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THE ROLE OF THE IF & REGIONAL TRADE IN POST-CONFLICT COUNTRIES

In order to successfully discuss the role of the EIF & regional trade in post-conflict countries such as Liberia, we must first understand the effects of conflicts on the society, economy, and political environment (both local and regional). It's easier inviting you to Liberia, Sierra Leone, or Rwanda as rhetoric without you physically experiencing the devastation may not be as effective. Using the Liberian context, I'll try to be as succinct as possible.

Let's not make a mistake to deny that there is a direct correlation between poverty, the spread of diseases, conflicts, and international cooperation (or international interference). It's not rocket science to know that conflict affected countries are amongst the world's most indigent even in comparison to other least developed countries. Conflicts certainly hinder economic growth and socio-political progress. Regardless of how long, be it domestic or international, religious or secular, conflicts destroy everything that nations and peoples build over time. This includes infrastructure, legal, regulatory & policy systems, besides the country's capacity to save itself and make progress. All of these are important to encouraging trade and investment.

The needs of post-conflict countries are many and more complex than just ordinarily poor countries. In addition to creating the enabling environment that would attract donors and foreign direct investments, post conflict governments face the overwhelming tasks of maintaining the hard earned peace & stability and rebuilding from scratch basic infrastructure such as roads, power, water, telecommunications, healthcare and even the buildings needed to run the governments. Diminished human resources and lack of training are also derivatives of conflicts that seriously affect productivity and competitiveness.

Gruesome images of war, structural weaknesses coupled with dysfunctional financial, government, and legal structures further complicate the recovery efforts even with abundant natural resources such as in the case of Liberia and Sierra Leone. In fact, having the resources in absence of the capacity to manage them under a clear and attainable national development agenda only widens the gap for more societal ills.

Studies indicate that economies reliant solely on natural resources are more susceptible to relapse into conflicts if governments with the support of development partners do not put in place structures that encourage the responsible exploitation & trading of resources and equitable distribution of wealth.

Economic reconstruction and sustainability of post-conflict countries require a variety of interventions from both the international community and the private sector. We have learnt that regional support, dependability, and timely intervention may prevent the collapse of conflict prone countries and spillage of the conflict to other countries.

Regional trade also has the propensity to bring countries together primarily for mutual economic benefits that encompass the need to maintain security and stability.

For example, during Liberia's crisis, due to the lapse in cooperation between countries in the Mano River Union, we saw the spilling of the war into every country within the union, namely Sierra Leone, Guinea, and the Cote d'Ivoire.

With stability in the region, we are working together on reestablishing a symbiotic relationship between member states. Our efforts include harmonizing regional tariff regimes and accountably encouraging trans-border trade. My colleague from Sierra Leone and I have already begun discussions on identifying and jointly promoting a common tradable commodity for international exports.

Traditionally, our economies have been driven by the trade of our natural resources. By all standards, we cannot be considered industrialized or industrializing nations. Long-term growth appears to be generally favorable for trade in some of our resources. However, the crisis affecting the global financial markets will have effects on our economies. As our traditional trading partners remain inevitably predisposed to recession, our exports to these markets will decline.

The ongoing global financial crisis suggests that the prices of most of our exportable resources will remain volatile for a while. This situation signals the need to explore the production of products that show resilience on the international market and would also satisfy regional demands.

If funded properly, and timely implemented, with post conflict countries taking responsibility for driving their trade development agenda, the EIF provides an ideal opportunity to bring together stakeholders and establish an effective framework that would support public and private sector growth.

The EIF (beginning with the DTIS) principally supports the effectiveness of countries to implement post conflict recovery by:

1. Restoring trade institutional and human resource capabilities
2. Establishing the mechanisms for ownership, collaboration, oversight, accountability, and strategic development (through the establishment of the NIUs and NSCs)
3. Rebuilding inclusive socio-economic institutions

4. Rebuilding integrity (caused by events of the crises) and thus confidence from the international community.
5. Encouraging innovation and renaissance

Challenges

I need not restate '**limited financial resources**' as this is the established challenge all LDCs and post conflict countries face. Even though the EIF fund jumpstarts trade development, it is insufficient.

Because of time, I'll rather highlight few other challenges. For the process to be effective, change to be accepted, and the recovery process sustainable, a careful and concerted strategy that ties together all available resources and support is critical.

1. **Structure & Ownership:** The challenge is to develop the competent structure needed to drive the process. In consideration of the human resource deficits caused by conflicts, the efficiency of the national implementation arrangement and the steering committee can go a long way in providing support across sectors and agencies. It is important that conflict stricken countries develop their own capacities and the ownership of the process to foment sustainable growth.

Too often, post conflict countries find that they have to accept donors goodwill along with strings driven by views from the outside that are alternatively guided by intuitional goals and productivity requirements. While most of the objectives are good, they may not reflect real national priorities or address the many obligations of the government.

Unlike many interventions that offer template solutions that go by sophisticated acronyms, the EIF says in short, we have this small money to help you develop trade, tell us what your needs are and show us how you will maximize and sustain this support.

Most often research and policy attention has focused on the role of external actors in post-conflict rebuilding, rather than on the role of domestic players in fashioning their own institutional capacities for recovery. Ownership is very important in ensuring that issues prioritized and included in the countries development agendas reflect the true sense of where they must go in order to improve trade and effectively participate in the global trading system. In some cases, you will find donors themselves trying to exhaust the limited resources provided by the EIF to fund international consultants.

In Liberia, EIF has positioned itself as an asset to the Ministry of Trade and other agencies of government such as the Ministries of Finance, Agriculture, Foreign Affairs, and Planning as well as the National Investment Commission.

- 2. Buy in and support from individuals (such as government officials and civil leaders).** The process of bringing authorities across sectors is not always easy; it's not supposed to be easy. The desire for economic development, growth, and increased trade hence revenue is always there. As Honorable Mutati eluded yesterday, the benefits of the EIF can be exploited for political credits.

It's easy getting the government or a politician to say yes to the concept, however, getting individuals to remain focused and understand that the benefits must be distributed across sectors or that the implementation will be coordinated by the NIU is as challenging as maintaining the momentum in lieu of funding and resources. It is even more difficult when the macro framework is not accommodating. In such case championing from the highest level is essential.

Let me highlight that there are also challenges associated with getting partners to prioritize trade in their programs and utilize the NIU for coordinating and monitoring the trade development process.

- 3. Timing.** In the case of Liberia, the timing of the EIF process was right; it began with the DTIS at a period when Liberia was preparing its national development strategy, the PRS and aggressively seeking to meet requirements for debt relief. Thus, we sped up the process and conducted the DTIS in tandem with the PRS.

This created great enthusiasm and expectations. Yet, delays in establishing the secretariat here in Geneva and securing funding commitments from donors tended to erode the enthusiasm of government officials and other stakeholders.

Not to delay your lunch any further, I would like to encourage all LDCs to take advantage of the opportunities provided by the EIF but ensure that it is implemented with focus on ownership and sustainability. View it not as the solution but as a means towards identifying solutions.

Thank you.