Disbursements less than the aid pledged under AFT

POST REPORT

N EPSAL has received much less assistance than what was committed under the World Trade Organisation (WTO)'s Aid for Trade (AFT) initiative. The initiative, which was launched during the WTO's Ninth Ministerial Conference in Hong Kong in 2005, was meant to assist least developed countries to integrate them into the global trading system.

Latest reports of the Organisation for Economic Cooperation and Development (OECD) and WTO show that AFT commitments to least developed countries were lower than other countries and disbursements were even lower than commitments.

According to the reports, assistance worth $301 million in 2006, $270 million in 2007 and $331 million in 2008 were committed to Nepal under AFT. However, Nepal received only $177.5 million in 2006, $25 million in 2007 and $72.5 million in 2008.

Trade expert Bimal Chhetri says the top 20 countries received 70 percent of the total AFT commitment and the least developed countries (LDCs), the target of the AFT, received only 4.3 percent of the total commitment. LDCs were only the last runner-up in the top 20 countries of the list of the AFT—said Chhetri.

Lack of government's coordination on how to approach assistance under AFT and low priority for donors, according to government officials, have led to low commitment and low disbursement. Chhetri, joint-secretary of the Ministry of Commerce and Supplies (MoCS), said there has been a lack of commitment by donors for AFT. "AFT has not been included in most of the donors' country assistance strategy," said Chhetri.

He, however, accepted that the government lacks a clear roadmap on how to receive assistance under AFT.

Trade experts said that aid packages for trade were mostly available in the software sector only, whereas the country is in desperate need of aid in hardware sector. "Donors are reluctant to support the custom reforms programme," said Chhetri. "They believe that it is easier to support the software sector," he added.

The WTO and World Intellectual Property Organisation (WIPO) had provided technical and monetary assistance worth Rs 120 million for Nepal's capacity building under the Enhanced Integrated Framework (EIF).

According to Chhetri, the government has formed an EIF National Steering Committee under the chairmanship of the Chief Secretary to initiate EIF's implementation in the country. "We are developing Tier 2 projects," said Chhetri.

Kesh Kumar Joshi, president of the Federation of Nepalese Chambers of Commerce and Industry, questioned why Nepal received less assistance. "Was our lobbying inadequate?" questioned Joshi. He emphasized the need for Research and Development facility in the country.