

## Statement Global Aid for Trade Review (November 21-22)<sup>1</sup>

High-level officials, including Trade and Finance Ministers, the heads of the WTO, World Bank, International Monetary Fund, UNCTAD and the UNDP, will be in Geneva from 20-21 November 2007, to attend the WTO's first annual Aid for Trade Global event.

We the undersigned, call upon donors (both bilateral and multilateral) to ensure that any Aid for Trade arrangements, either currently being implemented or planned for the future apply the following principles:

- Country-driven. Recipient nations should have a central role in the Aid for Trade decision process. Aid for Trade should be country-driven, involving local civil society and local small and medium businesses in determining priorities. This means: a) Aid for Trade programs should be structured from the premise of local ownership, knowledge and participation so that trade strategies flow out of locally-designed national development strategies; b) the structures for diagnostic, delivery and monitoring should ensure developing countries are free to use funds to enhance their capacities to advance their interests, regardless of what the donors' interests might be; c) Aid for Trade must not distort domestic spending priorities, and the recipient country should be able to define how much Aid for Trade as a share of its total aid it should receive, especially if there will be no additional funds over existing Official Development Assistance (ODA) pledges and d) "local ownership" also means that public oversight of national plans and priorities for Aid for Trade is ultimately assured through taking such plans to the national Parliament or Congress for final formulation and approval.
- Poverty-reduction, employment generation and gender equality emphasis. In practice, Aid for Trade should be focused on meeting the economic development needs of smallholder farmers and other people struggling to overcome poverty. In establishing priorities and otherwise allocating funding, emphasis should also be placed on employment generation and promotion of gender equality. A focus only on export industries and international markets will likely disadvantage poor producers, traders and entrepreneurs for whom domestic and regional markets might be more important and who are the backbone of economic development within their nations and regions.
- Provided without damaging conditions. Aid for Trade programs should not demand that recipient nations implement economic policy changes which are harmful to people living in poverty or the environment, including rankings and other policy assessments underpinned by biased views on the causal relationship between trade and investment liberalization and poverty.
- Untied. Aid for Trade should not require the purchase of donor country products or donor-country businesses, contractors or consultants.

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<sup>1</sup> For questions and comments about this statement please contact Aldo Caliari, Center of Concern, at +001 202 635 2757 (email: [aldo@coc.org](mailto:aldo@coc.org)).

- Non debt-creating: Consistent with the significant efforts to reduce the debt burden of developing countries so more national income can be directed to social and productive expenditures, Aid for Trade should be provided in forms that do not create new debt. Ill-supported claims about the relation between trade and growth and about the returns generated by trade-oriented projects led, too often, to the belief that certain projects “would pay for themselves” and unwarranted increases in debt burdens. Even if trade-related activities do generate proceeds it is more appropriate that they are used in the country, where they may generate a favorable “export-investment” nexus, rather than paid as debt service.
- Greater freedom and flexibility in sourcing technical assistance. Aid for Trade programs should enable recipients to tap more independent, objective sources of advice and support, rather than just those employed or endorsed by donor agencies. The availability of a larger number of different paradigms underpinning assistance will guarantee the benefits of healthy competition among them and that programs are demand-driven. In this regard, calls for increased coordination should not be understood as supporting their “cartelization”, thus crowding out competition and diversity in approaches, and further reducing demand-driven choice.
- Not be given as a “quid pro quo” in trade negotiations. At times, donor nations have used Aid for Trade as a bargaining chip in relation to seeking desired outcomes in particular trade agreements. Aid for Trade should be de-linked from trade negotiations, and made an ongoing part of foreign assistance such that it is a more predictable, long-term support for development. Aid for Trade should be a complement, rather than a substitute, for the substantial reform towards truly development-oriented and fairer trade rules.
- Funding allocated for Aid for Trade should be additional to existing development aid. Donors should not shift resources away from traditional, long-standing commitments to meeting basic needs, on-going development projects, or general budgetary support. Rather, financial assistance for enhancing trade should be over and above existing levels of aid. This also means acknowledging that only on the basis of a clear definition of what Aid for Trade does or does not entail can additionality be monitored. It is preferable that ongoing efforts to define the scope of Aid for Trade do so narrowly, rather than run the risk of it repackaging aid that was committed or would have been provided anyways as Aid for Trade in order to appear to meet Aid for Trade pledges.
- Independent monitoring: donor countries or donor-driven bodies should not be leading the monitoring exercise.
- Disbursement channels for trade-related assistance need to be streamlined. Presently, current mechanisms are not able to meet the timeline many countries face in order to prepare for negotiations and to gear up particular sectors before implementing a new trade agreement.
- Evaluation of Aid for Trade programs should be transparent, ensure channels for participation of the populations affected by the programs and provide for accountability of the donor/s. They should also allow for outside scrutiny of whether evaluations have been implemented. The shortcomings of the Integrated Framework, found by two evaluations carried out with three years of difference, should act as a cautionary tale of what to avoid. Evaluation of the social, economic and environmental effects of Aid for Trade needs to be integrated into all proposals, delivery and monitoring mechanisms.

## **Signatory organizations (in alphabetical order)**

ActionAid International  
Africa Development Interchange Network (Cameroon)  
Alliance Sud (Switzerland)  
Anglican Consultative Council  
Asociación de ONGs del Paraguay- POJOAJU  
Association for Women's Rights in Development  
ATTAC France  
Australian Fair Trade and Investment Network  
Bank Information Center (USA)  
Campagna per la Riforma della Banca Mondiale (Italy)  
Center of Concern  
Centro de los Derechos del Campesino (Nicaragua)  
Centro de Economia Politica (Brazil)  
Church World Service  
Christian Aid  
CORDAID (The Netherlands)  
Fastenopfer (Switzerland)  
Foro Ciudadano de Participación por la Justicia y los Derechos Humanos (Argentina)  
Haiti Reborn/Quixote Center (USA)  
IBON Foundation, Inc. (Philippines)  
Institute for Agriculture and Trade Policy  
International Gender and Trade Network  
International Presentation Association of the Sisters of the Presentation  
Jubilee North West Coalition (USA)  
Jubilee Virginia (USA)  
Jubilee USA Network  
Jubileo Perú  
Justice, Peace & Integrity of Creation Office of the Wheaton Franciscans (USA)  
Medical Mission Sisters' Alliance for Justice  
Nativity Catholic Church (USA)  
NETWORK, A National Catholic Social Justice Lobby (USA)  
New Rules for Global Finance Coalition  
NGO Committee on Financing for Development  
Norwegian ForUM for Environment and Development  
Oxfam International  
Public Services International  
Realizing Rights- The Ethical Globalization Initiative  
Red Mexicana de Acción frente al Libre Comercio (RMALC)  
Social Watch  
Solidarité (France)  
Southeast Asian Council for Food Security and Fair Trade (Malaysia)  
Southern Africa Human Rights NGO's Network (Tanzania chapter)  
Southern and Eastern Africa Trade Information and Negotiation Initiative  
Third World Network  
WIDE Network  
World Wide Fund for Nature (WWF) International  
Zenab for Women in Development (Sudan)