

FOREWORD

We compiled this joint report in the midst of a global economic recession of momentous proportions that risks halting, or even reversing, sustained development gains, whether measured in terms of economic growth, poverty reduction, or human development. All economies have been hit hard in what is effectively the first global crisis since the WTO came into being.

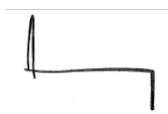
Trade is a casualty of this crisis. Its steep decline has exposed open economies to a high degree of market volatility and risks undermining confidence in international trade as an engine of economic growth and socio-economic development. And yet, turning away from trade is not an appropriate response. On the contrary, this report highlights that most low income countries consider trade as a key component of their growth and poverty reduction strategies. A successful conclusion of the Doha Development Round would open markets, restore confidence and stimulate economic activity around the world.

We need to ensure that market opening is accompanied by policies that lift people out of poverty and distribute the benefits of trade expansion more equitably across and within developing countries. This is exactly the rationale of the Aid-for-Trade Initiative. Effective aid for trade should enhance growth prospects by helping partner countries to overcome their supply-side constraints and enhance their competitiveness.

Aid for trade is about assisting developing countries to increase exports of goods and services, to integrate into the multilateral trading system and to benefit from liberalised trade and increased market access. Effective aid for trade will enhance growth prospects and reduce poverty in developing countries, as well as complement multilateral trade reforms and distribute the global benefits more equitably across and within developing countries

This second joint OECD/WTO report highlights that the Aid-for-Trade Initiative has already made remarkable progress: developing countries are prioritising trade in their development strategies and, in response, donors are scaling up their resources. Maintaining momentum, particularly in light of the economic crisis, necessitates advancing broadly based in-country and regional dialogues.

The report presents aid-for-trade fact sheets to facilitate such a dialogue and take monitoring to the next level. The Initiative has already shown the value of accountability. We now need to build on progress made and enhance transparency about the impact of aid-for-trade projects and programmes. We must continue co-operation between partner countries and donors, international organisations and regional institutions to strengthen the Aid-for-Trade Initiative and so help developing countries lay the stable economic foundation to exit the crisis.



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