

# AID FOR TRADE AT A GLANCE

## FACT SHEETS

The first Aid-for-Trade Global Review suggested developing a set of indicators on aid for trade to assess at a glance the progress being made in achieving the objectives of the initiative. As a follow-up to this recommendation, an Expert Symposium, organised by the WTO in September 2008, discussed with key stakeholders a set of possible indicators. The aid-for-trade fact sheets are based on a selection of these indicators and provide an overview of country specific aid-for-trade priorities, aid-for-trade flows, trade policy and trade performance. Together these indicators provide a sense of the progress and challenges at the country level. They complement the self-assessment reports and global flows.

The presentation of the indicators is, first and foremost, a political tool for assessing overall trends and progress.<sup>1</sup> They enable cross-country comparisons at a glance and are aimed at stimulating a national dialogue between stakeholders (*e.g.* governments, donors, civil society and the private sector) on how to improve trade performance by focusing attention on aid-for-trade constraints and needs. Such an in-country dialogue will promote greater accountability among stakeholders. In addition, the dialogue should also contribute to developing more precise country and programme specific performance indicators and assessment of aid-for-trade commitments and disbursements.

This section contains fact sheets for the 85 countries that responded to the partner country questionnaire.<sup>2</sup> The data in the fact sheets represents the best available estimates from various international agencies at the time the report was prepared. The fact sheets are based on the 2007 DAC list of recipients and report on aid for trade received up to 2007.<sup>3</sup>

### **The fact sheets contain four sections following the aid for trade logical framework:**

The *first* section provides a number of *basic indicators*, including some that provide indication on progress towards the Millennium Development Goals. Indicators include population, GDP, share of productive sectors in GDP, government budget, aid dependency, poverty, income distribution, gender and the country ranking on the UNDP human development index.

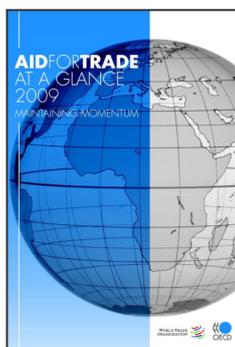
The *second* section presents country specific aid-for-trade data based on the OECD CRS database (*i.e.* sector distribution, share of aid for trade in sector allocable aid and top donors). Where relevant, both commitments and disbursements are presented. Commitments are firm obligations to provide development assistance and they measure the donors' intentions. They reflect how donors' pledges translate into action and, thus, provide a firm indication about future aid flows. Disbursements show actual financial payments in each year and allow for the examination of the commitments versus the actual contribution of donors. Commitments are often multi-year and subsequent disbursements spread over several years. An increase in aid allocations (*i.e.* commitments) is thus visible in disbursements data with a time lag of a few years. Unfortunately, disbursement data is only available for bilateral donors and the EC.

The *third* section contains indicators about the country's trade policy. First, it highlights the extent to which trade is mainstreamed (*i.e.* integrated) in national development strategies and other strategic plans. Next, the section presents an indicator of the trade restrictiveness of imports and exports as a proxy for the policy commitment to trade openness. Finally, the section links the top three country-specific aid-for-trade priorities (based on the country's self assessment) with indicators that could be used to assess progress in addressing those specific supply side constraints. These indicators range from the quality of infrastructure to the trade performance index. All these indicators can be considered as reliable predictors of the future ability to trade – in other words, if governments can improve the policies or conditions on which these indicators are based, they will be in a better position to expand their exports more rapidly and reap the benefits of integration in the multilateral trading system. The sources of the indicators used in this section are listed below. Where possible, a combination of indicators is provided to give a more comprehensive picture (*e.g.* network infrastructure, cross-border infrastructure). Regarding indicators that include a regional/ income group average, it should be noted that the reference list of countries to establish these averages was the 2007 list of DAC recipients.

The *fourth* section looks at trade performance and provides an overview of the past and current ability to effectively participate in the global market. In addition to export and import growth of both commodities and services, the section presents a sectoral breakdown of data. It also indicates the main destinations and origins of both exports and imports of commodities. Where data is not available for the years 2005-2007, most recent data available is provided. Concerning main commodity group exports/imports and services exports/imports, the residual refers to unallocated amounts (*i.e.* the share of the total export/import amounts which compilers have not been able to classify in any of the other defined product categories rather than to other products, which would neither be agricultural, mineral or manufactured goods. This share is labelled "not included elsewhere" (*n.i.e.*).

There are three important caveats to note about the fact sheets:

- ▶ *Methodological challenges:* available data do not exactly match the logical framework underlying the Aid-for-Trade Initiative, thereby making it necessary to rely on proxies, which are imperfect and whose selection is open to debate.
- ▶ *Attribution:* The fact sheet does not imply a direct correlation between aid for trade, economic growth and poverty reduction. While aid for trade can improve trade performance - an important engine for economic growth and a powerful instrument for poverty reduction - one needs to bear in mind that the impact of trade on income (and poverty) depends on local conditions and can be positive, negative or neutral.
- ▶ *Time lags:* Implementing aid-for-trade projects and programmes takes time and after completion more time is required to establish impacts. Consequently, the impact of aid for trade may not be immediately felt.



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