

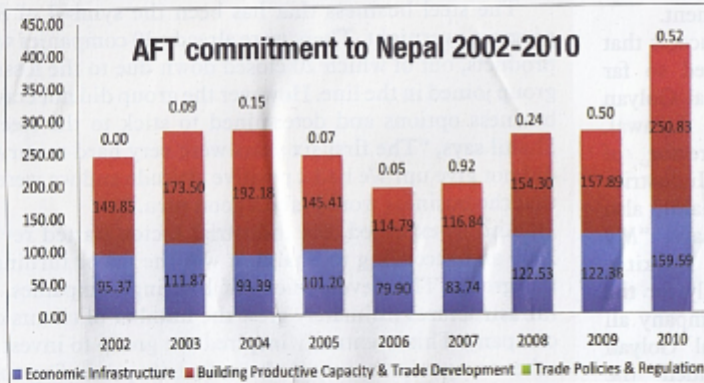
# Expert Indicates Insufficient Aid for Trade in SAARC Region

By Sujan Dhungana/Suraksha Adhikari

Aid for Trade (AFT) amount received by the South Asia for financing regional projects is grossly insufficient to meet the requirement of the region, according to South Asia Watch on Trade, Economics and Environment (Sawtee).

Unlike the global trend, where economic infrastructure constitutes the major component of AFT (56 percent on an average between 2006-2010), regional funding in South Asia focuses predominantly on building productive capacity and trade development, according to economist Ratnakar Adhikari, who is also chief executive director at Sawtee.

What South Asia has received so far in the form of regional funding between 2005 to 2010, i.e., US\$ 111 million in disbursement is a paltry 2 percent of the requirement of a single country



Source: Organisation for Economic Co-operation and Development (OECD) CBS, Figure in US\$ million

Bangladesh of the region for which investment requirement for enhanced connectivity has been calculated at US\$ 5.2 billion, he added.

Unless and until a "regional champion" emerges and regional organisation such as SAARC is convinced of the need to pursue the

idea and funding can be substantially scaled up the regional AFT in South Asia will remain a chimera, he claimed.

South Asia is the least integrated region in the world in terms of trade, investment, connectivity and a host of other indicators, according to him.

## Aid for Trade

Aid for Trade is a broad concept inspired by Doha Round of World Trade Organisation that includes financing for various areas related to improving countries' capacity to trade. It is assistance to support developing countries' efforts to expand their trade as a tool to help growth and reduce poverty.

The blamed the reluctant of national governments to own regional projects for taking necessary initiatives in AFT.

He said that the donor agencies together with regional banks and organisations should explore the merits of establishing a Regional Aid-for-Trade Committee to improve the existing AFT situation.

## AFT and Nepal

The overall amount channeled to Aid for Trade in Nepal is even worse, Adhikari claimed. It has been found that the investment under infrastructure categories is also disbursed as AFT amount, he said, adding that the country cannot calculate the actual AFT amount in such circumstances. "The government should dare to take concrete measures for trade facilitation which ultimately will have impact on overall economy," he reiterated.