



# Aid for Trade: An Overview

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# Goal of Presentation

- Today I would like to give a brief overview of some of the main topics being considered under the broad theme of Aid for Trade.
- I should note that the Aid for Trade project is a joint collaborative effort across divisions at the OECD, as well as with other institutions such as the WTO.
- Hence, this presentation borrows from a number of in-house studies, including from William Hynes, Franz Lammersen, Jean-Jacques Hallaert, and Masato Hayashikawa.

# Rationale

- Realising the benefits of trade not simply a matter of liberalisation or trade policy reform
- Export response to trade reform has been weak in LDCs/Africa
- Trade policies are sometimes reversed (unsustainable reforms, lack of compatible policies)
- It requires an enabling policy environment
- Non policy barriers to trade
- Building a full spectrum of capacities – human, institutional, infrastructural

# Conceptual and Political Reasons

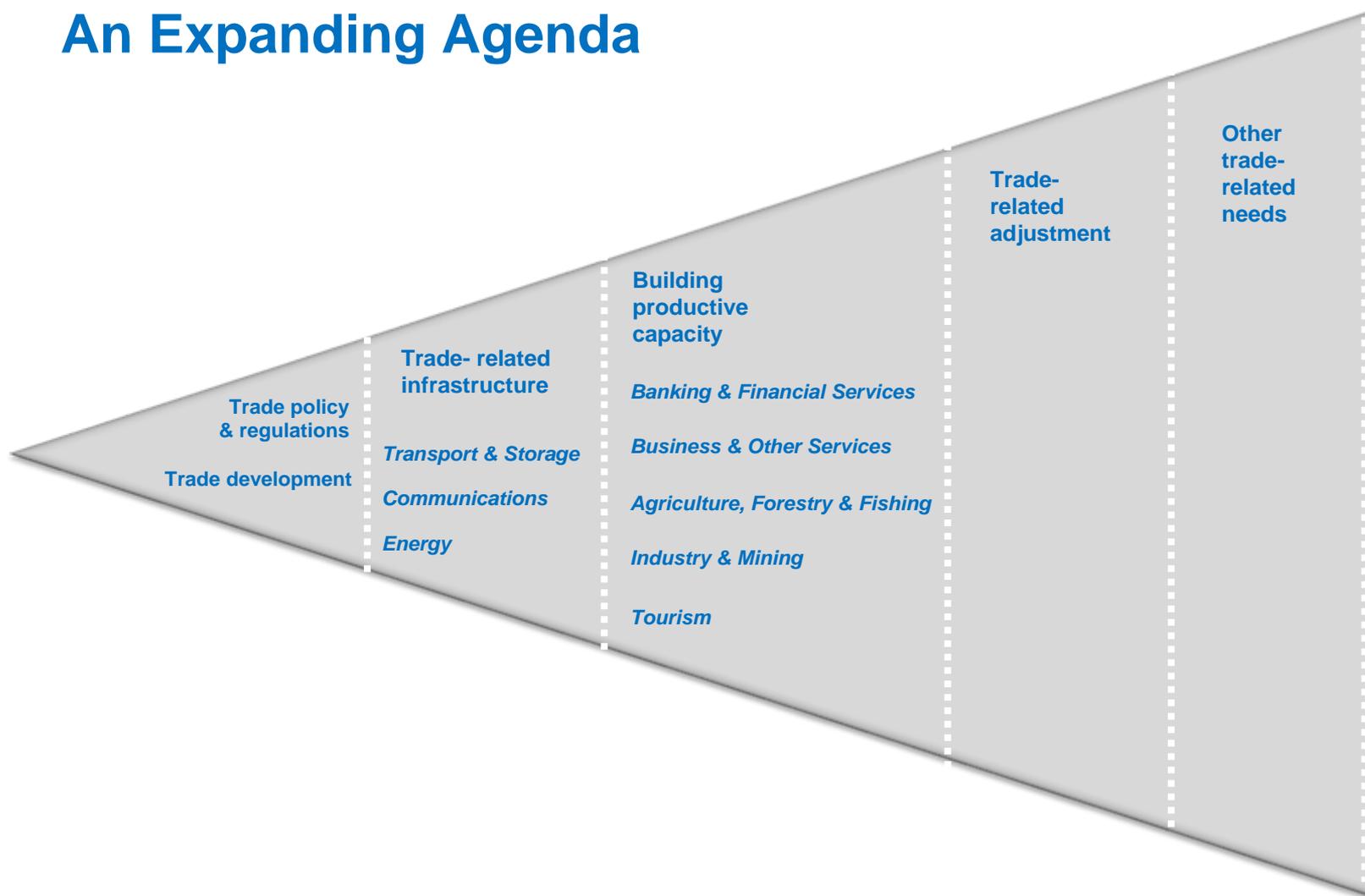
- Many developing countries, as especially LDCs, require assistance to exploit opportunities from multilateral and regional/bilateral agreements
- Gesture of North-South co-operation to spread the benefits of trade
- Aid for Trade was launched at Hong Kong Ministerial 2005 with specific pledges from major donors

# What is Aid for Trade?

- Aid for trade is not a new global development fund, nor a new aid category. Aid for trade is part of regular ODA programmes.
- The Aid-for-Trade Initiative is based on the latest thinking in development cooperation and recognises the Paris Declaration as its guiding principal.
- The Initiative is coordinated by the WTO under its coherence mandate, working closely with the OECD, the World Bank, UN system and Regional Development Banks.

# What is Aid for Trade? (2)

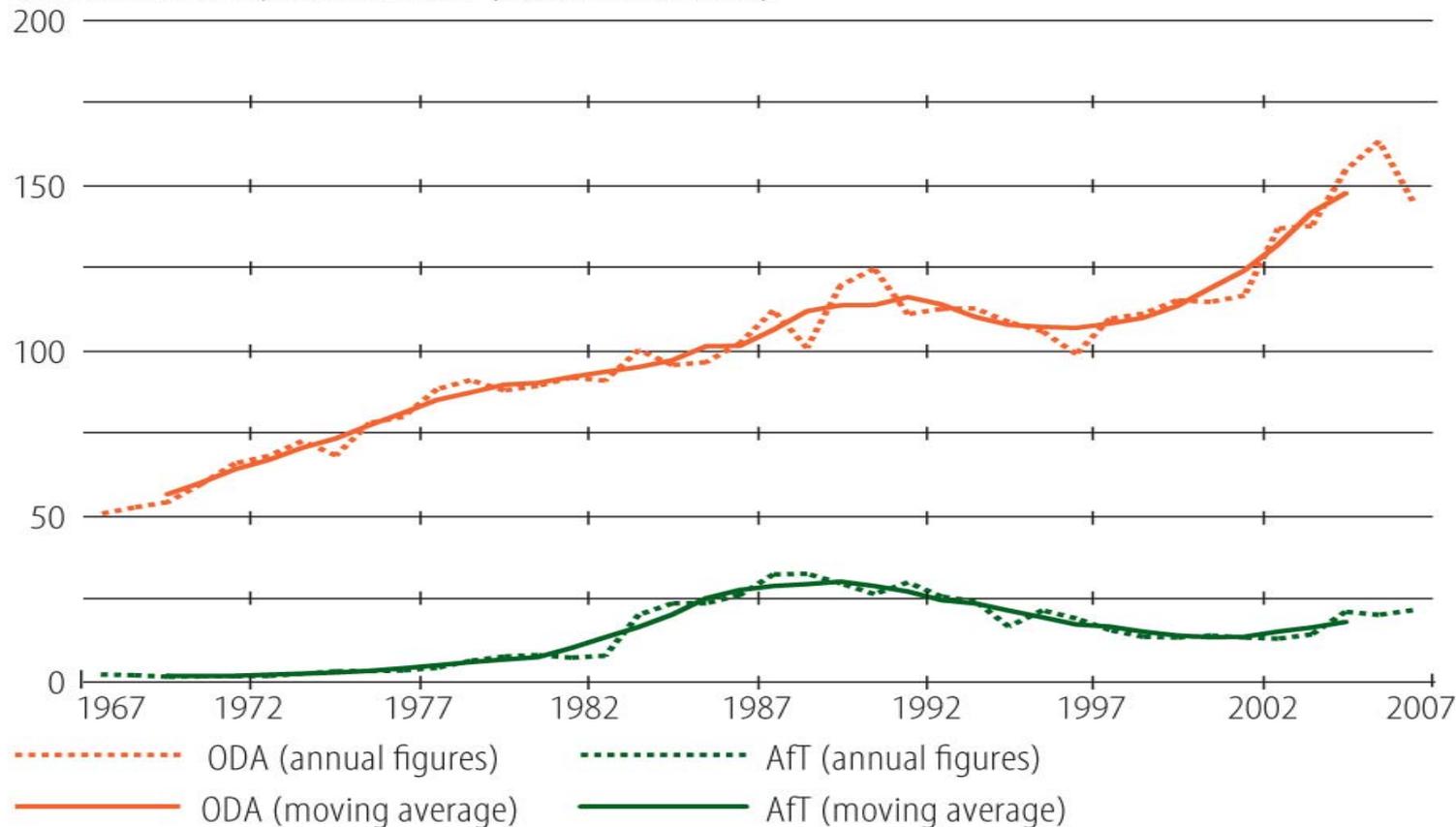
## An Expanding Agenda



# Why focus on Aid for Trade?

## Long-term trends in ODA and aid for trade

COMMITMENTS, USD BILLION (2006 CONSTANT)



Source: OECD DAC database

# Objectives

- Enable developing countries, particularly LDCs, to use trade more effectively to promote growth, development and poverty reduction and to achieve their development objectives, including the Millennium Development Goals (MDGs).
- Help facilitate, implement and adjust to trade reform and liberalisation.
- Assist regional integration

# Monitoring Aid for Trade



**DEMAND**

- Partner country assessment

**RESPONSE**

- Donor assessment
- OECD/CRS

**OUTCOME**

- Trade-related indicators

**IMPACT**

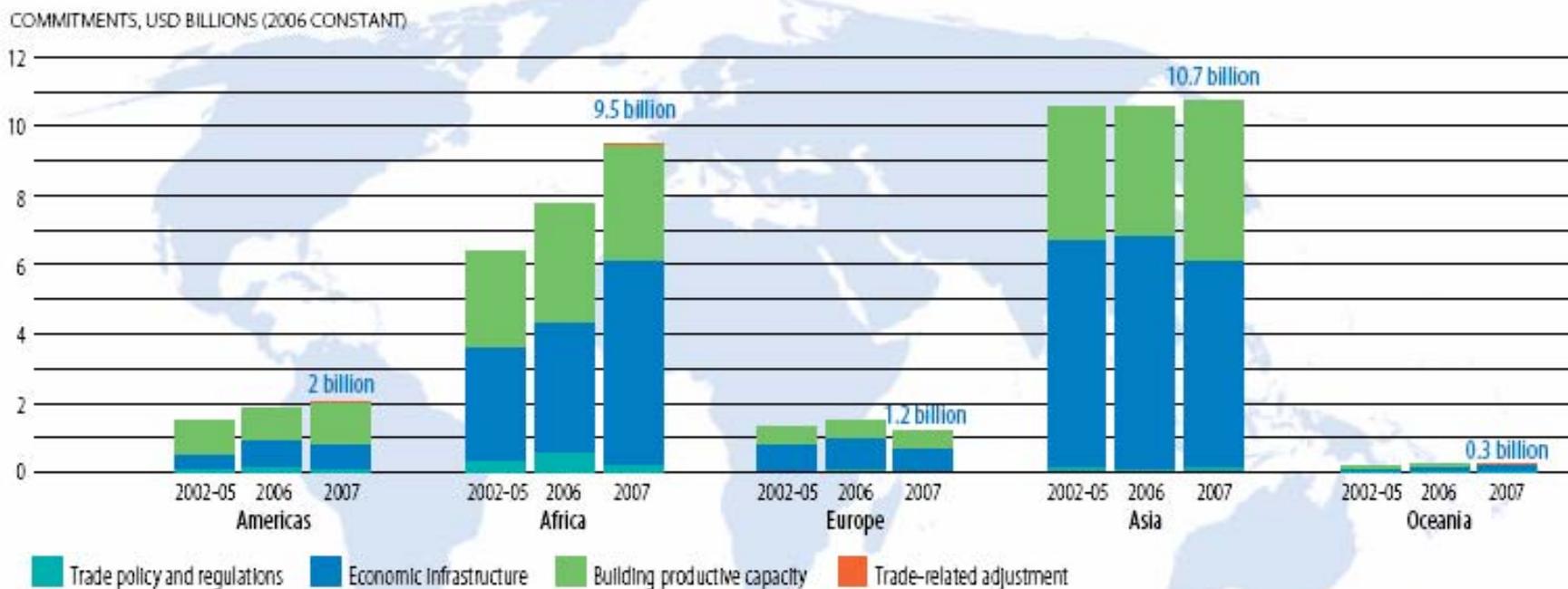
- Development indicators

# Progress so far

- Partner countries mainstream trade and operationalise plans.
- Donors are responding.
- Regional challenges are addressed.

# Aid-for-trade flows, 2002-07

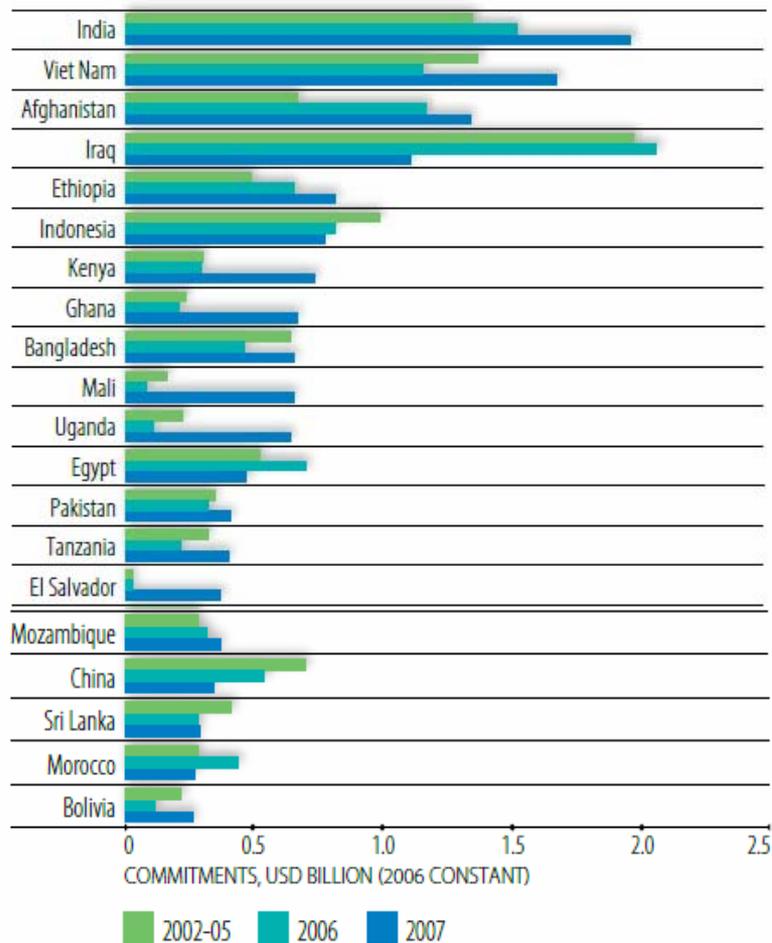
**Aid for trade: regional and sector distribution**  
 2002-2005 average, 2006, 2007  
 Commitments, USD billion (2006 constant)



Source: OECD CRS

# Recipients of Aid for Trade

Top 20 recipients of aid for trade



Source: OECD CRS

# Conclusions

- Aid for trade represents best practice in development co-operation, aid architecture and is a model for policy coherence in action.
- Future Donor Commitment?
- New players on the donor scene must be integrated
- Aid for Trade must join up with the broader development and trade agenda
- And must be more focused at the local level.