

# Disbursements less than the aid pledged under AFT

POST REPORT  
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**N**EPAL 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 Sixth 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 Nepal were less than other countries and disbursements were even lower than commitments.

According to the reports, assistance worth \$201 million in 2006, \$270 million in 2007 and \$231 million in 2008 were committed to Nepal under AFT. However, Nepal received only \$97.5 million in 2006, \$25 million in 2007 and \$77.9 million in 2008.

Trade expert Ratnakar Adhikari says the top 20 countries received 70 percent of the total assistance under AFT. "Bangladesh is the only LDC to feature in the top 20 countries' list of the AFT," said Adhikari.

Lack of government's clear modality on



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*Experts at a programme to launch a research project—Evaluating Effectiveness of Aid for Trade in Nepal—at Hotel Himalaya in Lalitpur on Wednesday. The programme was organised by the South Asia Watch on Trade, Economics and Environment in collaboration with International Centre for Trade and Sustainable Development.*

how to approach assistance under AFT and low priority by donors, according to government officials, have led to low commitment and low disbursement. Chandra Ghimire,

joint-secretary of the Ministry of Commerce and Supplies (MoCS), said there has been lack of commitment by donors for AFT. "AFT has not been included in most of the donors'

country assistance strategy," said Ghimire. He, however, accepted that the government lacks a clear modality 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 reform programme," said Adhikari. "They are more interested in providing assistance in software sector." 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 Ghimire, the government has formed EIF National Steering Committee under the chairmanship of the Chief Secretary to initiate EIF's implementation in the country. "We are now developing Tier 2 projects," said Ghimire.

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