

The views expressed in this presentation are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

Monitoring Aid for Trade

Martina García
Senior Trade Policy Analyst
OECD Trade and Agriculture Directorate

CAREC TPCC meeting
Bishkek, 2ND April 2008



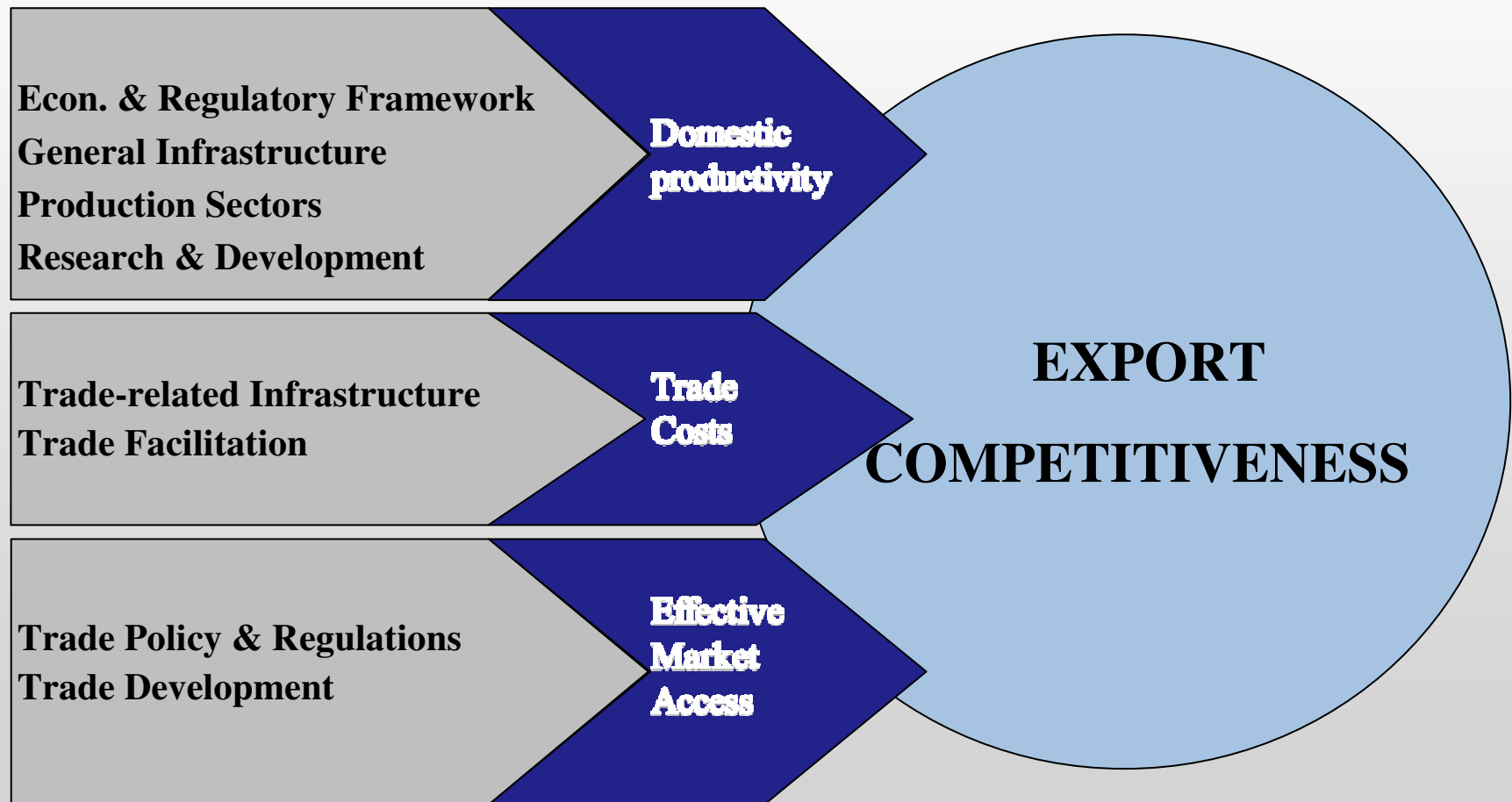
The Aid for Trade Initiative

NO NEW GLOBAL FUND

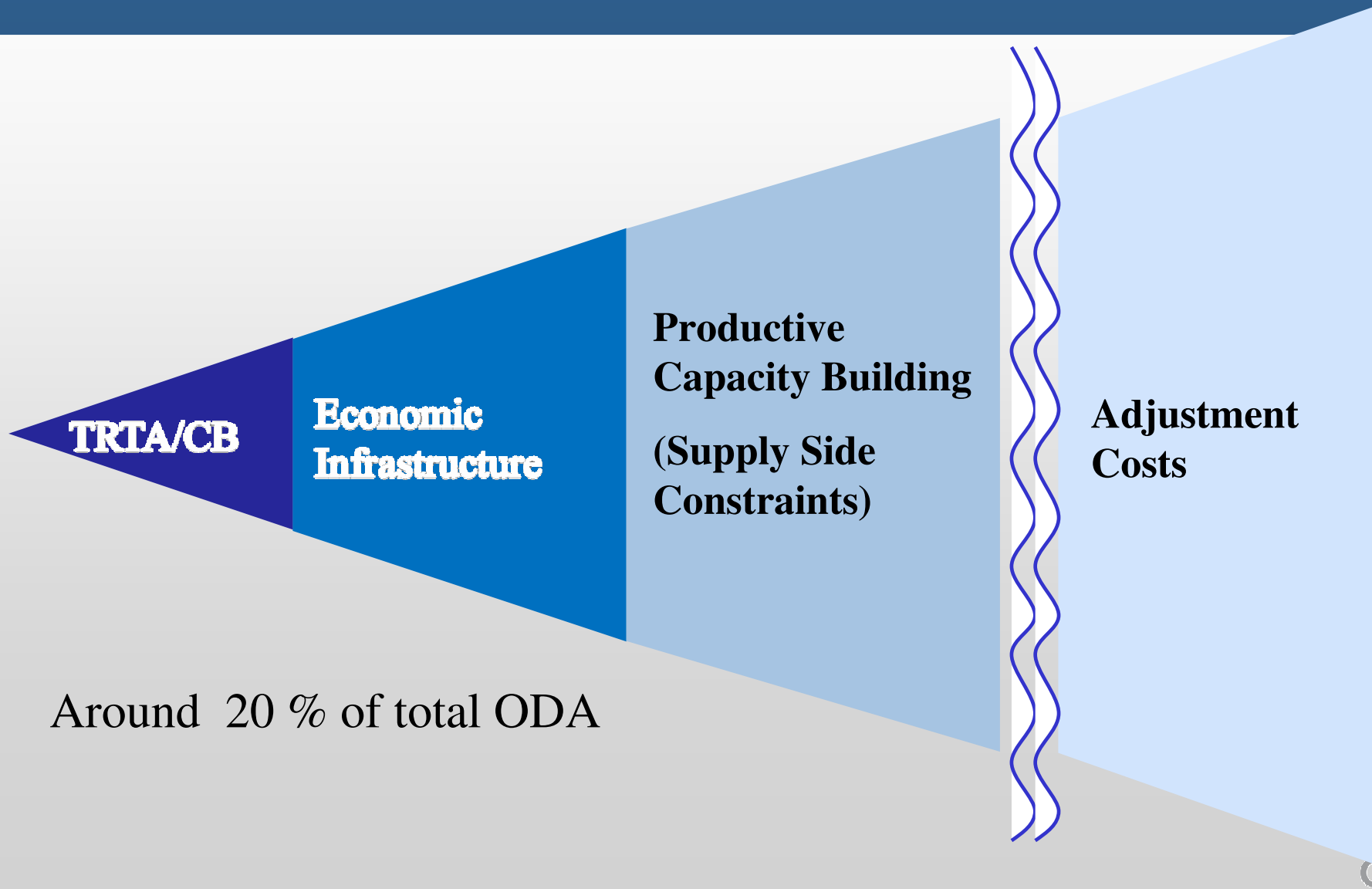
- Aid for Trade is part of normal ODA
- No new eligibility criteria (all ODA recipients are eligible), no new funding windows, no new administrative procedures
- No guarantees of additional flows

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

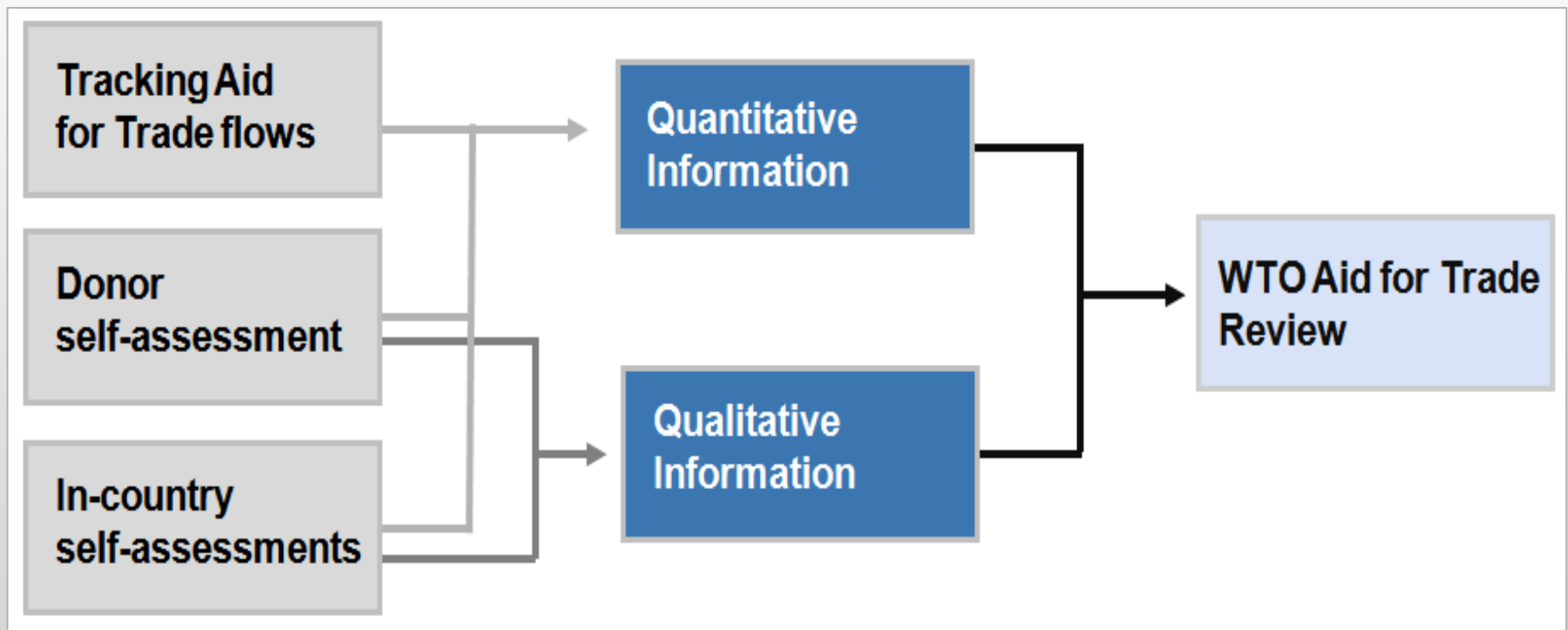
Driving concerns

- 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

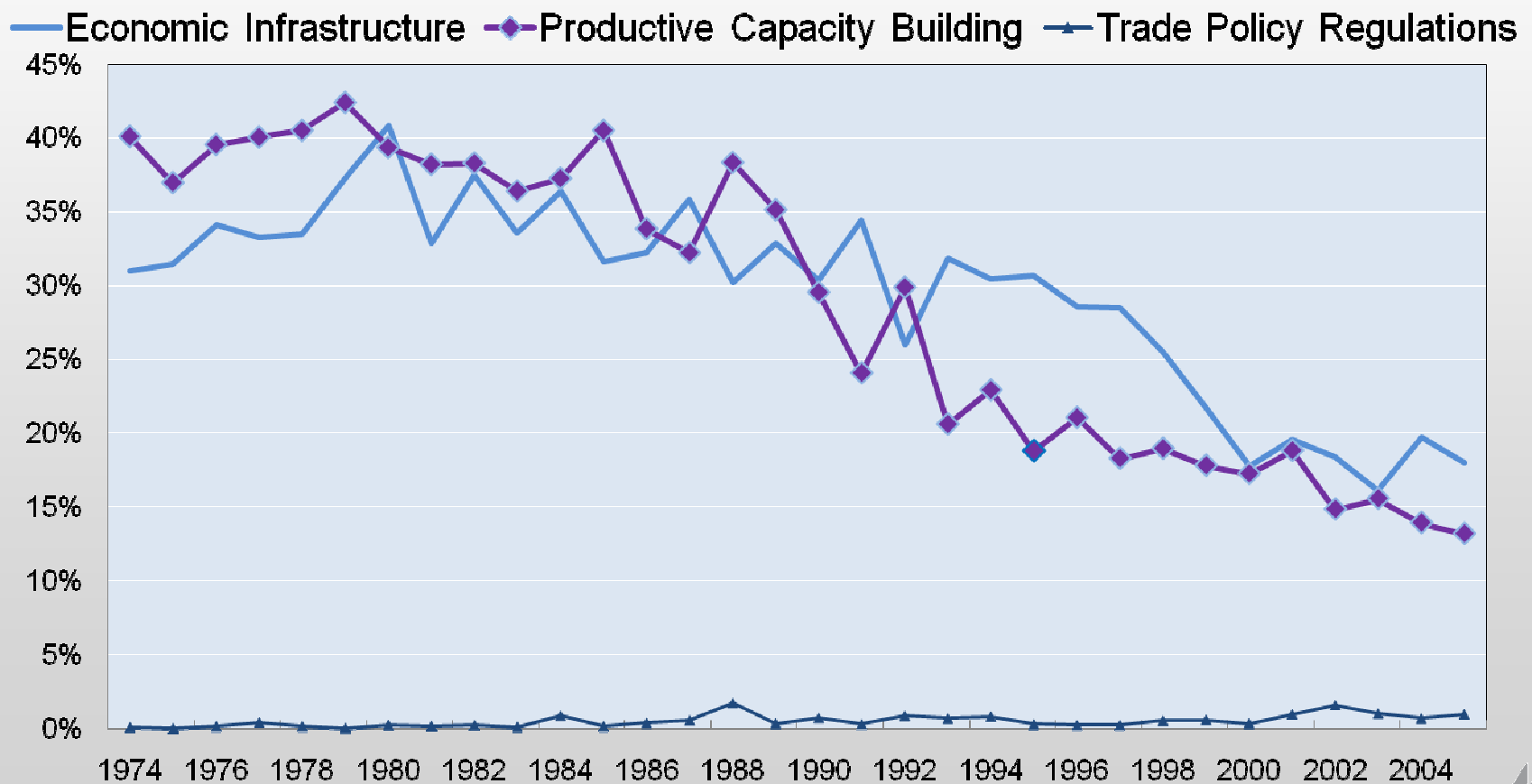
Best proxies for AfT definition, but imperfect match:

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

True AfT numbers can only emerge from donors and partner countries

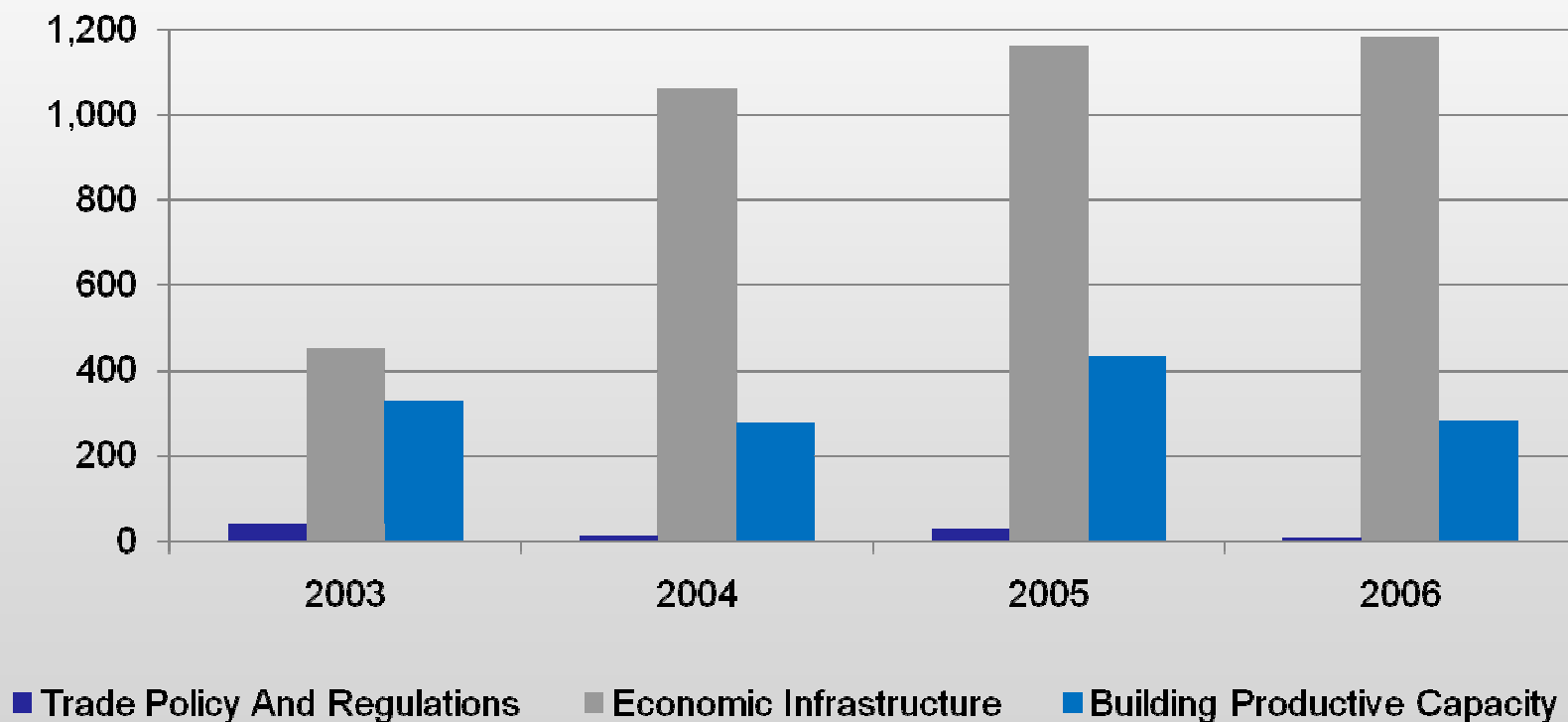
Long Term Trends in 'Aid for Trade' Categories

Share of sector allocable ODA in commitments



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

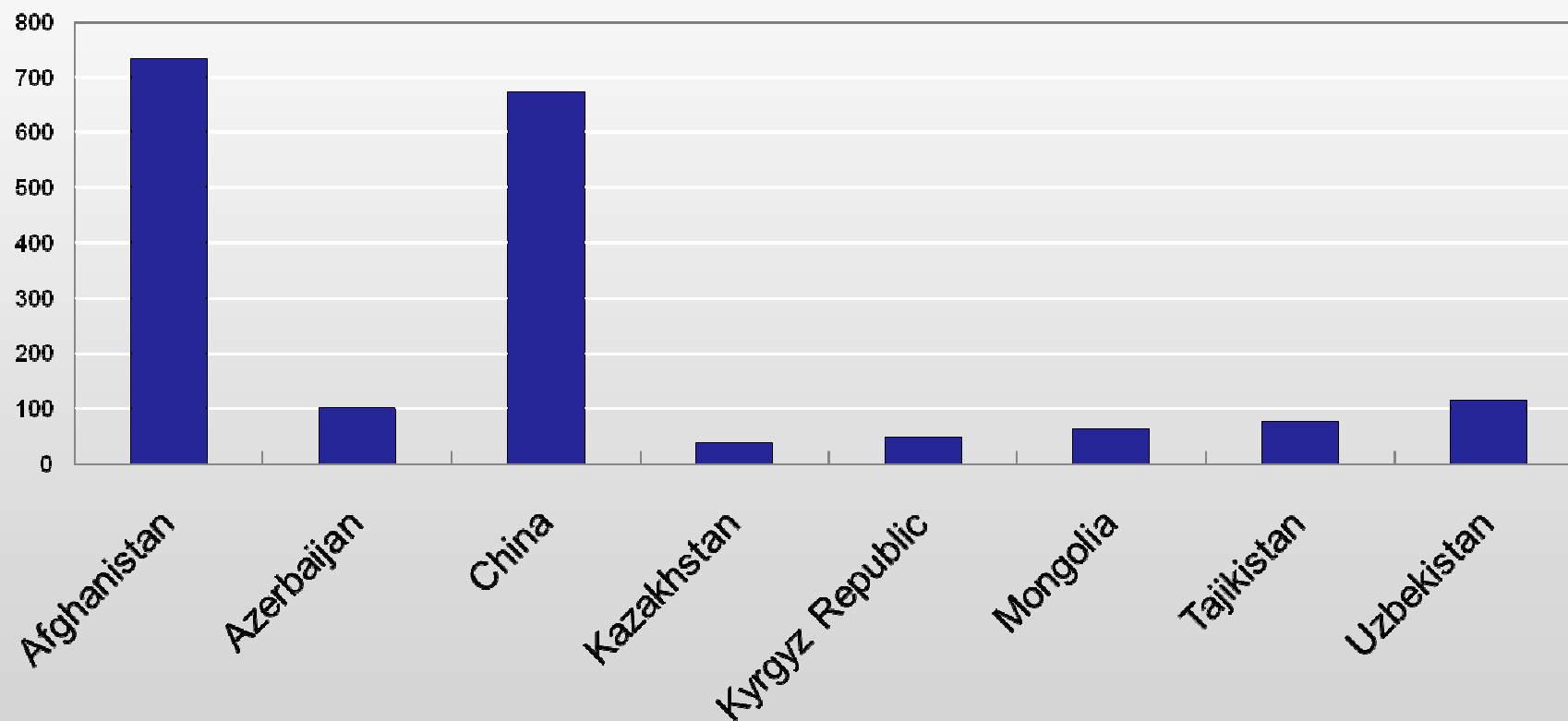
ODA Commitments- Average 2002-2006 - US\$ Millions, 2005 constant prices



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

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?