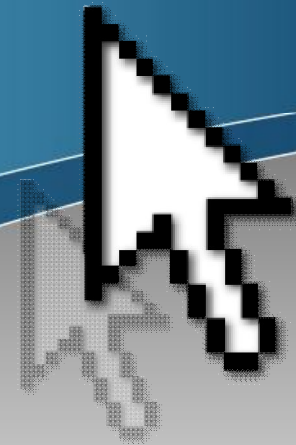


South-South cooperation in Aid for Trade

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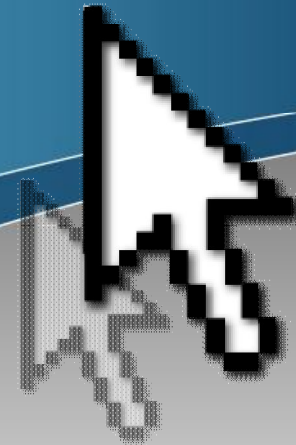
South-South cooperation in Aid for Trade

Presentation structure

- Review of major challenges, issues of South-South cooperation
- Insights into the triangle economic development of Vietnam-Lao-Cambodia: lesson learnt in promoting South South Cooperation.
- Other examples of regional TRTA
- The way forward

1

**Review of major challenges,
issues of South-South
cooperation**



Challenges & issues faced in South-South Cooperation

At a glance

- South South Cooperation has confirmed its importance
- S-S cooperation has been evolving tremendously during the last two decades, from an expression of political solidarity and aspiration of developing countries in 70s-80s to a more organized and comprehensive connectivity.
- Different forms of S-S cooperation: bilateral connectivity, trilateral programs, triangular development, economic corridor.

Challenges & issues faced in South-South Cooperation

TRTA Regional Programs & S-S cooperation

- Small role of Regional Programs in AfT in Asia

	Asia	Africa	America	Europe
Total Aft	3.2%	27%	26%	31%
Trade policy	25%	67%	200%	3.3%
Economic Infrastructure	1,7%	28%	20%	16%
Productive Capacity	5%	20%	21%	60%

Source: OECD, 2006 figures

Challenges & issues faced in South-South Cooperation

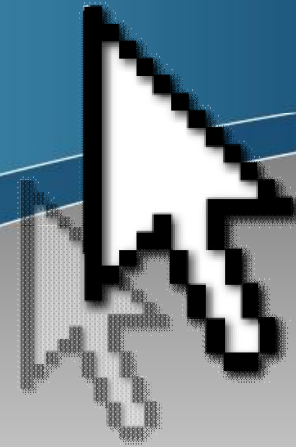
- Cooperation is hindered by the following major factors and challenges:
 - Similarity between countries in terms of comparative advantages, resource endowments, export products, export markets, technologies and expertise, limiting mutually beneficial exchanges
 - Poor cross border infrastructure
 - Asymmetric timing of cost and benefits
 - Traditional donor and cooperation programs with the North

Challenges & issues faced in South-South Cooperation

- Weak supply-side capacity (including infrastructures and institutions)
- Economic and legal infrastructure are under development, causing some uncertainty and unpredictability for cooperation.
- Difficult to monitor at regional level
- Difficult to predict sustainability of programs due to limited funds and follow-up.

2

**Insights into the triangle
economic development of
Vietnam-Lao-Cambodia: lesson
learnt in promoting South South
Cooperation.**



CLV Triangular Cooperation

- The CLV Triangular Cooperation program was initiated in 1999 by Prime Minister of Cambodia at the CLV Summit meeting.
- Priorities were given to sectors such as transportation, trade, tourism, electricity, human resources development and public health
- The Master Plan of CLV Triangular cooperation was adopted in 2004

CLV Triangular Cooperation

- Japan started first as donor (2005) with 2 billions Yen in areas of public health, education. Implementation in 2007.
- In 2006, Steering Committee was set up in each country
- In 2007, started to focus on investment promotion into the CLV Triangular and common policies to promote trade and investment in CLV Triangular.

CLV Triangular Cooperation

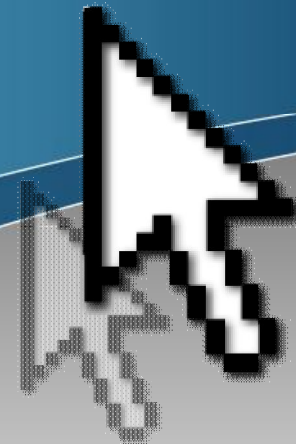
- The 10 year development of CLV triangular shows:
 - Political will is important, but active involvement of local authorities is crucial.
 - Need to set up network and activate regular exchanges of local authorities in the Triangular
 - Strengthen Coordination between central and local authorities.
 - More work on trade and investment facilitation

CLV Triangular Cooperation

- Limited attraction of FDI, ODA in infrastructure development. Public and Private partnership is therefore essential for sustaining the triangular.
- Still insufficient Legal and economic infrastructure. The supporting role of regional institutions and donors is important in this regard.
- Most businesses in the Triangular are SMEs in food and forestry processing. Need leading roles to promote the production network, supply chain and supporting industries

3

Other examples of bilateral regional TRTA



The Multilateral Trade Assistance Program (MUTRAP) funded by EC:

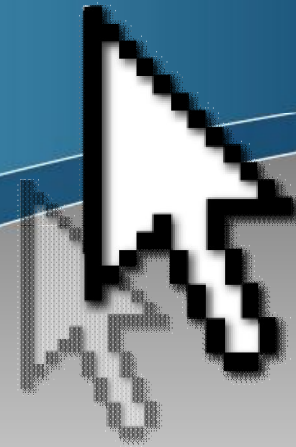
- 1998-2004: 2.3 Millions Euro; 2005- 2008: 5.2 Millions Euro, 2008-2012: 10 million Euro
- A successful story of TRTA to Vietnam to promote trade reform, WTO accession, trade policy formulation.
- Trilateral component with: Singapore (training), EIP (Canada)
- Constraint: quality experts/consultants, lack of involvement of WTO/Geneva based experts; can't go beyond policy domain toward a more integrated approach.

The APEC Economic and Technical Cooperation (ECOTECH):

- Started 1996 for sustainable development goals.
- Large range of projects with very good quality, but lack of implementation capacity
- Projects proposed by individual members, co-sponsor by at least 2 other economies. But co-sponsorship become more nominal than practical.
- Limited funding, so projects are often one-off event, lack of continuity as well as limited to policy domain.
- Not clear and specific priorities or criteria for prioritization.

4

The way forward



The way forward

- Efforts should be given to increase the role of Regional programs in AfT and S-S cooperation.
- Better Matching AfT between:
 - Donor and regional/international organizations in charge of the issues
 - Beneficiaries and regional organizations
 - Donor coordination.
 - Coordination at national, regional level are of primary importance.

The way forward (cont'd)

- Demand-driven AfT should be supported by regional expertise.
- Integrated approach for each AfT project, including Trade policy regulation, infrastructure development and productive capacity.
- Strong ownership and incorporation of AfT into the national trade and development plans. This could be done only if projects are elaborated in an integrated and long terms approach. Piece meat and short-term with unpredictable funding projects are difficult to be undertaken in national trade development program.

The way forward (cont'd)

- Partner and pool resources for strategic results, fulfilling mutual interests. PPP is of crucial importance.
- Regional networking in implementing AfT projects to ensure the harmonisation, connectivity and promote supply chain among countries.
- Benchmarking and evaluation.



Thank You.