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Monitoring Aid for Trade

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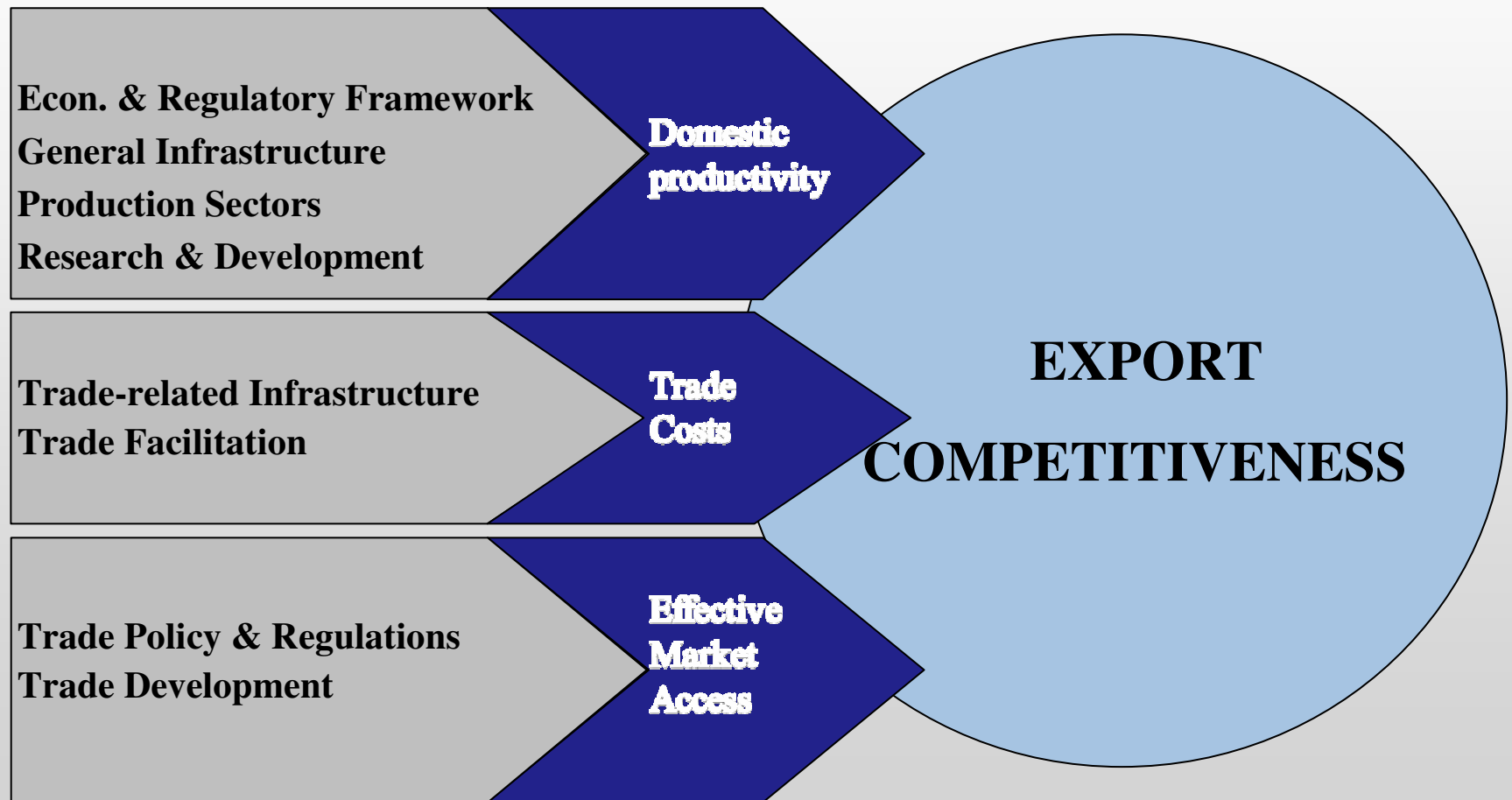
The Aid for Trade Initiative

NO NEW GLOBAL FUND

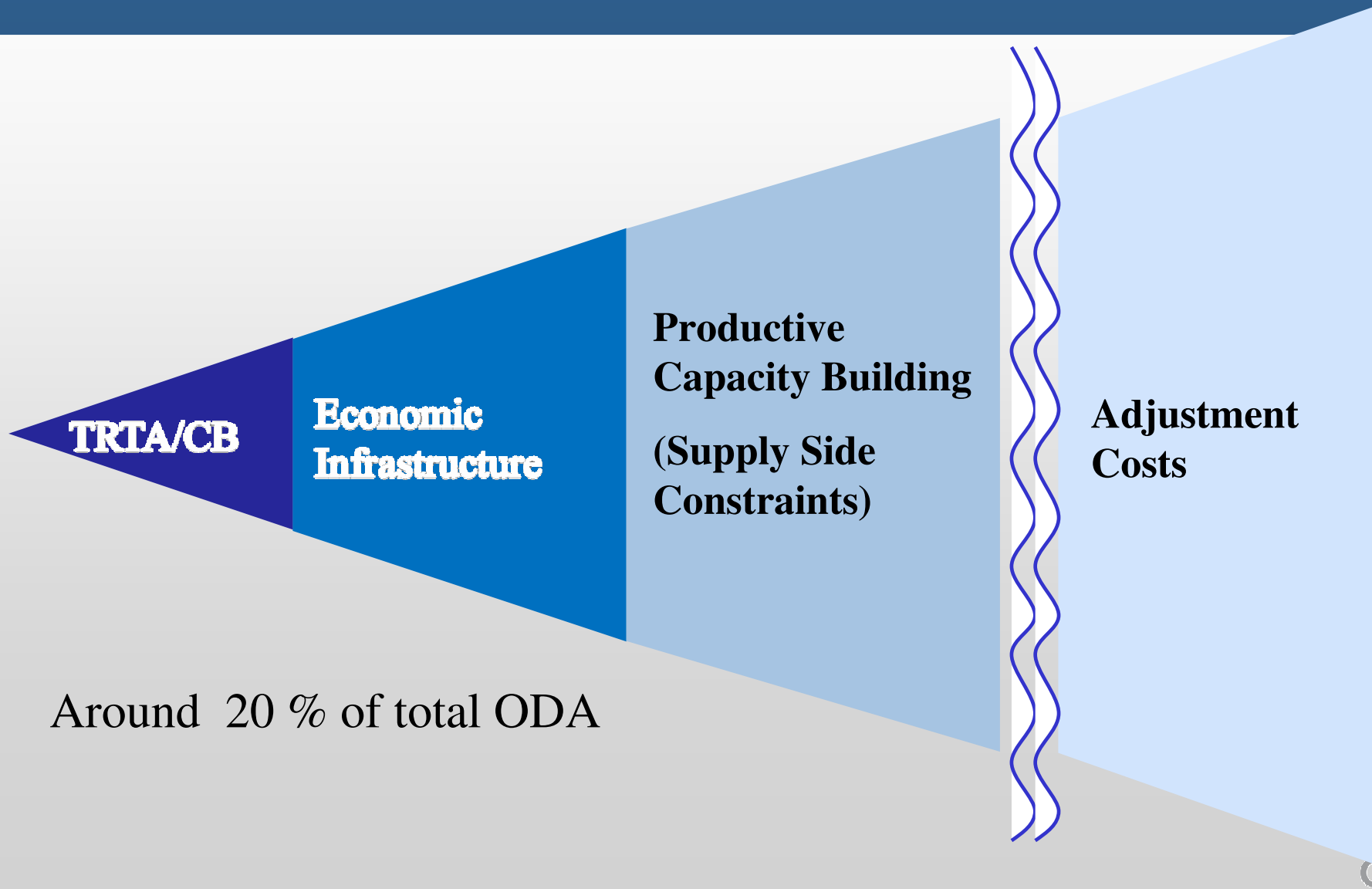
- Aid for Trade is part of normal ODA
- No new eligibility criteria (all ODA recipients are eligible), no new funding windows, no new administrative procedures
- No guarantees of additional flows

The initiative is about raising **awareness, effectiveness** and hopefully **resources**.

Aid to help building trade capacity



Scope of the Aid for Trade Agenda



WTO Task Force on Aid for Trade

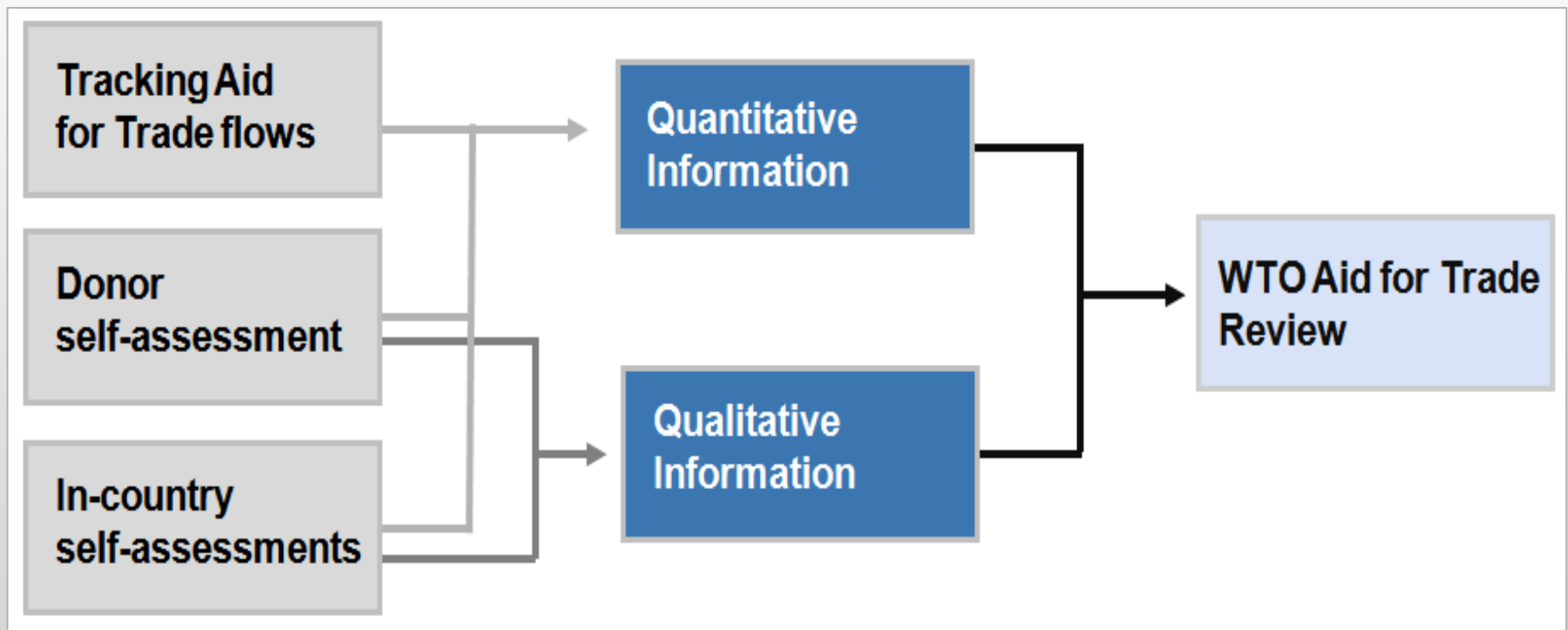
Driving concerns

- Additional, predictable, sustainable financing
- Better allocation of aid for trade
- More effective aid, through better application of the Paris Declaration aid effectiveness principles
- **No new mechanisms**

Some operational recommendations

- Explore expanding Integrated Framework for IDA only countries
- Strengthen regional demand and supply
- Monitor and evaluate aid for trade flows and effectiveness

Monitoring Architecture



Measuring Global Aid for Trade Flows

The OECD Creditor Reporting System

An existing database of ODA commitments and disbursements

- comparable data across time and countries
- global trends, incl. additionality

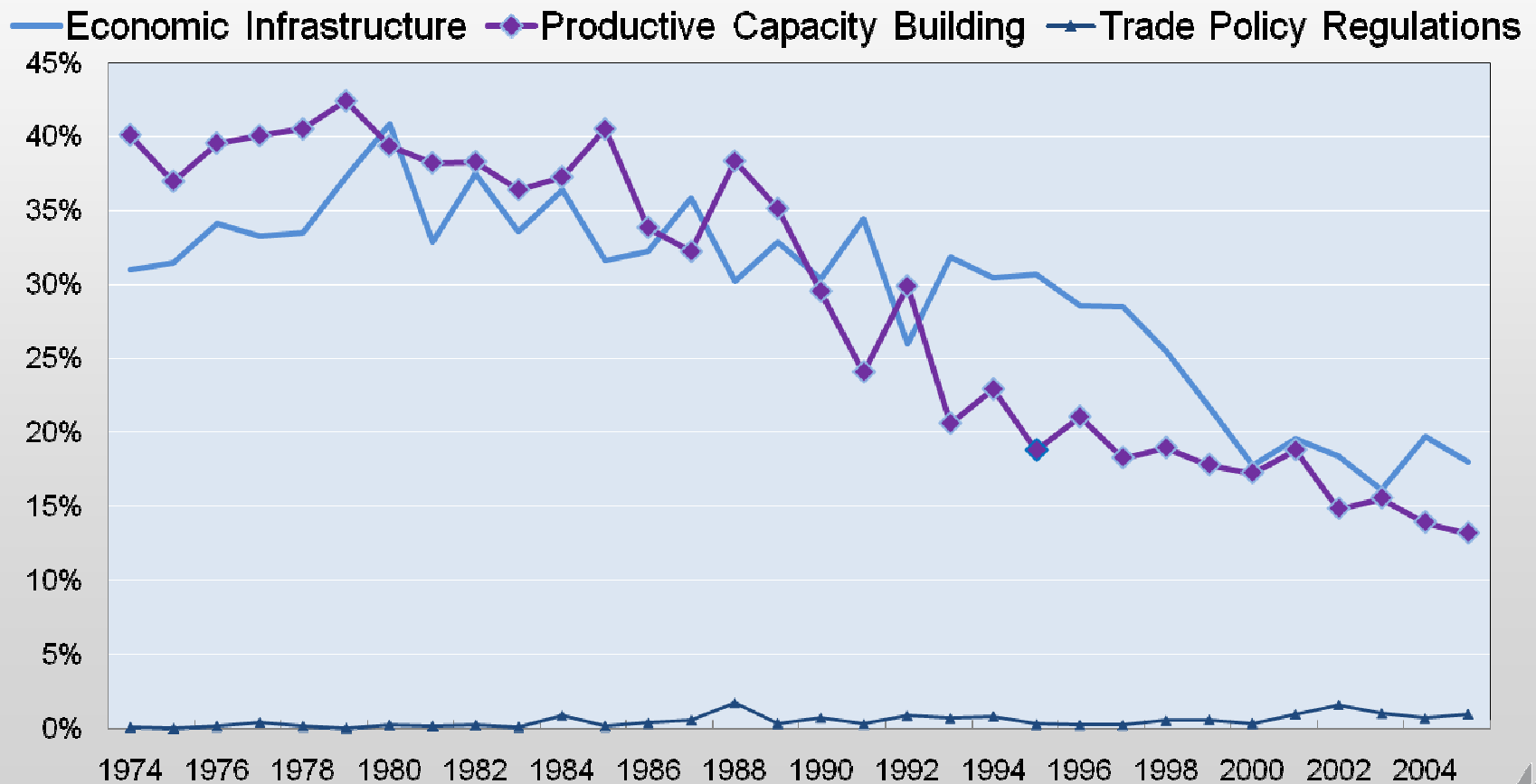
Best proxies for AfT definition, but imperfect match:

- very broad categories - overestimation
- not all AfT categories covered - underestimation

True AfT numbers can only emerge from donors and partner countries

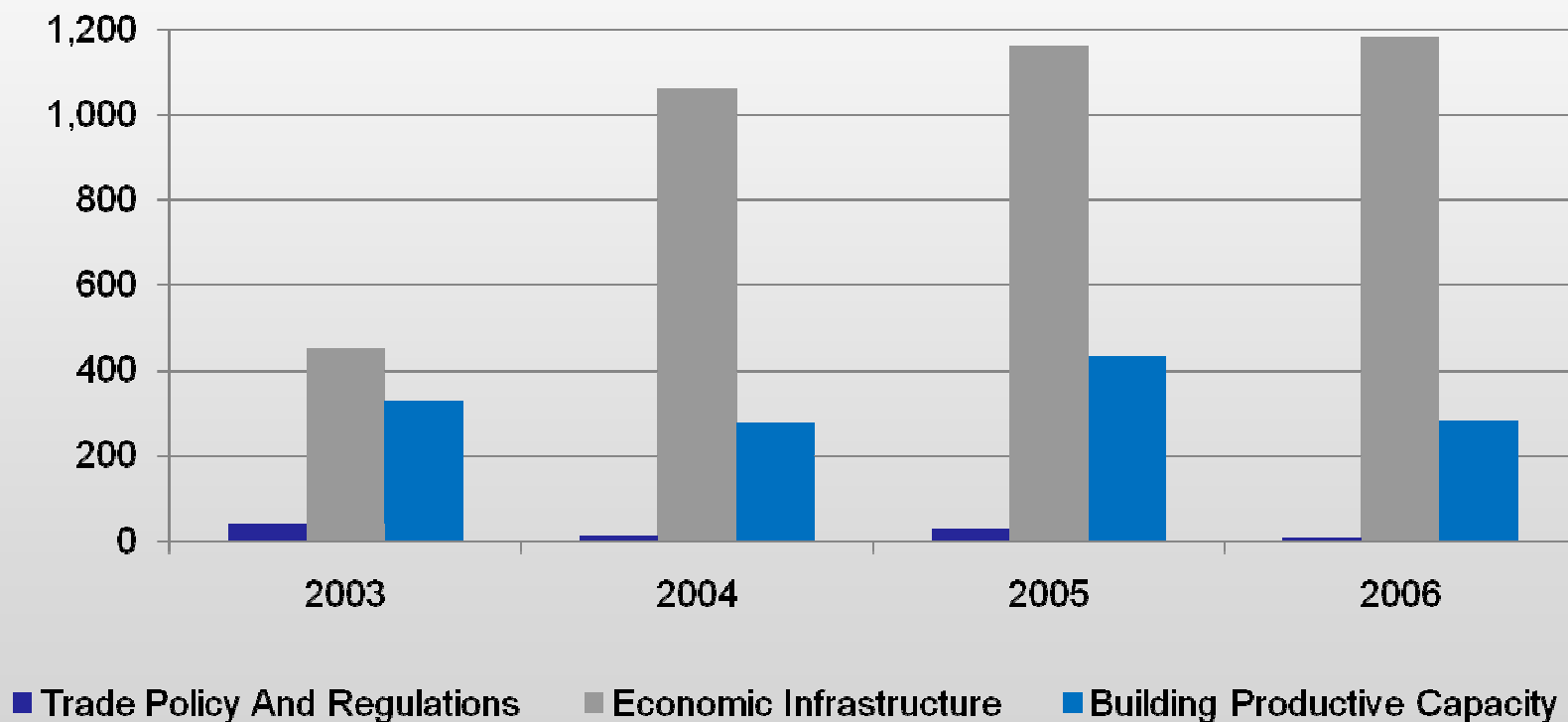
Long Term Trends in 'Aid for Trade' Categories

Share of sector allocable ODA in commitments



An overview of 'Aid for Trade' in CAREC (without China)

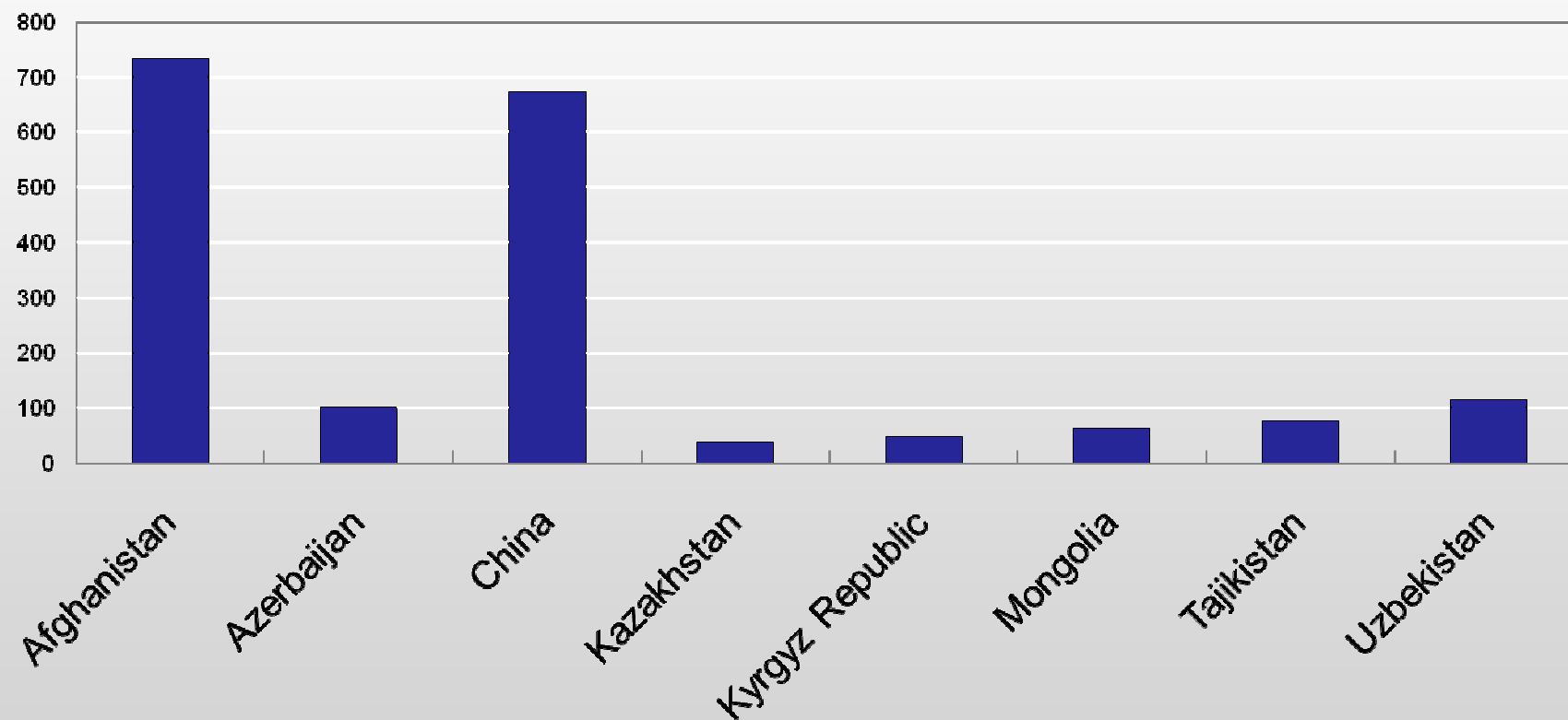
ODA Commitments- Average 2002-2006 - US\$ Millions, 2005 constant prices



Source: OECD/DAC/CRS

'Aid for Trade' in CAREC Member Countries

ODA Commitments – Average 2002-2006 - US\$ Millions, 2005 constant prices



Source: OECD/DAC/CRS

Qualitative AfT Information

- Encourage accountability and reflection:
 - governmental reflection process both in donor and partner countries on aid for trade and trade development strategies
 - dialogue between donor/partner and with stakeholders.
- Eliciting comparative data on the quality of aid delivery and in the future, the outcomes and impact of aid.
- Refine the measurement of aid for trade flows and create vertical comparability across time

Donor and partner questionnaires

WORLD TRADE ORGANIZATION
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DONOR QUESTIONNAIRE ON

WHAT IS YOUR AID-FOR-TRADE STRATEGY?

1. Do you have an aid-for-trade strategy?
2. How has this strategy evolved since 2002-2005?
3. How does this strategy address the needs of your partner countries?

HOW MUCH AID-FOR-TRADE DO YOU PROVIDE/RECEIVE?

SCOPE

4. How do you define aid-for-trade (trade-related)?¹

METHODOLOGY

5. How do you allocate the aid-for-trade?

COMMITMENTS

6. According to your aid-for-trade strategy, how much aid-for-trade do you expect to provide/receive for the period 2002-2005 and in particular in 2005?

PLEDGES

7. Describe any aid-for-trade pledges made at the Conference?
8. What is your medium-term (beyond 2005) aid-for-trade strategy?

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PARTNER COUNTRY QUESTIONNAIRE ON AID FOR TRADE

WHAT IS YOUR AID-FOR-TRADE STRATEGY?

1. What priority is accorded to trade development in your country's economic growth/international development/poverty reduction strategy?
2. Do you have a government-wide trade development strategy and if so what are its main priorities? What time period does it cover?
3. Does your trade development strategy specify aid-for-trade needs?
4. What are the main trade development challenges and opportunities you face which require collaboration with other countries in your region? Are these addressed in your trade development strategy?

HOW MUCH AID-FOR-TRADE DO YOU RECEIVE?

5. Have you costed your trade development strategy? What percentage of your trade development financial requirements do you expect to be funded by ODA?
6. Which activities do you consider are supporting your trade development strategy? Accordingly, how much aid-for-trade have you received by category for the period 2002-2005, and in particular in 2005?
7. Describe any key trade development priorities that are constrained by lack of donors' funding?

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

MAINSTREAMING

8. Describe the internal governmental coordination process to prepare your trade development strategy.

OWNERSHIP
Refers to partner countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.

9. What needs assessment tools do you use to formulate your trade development strategies (do you use diagnostic studies, e.g. such as those prepared under the Integrated Framework?)
10. How do you involve key stakeholders (including the private sector and civil society) in the identification of your trade development challenges and opportunities?

¹ Without any prejudice to your answer to this question, and to facilitate responses, we provide in the annex the information we hold on DAC donors' commitments to your country for the following aid categories: Trade Policy and Regulations, Economic Infrastructure, Productive Capacity Building.

PARTNER COUNTRY QUESTIONNAIRE ON AID FOR TRADE

Main themes:

- What is your aid for trade strategy?
- How much aid-for-trade do you provide/receive?
- How do you implement your aid-for-trade strategy?
- Do you participate in mutual accountability arrangements?

Results at Year One are Encouraging

- Aid for Trade volumes are rising, but their share in sector aid continues to decline.
- Aid for Trade is being prioritised in donor and partner strategies.
- Awareness of regional constraints is high, but challenges remain how to address them.
- Many partner countries have identified key constraints and costed their strategies, but are uncertain about which financing needs will be met by ODA.
- All agree with Paris Declaration, but implementing aid effectiveness principles remains challenging, particularly in terms of management for results and mutual accountability.

Priority Areas for Improvement

1. Much stronger engagement of partner countries

- Better communication and planning
- In-depth consultation
- Making sure partner countries benefit directly from the process of answering the questionnaire.

2. Stronger spotlight effect

- Best practice information
- More comparable data across donors and partner countries
- Better integrate regional dimension

3. Address evaluation issues and impact on trade performance

Engaging partner countries

Benefits of participation

- Increased visibility towards donors: opportunity to voice needs, concerns and results obtained to date
- Tool to improve national planning on trade development programmes
- More effective aid for trade, and potentially additional resources

Costs of participation

- Articulating some kind of national strategy and developing a comprehensive picture of all aid for trade programmes
- Filling a questionnaire – not always negligible
- Keeping up with Geneva action plans – not always easy for observers.

Issues for discussion

➤ Raising awareness

How can we make sure that the relevant people in governments are aware of the benefits and costs of participation? Is this type of event useful? Are there other avenues?

➤ Increasing relevance

What structure of the questionnaire would increase the benefits from the questionnaire? Are the four headings right? Do they enable countries to signal what's working in the aid-for-trade assistance and what's not.

How can the questionnaire be most useful for national planning?

➤ Reducing the administrative burden

Who should receive the questionnaire and which format is best? Is inter-ministerial cooperation too costly?