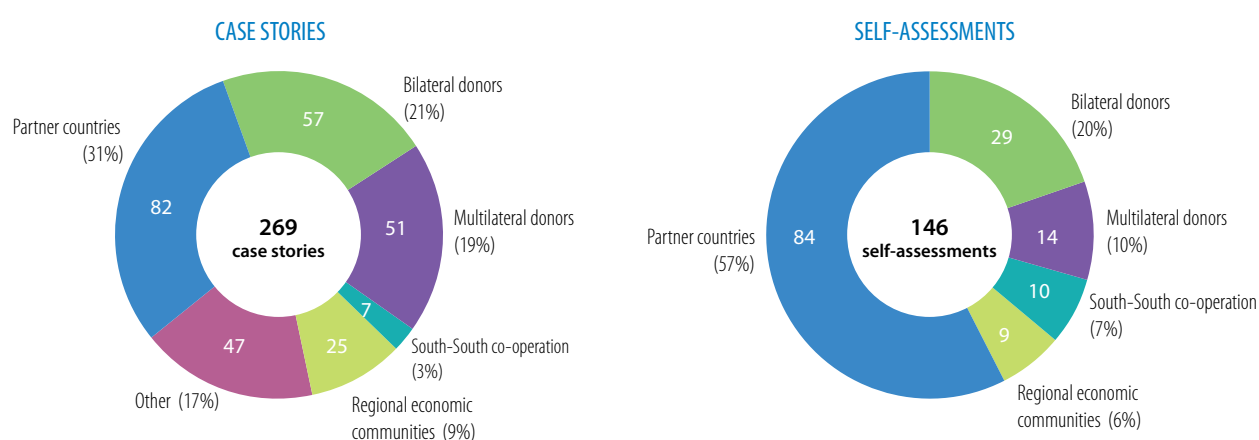


# EXECUTIVE SUMMARY

The 2011 monitoring report *Aid for Trade at a Glance: Showing Results* analyses a vast amount of unique information from a wide range of sources about what works in aid for trade, what does not work and where improvements are needed. The bulk of this information has been gathered from 269<sup>1</sup> case stories and 146 self-assessments that were submitted by partner countries, bilateral and multilateral donor agencies, providers of South-South co-operation and regional economic communities. Together with the aid-for-trade data extracted from the OECD/CRS database, findings from trade-related evaluations, empirical studies and references to the broader trade and development literature, the report paints a positive and vibrant picture of aid for trade in action.



## Aid for trade remains a priority...

Aid for trade remains a priority for most developing countries and donors. Stakeholders are connecting aid for trade to the broader development agenda, with strategies and objectives increasingly focusing on economic growth, poverty reduction and regional integration. Possible future revisions will be driven by evolving broader development plans and by evaluation results. Consequently, the importance of monitoring and evaluation will only increase.

## ...reaching USD 40 billion in 2009...

In 2009, aid-for-trade commitments reached approximately USD 40 billion, a 60% increase from the 2002-05 baseline period. Other official flows (OOF) doubled, reaching USD 51 billion in 2009, a likely reflection of the donor response to the global economic crisis.

## ...with disbursements keeping pace.

Disbursements have been increasing at a constant growth rate of between 11-12% for each year since 2006 – reaching USD 29 billion in 2009 – indicating that past commitments are being met.

## The outlook is stable.

The outlook for aid for trade is stable, but OECD countries are confronted with budgetary challenges and some donors are facing difficulties in responding to the higher demand for aid for trade from developing countries. However, there are positive signs that South-South co-operation is growing.

**Africa is the largest regional recipient.**

Aid-for-trade flows to sub-Saharan Africa increased by 40% to reach USD 13 billion. Africa now receives the largest share of total aid for trade among the different regions. Commitments to the Americas increased by almost 60% and reached USD 3 billion. Aid-for-trade commitments to other regions declined by 18% in Asia, 34% in Europe and 28% in Oceania respectively, compared to 2008.

**Low income countries and regional programmes increased their share.**

Driving this shift in regional distribution is the increased focus of aid for trade on the low-income countries, who saw their share of commitments increase by 26% in 2009. The share of middle-income countries declined by 29%, although they received 90% of all OOF. Global and regional programmes continued to grow, receiving 18% (USD 7 billion) of total commitments in 2009.

**The delivery is guided by aid effectiveness principles...**

The delivery of aid for trade is increasingly guided by the principles of the Paris Declaration on Aid Effectiveness and there are positive signs that partner countries are better articulating, mainstreaming, and communicating their strategies.

**...with country ownership advancing the most and...**

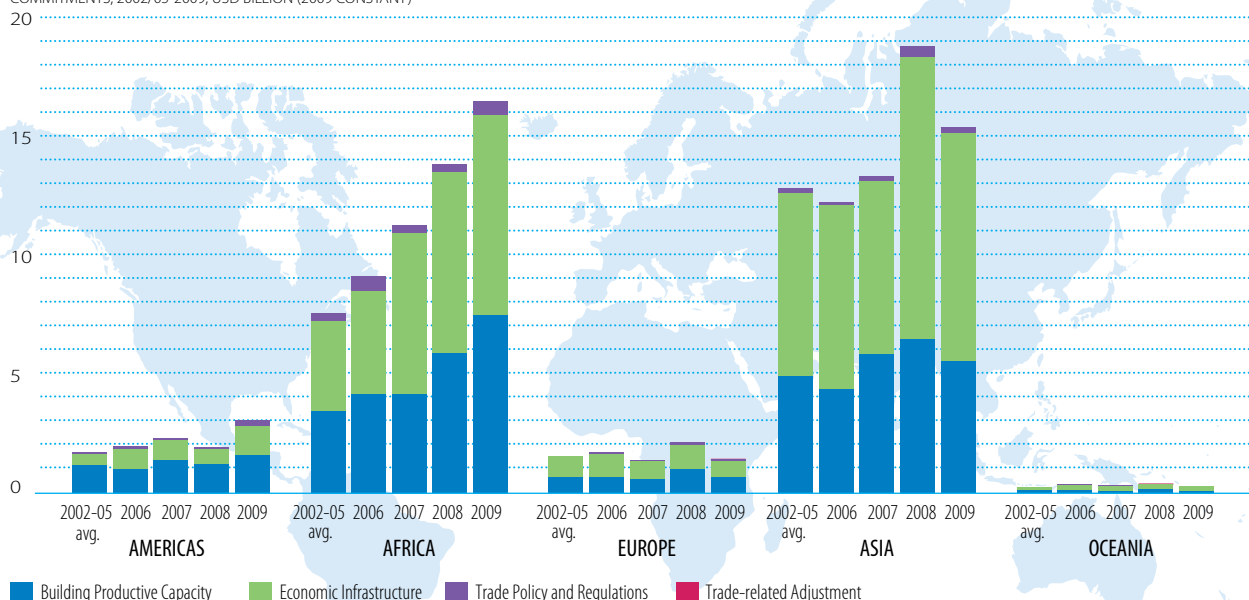
Country ownership has advanced the furthest and there is also evidence of broader consultations among public organisations and increasingly also the private sector and civil society. Donors continue to work towards harmonising their procedures and aligning their support around partner countries' trade-related objectives, priorities and strategies.

**...further progress through development effectiveness.**

Putting the aid effectiveness principles into practice necessitates continued attention and efforts. Stakeholders note that the challenges in delivering aid for trade more effectively are not unique to this Initiative, but are part and parcel of the broader development effectiveness agenda. These challenges are accentuated by the broad coverage of activities covered under the Initiative.

**AID FOR TRADE BY REGION AND CATEGORY**

COMMITMENTS, 2002/05-2009, USD BILLION (2009 CONSTANT)



Source: OECD-DAC, Aid activities database (CRS)

Note: Building productive capacity include trade development activities which are identifiable in the CRS since 2007. Trade-related adjustment data are available since 2007 and may be invisible on the chart due to their small amounts.

StatLink <http://dx.doi.org/10.1787/888932446151>

**Stakeholders agree on the importance of trade for achieving development objectives.**

Partner countries consider that aid for trade should, first and foremost, deliver export expansion and diversification. Donors consider aid for trade a success when it boosts trade, long-term economic growth and reduces poverty. Providers of South-South co-operation consider aid for trade a success when it enhances awareness about the role of trade in development and improves the delivery of aid for trade.

**Complementary policies improve aid-for-trade results.**

Stakeholders acknowledge that supportive macroeconomic and structural adjustment policies are crucial for achieving the longer-term objectives of the Initiative. In particular, fiscal policy, regulatory reform, and good governance are considered critical to the success of aid-for-trade programmes and projects. While there are positive signs of regular discussions on complementary policies, more dialogue is needed.

**Greater awareness, better delivery and more resources are the first observed results.**

While partner countries expect aid for trade to boost trade, they note that achievements to date relate more to raising awareness about the role of trade, improving aid delivery, and increasing resources. This difference between expected results and observed outcomes likely reflects a time lag between aid delivery and its impacts, although some of the results described in the case stories give confidence that this will improve over time. Moreover, there are well documented methodological and practical difficulties in assigning trade outcomes and impacts directly to aid-for-trade programmes.

**The case stories show aid for trade in action...**

The aid-for-trade case stories probe deeper into the objectives, challenges, and processes of trade-related assistance to better understand the results – particularly, what is working, what are the key ingredients of success, and what governments and practitioners can learn from these experiences.

**...in many countries...**

In total, 269 case stories were received from more than 150 countries – ranging from the smallest states, such as Solomon Islands and Comoros, to the largest, such as China – covering all major developing regions and income categories. Bilateral donors and UN organisations were also large contributors, although some of the multilateral development banks were under-represented. The case stories also demonstrate the rising importance of South-South co-operation – and not just of middle-income countries helping low-income countries, but also of low-income countries helping each other.

**...from many providers...**

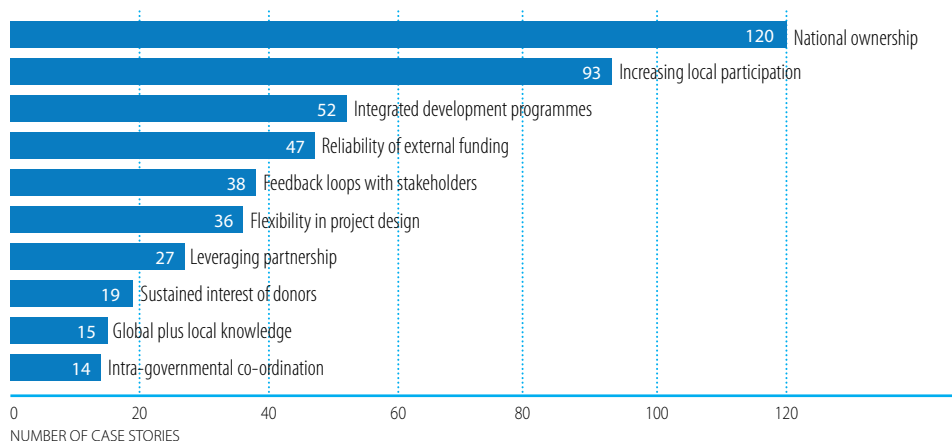
Collectively, the stories provided rich detail on the efforts by governments and the international community to promote trade. The sheer quantity of activities described in these stories suggests that aid-for-trade efforts are substantial across a wide spectrum of countries and are becoming more central to development strategies. The fact that nearly four out of ten case stories were submitted by developing countries underlines the salience of these programmes – and highlights the potential for knowledge sharing.

**...across many interventions...**

The great majority of the programmes and projects in the case stories reported successes. Several critical factors were commonly cited: ownership at the highest political level supported through the active engagement of all stakeholders; adequate and reliable funding; leveraging partnerships (including with providers of South–South co-operation); and combining public and private investment with technical assistance. Conversely, delays and changes caused by exogenous factors such as natural disasters, political crises and global recessions threaten successful outcomes.

**...providing important insights about successes and some problems.**

Number of case stories highlighting a particular lesson



**Building human and institutional capacities delivers important benefits.**

The largest number of case stories (*i.e.* 66) described technical assistance programmes to build government capacities to mainstream trade into national development strategies, to improve policy formulation, to help with trade negotiations and to implement specific trade agreements, such as intellectual property regimes. These programmes, like other forms of technical assistance, cannot be easily evaluated in terms of trade results. Notwithstanding these qualifications, the case stories almost unequivocally highlight the important benefits of empowering trade negotiators and the general public with greater knowledge.

**Supporting the private sector has a positive impact, also on gender.**

Government efforts to develop the trade capacity of the private sector through trade finance, training programmes for small- and medium-sized enterprises or women entrepreneurs are highlighted in 52 case stories. These activities generated mostly positive results. For instance, in a case story about India it was reported that export intensity has a positive and significant impact on women employment, while imports do not result in any gender-bias displacement effect.

**Addressing market failures makes a big difference.**

The apparent success of pro-active industry-specific government policies described in 47 case stories is significant. These policies are intended to remedy market failures (such as lack of information about export markets), to increase exposure to competition by actively promoting entry, and/or addressing bottlenecks in supply chains to lower the costs of trading. This group of stories often included quantitative indicators of successful outcomes, such as increases in production, exports and incomes, or even evidence of improvements in gender equality and environmental sustainability. The projects generally appeared to be both pragmatic and fruitful, and often translated into benefits for low-income participants, including women.

**Meeting international standards matters.**

A large number of case stories (*i.e.* 30) described how meeting international standards (*e.g.* Sanitary and Phytosanitary, labour standards, and private standards) allowed the private sector to become part of global value chains and significantly increased export volumes. A number of case stories highlighted how comprehensive reform programmes strengthened the impact of trade on economic growth and poverty reduction. Very few case stories (*i.e.* 3) addressed programmes that helped firms and workers adjust to a new trading environment.

**Facilitating trade reduces costs and increases revenues.**

Reducing delays at the border and in transit can have a dramatic impact on reducing import and export costs, thereby improving competitiveness. The 48 case stories under the trade facilitation theme describe a wide variety of efforts to lower cross-border trading costs. The results reported included reduced transit and clearing time, and increased trade and tax revenues.

**Infrastructure connects local producers to regional and global markets.**

The quality of infrastructure is one of the most pervasive binding constraints to export growth, productivity increases, and increases in national incomes. Although the sample size was smaller, the case stories mentioned, in particular, reduced travel time and improved power supply resulting from regional projects. Some of the added challenges of multi-country projects were also noted.

**More analysis will deepen knowledge and...**

The call for case stories was intended to be the beginning of a learning process, rather than an end, and they provide rich and unique information. Outcomes and impacts are reported, but outputs predominate. Many follow-up activities should now be undertaken to create a better understanding of their results and of their wider applicability.

**...better show aid-for-trade results.**

In a less favourable environment for continued growth of development assistance, taking steps to better measure results is essential for showing that progress is being made towards the short- and long-term goals of the Aid-for-Trade Initiative. Consequently, a sustained focus is required to show that aid-for-trade programmes and projects provide worthwhile contributions to sustainable economic growth and development.

**The 4th HLF on Aid Effectiveness will show...**

In a rapidly changing global environment, improving aid quality - in the broader context of development - to enhance development results and outcomes is not only one of the objectives of the Aid-for-Trade Initiative but also of the Fourth High Level Forum on Aid Effectiveness, which will be held from 29 November to 1 December 2011 in Busan, South Korea.

**...how to better manage aid to achieve trade and development results.**

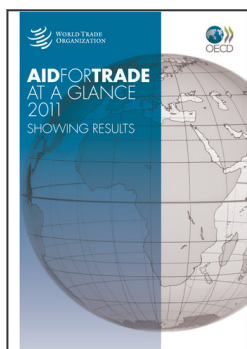
This monitoring exercise clearly shows that there is much to gain from working together to develop aligned approaches to measure progress towards partner countries' trade and development targets based on trade-related indicators. This would also strengthen country ownership, the critical factor in ensuring that aid-for-trade programmes and projects enhance trade capacity and promote economic growth and development.

**Knowledge sharing is the way forward.**

In addition, active knowledge sharing should be encouraged through strengthened in-country dialogue among stakeholders. These discussion should not only focus on bridging 'demand' and 'response', but increasingly on the broader question of how best to show that aid for trade has an impact on trade performance, economic growth and poverty reduction.

## NOTES

- 1 After the deadline of 31 May 2011 another 6 case stories were submitted bringing the total to 275. The additional 6 case stories are not included in this analysis.



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