As prepared for delivery

The WBG's Aid for Trade Agenda

The World Bank Group's aid for trade work recognizes that lower trade barriers and trade agreements need to be combined with stronger "hardware" and better "software" to boost trade.

We can help with the "hardware" of ports and infrastructure.

But the World Bank Group can also assist with the "software" of clear customs rules. Support for logistics chains and standards. Trade Finance. And developing a better climate for private business.

Building economic opportunity through trade also involves helping people -- especially the poorest and hardest hit – to adjust to new circumstances.

The World Bank Group's total lending and investments for trade have doubled from about $10 billion a year during 2002 to 2005 to an average of $20 billion a year in 2007 and 2008.

Our aid for trade lending to low-income countries is funded through our International Development Association, or IDA, which provides grants and no-interest loans for the 79 poorest countries. IDA's aid for trade financing has risen from $2.4 billion a year from 2002 to 2005 to an average of $3.9 billion for each of 2007 and 2008. And we've increased the number of projects dramatically – to 123 a year. More than one-third of this lending is for sub-Saharan Africa.

The World Bank Group as a whole increased trade-related lending to middle income countries from an average of $6.6 billion a year from 2002 to 2005, to an average of $12.6 billion in 2007 and 2008.

This May, for example, the Bank launched a $250 million Integration and Competitiveness project in Tunisia. The project is designed to improve competitiveness by reducing trade costs and improving the business climate – including through streamlined border clearance procedures and e-government.

IFC, our private sector arm, has added another $3.4 billion a year in 2007 and 2008 in investments related to trade. IFC is particularly focused on building new productive capacity in low-income countries, especially in Africa. "Crowding in" the private sector is going to be essential to keep trade flowing.

But success in aid for trade goes beyond simple dollar numbers. Technical assistance, analysis of policy options, and sharing learning about what works for trade may be less quantifiable – but they are critical. Think of it as the "technology transfer" of trade.

For example, countries can benefit from training to upgrade the skill levels of their civil servants, tackle problems of corruption, and set up systems of accountability and performance standards.

Opportunity Out of Crisis

This crisis can be an opportunity.

First, it's an opportunity for innovation.

When trade finance began to dry up last year, strangling exports and imports around the world, the Bank Group worked together with Pascal Lamy and the WTO to help to mobilize additional resources.

We first boosted trade credit guarantee coverage to $3 billion for developing country banks, many of them in Africa. Then we launched a $50 billion Global Trade Liquidity Program in support of trade finance over three years.

This afternoon Pascal and I will be pleased to host a signing ceremony that will commit the first $2.5 billion of public and private funds to this program. This will help leverage additional funds. For every 40 cents invested by the Bank and its public partners, the commercial banks will put up 60 cents more.

In all these areas, we are gaining knowledge, sharing experience, and identifying problems to fix. We also recognize that we have a lot still to do.

Results

The real successes in aid for trade are in results:

In Mali, mango growers have seen an increase in the volume of fruit exports to Europe after the Bank Group helped improve practices in mango production, quality, and commercialization. Now rural smallholders can revive abandoned orchards and raise their incomes.

In Morocco, garment exporters have benefited from improvements made by the government, with the Bank's support, in trade facilitation, transportation, and logistics, which have reduced transport times to European markets.

In East Africa, most trucks clearing the Malaba border between Kenya and Uganda now wait 3 hours instead of 3 days. This is a result of the one stop border post concept, and modernization and interconnectivity of customs systems. This work also includes simplified processes at the Port of Mombasa in Kenya and road rehabilitation along the Northern Corridor.

We've seeing similar results in other parts of the world: improved competitiveness in Mauritius [(have)]TJ0pooc -