

COMMUNICATION FROM BENIN ON BEHALF OF THE AFRICAN GROUP

The following communication, dated 9 June 2006, is being circulated to the Aid for Trade Task Force at the request of the Permanent Delegation of Benin, on behalf of the African Group.

CONCEPT PAPER

AFRICAN PERSPECTIVE ON AID FOR TRADE: SCOPE AND GAPS

I. INTRODUCTION

1. The WTO Hong Kong Ministerial Declaration states that Aid for Trade should aim to help developing countries, particularly, LDCs, to build the supply-side capacity and infrastructure that they need to assist them to implement and benefit from WTO Agreements and, more broadly, to expand their trade and to integrate into the multilateral trading system. It is important to underscore that African countries first need a development-related outcome including in key areas such as Agriculture, NAMA, Services and Trade Facilitation. A comprehensive programme to bolster capacity and enhance competitiveness must complement such a package. Such capacity enhancement requires significant investments in assisting African countries to improve productivity and competitiveness of their economies, in infrastructure, training, and institutional development. If the Doha Round is to meet the development aspirations of African countries, core capacity building issues must be adequately addressed. However, Aid for Trade should be a complement to – not a substitute for – development initiatives that can help beneficiaries meet their development objectives and ultimately reduce poverty. Further, it should address the specific development challenges identified by beneficiaries.

II. THE URGENCY OF FULFILLING THE MANDATE

2. The argument of an aid-for-trade facility has been proven and accepted through a range of initiatives that include: work by NEPAD, the Monterrey Consensus, the report on Social Impact of Globalization, the report on Commission for Africa, and the reports on Mid-Term Evaluation of the Millennium Development Goals (MDGs). The thrust of these reports highlight the widening divide between the rich and the poor and Africa's worsening position and that the world can address this problem with available resources.

3. It is worthwhile reiterating the African position leading into the WTO's Hong Kong Ministerial Conference in December 2005.

We reiterate the centrality of adequate and predictable development assistance for trade capacity building for African countries. We emphasize the need for a firm commitment to expand development assistance for trade capacity building in all African countries. The proposed Aid for Trade Initiative should focus not only on the capacity to negotiate, adjust, produce and trade, but also lead to better market access, improved infrastructure and address supply-side constraints. Such aid should come in grant form without compromising on Members' negotiating positions. (AU Arusha Trade Ministers' statement, 22-24 November 2005)

III. DEFINITION

4. It has become clear that "aid for trade" (AFT) is an umbrella term comprising various activities. It is not a toally new concept. The following section forwards a "pillar"-based approach of defining how the term of AFT might be categorized in order to help envision what it could include.

Pillar 1: Capacity building to address supply constraints

5. **Building productive capacities:** Under this pillar there is a need of enhancing productive capacities through increased productivity, addressing the necessary regulatory reforms, human resource and physical infrastructure that businesses need to produce goods competitively, and to move and export them efficiently. It can be broadly grouped into three categories; the first deals with improving productivity and competitiveness of African economies, the second with investments in infrastructure more broadly, and the third with private sector development.

6. A key challenge that faces most African economies is how to improve productivity and competitiveness of their economies in an increasingly globalized production and trading system. The modern global economy is a maze of complex production structures and interlinkages between production, distribution and marketing. African countries need to be rapidly and effectively integrated in the global economy and the multilateral trading system. Consequently, there is urgent need to support through adequate technical assistance and capacity building in its broadest sense in coping with the global production trade and economic systems which, *inter alia*, requires immediate improvement of their productivity and competitiveness in an environment which is witnessing rapid technological and communication changes. It is vital to ensure an efficient functioning of supply chains on the one hand, and bridge the digital divide on the other hand.

7. There is also need for removing impediments to business that drive up costs for exporters. These include costly and inefficient transit and border crossings, customs delays, delivery uncertainty, lack of export and market analysis skills, weak institutional support, standards compliance, excessive business regulations, and lack of access to capital and finance. Assistance towards helping countries diversify away from primary products would also fall into this category. Value chain analysis is one mechanism that could be used to help prioritize actions to remove constraints encountered in the production, marketing, distribution and transport (PMDT) chain.

8. **Infrastructure:** Investments in infrastructure are crucial for the trade and development of African countries. For example, improved road networks will facilitate efficient transportation, storage and distribution of products to local, regional and international markets. Costs related to improvements in, *inter alia*, energy, transport, information technology and communications infrastructure would fall under this category. Infrastructure has been identified by NEPAD and the African Union as an essential component of trade development at national and regional levels. Development of infrastructure, by fostering the African Economic Community, will provide a guaranteed mechanism for smooth integration in the multilateral trading system.

Pillar 2: Trade system costs: adjustment and implementation

9. Under this pillar, it is important to ensure the alleviation of costs incurred as a result of trade reforms, for instance those taken pursuant to the implementation of WTO agreements. While trade reforms may bring long-term benefits, they typically generate winners and losers in the short-run. Grouped under this category are costs incurred from implementation of trade rules, food price increases to net food-importers; preference erosion; reductions in tariff revenues; and other economic and social costs related to adjustment in specific sectors.

10. Implementation costs are an essential element for Africa. The costs of implementing multilateral commitments include the macroeconomic adjustment costs to governments, and technical requirements, obligations to accept new standards, rules systems, and reporting obligations which governments must comply with in order to implement their new commitments. Implementing these commitments may require the creation of new institutions and the employment or redeployment of scarce skilled personnel, all of which are costly to governments.

11. Liberalization of agricultural trade through phasing out of export subsidies and the substantial reduction of domestic support leads to an increase in the price of food imports. Loss of market access is a key concern especially for those countries that have relied on preferential markets. If the Doha Round succeeds in its aspirations for non-discriminatory reduction of tariffs in developed countries, a number of African countries will suffer significant losses from the erosion of preferences that they previously enjoyed.

12. Trade liberalization typically involves a reduction in customs and tariff revenues. In African countries, especially in the least developed, customs and tariff revenues constitute a significant proportion of total fiscal revenue. In such countries, it is costly – and for many simply not feasible – to develop alternative sources of fiscal revenue. In most countries, these immediate or short-run costs may exceed the (discounted present value of) potential long-run benefits.

Pillar 3: Trade policy development and participation in rules-making

13. This pillar covers assistance needed to address the human and institutional resource capacity constraints encountered in trade-policy making and trade negotiations. Technical assistance is also needed to help African countries in their efforts to integrate trade policy in their overall development strategies and create strong public-private sector partnerships to engineer change and development. This also includes training of trade negotiators, legal and economic experts, and officials based in capitals and in relevant regional bodies. Assistance in this area also involves the establishment of a consensus-building process that enables trade officials, including Geneva-based negotiators and their capital-based counterparts to regularly meet to consolidate trade positions and identify the trade-offs that would promote the trade and development objectives of beneficiary countries.

IV. IDENTIFYING GAPS

14. There are existing initiatives with the aim of helping poorer countries better exploit trade opportunities and deal with some of their constraints; the Integrated Framework (IF) and Trade Integration Mechanism are two examples. The emerging view is that an Aid-for-Trade facility should address poverty reduction concerns of African countries. The implications are that it should primarily target supply-side constraints. The facility should also have critical minimum, front-loaded and predictable resources whose magnitudes reflect recommendations from various recent reports. These resources should be incremental, rather than diversification of existing resources.

15. Gaps could use the above three-category grouping. Aid-for-trade policy development and participation in rules making is covered in several multilateral programmes that need to be streamlined and built on.

16. There is need for more focus on the supply side agenda. This has been identified by various continental initiatives. However, the IF's financing remit only involves the coordination of funds to diagnose the main trade-related constraints in-country, produce an action list and in some cases kick-start its implementation. There is a disconnect between this process and the current funding mechanism consisting of donor roundtables and consultative groups. The initiative on aid for trade shall ensure that the beneficiary countries are effectively supported in their efforts to remove supply-side constraints. In short, this is an opportunity to make the whole more coherent and effective. For example, Module 4 of JITAP also addresses trade capacity building.

17. Generally, training has been surface-level, rather than in-depth. Where capacity building has been forthcoming, it often is in the form of international bodies (e.g., multinational companies or inter-governmental agencies) training local affiliates; often based on models where most African countries are either not covered or are lumped all together in one heterogeneous category.

18. To be effective, aid for trade must be coherent and have a long-term perspective: quick-fix ad hoc solutions will not work. Aid for trade should address the design flaws and incoherence in these programmes, ensure adequate and predictable long-term funding, and the participation of all relevant stakeholders.

19. It is important to stress that trade policy development should build on the problems perceived and analysed by the beneficiaries. There is a need for ownership and implantation of this agenda.

V. CONCLUSION

20. The guiding principles in the design and formulation of the Aid-for-Trade Package should be the following:

- Aid for trade should not be used as a substitute for the objectives of the Doha Development Round; it is a complement in fulfilling the entire developmental dimensions in this round.
- Aid for trade should not be seen as coming as a repackaging of the facilities and existing initiatives in or outside WTO. The funds for this new initiative should be additional and should be sustainable and adequate.
- Aid for trade should not be subject to any conditionality.
- Aid for trade should not be in grant form.

21. The African Group considers that the traditional form of assistance so far has not been able to help African countries to meet their full trade and development needs and priorities. Urgent action should be taken to correct these deficiencies; financially, and through targeted institutional capacity building and human resources development.

22. Keeping in view the mandate given in Hong Kong in relation to Aid for Trade, the African Group is calling upon development partners to ensure that this initiative is expeditiously and effectively implemented in a sustainable and meaningful manner so that African countries are able to benefit from the multilateral trading system and achieve their growth and development objectives in line with the MDGs.

ANNEX

Report of the Retreat of African Ambassadors and Stakeholders on the WTO Aid for Trade Initiative

7-8 April 2006 - Montreux

1. A Retreat of African Ambassadors in Geneva and Brussels on Aid for Trade, organised by the Commission of the African Union, was held on 7 and 8 April 2006, in Montreux, Switzerland. It started with a welcome address, by Mrs. Khadija R. Masri, Permanent Representative of the African Union in Geneva. In her statement, Mrs. Masri stressed the need for Africa to adopt a common position on the central issue of Aid for Trade, to ensure that it is mainstreamed into the integrated multilateral framework for the enhancement of production and export capacities and for the monitoring its process.

2. Mrs. Masri's statement was followed by that of Dr. David Luke, Permanent Representative of the UNDP, in Geneva, who stated that the retreat offers a window of opportunity for Africa to articulate her position on the Aid for Trade Initiative. In that regard, he pointed out to the following five key elements that ought to constitute the guiding principles of the Aid for Trade Initiative.

- The importance of adjustment costs;
- Capacity building;
- The priorities of regional integration;
- The management of aid along with its availability, based on the Paris principle, (transparency and coherence); and
- Non-debt creating financing.

3. The Representative of the UNDP assured participants of the availability of the continuing support of his organisation to the African Group.

4. In her remarks at the opening session of the Retreat, Mrs. Lakhshmi Puri, Representative of UNCTAD commended the Aid for Trade Initiative and provided a historical background to it. She gave an overview of the elements pertaining to the adjustment and implementation costs and capacity building requirements, as they relate in particular to infrastructures, market access, trade facilitation, liberalisation, preference erosion, and tariff binding.

5. She also addressed the following strategic issues that are of particular interest to African countries:

- What is the actual added value of the Aid for Trade Initiative?
- How can one appraise the financial needs?
- Should it be part of the Single Undertaking?
- Does one contemplate establishing an Advisory Council?
- How much bargaining power is there in the negotiations and what are the trade-offs?

Session I: Supply-side Constraints Linked to the Trading Performance of African Countries

6. During this session, the Coordinator of the African Group in Geneva, H.E. Samuel AMEHOU, Ambassador, Permanent Representative of Benin indicated that the Aid for Trade

Initiative must be at the service of Africa in order to address the tremendous constraints facing the continent, in terms of infrastructures, production and supply-side capacity and participation at global trade level.

7. This intervention was followed by a communication presented by the Representative of UNIDO. The speaker attempted to give an overview of the main constraints confronting African countries. Highlighting the increase in global trade volume, he questioned himself on who the main beneficiaries really are, along with the reasons for the shortcomings of African countries, despite an increasing propensity towards liberalisation and the harmonisation of trade rules.

8. The speaker also identified other trade barriers, in particular the establishment of consumer protection, security and environment-related standards, the difficulties linked to the diversification of exports, as well as the shortage of investments.

9. The Representative of UNIDO stated the following necessary conditions for turning the Aid for Trade Initiative into an efficient instrument:

- A quantitative scaling-up of the volume of aid;
- The rationalisation of aid, chiefly targeting technical assistance, capacity building and the WTO trade negotiations;
- The adoption of a more integrated and global approach;
- Enhancing the quality of aid (better coordination, complementarities between the various Agencies, definition of good practices);
- Adopting product-specific packages (fisheries, cotton, textiles, etc...).

10. To this effect, UNIDO will be in a position to offer their technical expertise, particularly by way of developing competitiveness, improving compliance with standards and promoting exports through enhanced market access.

11. Following this presentation, several participants took the floor, placing particular emphasis on the following issues of concern:

- The need to stress the regional dimension of Aid for Trade towards an African economic integration;
- Taking into account new players, the private sector and consumers' associations (stakeholders) as part of the implementation of this programme;
- The importance of placing emphasis on certain commodities of strategic interest for Africa, such as cotton, banana and others;
- The need to make additional resources available towards an effective implementation of Aid for Trade and to carry out an assessment of the relevant costs.

Session II: Evaluation of the Current Capacity Building Initiative: JITAP and IF

12. During the session on the evaluation of the current status of the Capacity Building Initiative, oral briefs and presentations were made by the UNDP and the ILEAP.

13. These presentations analysed the current state of play in relation to the capacity building activities undertaken as part of the Joint Integrated Technical Assistance Programme for least developed and other African countries (JITAP) along with the Integrated Framework Programme. The chief components of these programmes were thus examined, along with the management and operation modalities, both at national and international level.

14. The general evaluation demonstrates the following:
- The activities that were conducted promoted a much better understanding of the rules and mechanisms of the Multilateral Trade System together with the reinforcement of the human and institutional capacities of the beneficiary countries.
 - Financial resources allocated to each country as part of the Integrated Framework, under Window II, are quite insufficient; they do not allow covering country needs in the main areas of trading activities that were identified.
 - The countries are undergoing difficulties in terms of the development of sectoral projects and programmes following the validation of DTIS documents (capital EDIC) as well as the timely evaluation of the costs of projects and programmes.
 - Local or regional expertise is hardly utilised whenever elaborating DTIS documents.
 - Local, regional and international coordination mechanisms (among donors) could be improved.
 - Ownership by the beneficiaries of capacity building activities will need to be promoted.
 - The new Aid for Trade Initiative will need to come as a complement to the JITAP programmes and the Integrated Framework, ensuring a sufficiently broad base for the promotion of global trade activities on the part of African countries.

Session III:

15. The third Session, entitled « General consideration of Aid for Trade», was marked by the intervention of the Chair of the Task Force, H.E. Dr. Mia Horn Af Rantzien, Permanent Representative of Sweden in Geneva, who informed the African Group on the current state of advancement of the work of the «Task Force » as well as the various consultations carried out to date.

16. In their respective intervention, ILEAP and UNCTAD emphasised the objectives of the Aid for Trade initiative, along with its scope and possible management mechanisms. With respect to its scope, the following aspects were identified:

- Trade-related human and institutional capacity building policy.
- Development of trade-related infrastructures.
- Development of production and supply-side capacities.
- Costs of the WTO agreements implementation

17. During the interactive debate that followed these presentations, intervening parties raised the following issues:

- The additional, foreseeable and non-conditional nature of Aid for Trade;
- The need to make sure that Aid for Trade does not constitute a debt-contracting factor.

18. In strategic terms, the following measures were recommended:

- In the current Task Force level consultations, developing member countries, in particular African countries, should make sure that the mandate set out in paragraph 57 of the Hong Kong Declaration is not construed in a sense that might limit the global objectives of Aid for Trade negotiations.
- A road map, factoring in the priorities and expectations of African countries in terms of Aid for Trade, should be developed for the attention of African Ministers of Trade for the forthcoming meeting in Nairobi.
- The current work of the Task Force ought to give rise to an actual commitment, on the part of donors, to providing a substantial aid, as part of the Aid for Trade Initiative.

19. Dr. Kennedy Mbeakini of the UNDP Regional Office based in South Africa was the last speaker of the session. He emphasised that the AFT had assumed a high political profile and should continue to do so until its full and faithful implementation. Dr. Mbeakini also stressed the role of UNDP as a key player on this issue, and its presence on the grounds as part of the UN system together with UNCTAD.

20. Speaking about the Task Force on Aid for Trade, he said that the expectations were high and that this body should come up with the following proposals:

- To increase the projected financial resources to implement the action matrices of the Diagnosis Trade Integration Study (DTIS).
- To strengthen in-country capacities to manage, implement and monitor the IF process.
- To enhance IF governance.

21. As regards the AFT objectives themselves he thought that the initiative should help developing countries to use trade as an instrument in their development policies and the following should be addressed:

- Enhancing their competitiveness. In this regard it is urgent to address the great number of supply-side constraints, including human capacity, compliance with international standards, technology transfer, upgrading of energy productions and establishment of efficient transport system.
- Addressing the trade negotiations costs including the issues related to fiscal losses, preference erosion and implementation costs of existing trade agreements and of those that would be forthcoming from the Doha Round.

22. Another important issue to be addressed is related to the financial implications arising from additionality of resources, for example whether the funding should be in grant form or concessional loans. If the funds are not provided in grant form the problems of indebtedness would become worse; funding should generally be in grant form and non-debt creating. In any case there should not be any recycling of existing aid initiatives and programmes.

23. As regards the coverage of the initiative, the speaker was of the view that the initiative should be extended to both low income and least developed countries.

24. Finally, he considered that the following could be serious concerns for the developing countries if they were not addressed properly:

- Inadequate consultation process.
- Lack of credibility stemming from the absence of political will on the part of some partners in the WTO.
- Limited ownership of the AFT initiative among beneficiaries.
- The conditionality of the initiative; it should not be linked to the negotiating issues under the Doha Round.
- Whether or not it will be part of the Single Undertaking.
- Where does one draw the line between aid for trade and development aid.

25. On the way forward, while it is agreed that there is need to identify home constraints and national priorities, it is also necessary to ensure that aid for trade is not a substitute for the development dimensions of the Doha Round but that it should rather be a complement. Besides, there

is need for coordination between the stakeholders at home, in particular between each of the ministries responsible for Finance, Industry, Trade and Planning.

26. The speaker concluded by saying that the UNDP would be strengthening its capacity in order to cope with its increased role in an enhanced IF and the Task Force as well as due to its greater interaction with members including through a presence on the grounds both at country and regional levels.

RECOMMENDATIONS

1. The Aid for Trade (AFT) initiative, if properly structured and managed could be one of the important vehicles to deliver development to African countries. The mandate for AFT as contained in paragraph 57 of the Hong Kong Ministerial Declaration (HMD) aims at helping developing countries, particularly LDCs, to build supply side capacity and trade-related infrastructure that they need to implement and benefit from WTO agreements and more broadly to expand their trade and development gains from the international trading system, *inter alia*, through trade negotiations. The African ownership of this initiative is paramount. The genesis for this initiative derives from Africa and its political leadership at the highest level. This present mandate therefore should be brought to add value and should be funded with predictable resources. The initiative and the funding arrangements should be sustainable in the long term and be fully implemented. It should not become another missed opportunity.
2. The initiative should be carefully designed, adequately funded, efficiently managed and effectively implemented and incorporate a number of guiding principles. AFT should play a catalytic role and become an engine of accelerated growth, development and poverty reduction in Africa and help towards a timely realisation of the Millennium Development Goals.
3. At this stage of the work on this HMD mandate, the focus should be on identifying the guiding principles for the design of the AFT architecture. An important objective in this phase of the work is also to ensure that the African voice is strongly represented in the WTO on this issue so that there is no attempt at taking a top-down approach on decision-making, implementation process and in fulfilling WTO's role in its advocacy for the mobilisation of the required resources under this initiative.
4. As part of addressing the capacity constraints and the capacity building needs, the initiative should help a development-enhancing trade policy and regulatory frameworks; meet SPS, TBT and standards; accelerate technology transfer; move up the value chains; improve technical capacity in the accession of African countries; increase capacities to meet implementation costs arising from existing WTO Rules and the outcome of the Doha Round including trade facilitation; meet adjustment costs arising, *inter alia*, from preference erosion and tariff revenue losses; promote public-private sector partnerships in relevant areas and enhance entrepreneurship development and competitiveness.
5. In order to ensure an effective and efficient use of these new resources, it would be necessary to identify trade capacity building needs that are already being handled through existing facilities and programmes and to focus, on one hand, on the gaps in their financings; and, on the other hand, on new sources to address the growing needs of meeting challenges and opportunities of liberalisation
6. Such an approach will allow a clearer tracking of resources, commitments and pledges made by donors and guard against the potential problems of overlapping and duplicating activities, inefficient and costly management of the financings. In this context the following recommendations are made:
 - (a) The funds under the AFT initiative should be additional, predictable and sustainable. A clear distinction is to be made between existing commitments and pledges and new ones under the initiative. Funding under this initiative should not be at the expense of traditional development aid and other programmes and initiatives such as ODA, bilateral, sub-regional, regional funding arrangements and should not crowd-out funding for social services. There should be no conditionalities attached.

- (b) The Integrated Framework is a special arrangement for the LDCs. In this context, the Hong Kong mandate also provides for an enhanced Integrated Framework. Predictable resources are required of around 300 million dollars over three years according to estimates made by UNDP and World Bank for scaling up implementation of the Action Matrices. Country ownership and strengthened in-country capacity for implementation is required. There is need to maintain the current management and governance arrangements with resources to improve efficiencies rather than introducing new changes to these arrangements.
- (c) The DTIS of the IF serves as an analytical tool for diagnosis of the constraints on trade competitiveness and increased participation in trade. This model could be used for developing needs assessment tools for non-LDC African countries for integrating trade into development plans and poverty reduction strategies. The DTIS could also serve as a model for multi-stakeholder consultations and coordination of trade and development priorities. Such an approach would involve the participation of all relevant ministries as well as private sector and civil society. Co-ordination and coherence in decision making at the level of key ministries responsible for trade, finance, economic planning, agriculture and industry is crucial. Facilities modelled on the IF and JITAP could be created for the benefit of the non-LDC African countries.
- (d) The funding of the AFT initiative should be provided in grant form. The terms and conditions should be development friendly and should not involve high transaction costs. Such costs should be limited to maximise the use of allocated resources on the ground. These fundings shall be aimed at having a positive impact on the development of the beneficiary countries.
- (e) There should be a wide stakeholder involvement in the design and implementation of programmes under AFT at the national and regional levels.
- (f) It is also recommended that the AFT initiative could draw useful lessons from good practices and experiences in those African countries where developmental programmes such as the IF, DTIS, JITAP and other bilateral and regional integration programmes under regional cooperation have been implemented.
- (g) While AFT should support national efforts and projects through budget or project related assistance it should also be supportive of regional integration initiatives. AFT funding should be additional resources over and above existing national and regional programmes of development and project funding and should not be used as an excuse to affect these initiatives and programmes. Furthermore, regional and sub-regional projects under AFT should be informed by the leading work already accomplished by NEPAD. The NEPAD projects should be given maximum attention.
- (h) AFT should be used to strengthen and develop Trade policy and enhance trade negotiation capacity at national, sub-regional and regional levels through an effective mechanism including, *inter alia*, JITAP and IF and other mechanisms whether or not modelled on these existing mechanisms.
- (i) Aid for Trade should be a complement and not a substitute for the development promises of the Doha Development Agenda nor of traditional Aid for Development such as ODA and other regional and bilateral initiatives and programmes (EU's EDF, US Millennium Account, etc.).

- (j) Extensive work on the requirements and the magnitude of a facility such as the AFT has already been identified in major works such as that of the NEPAD and the Commission for Africa. It is critical that recommendations from these initiatives are brought to bear on the AFT Task Force work as it relates to African members.
- (k) There should be a proper management system of the funds under the initiative that promotes transparency, accountability and efficiency. The structure should include a monitoring and evaluation mechanism.
- (l) The governance structure of the AFT facility should be designed to ensure that Africa has a strong voice in decision-making and implementation activities of the facility. The interface with multi- stakeholders and development partners is crucial for the successful operationalisation of the initiative and for ensuring that there is effectively a bottom-up approach on decision-making and implementation of the initiative. While the creation of an advisory group is being considered it should be an opportunity to ensure that African countries are fully represented and own the process of the AFT so that African interests and needs are fully articulated and taken on board. African institutions and programmes such as NEPAD, ECA, ADB and AU should be included.
- (m) While it is critical to ensure coherence in trade policy formulation at national level, it is equally important to have coherence at the international level and in international policy making. In African countries there is need to strengthen coordination between the key Ministries at national level to ensure coherence in particular between Ministries of Trade, Industry, Agriculture and Finance as well as other relevant national institutions.
- (n) At a Pan African level, there is a key coordination role for the AU in collaboration with ECA. This coordination role should be extended in creating an interface between Geneva and Brussels processes as well as the Washington based chapters of Africa's representation including African Executive Directors at the IMF and World Bank.
- (o) In addition to the problem of supply side constraints Africa is faced with serious challenges under the ongoing liberalization process in terms of preference erosion and adjustment costs. These concerns should be addressed with extreme urgency and adequately. AFT funding should be available to help African countries in the transitory period. Particular importance is attached to the role of adjustment costs related to commodities (prominent among which is cotton).
- (p) While it is recognised that the AFT initiative is a big gain in the HMD, it is also recognised that the development and trade gains are not automatic. Hence it has to be carefully assessed how much value added will be effectively obtained under the AFT initiative (i) in terms of relief through technical assistance, capacity building and supply-side constraints (ii) as a bargaining chip under the Single Undertaking of the Doha Round.
- (q) AFT should not be linked to the Doha Round negotiations. The question is how to ensure that the funding pledges and commitments will be fulfilled and that there is no recycling of existing funds and commitments. It is also important to determine what is the leverage that Africa has to pursue the twin aspects of trade-related and development solutions under this mandate; and to determine the point at which the balance is achieved in the interest of Africa. Another important question that will

need to be addressed by Africa is whether it should push for binding commitments or not under the initiative. If not, why and with what quid pro quos?

- (r) National and regional expertise and resources available in Africa should be optimally used and synergized including in the diagnosis studies and technical cooperation programmes. Regional organisations and programs such as NEPAD, the African Development Bank, the ECA, and the Regional Economic Communities (such as COMESA, SADC, ECOWAS, ECCAS, UMA, UEMOA) could provide an African perspective to the AFT initiative. Technical assistance programmes and their deliveries should also look at how to create synergies for south-south cooperation.
 - (s) It is recommended that an AFT workshop be urgently held at sub regional and regional level.
 - (t) In order to ensure coherence between the trade and development aspects of Cotton, as determined at the WTO workshop held in Cotonou in March 2004 and reaffirmed in the 2004 July Framework, the African Group recommends that priority attention be given to Cotton in the implementation of the AFT initiative.
 - (u) Given the scant coverage of Africa's positions in world media the AU Trade Commissioner is tasked to take appropriate action to raise the media communication profile on this and other trade issues.
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