

**Statement by Honourable Popane Lebesa,
Minister of Trade and Industry, Cooperatives and Marketing, Lesotho
on behalf of the WTO LDC Group at the Aid for Trade
Global Review**

Geneva, Switzerland 21st November 2007

1. On behalf of the LDCs, I would like to thank the WTO Secretariat for organising this Aid for Trade Global Review. The LDCs Group is honoured to be part of the process that has led to the significant progress made on Aid for Trade since the inclusion of Aid for Trade as a stand-alone item in the 2005 Hong Kong Ministerial Declaration. It is indeed, now the time to build on the momentum created so far. We have laid down the foundations, and now we need to move forward in defining national and regional Aid for Trade strategies and implementation plans.

2. It is now generally accepted that:
 - Aid for Trade is about allowing developing countries, in particular LDCs, to address the challenges of, and to take advantage of more liberal trading environments;
 - Aid for Trade refers to the broader categories of building productive capacity, trade-related infrastructure, trade policy regulation, trade development, and trade-related adjustment as defined by the Task Force;
 - Although the development of LDCs should not be completely reliant on aid disbursements, with proper planning, implementation, monitoring and evaluation, aid can play an important role in creating the necessary conditions to attract private sector investment, hence the need for additionality of Aid for Trade;
 - There is a need for both national and regional Aid for Trade strategies and implementation plans;

- The international and regional development banks have a major role to play in both defining Aid for Trade strategies and in financing subsequent projects and programmes; and
 - There is a need for an effective monitoring and evaluation mechanism, which this global review is a part of.
3. Some LDCs have made a head start in defining Aid for Trade strategies and implementation plans in that Diagnostic Trade Integration Studies (DTIS) have been completed under the Integrated Framework. Some of those studies are being updated. However, it is important to mention that a DTIS has limitations in that it does not usually encompass the broader aspects of Aid for Trade. It does not incorporate programmes aimed at building productive capacity, trade-related infrastructure and programmes which address trade-related adjustment. It is, therefore, important to expand the scope of the DTIS. To this end we should take advantage of the existing studies and reports that have been done, such as the Country Assistance Strategies, the investment surveys and national development plans. In this way we would be able to prepare coherent national and regional Aid for Trade strategies and implementation in relatively short periods of time.
4. Although ownership of these strategies and implementation plans need to be with the LDCs, we request the assistance of the donor community and the International Finance Institutions in first of all, preparing these strategies and implementation plans in consultation with LDCs, and then in the financing of the implementation strategies. Clearly commensurate Technical Assistance and Capacity Building remain imperative in LDCs. Financing would need to be used in such a way that it does not crowd out private sector investment but rather be used in such a way as to attract private sector financing. This will require the design and use of innovative financing instruments. Not only will there need to be

additionality of resources but financing will need to be flexible, predictable and responsive to immediate needs. Disbursement to LDCs should be simple and efficient.

5. Here I would like to stress that for LDCs, there should not be any conditionality attached to access the Aid for Trade.
6. I would also like to stress the need to complement national Aid for Trade strategies with regional strategies. First of all, productive capacities in LDCs have to be developed and strengthened. Aid for Trade should enable LDCs to produce products that find a place in the global value chains. Unless they can produce at global standard, they can never be competitive. If LDC producers are to become competitive, it is important that the costs of cross-border trade are dramatically reduced. For many of us the costs of getting goods to markets are dependent on costs incurred beyond our borders, for instance the cost of transporting a container from a land-locked country in Africa to a seaport in another country is 3 or 4 times the cost for transporting that container to Europe from the seaport. If we are to use trade as an economic development tool we have to reduce these costs of transport, and costs of other services, such as financial and telecommunications services. And to achieve this, the regional approach would be most effective.
7. I would, at this point emphasis on the fact that LDCs view Aid for Trade as an opportunity to take maximum advantage of. We realise our responsibilities in making Aid for Trade work for us and urge all donors and International Financing Institutions to engage us in partnerships so that we do not miss out on this opportunity of using trade as an instrument of economic growth and poverty reduction.

8. At this point allow me to express profound gratitude to Sweden for hosting the EIF Pledging Conference September 25th, 2007, where USD108 Million was raised for the first two years and sizeable pledges were made for the subsequent years already. Appreciation also goes to Canada and UK for joining forces with Sweden by making more resources available for that event. In like manner may we extend appreciation to all those countries that pledged to contribute generously either into the multilateral fund or bilaterally. We noted with gratitude that EIF will be operational within the first quarter of 2008. Preparatory outreach activities have been progressing well. LDCs are eagerly waiting for the commencement of operations of EIF.

9. Broader Aid for Trade will supplement EIF in LDCs as the resources of EIF remain limited in terms of the critical mass of resources needed to make a real difference which will enable LDCs to be effectively and fully integrated into the multilateral trading system, thus enabling trade to be a truly potent ingredient of development and poverty reduction.