hemans Cobbinah**, Chief Director for the Ministry of Finance and Economic Planning, Ghana
 - **Gabriel André Duque Mildenberg**, Vice Minister of Commerce, Colombia
 - **Clay Forau Soalaoi**, Minister for Foreign Affairs and External Trade, Solomon Islands
 - **François Kanimba**, Minister of Trade and Industry, Rwanda
 - **Cao Viet Sinh**, Vice Minister of Planning and Investment, Vietnam
 - **Ghulam Mohammed Quader**, Minister of Commerce, Bangladesh

11:30 – 13:00 Plenary discussion

LUNCH

HOW TO IDENTIFY AND PRIORITISE TRADE-RELATED BINDING CONSTRAINTS

Supply-side constraints curtail the capacity of low-income countries to use trade as an engine for economic growth, development and poverty reduction. However, political and financial resources to address these obstacles are scarce. Thus, identifying and quantifying the most binding supply-side constraints is critical to prioritise policy reforms and guide aid for trade towards investments that generate the highest returns. Furthermore, these reforms should be accompanied by complementary policies that will underpin both their sustainability and their positive impact on economic growth and development.

OECD has undertaken a number of studies to identify the binding constraints to trade expansion for low-income countries and in particular for landlocked countries, small and vulnerable economies, and commodity exporters. These studies have also assessed the impact of easing these constraints on trade performance and specifically on agricultural trade, which is critical for poverty reduction and food security of poor people in developing countries.

The objective of this session is to identify what policy reforms, together with aid-for-trade interventions, can do most to relax the binding constraints that prevent developing countries from improving their trade performance, especially in agricultural trade which remains the largest source of exports and of foreign exchange earnings in many developing countries.

- Issues for discussion**
- ❖ How can the binding constraints to trade expansion, particularly in agricultural goods be best identified?
 - ❖ How should this inform the prioritisation of policy reform in developing countries?
 - ❖ What are the essential complementary policies needed to underpin the policy reform and how can aid for trade help?

Moderator **Raed Safadi**, Deputy Director, Trade and Agriculture Directorate, OECD

Keynote speaker **Tim Groser**, Minister of Trade, Minister for Climate Change Issues and Associate Minister of Foreign Affairs, New Zealand

15:00 – 15:30

Panellists (in alphabetical order)

- **Carlos A. Primo Braga**, Professor and Director, Evian Group, IMD
- **Hans-Peter Egler**, Head of Trade Promotion, Economic Co-operation and Development, State Secretariat for Economic Affairs, Switzerland
- **Joyce K.G. Mapunjo**, Permanent Secretary, Ministry of Industry, Trade and Marketing, Tanzania
- **Dirk Willem te Velde**, Head of Programme, International Economic Development Group, Overseas Development Institute

15:30 – 16:30

Plenary discussion

HOW TO PROMOTE REGIONAL AID FOR TRADE

For a large number of low-income countries, openness to trade is increasingly being pursued through regional integration and co-operation efforts. The fast tracking of the Continental Free Trade Area to boost intra-African trade is an example of these efforts. This argues for complementing national aid-for-trade priorities with multi-country and regional approaches, a strategy that promises more wealth creation as highlighted by the WTO Task Force on Aid for Trade. Such approaches to overcome the drawbacks of small and fragmented markets of low-income countries' markets are also high on the agendas of the European Union and the United States.

While the rationale for regional aid-for-trade programmes is undisputed, many practical challenges remain. National programmes will not normally consider activities with strong international externalities and aid-for-trade programmes that are best implemented regionally may not take place because the benefits cannot be fully appropriated nationally. Consequently, most of the focus of the Aid for Trade Initiative has been at the national level. Instruments to support multi-country and regional programmes are much less well developed. It is clear that the national approach to aid for trade cannot simply be transferred to the regional level, where a host of specific issues apply.

The objective of the session is to learn from experience and identify best practices in strengthening the multi-country and regional components of national aid-for-trade strategies.

- Issues for discussion**
- ❖ How can better coherence between national and regional trade-related objectives be achieved?
 - ❖ How can the profile of regional trade-related binding constraints in national development strategies be raised?
 - ❖ What needs to be done to ensure that regional aid-for-trade strategies are effectively developed and implemented?

Moderator **Michael G. Plummer**, Professor, ENI Chair in International Economics, Johns Hopkins University, School of Advanced International Studies

Keynote speaker **Gunnar Oom**, State Secretary to Minister for Trade, Sweden

16:30 – 17:00

Panellists (in alphabetical order)

- **Patricia Francis**, Executive Director, International Trade Centre
- **Stephen P. Groff**, Vice-President Operations, Asian Development Bank
- **Hani Sonbol**, Deputy Chief Executive Officer, International Islamic Trade Finance Corporation
- **Joaquim Tres**, Integration and Trade Lead Specialist, Inter-American Development Bank

17:00 – 18:00

Plenary Discussion

RECEPTION

Hosted by Mr. Gunnar Oom, State Secretary, Swedish Ministry of Foreign Affairs

THURSDAY 17 JANUARY 2013

09:30 – 10:00

Keynote Address:

Anabel González, Minister of Foreign Trade, Costa Rica

Joe Costello, Minister of State for Trade and Development, Ireland

10:00 – 11:30

SESSION 4

HOW TO REDUCE THE THICKNESS OF BORDERS

During the last three decades, the integration of world markets has proceeded at a whirlwind pace. Sharply falling transportation costs and even more rapid declines in communication costs have created this new wave of globalisation. But this implies that getting to, through and past the border efficiently has taken on an added importance for economic growth and development. Unnecessary or unpredictable border procedures and trade regulations impose additional costs and time delays that stifle firm productivity and competitiveness even in otherwise well functioning markets with strong domestic supply-side capacities.

Reducing the thickness of borders in this broad sense has attracted the largest share of aid-for-trade commitments. To maximise the impact of these programmes, they need to be designed and aligned with domestic reform programmes and investments to address bottlenecks in both hard and soft infrastructure. For instance, modern ports cannot realize their potential for lowering trade costs without efficient customs offices and competent officials. And an otherwise open foreign investment regime will not attract private capital without reducing the thickness of borders. In both cases the broader policy environment is crucial for the effectiveness of investments.

The objective of the session is to exchange views on how low-income countries can best combine aid-for-trade programmes with public investments to reduce the costs in time, money, waste etc. that are incurred in getting to, through and past the border.

Issues for discussion

- ❖ What matters most in reducing the thickness of borders?
- ❖ How should aid-for-trade programmes align with domestic investment to address these obstacles and lower trade costs?

Moderator

Simon Maxwell, Senior Research Associate, Overseas Development Institute

10:00 – 10:30

Panellists (in alphabetical order):

- **Frank Matsaert**, CEO, TradeMark East Africa
- **Pradeep S. Mehta**, Secretary General, CUTS International
- **Khemmani Pholsena**, Vice Minister of Commerce, Lao PDR
- **Joakim Reiter**, Ambassador, Permanent Representative of Sweden to the WTO

10:30 – 11:30

Plenary Discussion

HOW TO ADAPT TO CHANGING PRODUCTION PATTERNS

Since the launch of the Aid for Trade Initiative in 2005, trade patterns have continued to change due to the further fragmentation of global production and the emergence of value chains in business strategies. On the one hand, the offshoring and outsourcing of production from developed country firms can provide a stepping stone for developing country firms to integrate into the global economy and can contribute to a significant increase in productive capacities. These opportunities arise especially for those developing countries that actively pursue policies to enable their private sector to link to regional and global value chains.

On the other hand, countries that are poor and distant and that compound their isolation through policy barriers to integration may well be left further behind. In these countries donors are increasingly focusing their private sector development programmes on helping to create the enabling environment for local businesses to connect to value chains and upgrade their capacities to increase their value added. With its focus on identifying opportunities to access and upgrade, the value chain approach to private sector development provides a comprehensive framework for policy and programme formulation.

At the same time, trade-related South-South co-operation and triangular co-operation have also increased in importance and are contributing significantly to delivering the objectives of the Aid-for-Trade Initiative. With aid budgets from OECD countries under pressure, these forms of trade related co-operation will likely assume increasing importance.

The objective of the session is to identify ways to ensure that aid-for-trade programmes to help low-income countries adapt to changing production patterns, and to discuss the growing importance of South-South and triangular co-operation in this respect.

- Issues for discussion**
- ❖ What needs to be done to help the private sector in low-income countries connect to value chains?
 - ❖ How can aid for trade help?
 - ❖ How should different development partners work best together?

- Moderator**
- **Matti Anttonen**, Director-General, Department for External Economic Relations, Ministry for Foreign Affairs of Finland

11:30 – 12:00

Panellists (in alphabetical order):

- **Debapriya Bhattacharya**, Distinguished Fellow, Centre for Policy Dialogue and Former Ambassador to WTO and UN Office in Geneva, Bangladesh
- **Virginia Brown**, Director, Office of Trade and Regulatory Reform, USAID
- **Jorge Daccarett Bahna**, Executive Director, Chilean International Co-operation Agency
- **Sorasak Pan**, Secretary of State, Ministry of Commerce, Cambodia

12:00 – 13:00

Plenary Discussion

LUNCH

HOW TO ENGAGE THE PRIVATE SECTOR

The 2012 OECD/WTO publication Aid for Trade in Action provides numerous examples of effective partnerships between OECD based corporations and developing country producers – these forms of collaborative ventures are growing in number and impact. They are charting an innovative way forward for further business involvement in trade-related capacity building. The suggestions to rename ‘Aid for Trade’ as ‘Investment for Trade’ can be seen as an effort to increase the opportunities for greater private sector involvement in building trade capacities.

The Global Partnership on Effective Development Co-operation re-emphasises the central role of the private sector in advancing innovation, creating wealth; income and jobs, mobilising domestic resources and in turn contributing to poverty reduction. Building on the enhanced co-operation between the public and private sectors for delivering development results, the 2013 Global Review of Aid for Trade will expand the coverage of its monitoring exercise and actively solicit the private sector in developed and developing countries for their views on what matters most in developing the private sector and building their trade capacities.

The objective of the session is to explore how aid for trade can best leverage the activities from international business to support the promotion of a vibrant private sector in low-income countries and help them link to expanding regional and global markets.

- Issues for discussion**
- ❖ How can the international business community advance the trade capacity building agenda?
 - ❖ How can aid for trade best leverage these trade capacity building activities from the international business community?

Moderator **Thomas de Man**, Chair, BIAC Task Force on Development, Heineken

15:00 – 15:30

Panellists (in alphabetical order):

- **Fiona Bruce**, Member of Parliament, Trade Out of Poverty, UK
- **Margareta Drzeniek-Hanouz**, Director, Global Competitiveness Network, World Economic Forum
- **Pranav Kumar**, Head, Confederation of Indian Industry
- **Ajesh Patel**, Managing Director, Invesco, Zambia

15:30 – 16:30

Plenary discussion

16:30 – 17:40

SESSION 7

WHERE NEXT WITH AID FOR TRADE?

After the 2005 Hong Kong WTO Ministerial Conference, trade negotiators gauged the success of the Aid for Trade Initiative largely by how much ODA was committed. By this measure, the initiative has indeed been quite successful, with aid for trade rising from USD 25 billion in 2005 to USD 45 billion today.

Broad indicators of success, like the share of low-income countries in world trade, have also shown positive trends since 2005 and suggest that aid for trade is delivering results. However, against a backdrop of budget tightening in donor countries and long-standing debate about the effectiveness of aid, the trade and development community needs to ensure that aid for trade continues to deliver value for money in making trade an engine for economic growth and poverty reduction.

The objective of the final session is to point toward the ways to ensure that the Aid for Trade Initiative remains relevant for its purpose in a trade and development environment that has changed since the inception of the Initiative in 2005.

Issue for discussion ❖ In light of the changing trade and development landscape discussed during the policy dialogue, how can the Aid for Trade Initiative maintain its success?

Moderators
Charlotte Petri Gornitzka, Director General,
Swedish International Development Co-operation Agency
Valentine Rugwabiza, Deputy Director-General, WTO

16:30 – 17:00
Panellists (in alphabetical order):

- **Anabel González**, Minister of Foreign Trade, Costa Rica
- **Simon Maxwell**, Overseas Development Institute
- **Ricardo Meléndez-Ortiz**, Chief Executive Officer, International Centre for Trade and Sustainable Development
- **Shree Baboo Chekitan Servansing**, Ambassador, Ministry of Foreign Affairs, Regional Integration and International Trade, Republic of Mauritius

17:00 – 17:40 Plenary discussion

17:40 – 17:55 WRAP-UP SESSION

Rapporteur: Dirk Willem te Velde, ODI

17:55 – 18:00 Concluding remarks