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Background Brief No. 18

## Aid for trade Delivery: Lessons from Selected African IF Experiences

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May 2009

This study was prepared as part of a broader project on Aid for Trade implemented by ILEAP. It was drafted under the coordination of Dr. Dominique Njinkeu (Executive Director, ILEAP) and has greatly benefited from the insight of several advisers ILEAP. The opinions expressed in this publication should never be attributed to ILEAP, or its Board or its funders, and even less to the institutions with which our senior advisers are associated. Comments can be sent to the secretariat of ILEAP to: ([ileap@ileap-jeicp.org](mailto:ileap@ileap-jeicp.org))

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## ABBREVIATION AND ACRONYMS

ACP	African, Caribbean, and Pacific
CAS	Country Assistance Strategy
Capra-TFCO	Capra-Trade Facilitation Office Canada Consortium
CEC	Commission of the European Communities
CET	Common External Tariff
CG	Consultative Group
CG/RT	Consultative Group Round Table
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organization
DAC	Development Assistance Committee
DDA	Doha Development Agenda
DFID UK	Department for International Development
DP	Development Partners
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EASC	East African Standards Committee
EBA	Everything But Arms
ECOWAS	Economic Community of West African States
EDS	Export Development Strategy
EEZ	Extended Economic Zone
EFI	Enhanced Integrated Framework
EITF	Enhanced Integrated Framework Trust Fund
ETLS	ECOWAS Trade Liberalization Scheme
EU/EC	European Union/European Commission
EPA	Economic Partnership Agreement
EPZ	Export Processing Zone
ERP	Economic Recovery Program
ERP	Effective Rates of Protection
ESA	Eastern and Southern Africa
EU	European Union
FDI	Foreign Direct Investment
FFD	Financing for Development
FTA	Free Trade Agreement
FY	Fiscal Year
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDA	Gambia Divestiture Agency
GDP	Gross Domestic Product
GOZ	Government of Zambia
GSP	Generalized System of Preferences
GVC	Global Value Chain
GOT	Government of Tanzania
HIPC	Highly Indebted Poor Countries
HS	Harmonized System
IAWG	Inter Agency Working Group
ICTSD	International Centre for Trade and Sustainable Development
IDA	International Development Association
IF	Integrated Framework for trade-related technical assistance to least developed countries (Integrated Framework, IF)
IFF	IF Facilitator

IFSC	Integrated Framework Steering Committee
IFTF	Integrated Framework Trust Fund
IFWG	Integrated Framework Working Group
IFI	International Finance Institution
IMF	International Monetary Fund
ITC	International Trade Center
ITF	Input Trust Fund
JITAP	Joint Integrated Technical Assistance Program
LDCs	Least Developed Countries
LPAC	Local Project Appraisal Committee
MCTI	Ministry of Commerce, Trade and Industry
MDG	Millennium Development Goal
MIT	Ministry of Industry and Trade
MSME	Micro and Small Medium-sized Enterprises
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MTS	Multilateral Trading System
NAFTA	North American Free Trade Agreement
NAWEC	National Water and Electricity Company
NDC	National Development Corporation
NDP	National Development Plan
NGO	Non Governmental Organization
NFP	National Focal Point
NIU	National Implementation Unit
NSC	National Steering Committee
NTP	National Trade Policy
OECD	Organization for Economic Cooperation and Development
PMMU	Program Management and Monitoring Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Papers
PSD	Private Sector Development
RT	Round Table meeting
RTA	Regional Trade Agreement
SADC	South African Development Community
SEDA	Small Enterprise Development Association
SEDO	Small Enterprise Development Organization
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
SOP	Standard Operating Procedures
SSA	Sub-Saharan Africa
SWAp	Sector-Wide Approach Programme
TA	Technical Assistance
TBT	Technical Barriers to Trade Agreements
TCB	Trade Capacity Building
TMP	Tourism Master Plan
ToR	Terms of Reference
TPR	Trade Policy Review
TRCB	Trade-Related Capacity Building
TRTA	Trade-Related Technical Assistance
TTF	Trade and Transport Facilitation
TTPP	Tanzania Trade and Poverty Program
UK	United Kingdom
UNCOMTRADE	United Nations Commodity Trade
UNCTAD	United Nations Conference on Trade and Development

UNDG	United Nations Development Group
UNDP	United Nations Development Program
UNDP/CO	United Nations Development Programme Country Office
UNIDO	United Nations Industrial Development Organization
US\$	United States Dollars
USA	United States of America
USAID	United States Agency for International Development
WITS	World Integrated Trade Solution
WTO	World Trade Organization
WTO	World Trade Organization
ZIPAR	Zambian Institute for Policy Analysis and Research
ZBC	Zambia Business Council
ZPA	Zambia Privatization Ag

## Summary

This report aims at assessing how Aid for trade has been delivering in Africa. The report examines the Integrated Framework experience and raises three main questions: i) how are Aid for Trade needs identified? ii) to what extent projects identified have been implemented? and iii) how is monitoring and evaluation carried out in recipient countries?

### *Some stylized facts*

The stylized facts from the period 2002 to 2006 indicate an increase in Aid for Trade flow to Africa at approximately 3% a year. The IF resources follow similar pattern although, it represents only a smaller share of the broader aid for trade flow at less than 1%. In addition, the analysis provides primary indications of the level of implementation of actions identified by the DTIS. First, LDCs which are the beneficiaries of IF, clearly benefit from more aid than the non-LDCs. It is however important to note that, a greater share of this assistance to LDCs is dedicated to general budget support. Finally, among LDCs, the volume of aid seems to be globally determined by the traditional determinants of Aid such as population, the GDP, political stability and the level of initial aid. It is note worthy that, the average increase of resources from aid has not been higher in LDCs involved in IF process compared to those who are not included (in the IF process).

### *Needs identification and Implementation Response*

The experience of the implementation of the Action Matrix varies in African countries. There are a number of factors that account for this, including; the administrative structures in place, the level of donor engagement and donor coordination, the nature of donors country programmes, the capacity of the IF Focal Point especially the human resource complement. We also found weak relationship between the Action Matrix programmes and the country PRSP., and the role and capacity of the Donor Facilitator. What transpires from the countries studied is a mixed picture on IF implementation.

There are several similarities in the kinds of projects implemented under the IF; differences merely occur in the level of ambition of the projects, or the priority given to the projects. Priorities among the African IF participants range from cross-cutting issues such as trade policy formulation and implementation to specific sectoral projects of economic interest to the countries. Most countries prioritize issues dealing with the business climate, customs procedures and broad trade facilitation issues including trade infrastructure. SPS standards capacity, export development, and regional and international trade negotiations, and other cross-cutting themes. For the most part, trade adjustment is only covered in terms of development of human resources or skills in trade policy. For the majority of countries, issues of capacity building for trade policy officials takes centre stage. A close second is the business climate for trade and investment.

Most of the DTISes carried out in African LDCs were comprehensive and clear, and appear to have followed a consistent process including the needs identification and assessment, thorough analysis of the critical trade related issues requiring attention. The articulation of trade-related constraints, recommendations and technical assistance covered in the DTIS in the countries studied complements existing economic reform programmes already being undertaken by governments. By and large, all the African IF beneficiaries vary in degrees, and

sought to integrate the DTIS findings and recommendations into their Poverty Reduction Strategies. The extent to which the IF process is seen as a national exercise, in the countries studied, rather than merely a project of the Ministry of Trade or other government institution responsible for the IF process, varies from country to country. This is the case of private sector participation in the IF process, which is critical for national ownership.

Donors in some countries have pooled their resources through a basket fund in order to coordinate funding of Action Matrix activities. The capacity of the National Focal Point and the Donor Facilitator differs from country to country, impacting on the level of organization and response from the donors. Where the administration of the in-country IF process is efficient, it does not automatically mean that the projects chosen to be developed and implemented always proceed to be funded, and it is obvious that this is more than purely a numbers game. Donor engagement is difficult to quantify, and identifying the factors which determine that engagement can be complicated.

The experience of all the countries studied underlines the need to increase capacity development and orient it towards the broader trade development agenda, particularly in addressing supply-side constraints. Some countries have outlined their priorities very well and sought to build linkages between aid for trade programs to maximize their impact. The fact that all the countries have other bilateral programs implemented concurrently with the IF (such as JITAP) reinforces expectation for effective Aid for Trade facility that will address the continuing binding constraints on a rolling basis. The improvements to the IF made in the current program, the EIF, may provide the opportunity for a more concerted approach to the presentation of trade priorities by the LDCs and the funding of those priorities by the donors.

### ***Monitoring and evaluation***

The monitoring and evaluation (M&E) of aid for trade programs in Africa is still very limited. This is due to a number of constraints, including: (i) absence of national strategy of aid for trade with quantified needs and objectives; (ii) lack of cross-ministerial coordination in monitoring Aid for trade; (iii) the poor capacity of the existing structures of the Integrated Framework (IF); (iv) M&E is a relatively new concept that is still not clear to all; (v) lack of transparency of aid for trade in some countries; (vi) lack of ownership; and poor exploration for regional approach.

However, a number of evaluations and country cases have been undertaken to assess the IF. These reviews and assessments have led to substantial examination of the IF scheme since its inception in 1997, culminating in revamped IF in 2000 and the enhanced IF in 2007. However, as almost all the evaluations have been initiated by donor agencies and conducted by international consultants, the ownership and mainstreaming of their findings into recipient countries development strategy have been very limited.

The methodologies for the evaluations were based on OECD standard evaluation of development aid criteria including: *effectiveness; efficiency; relevance, sustainability and impact*. The evaluations widely adopted qualitative analysis relying heavily on the *logical framework analysis*. Few projects evaluated used quantitative impact methodologies entailing control groups or genuine impact assessment because of the lack or the poor quality of data, the diversities of aid for trade types and the absences of quantitative objectives in IF strategy.

## Lessons

The implementation of the DTIS/Action Matrix in African LDCs has demonstrated a number of lessons for the future application of similar AFT programmes.

- Donors should provide predictable and secure funding for AFT programmes.
- Donors should incorporate DTIS recommendations and Action Matrix priorities into their country strategy papers early enough in the funding cycle to ensure such predictability.
- LDCs should continue to mainstream the DTIS/Action matrix into their PRSPs or national development strategies/trade policy strategies and articulate their trade related priorities consistently.
- Donors should coordinate their response to the DTIS recommendations or the Action Matrix priorities through an in-country basket fund, or other similar coordinated mechanisms in order to avoid duplication or gaps in funding.
- The principles of the Paris Declaration on Aid Effectiveness should be applied in a consistent and comprehensive manner to aid-for-trade programs.
- Donors and LDCs alike should urgently improve their knowledge of the design and implementation of programs that effectively tackle the constraints to trade development, and increase the impact of trade on growth and poverty reduction.
- The active participation of the private sector should be sought in the implementation of a large part of the Action Matrix priority activities.
- To emphasize ownership in the IF process, independent think tanks and university researchers should be included in the teams drawing up the DTIS.
- Donor Facilitators should provide the maximum support possible to National Focal Points and National Steering Committees within in-country IF processes.
- The IF/EIF process should be viewed as a national endeavour, rather than merely a 'project' of the Ministries of Trade of the respective LDCs.

For effective implementation of aid for trade the urgency could be on the following:

- Assistance to recipients to develop their aid for trade strategies. This could entail stocktaking and national and regional seminars to build consensus, with adequate involvement of the civil society
- There is a need to strength capacity on concrete evaluation tools in this regard, a number of empirical approaches allowing objective comparisons of experiences could be considered such as cross-country econometric analysis, country-specific case studies based on same methodology to enable comparison of experiences. Partial equilibrium model focusing on particular sector or indicator and the CGE model (considering whole economics effects), which have proven in the recent literature their appropriateness (although some drawbacks) to assess different aspects of the aid for trade effects should also feature prominently.

## Introduction and Context

African countries have initiated important trade liberalization policies since the 1980s that have led to significant cuts in their tariffs and reform in other trade policy measures. At the same time they enjoyed important market access in developed countries' markets. Nevertheless, they remain marginalized in the global trade<sup>1</sup>. A consensus has emerged on the need to accompany such liberalization efforts with an ambitious trade capacity building initiative with two main objectives. First objective of trade capacity building for Africa is to help beneficiary countries consistently implement the results of trade reform, including the outcome of trade negotiations, and to cope with economic adjustment costs that may be incurred. The second objective is to enable these countries to cope with the shortfalls necessary for effective participation in international trade by improving human resources, institutions and infrastructure in order to increase the quantity and quality of goods and services that these economies can provide to world markets at competitive prices<sup>2</sup>.

The need for enhanced trade capacity building has received significant attention of the international community in the recent past. The G-8 Summit at Gleneagles in 2005 pledged additional public aid payments directed at trade. Then, the WTO ministerial conference in Hong Kong in December 2005 mandated the creation of a Task Force to advise on how best to "operationalize" a new initiative that would provide additional funding, and ensure that it contributed to the development dimension of the (Doha Development agenda (DDA))<sup>3</sup>. The Task Force report issued on 27 July 2006 – which was subsequently endorsed by the WTO General Council on 12 October 2006 – sets out a series of proposals notably for eventual operationalization of Aid for Trade. The focus is on strengthening needs assessment at the country and regional level; strengthening donor response; strengthening the "bridge" between needs and response; and strengthening monitoring and evaluation<sup>4</sup>. The Integrated Framework is expected to be relied upon at the national level for the Least Developed Countries.

### *Integrated framework (IF)*

Launched at the Singapore WTO Ministerial Conference of 1996 the Integrated Framework (IF) has been operational since 1997, by the World Bank, ITC, UNCTAD, IMF, UNDP, and WTO. The IF is to support LDC governments in trade capacity building and integrating trade issues into overall national development strategies. The task force created to enhance the IF mechanism, submitted its report in June 2006 with a number of recommendations that are currently implemented, as part of the "enhanced IF" (EIF)<sup>5</sup>. The main difference between the IF and the EIF is stronger ownership of the EIF process by the LDCs and increased

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<sup>1</sup> According to UNCTAD (2004), South Sahara African countries significantly reduce their tariffs during the last two decades, the cut varying from 50% to 90%. Furthermore, African countries have been granted, since 1970, important market accesses to OCED countries through notably, the ACPs agreements or EBA initiative (for LDCs) for the EU market, the AGOA for United State market, or the GSP schemes for other OCED markets.

<sup>2</sup> See the Background note prepared by the WTO secretariat on WTO work programme on aid-for-trade, document wt/aft/w/26

<sup>3</sup> see Ministerial Declaration Hong Kong, paragraph 57

<sup>4</sup> See Recommendations of the Task Force on aid for trade, document WT/AFT/1

<sup>5</sup> see WTO secretariat paper: "from the integrated framework to the enhanced integrated framework", available at [http://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/if\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/teccop_e/if_e.htm)

commitments from donors who are important interlocutors in the EIF both locally, and in Geneva<sup>6</sup>

A consensus emerged that despite its shortcomings the IF's objectives and concepts provide a reference point for the aid for trade in general<sup>7</sup>. Especially because of its grounding on the Paris Principles on Aid Effectiveness the IF embodies for LDCs what the Aid for Trade Initiative seeks to achieve. Thus, the Aid for Trade Task Force (different from IF Task Force) recommendations called to “*Explore the necessity of establishing a similar, but separately funded, in-country-process for non-LDCs "International Development Assistance (IDA only) countries*”<sup>8</sup>.

The purpose of this report is to explore the relevance of the IF process for the effective implementation of the aid for trade at the national level in Africa. It provides an in depth assessment of how the IF has been delivered by development partners in Africa. We focus on three dimensions to the problem. First we analyze the extent to which the IF has captured the needs and priorities of beneficiary countries and how the needs and priorities identified compare with those covered by the categorization proposed by the Aid for Trade task force. We undertake a review of recent trends of aid for trade with special focus on IF in African countries and in relation to needs as identified in the Diagnostic Trade and Integration Studies (DTIS). Secondly we focus on the extent to which the IF provides an acceptable framework for implementing the needs and priorities of beneficiaries, particularly to the extent to which the responses meet the priorities of beneficiaries instead of those of the donors. Thirdly we examine the extent to which the IF pays attention to monitoring and evaluation, as well as impact assessment. We conclude with some lessons as to how EIF would need to be implemented and eventually amended to effectively lead to trade expansion, growth and poverty alleviation.

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<sup>6</sup>According to the IF Task Force recommendations (see document WT/IFSC/W/15 of June 2006), endorsed by Ministers at the WTO Hong Kong Ministerial Conference, the following three elements constitute an enhanced IF (EIF): (i) *provide increased, predictable, and additional funding on a multi-year basis;* (ii) *strengthen the IF in-country, including through mainstreaming trade into national development plans and poverty reduction strategies; more effective follow-up to diagnostic trade integration studies (DTIS) and implementation of action matrices; and achieving greater and more effective coordination amongst donors and IF stakeholders, including beneficiaries;* (iii) *improve the IF decision-making and management structure to ensure an effective and timely delivery of the increased financial resources and programmes.*

<sup>7</sup> see WTO secretariat paper 6316; “The Integrated Framework for Least Developed Countries (LDCs): how does it fit into Aid for Trade”, available at [http://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/if\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/teccop_e/if_e.htm)

<sup>8</sup> See Recommendations of the Task Force on aid for trade, document WT/AFT/1

# 1 Recent Trends of Aid for Trade: The EIF in the Broad AFT

This section reviews the recent trend in aid flows to trade capacity building to ascertain the extent to which such aid flows were directed at the implementation of DTIS and action matrices priorities. In addition we assess the distributions of aid among the AFT task force categories as well as the distribution of aid among African sub-regions with a particular focus on LDCs at different stages of IF process.

The joint WTO and OECD review of Aid for trade provide quite comprehensive information on the trade capacity building aid flows between 2002 and 2006<sup>9</sup>. During this period the average annual assistance to trade capacity building amount to USD 21billion, representing 34% of total public aid. In term of evolution, aid for trade has increased by 22% between 2002 and 2005. However, the trend in 2006 shows a decrease by 5.1% compared to 2005, following the tendency of the global ODA (see OECD, 2007a).

## 1.1 Main contributors

Table 1 below presents the cumulated contribution to global aid flows to trade capacity building for the 10 main donors. Japan, the United States, the International Development Association (IDA) and the European Commission dominated, funding together, almost two thirds of all trade capacity building activities between 2002 and 2005. Other important bilateral donors by volume are Germany, the United Kingdom, France and the Netherlands.

Table 1. Top 10 donors of aid for trade (2002-05 average)

Countries	Aid for trade commitments (USD millions)	Donor's share of all aid for trade
Japan	4764	23%
United States	3423	16%
IDA	3099	15%
EC	2403	12%
Germany	1140	5%
ASDF	724	4%
United Kingdom	711	3%
France	660	3%
AfDF	574	3%

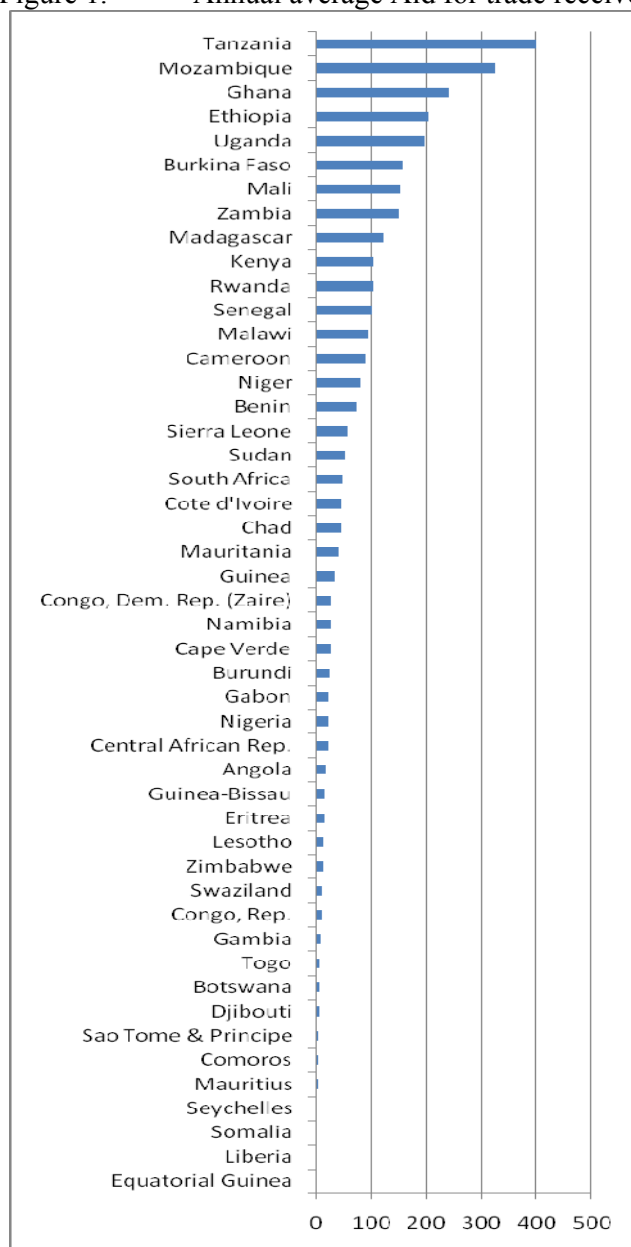
Source: extracted from OECD DAC and Creditor Reporting Systems

<sup>9</sup> See "Aid for Trade at a Glance 2007: 1st Global Review (Edition complète)"; available at [http://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/a4t\\_at\\_a\\_glance07\\_e.pdf](http://www.wto.org/english/tratop_e/devel_e/a4t_e/a4t_at_a_glance07_e.pdf)

## 1.2 Aid for trade beneficiaries

The OECD (2007a) reports that between 2002 and 2005, a sizable portion of aid for trade went to lower middle income countries (36%), followed by the least developed countries (25%). In terms of distribution by region, Asia received 51% of total aid for trade and only 30% went to Africa<sup>10</sup>. Figure 1 provides the ranking of African countries in terms of annual average aid for trade received between 2002 and 2006<sup>11</sup>.

Figure 1. Annual average Aid for trade received between 2002 and 2006 (USD millions)



Source: authors' construction

<sup>10</sup> Latin America and the Caribbean received 7%, Europe 5% and Oceania 1%.

<sup>11</sup> The table A2 in annex provides the gap between commitments and disbursements for each country.

The top ten beneficiaries (Tanzania, Mozambique, Ghana, Ethiopia, Uganda, Burkina Faso, Mali, Zambia and Madagascar) representing only 10% of the population (of Africa) received more than 60% of the total aid to Africa. The most important beneficiary is Tanzania which received approximately \$400 million US. The countries benefiting least were Seychelles, Somalia, Liberia and Equatorial Guinea. None of these countries receive a share of aid for trade greater than 0.1%.

Globally, it appears that countries receiving the most aid are among those with stable policy environment. Conversely, it seems that countries receiving the least are characterized by poorer and unstable policy climate (Somalia and Liberia).

Regarding the regions considered in this study, Table 2, below, depicts the flow of aid for four African sub-regions including (1) , the aid flow committed by donor (2), the share of population (3), the share of trade and (4) the share of GDP in African GDP. Central Africa is the sub-region benefiting the least, receiving 7% of the total aid for trade to Africa. While this figure coincides with Central Africa's share of total African trade (see column 4) it is largely underestimated compared to the weight of its population, which represents 12% (see column 3)<sup>12</sup>.

Table 2. **Sub-regional profile of Aid for trade in Africa**

<b>ZONE</b>	<b>Share in total aid (disbursement)</b>	<b>Share in total aid (Comittments)</b>	<b>Population share</b>	<b>Trade share</b>	<b>GDP Share</b>
	(1)	(2)	(3)	(4)	(5)
ECCAS	7%	9%	12%	7%	8%
ECOWAS	33%	33%	35%	30%	24%
COMESA	21%	36%	24%	12%	13%
SADC	14%	23%	12%	45%	47%
EAC	26%		16%	6%	9%
African LDC	82%	82%	56%	28%	30%
African Non LDC	18%	18%	44%	72%	70%
Total Africa	3258(a)	7194(a)	332.2 (b)	663(c)	2166385(c)

Source: Authors construction from CAD (2006) and WDI (2006)

Notes: (a) indicates Million USD; (b) indicates million, (c) indicates Billion USD.

The ECOWAS, SADC and COMESA regions with 33%, 14% and 21% of total aid respectively, received an aid flow volume consistent with their population share (35%, 12% and 24% respectively). However, the SADC Aid for trade is significantly less than the share of its trade (26% compared to 47%). This is related to the presence of South Africa whose trade is around 32% of total Africa whereas its share in aid for trade is only 1.5%.

The EAC is the region receiving the most the Aid for trade in Africa (per capita). Their share in total aid flow represents 26% whereas their population represents only 16%. The contrast is

<sup>12</sup> This is at least in part explained by the important the instability of the central Africa region which may not facilitate the undertaken of aid for trade initiatives and lead the aid to be oriented to social and post-conflict component of CAD. Three out of the seven countries of the region have been theater of a civil in the last decade (Chad, central republic Africa and RDC)

more important when considering their trade and GDP share in the continent which represent only 6% and 9% respectively. The importance of EAC in Aid for trade is attributed Tanzania, Kenya, Uganda and Rwanda who were assumed (before Kenyan electoral crisis) being ranked with best governance score on the continent, and hence being of “favorites” several donors (See Collier, 2007)

Table 2 provides distribution between LDCs and non LDCs. Aid for Trade provided to LDCs in Africa is substantial. With 56% of Africa’s population, LDCs receive 80% of total share of the continent’s aid (see table 2 column 3). This pattern of aid for trade is explained by the existence of multitude of aid schemes specific to LDCs<sup>13</sup>.

### ***1.3 How is aid for trade used for in Africa?***

Table 3 below shows the allocation of aid for trade in Africa based on the categories defined by the task force. The table presents total figures for Africa, and provides distinction between LDCs and non-LDCs, and among five trade sub-regions<sup>14</sup>.

For the \$3257.560 US million of aid for trade received by the continent in between 2002 and 2006, the General Budget Support dominates overall volumes, at 44.3%. By contrast, category 1 of the AFT task force namely trade policy and regulations, usually delivered through technical assistance, accounts for the smallest share of aid for trade flows, at 0.5%. Trade policy and regulations (TPR) covers activities that support the effective participation of developing countries in the multilateral trading system. This type of support builds local capacities to: (i) formulate a broadly-supported national trade policy; (ii) participate in trade negotiations; and (iii) implement trade agreements.

Aid related to the trade infrastructure, the third category of the AFT task force, represents 29.2%, whereas the allocation for the fourth category (building productive capacity) represents 26%. The category building productive capacity has been grouped with the trade development in this report. This category includes activities to enhance capacities in banking and financial services, business and other services, agriculture, forestry, fishing; industry, mining and tourism.

The LDCs as well as non LDCs show almost the same pattern as the whole continent in terms of ranking of categories. However, it should be noted that the LDCs receive a far more important share of its aid for trade through the general budget support compared to non LDCs. This reflects the vulnerability of the LDCs who are most often dependant on few products (net oil importer) and therefore more exposed to fiscal crisis. This finding also attenuate the optimism about the better implementation of trade related projects in LDCs that are reported in table 2 where LDCs turn out to be receiving the most important share of aid for trade in volume.

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<sup>13</sup> Another factor amplifying these LDC preferences is the mechanism of Aid affectation. Even if the population is an important determinant of aid allocation, almost all aid agencies have used to fix a minimum allocation to a country. This is favorable to LDCs considered together as they represent nearly 65% of Sub-Sahara African countries)

<sup>14</sup> The table A3 in annex provides Aid for trade by category for each African country.

Table 3. Aid for trade by categories of task force the period (2002-2006)<sup>15</sup>

Country	Trade policy and regulations (331)	Economic Infrastructure (210, 220, 230)	Building productive capacity(250, 240, 311, 312, 313, 321, 322, 332)	General budget Support (510)	Share in total aid for trade	Total disbursement (million USD)
ECCAS	0.1%	45.8%	25.2%	28.9%	7%	230
ECOWAS	0.7%	28.0%	31.2%	40.2%	33%	1074
ESA	0.4%	34.1%	24.8%	40.7%	21%	671
SADC	1.0%	31.0%	29.2%	38.8%	14%	451
EAC	0.3%	21.1%	18.6%	59.9%	26%	832
LDCs	0.4%	29.1%	23.9%	46.5%	82%	2677
Non LDCs	1%	29%	35%	35%	18%	580
<b>Africa</b>	<b>0.5%</b>	<b>29.2%</b>	<b>26.0%</b>	<b>44.3%</b>	<b>100%</b>	<b>3258</b>

Note: The category “building productive capacity” has been grouped with the “trade development” in this report.

In regards to the sub-regions considered in this study, their pattern follows that of the continent. Like the continent average, all sub-regions received less aid through the category of the Trade policy and regulations, and four (out of five) sub-regions receive their most important share of aid through the general budget support category. The ECCAS is the only region where the most important category is not general budget support, but rather the Trade infrastructure; this can be explained by the importance of oil in this region.

#### 1.4 Aid for trade delivery for the Integrated Framework

The 2006 report of the Integrated Framework trust fund prepared by UNDP set the total (cumulated) contributions to the trust fund for Integrated Framework to USD 34.8 million on 31 March 2006. This represents less than 1% of the global aid for trade volume during the same period. It is important to note that this figure does not account for the Integrated Framework follow-up projects. The Integrated Framework funding envelope includes the Window 1 and the Window 2. Window 1 amounted to USD15.7 million while the Window 2 amount USD 19.8 million<sup>16</sup>.

Table 4 below presents the main contributors to the trust fund. Norway, Denmark United Kingdom, Sweden, World Bank (IDA) and Canada contributed the most amounting to 90% and 80% of Window 1 and Window 2 respectively.

<sup>15</sup> The CRS categories (codes and definitions) of Aid for trade is provided in annex table A1

<sup>16</sup> Window 1 will finance building the human resource capacity of the IF national implementation arrangements (NIAs); provide operational support to the NIAs, including some local running costs and equipment; prepare and/or update the LDCs' DTIS; and facilitate and support trade mainstreaming actions. Window 2 is aimed at providing bridging funding to jump-start project-related activities identified in the DTIS, its update, and its Action Matrix, such as small priority projects, project development activities, feasibility studies and seed projects (see <http://www.integratedframework.org/window2.htm>).

**Table 4. Contribution to IF (Cumulated contribution in 2006)**

	Pledges for window 1	Pledges for window 2
Norway	24%	18%
Denmark	22%	13%
United kingdom	18%	12%
Sweden	16%	12%
Canada	8%	4%
Germany	5%	
Switzerland	4%	5%
Belgium	2%	2%
Finland		5%
France		3%
Ireland		4%
Netherlands		5%
United States		4%
UNDP		2%
<b>World Bank</b>	2%	10%
<b>Total (US\$ million)</b>	<b>19.11</b>	<b>15.7</b>

Source : UNDP (2006)

### ***1.5 Beneficiary in integrated framework***

Table 5 below shows the beneficiary countries of the trust fund up to 2007 with total allocations (column 3) and its distributions between Window 1 (column( 1)) and Windows 2 (column 2)<sup>17</sup>.

As the IF is specific to LDCs, it is natural that the 27 out to 34 beneficiaries in 2007 were African countries; together they received 78% of total aid deliver trough the trust fund. The amount received by LDCs in IF (trough the trust fund) is expected to be the same at the end of the IF process. Therefore, the difference in the allocations (column 3) reflects the stage where a country is at in the overall IF process.

Overall, countries have spent less in Windows 2. African LDCs have spent 48% of their total allocation in Windows 2, with non-African LDC beneficiaries spending 55%. As Windows 2 is aimed at financing small projects identified in the DTIS, this important difference in figures is an indication of the lack of effective implementation of DTIS' measures on the ground in Africa compared to other LDCs. However, this gap could also be explained by the fact that the IF has been initiated in African countries much latter. Only one out to 3 pilot DTIS countries was in Africa.

Regarding countries individually, it should be noted that many countries have not yet utilized statutory resources of Windows 2. It appears clearly that countries that validated their DTIS before 2005 are using the window2 funding, while those which validated after do not<sup>18</sup>.

<sup>17</sup> The table A5 in annex provides the Trust fund allocations according to the IF stages.

<sup>18</sup> There is two exceptions Rwanda and Malawi which are receiving windows 2 funding whereas their DTIS have been validated after in 2005 and 2006 respectively.

Table 5. IF beneficiaries and relevant allocations (cumulated total in march 2007)

	Sub-region	Countries	Date of DTIS validation	Window I (USD)	Window II (USD)	total allocation (USD)
			(0)	(1)	(2)	(3)= (1)+ (2)
Africa	ECCAS	Central African Republic	2007	300000	0	300000
		Chad	2006	300000	0	300000
		Sao Tome & Principe	2006	300000	0	300000
	ECOWAS	Angola	2007	300000	0	300000
		Benin	2006	300000	0	300000
		Burkina Faso	2007	300000	0	300000
		Gambia	2007	600000	0	600000
		Guinea	2004	300000	650000	950000
		Mali	2004	300000	1000000	1300000
		Mauritania	2001	300000	874415	1174415
		Niger	2007	300000	0	300000
		Senegal	2002	310740	500000	810740
		Sierra Leone	2006	300000	0	300000
	SADC	Lesotho	2004	300000	478122	778122
		Mozambique	2004	300000	137090	437090
	EAC	Burundi	2004	300000	1000000	1300000
		Rwanda	2005	300000	45607	345607
		Tanzania	2005	600000	0	600000
		Uganda	2005	600000	0	600000
	COMESA	Djibouti	2004	300000	695080	995080
		Eritrea	NA	300000	0	300000
		Ethiopia	2004	318000	1000000	1318000
		Madagascar	2003	326913	698895	1025808
		Malawi	2006	300000	1049216	1349216
		Sudan	2007	300000	0	300000
		Zambia	2006	300000	0	300000
	Africa	<b>Sub-total(a)</b>			<b>8755653(52%)</b>	<b>8128425(48%)</b>
LDC non Africa	Bangladesh			300000	0	300000
	Cambodia			300000	1005370	1305370
	Haiti			300000	0	300000
	laos			300000	0	300000
	Maldives			300712	0	300712
	Nepal			300000	665000	965000
	vanuatu			45171	0	45171
	Yemen			300000	1000000	1300000
		<b>Sub-total (b)</b>			<b>2145883(45%)</b>	<b>2670370(55%)</b>

Source: Authors' construction

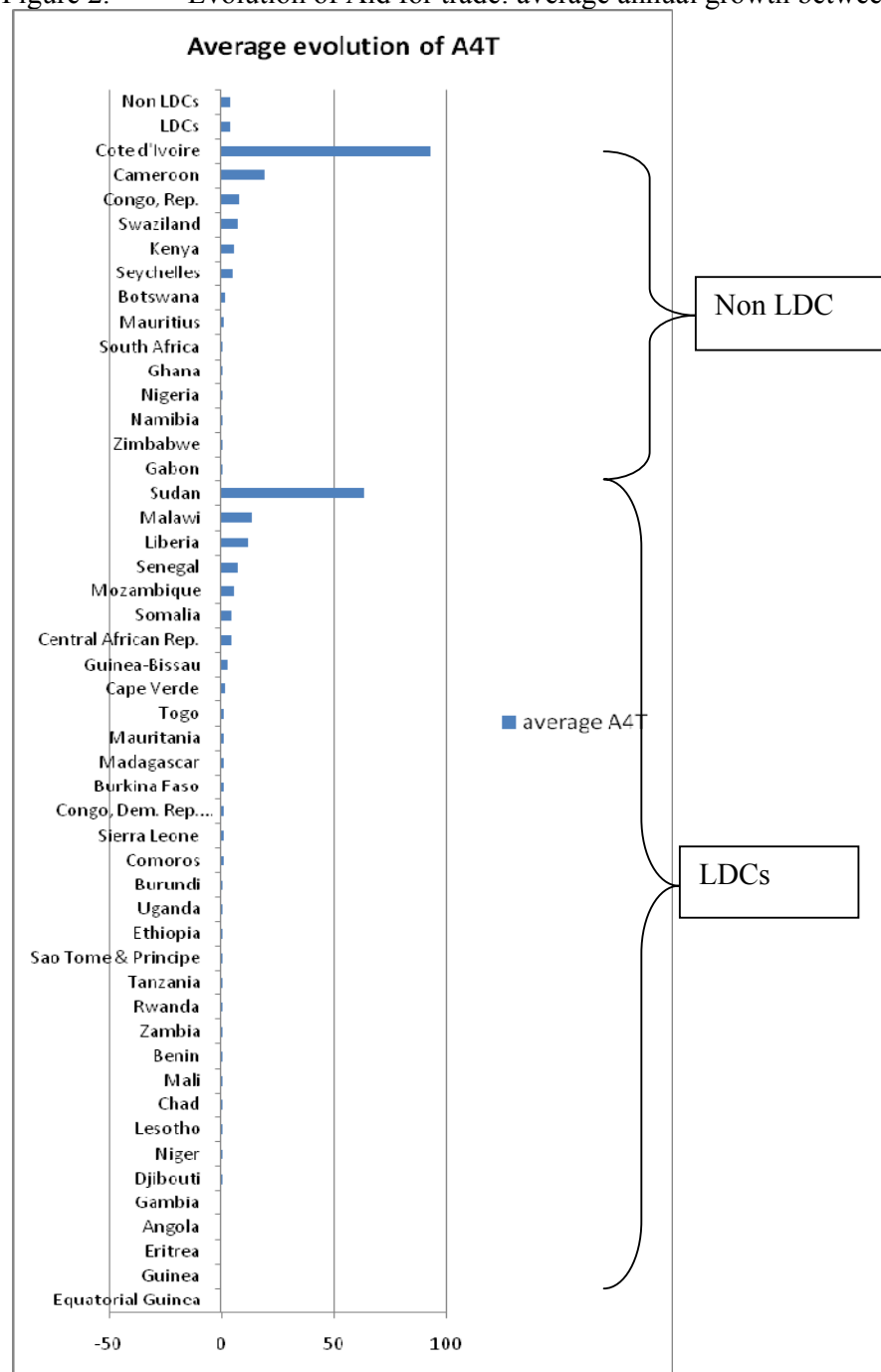
Notes of the table: (a): the figures in parenthesis indicate: for the column (1) the share of Africa in total allocation; for column 2, the share of total African allocation spend in the framework of windows 1. for column 3, the share of total African allocation spend in the framework of windows 2.

(b): the figures in parenthesis indicate: for the column (1) the share of non Africa in total allocation; for column 2, the share of total non African allocation spend in the framework of windows 1. for column 3, the share of total non African allocation spend in the framework of windows 2.

## 1.6 Integrated framework initiative the aid for trade flow

The purpose of the IF process is to establish the DTIS, and to seek donor support to finance identified actions. To assess the potential impact of the IF on aid for trade flow in African countries, Figure 2 below ranks African countries according to the average growth rate of Aid for trade between 2002 and 2006.

Figure 2. Evolution of Aid for trade: average annual growth between 2002 and 2006



Source: Authors construction

The figure ranks LDCs as well as non LDCs. From our analysis, on average the growth of Aid for Trade flow in LDCs is not significantly different from those of non-LDCs. The growth rate is 3.16% in LDCs and 3.17% in non-LDCs. This indicates that there is no increase in aid for trade flow to implement actions identified in the IF process. However, as the aid flow in the figure above includes general budget support which is not necessarily used to promote actions related to trade, we have built an equivalent figure in the Annex figure A.2, which does not include the general budget support from total Aid for trade<sup>19</sup>. In that table, the same pattern emerges as above: thus, the evolution of aid for trade in LDCs is similar to those of non-LDCs, where the average growth rate of aid flow show a rate of 1.03% in LDCs while in non-LDCs the rate is 0.93%.

We further, analyze the potential impact of the IF process on the aid flows to trade capacity building, by the comparison among LDCs at different stages of the IF process<sup>20</sup>, in figure A.2 (Annexed), the top ten LDCs in terms of growth of aid for trade (other than budget support) are: Liberia, Mozambique, Somalia, Togo, RDC, Cape Verde, Madagascar, Burkina Faso, Comoros Sierra Leone, and RCA. Only Mozambique and Madagascar had their DTIS completed before 2006 (period of our analysis). The first country, Liberia, was not involved in IF process. However, this ranking is likely linked to the initial level of aid received by these countries. For example, Liberia and Somalia have been found above (see table 2) to be among those receiving lesser aid. Conversely, countries who had completed the DTIS long before 2006 show growth rate (of aid for trade volume) less than the average growth of LDCs. This scenario is illustrated by the case of Mauritania (which completed DTIS in 2001), Senegal (2002), Burundi (2003), Rwanda (2004), Mali (2004), Lesotho (2004) and Djibouti (2004).

This analysis provides primary indications about the level of implementation of actions identified by the DTIS. The greater share of LDCs aid for trade is dedicated to general budget support without guarantee to be effectively used in trade related project. Among LDCs, the volume of aid for trade seems to be globally determined by the traditional determinants of Aid (as population, the GDP, policy stability and the level of initial aid) rather than the IF process. Since the average increase of resources from aid have not been higher in countries involved in IF process compared to those that are not included (in the IF process), it is likely that the implementation of identified projects would be poor. The next section assesses the implementation of DTIS while analyzing the consistency of DTIS actions with the countries priorities in their national strategy to fight poverty.

## **2 Process of IF and its trends across Africa**

### **IF Profiling/Identifying Needs**

The IF was established to provide better coordinated and more effective Trade- related Technical Assistance (TRTA) to assist LDCs to integrate into the multilateral trading system in order to reduce poverty and benefit from increased market access. Its role is generally thought to be that of promoting LDC exports, but it is not clear this vision is shared by all participants (as can be seen from their diagnostic studies) and such a focus does also limit the role the IF can play in comprehensively integrating trade into PRSPs.

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<sup>19</sup> The general Budget support represent on average 44.3% of total aid for trade in Africa (see table ;;; above)

<sup>20</sup> The table A5 in annex provides the Africa LDCs list with the date of beginning of IF process and the date of completing DTIS.

The goal of the Integrated Framework (IF) process is to support LDCs to better identify their trade development priorities for Trade Related Technical Assistance. The expectation is to generate more comprehensive analyses of the trade and production challenges faced by developing countries, to integrate these analyses into national development strategies and identify priority actions which can be funded through national development programs.

The purpose of the IF is to assist LDCs to expand their participation in the global economy through increased trade. Its main objective and approach are to assist LDCs to develop a broad trade development agenda with prioritized needs to which donors would respond. The basis for the Enhanced Integrated Framework is to streamline, prioritize, fund and deliver much of Aid for Trade for LDCs. The Integrated Frameworks' major instrument is the preparation of the DTIS, which identifies needs for trade related assistance and link LDC's trade support program to the country's overall development and poverty reduction strategy.

### **How IF fits into Aid for Trade?**

The enhanced IF is how Aid for Trade looks. Aid for Trade covers a wide range of activities, many involving complex processes and requiring specialized knowledge. Aid for Trade requires capturing the potential benefits of trade liberalization by adjustments and effective supply-side responses. Through aid for trade, countries can promote healthy adjustment by doing what is right for their economies, this means, establishing sound economic framework conditions (e.g. striving for macroeconomic stability, reducing transaction costs, promoting entrepreneurship), developing human resources (e.g. through education and training), and facilitating the adjustment for those at risk of losing out (e.g. through appropriate placement assistance or social safety net provisions)

### **How DTIS have identified priority actions**

The needs identified, by LDCs in the IF process, vary from low-cost technical assistance to infrastructure investments. In this report we have reviewed and presented analyses of the Action Matrices of eleven (11) sub-Saharan African countries, including; the Gambia, Sierra Leone, Mali, Niger, Djibouti, Rwanda, Ethiopia, Tanzania, Zambia, Lesotho and Malawi. DTISs identify the principal barriers, both internal and external, to LDCs integration into the world economy. The DTIS provide the analytical foundations for government requests for trade-related technical assistance, in the Integrated Framework of countries.

### ***How the DTIS address supply-side constraints***

Key elements of Sub-Saharan Africa LDCs DTIS recommended actions, and priorities, in the Action Matrices reviewed include integration of trade into their national development strategies. There are many similarities in the kinds of projects outlined under the Action Matrices. For the most part capacity building for trade policy is outlined as essential activity, followed by business climate for trade and investment. Most Action Matrices focus strongly on export sectors. In the vast majority of studies the sectoral analysis is on export sectors. For example, Uganda's DTIS focuses on cash crops but not at all on food crops. There is strong emphasis on improving customs facilities, on what needs to be done to strengthen the formal sector and improve the business environment. The main sectoral focus is on agriculture. In many DTIS, there is little analysis on industrial and service sectors. Another weakness of DTIS is its limited focus on infrastructure – only include ICT, but miss out other infrastructure.

Some of the countries present analysis of trade policies in relation to regional and global markets and engagement with the WTO. There is also analysis of the capacity of trade policymaking institutions and the constraints they face. Although AFT categories of trade development and trade policy and rules are covered in the Action Matrices prepared by, Ethiopia, Tanzania, Malawi, Zambia, and Sierra Leone the question that is unanswered is the depth and coverage and the impact the projects will make on global trade.

The DTISs focus on areas causing problems for trade development, management of trade policy and development, they show that government institutions involved with formulating and implementing trade policy, promoting trade, and providing trade support services are not functioning well, and that there are challenges in trade ministries in managing trade policy and coordinating other ministries and agencies to deal with the vast amount of issues requiring more technical assistance. The DTISs indicate that capacity to take these issues at hand is constraining trade development, and that legislation and stronger public and private institutions are needed to address these problems.

Priority actions outlined to address institutional support for trade promotion and diversification are varied. Key sectors and sub-sectors outlined in the Action Matrices include agriculture, agro-industry, forest products, fishing, mining and tourism. Customs and trade facilitation are included, and examine customs administration, export-import procedures, transportation, energy, water, telecommunications, and financial services are identify as priorities to trade development, and areas where policy reform and capacity building are needed. Issues of norms and standards are explored, including analysis of administrative barriers, and they summarize how and to what extent international trade can play a role in poverty reduction. Following is a summary of sample recommendations in the Action Matrices reviewed:

**Sierra Leone** priorities included trade flows and trade negotiations, MTI and the GOSL, Doha Development Round, Economic Partnership Agreement, and ECOWAS customs union. The DTIS included aspects of the country's macroeconomics such as fiscal imbalances, inflation, interest rates, and the real effective exchange rate and the extent and the extent to which they might be impediments to trade.

**Tanzania's** DTIS priorities addressed the issues of export diversification and the possibility of the recovery of traditional exports by looking at both the cross-cutting and sector-specific factors that affect export performance. The cross-cutting factors include i) the macroeconomic environment; trade policy and regional trade agreements; ii) institutional capacity for trade policy-making and development including those policies pertaining to export processing zones; and iii) trade and transport facilitation capacity. In addition, the DTIS also addresses issues pertaining to product standards and the international trade policy environment, both of which affect export performance in a sector-specific manner. The DTIS evaluated the impact of Tanzania's trade policy regime on its export performance by mapping the ERPs to domestic production and export data.

**The Gambia** took an approach where it prioritized sectoral projects such as those on tourism or agriculture, and rest of the countries focused on projects related to customs procedures, compliance, covering the AFT categories of trade facilitation and trade-related infrastructure. The Gambia's key recommendation include improve relations with Senegal, to increase trade and tourism, and consolidate The Gambia's role as a transit hub, revitalize the groundnut sub-

sector, promote agricultural export diversification, and improve the overall investment climate. **Lesotho's** DTIS covers a wide range of issues, from macro economic policy to constraints on the expansion of the local garments industry.

**Niger's** DTIS provides a broad overview of the key elements for successful integration into external markets, both through access to low-cost imports and through the development and diversification of exports. It pays particular attention to the role that trade can play in poverty reduction. It is fully in line with Niger's new Strategy for Accelerated Development and Poverty Reduction. The DTIS identifies a set of priority sectors as sources of growth – rural development, artisanal crafts, tourism and mining. The DTIS proposes priorities in order to strengthen the trade component of the two strategies. Several key, overarching themes emerge from this review of cross-cutting and sectoral issues; including; an urgent need to modernize trade, to better exploit its proximity to the large economy of Nigeria, focus on the five best-performing agricultural sub-sectors, together with live animals, meat, and hides and skins, promotion of small-scale mining and tourism and art handicrafts.

**Zambia's** DTIS presents an overview of existing trends in trade and investment flows and the origin and destination of these flows, and the potential comparative advantages of the country. Specific issues addressed in the DTIS include trends in imports and exports, investments, the country's global and regional comparative advantages, identification of potential new exports and the identification of overseas market opportunities, international comparisons with the trade performance of similar countries; and quality of trade data. **Rwanda** approach is perhaps the most distinct in how it clusters its priorities under the Aid for trade categories, it has set four priorities by sector, and recommends measures to meet them, in addition to the four priorities, it has outlined cross-cutting measures to supports its trade development efforts. **Djibouti**, has not clustered its DTIS recommendation under Aid for Trade categories, instead it have outline its priorities under sub-sectors, and key economic areas these include customs reform, budgetary policy; commercial and public services institutions, transport and port activities, salt, livestock, fisheries, tourism, and finance

The main challenge for the DTIS is the volume of priorities recommended in the Action Matrices. A commonality with the Action Matrices is that they recommend a large number of very general actions to be taken to promote trade development. This is problem facing even the most comprehensive and well developed Action Matrices. The extent and nature of the challenge that is involved in putting the IF process into action merely serve to highlight the importance of the recommendation put forward by the IF Task Force. Although the recommended action are many and varied, the outputs from the DTIS and resulting Action Matrices neglect key sectors and policy issues that are of paramount interest and importance to the countries and their abilities to bring their economies into and benefit from export production.

### **How priorities in the Action Matrices are arranged under the Aid for Trade categories?**

From the DTIS reviewed, the recommended actions are general and broad in scope. Basic to this, key limitations are that the priorities are not properly arranged under the Aid for Trade categories, and that activities do not adequately cover all the areas of the AFT categories. Most Action Matrices include 50-100 recommended actions, with no prioritization or targets amongst them. There are also omissions under key categories, for instance, there are no projects, or priorities under trade-related Infrastructure. The Actions Matrices reviewed clusters their priorities, under Aid for Trade categories as follows:

***i) Trade Policy and regulations:***

Most DTIS Action Matrices provide guidance to trade policy planning, and describe the activities in general terms. The Action Matrices do not articulate clearly and do not make references to actions such as human resources development, training, and institutional and technical support to facilitate implementation. The actions matrices are short on detailed assessment and steps required in terms of institution building in trade policy capacity, supply capacity, private sector development, trade volumes, the type(s) of aid for trade programs at regional level trade policy capacity building and infrastructure development. By themselves, the proposed activities are far from actionable and leave a great deal of policy and programmable issues to be determined. Furthermore, the action matrices do not offer strategies countries would take to achieve results.

The **Gambia** DTIS focuses on deficiencies in trade and balance-of-payments statistics, and envisioned that more up to date, accurate and complete data are needed; review the export policies, how the country will do them are missing. **Tanzania** has been benefiting from the first IF process, its DTIS was to serve as an instrument for the country to continue to benefit from such an integrated approach to trade-related technical assistance. The objectives were to identify key constraints, both internal and external, to the expansion of Tanzania's trade, with a focus on how trade expansion could help alleviate poverty in the country. Even here the Action Matrix outlines sixteen broad areas and more than 50 policy activities to be carried out, which are short on specifics in policy terms.

**Niger's** policy concerning trade in goods consists essentially of implementing WAEMU regulatory framework. The key elements strategy include; establishing a permanent structure to collect and analyze economic links between the two countries; raising awareness among Nigerian policy makers of the importance of trade flows with Niger; disseminating information on the criteria for duty free access to the Nigeria (and ECOWAS) market and promoting the certification of enterprises; working with private banks to facilitate CFAF-naira financial transactions; promoting Nigerian investment in industries with trade potential to create allies in Nigeria; preparing a plan to phase-out re-exports; strengthening the *Commission Mixte de Coopération*; working to improve implementation of the ECOWAS Trade Liberalization Scheme. ude the adoption of a common external tariff (CET), and free trade on certain goods with the Union

**Ethiopia's** DTIS derives its main thrust for trade strategy and technical assistance from the enabling framework provided by the PRSP. Based on the analysis and DTIS, the studies recommend a program of technical assistance to strengthen the ability to increase Ethiopia's participation in world trade by enhancing its competitiveness to derive larger benefits from trade than at present. The DTIS identifies an immediate need to build the capacity of the ministry of trade in the areas of trade policy formulation, analysis, and monitoring and evaluation, particularly, as it has to oversee the trade reform measures to be undertaken in accordance with the DTIS recommendations, for this reason, the institutions, agencies and parties responsible for implementation of action plans have been identified in the matrices for action plans for technical assistance support.

Ethiopia seeks to strengthen the institutional capacity of the Ministry of Trade and Industry in order that it can effectively discharge its apex responsibility of formulation of all trade related policies, through the involvement of the private sector, and coordination of trade issues. The

recommended action is to undertake legislative reforms to conform to WTO requirements and employ within the trade sector ministry additional staff with adequate management as well as technical expertise in trade policy and related issues. Ethiopia, further seeks to develop a legal framework to create a stock exchange, or capital market, to pool finance for investment and for buying and selling shares to address the current setback the privatization effort has faced due to the absence of a viable capital market, particularly the absence of an entry and exit mechanism through an established share market. The DTIS recommends implementation of competition law by creating the necessary institutional arrangements to ensure that both state and private enterprises are engaged in fair trade practices and that there is a level playing field for all participants in trade, and make improvements to the law as appropriate.

**Tanzania's** Import Policy seeks to enhance capacity building for policy reforms and trade negotiations, improve awareness of trade policy issues, Export Policy, Regional Integration to enhance harmonization of exemptions within EAC to reduce the risk of trade deflection, negotiate simple and non-restrictive rules of origin specifications in regional agreements, aim for harmonization within RTAs to avoid contradictory requirements, competitive policy to operationalize competition policy through capacity building of

**Mali's** Action Matrix is aimed at the orientation of key institutions and public sector agencies on trade policy, it seeks to strengthen institutional capacities; strengthen the of the key support and trade promotion institutions, streamline and coordinate the actions of promotion agencies, as well as sanitary and phytosanitary labs, committee charge with monitoring multi-lateral trade agreements, and the Committee charged with monitoring negotiation of the economic partnership agreement between ACP countries and the EU. **Malawi**, recommended actions **are to** improve capacity for negotiating at the WTO and in regional and bilateral agreements, increase regional trade integration efforts among policy makers, business community and Coordination between institutions.

**Zambia's** trade policy and regulations are aimed at i) policies directly affecting exports to streamline operating procedures for the duty drawback scheme; set targets for reimbursement of duties, and improve management of bonded warehouse and RIB, Operationalize procedures manual and operating guidelines prepared by MCTI prior to implementing the newly revised Export Processing Zone Act, and ii) policies directly affecting imports particularly, tariff Reform establish the Tariff Commission, and Implement the new legislation on safeguards consistent with the WTO, COMESA and SADC Agreements. At the institutional level, the measures trade policy recommends are to improve the technical skills of officials with trade related responsibilities, increase understanding and the level of discourse on trade issues, facilitate intergovernmental coordination of trade-related policies and programs, deepen public-private dialogue on trade-related issues, and mainstream trade into development policy

From the LDCs experience so far, capacity building is an area where countries have the greatest challenge.. The Action Matrices are directed at the needs of public sector institutions, and do not include the unique capacity needs and requirements of the sectors and sub-sectors. Although they outline a broad range of initiatives under the productive capacity category, the missing pieces are that these priority actions do not articulate the requisite human resource needs and requirements of industry, private sector, productive sectors, and sub-sectors of the economies that would accelerate growth, development and poverty reduction.

Basic to this problem, the action matrices do not demonstrate action steps the countries would take in collaboration with industry, and sub-sector institutions to meet the unique needs of key

stakeholders such as small-medium sized enterprises, producers and small out growers. This indicative of the fact that relevant agencies and institutions responsible for the growth and development of enterprises, and producer groups, were not integral part of the IF process in the preparation of the DTIS and Action Matrices. Another element that is absent from the DTIS is the priorities are not linked to ongoing technical assistance (training and development programs) and facilities in the various countries that are available to industries, small-medium sized enterprises, productive sectors and small holder groups.

#### *Trade policy and poverty:*

The IF diagnostic outputs is intended to provide analysis and guidance on trade policy issues, such as those relating to regional and global liberalization and market regulation. The general approach of the IF diagnostic outputs of the countries is to recommend increased liberalization both regionally and internationally. However, in the majority of DTISs the analysis presented to identify their contribution to poverty reduction is lacking in this regard. As a result the trade policy options recommended in the DTISs/Action Matrices are not fully assessed within a comprehensive trade-poverty framework. DTIS for Tanzania and Uganda are the two countries that attempt to model the impacts of the proposed tariff reductions on poverty levels. In general, the DTIS fail to integrate trade-poverty perspectives into the Action Matrices, especially, the impact of trade policy reforms on poverty, essentially, the DTISs fail to capture the reality of the hugely complex socio-economic environment in these countries. More so, the DTIS do not identify sectors where support is required for adjustment. The analyses appear to identify macro impacts, and not infant sectors that need to be protected from increased competition (especially from developed countries and those with subsidized production). The trade-poverty analysis link very poorly to analysis of trade constraints, DTIS in identifying accompanying measures to ensure the impact of trade reforms as the recommended actions are spread most widely.

#### *ii) Trade development*

Trade development (TD) covers activities which seek to create a favourable business climate, and include trade component of assistance to business support services and institutions; private sector institution building; public-private networking; legal and regulatory reform are aimed at improving the business climate; e-commerce; access to trade finance; market analyses and trade promotion at national and sector levels.

The **Gambia** focuses on incentives to spur exports effective, and a stronger export promotion facility, the link between trade and investment; how could the GIPFZA be used more effectively to support an export strategy, and prospects in regional integration, what should the priorities be in negotiating the ECOWAS common external tariff, and design of a welfare-enhancing EPA with the EU, and the requisite institutional arrangement to handle export-related standards. **Niger**, in addressing constraints relating to the business climate and institutions, Niger DTIS focus on investments, legal and regulatory framework, taxation, financial sector, and business support institutions. The recommended action to mobilize human and financial resources with a view to accelerating export growth under five key areas. **Zambia's** Action Matrices recommended measures are customs modernization, to upgrade equipment and infrastructure of ZRA, integrate border agencies, reduce border clearance times while ensuring integrity and increased compliance, and implement trade facilitation agreements

Action Matrices reviewed outline and articulate a series of actions and measures and live out the key drivers of trade development and trade promotion. For instance, the Action Matrices do not clarify the key stakeholders, such as small medium-sized enterprises, trade associations, and chambers of commerce specific and unique roles in their effort to promote trade. As they have not been included in the DTIS, their needs and requirements are clearly omitted.

From trade promotion stand point, the action matrices provide limited focus on domestic trade dynamics, little on what needs to be done to get those weakly linked to markets on the production ladder, and only little on supply chain dynamics and implications for policy. Often the poorest are the weakest in the supply chain and action matrices do not recommend actions to be taken to support and empower them. In relation to regional trade there is very little analysis and actions strategically in regards to which products/sectors with opportunities for regional markets.

### *iii) Trade-related infrastructure*

Although aid related to the trade infrastructure is the third category of the Aid For Trade representing 29.2%, there are limited physical infrastructure projects or measures recommend in the Action Matrices reviewed under-trade related infrastructure category. The countries that place higher priority on trade-related (physical) infrastructure are **The Gambia and Tanzania**. For the Gambia, to maintain its competitive advantage as a sub-regional transit hub through continued modernization of its port, customs, and internal river and road transport, and also to improve relations with Senegal, the DTIS recommends the construction of a bridge across The Gambia River, in respect of ECOWAS transit accords, highway linkages, was seen as an important first step in its trade development. **Tanzania** Action Matrix recommends strengthening public-private dialogue in transport and trade facilitation, transit and border crossings, develop and implement transport reform program, improvement in customs import and export Processing and transit regulations. The country aims to facilitate trade and transport capacity including customs, with a particular focus on the implications of Tanzania's participation in the various regional trade agreements (RTAs) on its needs in these areas.

**Niger's** Action Matrix addresses its geographical location as a landlocked country and purses its international trade objectives by addressing key issues relating to its border with its neighbours, as well as addressing in country constraints; the recommended action are to; i) modernize transport services between Niger and the ports. **Mali's** Action Matrix recommends improvement in transportation service quality and sector competition, at the regional level it recommends to undertake a study of tariffs for commercial vehicles imports and, as needed, including proposed options for their amendment and an assessment of revenue impact of proposed options. The Action Matrix also recommends addition economic infrastructure measure such as Improving reliability and quality of utilities (power, water, telecommunications) by strengthen regulatory and coordination mechanisms with the private utility company EDM, to foster further improvements in power and water , maintain steady progress in privatization of the state telecommunications company , and Implement measures to reduce cost of key factors (energy, water, telecommunications) in line with the respective sector reform programs

**Malawi** priority on the transport sector, seeks to collaborate with the government of Mozambique to improve the intra-regional railway corridor, and addresses the issue of the

domestic trucking cartel, to ensure access for foreign truckers to Malawi traffic in order to bring internal transport costs more in line with regional norms. In addition, the country seeks to explore opportunities for improved freight transport management involving more back-hauling, and also explores lake transport opportunity to be developed to enhance domestic trade. **Rwanda's** transportation priorities seek to develop strategy to improve rural transport, implement rural transport strategy; use participation in regional trade agreements, EPA negotiations and corridor organizations to enhance transit facilitation in gateway countries; continue to upgrade cold storage facilities along whole chain; effectively apply all modules of Asycuda and reinforce valuation unit in customs; enhance and sustain training of customs officials; raise capacity and awareness of private sector; and replace with a fee based on services rendered and facilitate competition in warehousing

#### *iv) Building productive capacity*

Activities to enhance productive capacities are captured in the CRS under banking and financial services, business and other services, agriculture, forestry, fishing, industry; mining, and tourism, and trade-specific components. Action Matrices reviewed present a higher concentration of activities under this category.

**Tanzania** identifies interventions needed to develop a competitive private sector: these interventions are based on the core factors: the ability to comply with quality standards and competitiveness based on higher productivity, and more efficient delivery systems. Tanzania which is regarded as a success story in the IF, has prepared programs which specifically address the problems of international trade focusing on increasing the quantity and quality of its exports. The DTIS has identified interventions necessary to develop a competitive private sector. These interventions are based on two core factors: i) the ability to comply with quality standards and competitiveness, thereby raising productivity, and ii) more efficient delivery systems. Hence the Tanzanian IF process seeks to tackle the constraints that impede private sector productivity and competitiveness in a global environment, and takes on a wider perspective than its JITAP program. The priority activities in its Action Matrix range within the following themes: trade policy, market access, trade institutions, export processing zones, sanitary and phyto-sanitary (SPS) capacity, transport, customs, agricultural exports, tourism backward linkages, and fish and mariculture.

**Ethiopia's** IF Implementation Plan focuses on private sector development and trade issues. These broad priorities flowing from the DTIS recommendations are further refined in the government's Action Plan. The Action Plan priorities are grouped under thematic areas including: trade reform and incentive structure; market access ("beyond the border issues"); trade and poverty.

**Niger's** Action Matrix elaborates on its focus on agriculture, livestock, and tourism and handicraft: **and include actions including ; i) Agriculture:** after minerals, the vast majority of Niger's exports are agro-sylvo-pastoral in nature. This is clearly where the country's comparative advantage lies and this is well understood in its poverty reduction strategy. The Government of Niger has developed and approved a Rural Development Strategy (RDS) with a comprehensive Action Plan. The Action Matrix includes production for export priority crops including onion, cashew, souchet, gum Arabic and other potential crops. **ii) Livestock:** the action matrix seeks to improve productivity of pastoral and agro-pastoral systems and implement a policy of economic incentives to encourage herders to regularly cull their herds. Ensure a regular supply of animals through organized and streamlined production structures

capable of supplying the market with large, healthy animals, and reducing the seasonal nature of production;

iii) **Mining**: the Action Matrix recommended actions in the mining sector is based on the premise that given the importance of the sector in the fight against poverty and the foreign currency that it can generate, priority measures to be undertaken to support the sector. In addition it envisions that the administrative capacity and the institutional framework need to be strengthened to improve management of the sector. This involves training senior staff in the ministries of mines, finance, and environment to improve their knowledge, and application, of the laws, and training them in the management of new information technologies, especially in relation to various geological and mining data, and iv) **Tourism and Handicraft Art**: Niger's handicraft and tourism the main themes covered should include the development of quality products, the definition of a brand image for the country, the promotion of private investments, taxation policy, infrastructure in Agadez, training of personnel, production of statistics, and the protection of natural and cultural assets.

Commonalities with respect to the outputs of DTIS and Action Matrices are that limited attention is paid to the **food crop sectors, services, manufacturing, and industrial development and behind the boarder constraints**. As stated previously, most countries diagnostic studies relating to **agriculture** are entirely focus on cash crops. Of the countries we reviewed, The Gambia's Action Matrix seeks to revitalize the groundnut industry, through privatization along with putting in place an appropriate institutional framework, facilitate private sector-led growth of new agricultural exports, notably cashews, and improve the business climate to spur more foreign and domestic investment, most importantly in the area of electricity provision, while consolidating macroeconomic stability.

In regards to **markets access** Ethiopia's action matrices recommendations are to implement the EBA and COMESA agreements to access the EU market and the COMESA FTA as well as other markets; encourage measures for the diversification of the export bundle, particularly into those products that have growing markets; make preparations and establish and operate an internationally recognized Conformity Assessment System. And take such measures as implementation of EBA and COMESA agreements to access the EU market and the COMESA FTA as well as other markets; encourage measures for the diversification of the export bundle, particularly into those products that have growing markets; and make preparations and establish and operate an internationally recognized Conformity Assessment System. In most cases, the action matrices fail to focus on many of the **behind the border constraints** that are of significance for most producers (such as smallholders) and their prospects of being brought more effectively into export production. In this regard, the challenges smallholders' face, for example, rural roads and transportation, electricity, micro credit in gaining access to markets are neglected in the action matrices.

There is limited attention given to **micro-credit** and other credit innovations targeted at smallholders; and rural road, transport and electricity infrastructure. In contrast, in a significant majority of countries, export credit schemes (targeted at larger formal sector exporters) and upstream major infrastructure priorities such as ports, transport corridors linking major urban and regional markets and customs infrastructure, all receive significant attention. These larger upstream priorities are obviously important in facilitating trade, but may not serve to bring more marginalized producers most effectively into the exporting process. Another factor that is vital to the ability of smallholders to benefit from producing for exports markets and which receives limited or no attention in the DTISs are the steps that can

be taken to strengthen smallholders market power. Another weakness of the DTISs is their failure to deal with *rural taxation* issues, which can be very relevant to the ability of the rural poor to gain from production for export.

The services trade remains invisible to DTIS. In many of the poorest countries the services sector is one of largest and most diverse sectors and is hugely important for livelihoods. For example, in Burundi the services sector makes up 45% of the economy and in Zambia 59 percent of the economy (more than the agriculture and industrial sectors combined). Services are major facilitators of domestic economic growth world over. In 2003, the contribution of services to economic growth was 45 percent for LDCs, 57 percent for developing countries, and 71 percent for developed countries. Services activities have also become primary creators of new jobs, accounting for over 90 percent of new jobs globally since mid-1990s (Mittaritona 2007).

There is only limited focus on processing / manufacturing. There needs to be more attention on emerging manufacturing sectors and those sectors in which there is not currently competitiveness but comparative advantage could be generated. **Tanzania, Malawi, Ethiopia, and Lesotho's** action matrices revealed that the main industrial sectors include basic food processing (milling, processing of fruit vegetables and meat and beverages). The DTIS of these countries essentially fail to focus on the full range of industrial opportunities available to these countries. The only industrial sectors referred to in Tanzania's DTIS/Action Matrix relates to the processing of cashews and fish products. Zambia DTIS, only presents analysis of the textiles and processed food sectors, and the action Matrix fails to identify any specific interventions even in these sectors. The IF outputs of these countries do not present what economic future these economies face and whether production of primary products and some basic processing can promote trade development and poverty reduction over the long term.

With respect to *international businesses*, the DTIS Action Matrices have not considered critical issues of international traders and investors as actively as it has included the concerns of local businesses. Also, there is limited linkages between the IF and the international private sector, requirements that are crucial for private sector development and directly concern international businesses are not raised by the DTIS and, consequently, do not recommend actions in this area. The involvement of the *private sector* could serve to overcome obstacles to a given business' commercial interests within a particular country of operation.

#### **v) Trade-related adjustment**

Although DTIS of all LDCs reviews have elaborate international trade objectives, what is missing is the forward looking support for adjustment associated with changes in international trade regimes. The Ethiopia and Tanzania DTIS makes provisions for adjustments in their Action Matrices.

**Niger's** DTIS states that the legal instruments of Customs show no major problems as they comply with international standards, thus creating appropriate conditions for the General Directorate of Customs to achieve its mission. However, the Niger Customs Administration, according to the DTIS, has not yet embraced its economic role. It further states that, in practice, Niger Customs remain focused on the mission of collecting duties and taxes, while the trade facilitation mission is generally accorded low priority. The DTIS recommendations

are to: facilitate and secure transit trade, strengthen the customs clearance process, Facilitate trade, strengthen revenue collection, and combat fraud and corruption

**Ethiopia's** DTIS takes a closer look at the trade regime and its underlying incentive structure to establish the relative incentives to produce for the domestic and the world market. It examines the observation made by Ethiopian policy makers that trade liberalization to date has not led to any significant improvements in the trade outcome, both in terms of increasing exports or raising national income. Further more the study recommends that Ethiopia develop a set of input-output coefficients for future estimates of ERPs as well as develop coefficients for determining export rebates and similar incentives. In addition, the study recommends that the capacity of MOTI be increased to analyze, monitor and formulate trade policies and raise the capacity of relevant agencies to administer of the duty rebate and bonded warehouse schemes efficiently. Thus the overall capacity of MOTI and other trade related agency is a priority and donor assistance is needed for this purpose.

**Tanzania's** DTIS attempts to model the impacts of the proposed tariff reductions at poverty levels. The DTIS evaluates the impact of Tanzania's trade policy regime on its export performance by mapping the ERPs to domestic production and export data, and the action. The matrix recommends actions addresses issues pertaining to product standards and the international trade policy environment, both of which affect export performance in a sector-specific manner. **Zambia** prioritizes actions within these broad themes through provision of timescales for implementation, projects given priority included: establishment of best practice in streamlining operating procedures in customs duties; operationalizing guidelines and procedures for implementation of the Export Processing Zone Act; establishment of the Tariff Commission; and a study on customs clearance times.

**vi) Other trade-related needs:**

For **Gambia**, its unusual geographic location makes its cooperation with Senegal imperative, for international trade, therefore, the Gambia's DTIS proposes a "grand bargain" between the two countries in areas such as transport, transit trade, fishing rights, groundnut pricing, cotton ginning and seed production. The Gambia's Poverty Reduction Strategy Paper (PRSP) for 2007-2011 suggests increased attention to economic growth and trade, with specific discussions of some key export sectors, such as tourism and fishing.

The Action Matrices cluster priorities and action project under the Aid for Trade categories by SSA countries under the IF, and as mentioned above, the differences appear to be in the level of specificity or ambition of the projects. Some projects are well resourced from Window II. This is true of Malawi's project on trade policy capacity building for the Ministry of Commerce and Industry officials, which allocates US\$524,000 to this effort. Similarly Ethiopia's Window II projects on trade policy and rules and trade development are generously funded, averaging at more or less US\$300,000 each over 2 years.

The experience of all the countries studied underlines the need to increase capacity development and orient it towards the broader trade development agenda, particularly tackling supply-side constraints. Some countries, like Tanzania and Ethiopia, have outlined their priorities very well and sought to build linkages between Aid for Trade programs in-country to maximize their impact. The fact that all the countries have other bilateral programs implemented concurrently with the IF (such as JITAP) reinforces arguments for an effective Aid for Trade facility that will address the continuing binding constraints on a rolling basis.

## **How dose the IF cover the challenges African countries face in participation in multilateral trading system (MTS)**

Although some of the countries present analysis of trade policies in relation to regional and global markets and engagement with the WTO, there is not much analyses, and recommendations in respect of the capacity building of trade policymaking institutions and the constraints they face.

The DTIS reviewed do not cover projects that take into account liberalization and integration initiatives, including plans to move towards effective free trade areas or customs. The DTIS action matrices do not include capacity building at the national and regional levels that build upon programmes already by the RECs. Also the DTIS relationship between Aid for Trade, the EPA have not been fully covered, although some of the countries made reference to the EPA in their Action Matrices, they do not fully include the REC dimentions, and do address key priorities in the regions.

Africa has the highest number of the poorest countries. Most of the SSA is in the World Bank's lowest income category of less than \$765 GHI per person per year. Africa share of world trade has fallen to less that 1.5% due to a number of factors, including low productivity and high transaction costs. Africa lost in the Uruguay Round, and will lose from the implementation of the Doha Round. In recognition of the fact that importance of strengthening the capacities of African countries to effectively participate in world trade, reduce poverty, it is equally important that Africa with development partners address the supply-side constraints in the LDCs. African countries need assistance in adopting and implementing current WTO obligations, and address undesirable and detrimental effects of trade liberalization.

The key priorities of Africa, to advance regional and multilateral trade liberalization, include institutional capacity building and infrastructure development (especially transport and utilities), assistance with adjustment costs, especially the loss of fiscal revenue from tariff liberalization, are partially addressed in the DTIS. Although the Gambia, Niger, and Malawi, recommend the need for open and sustained dialogue between governments of neighbouring countries, recommends in the rest of the action matrices excludes involves the RECs, and the private sector networking at the sub-regional level. .

In general, the DTIS have guided LDCs in addressing trade development constraints, what the DTIS has not done, is that it has neglected in assisting sub-regions to move trade to the centre of their development strategies, as the experiences primary focus on national development. Although the Enhanced Integrated Framework (EIF) provide an important tool for identifying and mainstreaming trade capacity priorities for LDCs in the region, a comparable mechanism is needed for non-LDCs, especially as they are often lead trade actors in the region. The IF process by and large has assisted SSA LDCs to leverage funding to enhance their trade policy and regulatory frameworks, meet their SPS and TBT standards. The DTIS have not adequately brought support at enterprise and at the producer levels. The recommendations the action matrices do not accentuate export-production capacities and competitiveness in commodities, manufacturing and service sectors. In lieu of this it is doubtful if the recommended action projects in the matrices would attract new investments and facilitate entry into new markets or market diversification. What the DTIS needs to do is to guide SSA countries to promote pubic-private partnerships, enhance entrepreneurships and

competitiveness. This IF could facilitate Aid for Trade to play an effective role as an engine of growth, and poverty reduction in Africa. More importantly the DTIS

Another limitation with the IF experience is the absence of a focus on regional programmes and projects, especially regional integration and regional capacity building. that would strengthen regional mechanisms that would help guide priorities, more especially trans-border infrastructure, customs, communications, and regulatory reforms could play a central role in helping to consolidate regional markets, integrate landlocked countries, realize economies of scale, and spur competitiveness. Although the Action Matrices, have identified priorities, there is the need focus on key priorities for countries and sub-regions to identify the main structural or policy constraints to trade, and to concentrate on interventions that could deliver the biggest return on investment.

In respect of the trade infrastructure, the concern for Africa goes beyond what the DTIS and recommended actions in the matrices, the objective of Africa countries is the need to connect African economies with each other and the world through better ports, roads, waterways, and other infrastructure was emphasized repeatedly. Although SSA countries in general recommend the need to help speed and ease the movement of good across borders through modernized and simplified customs procedures. The DTIS do not adequately address the trade priorities in integrated way, through multi-sectoral and multi-modal solutions, to improve Africa's trade.

#### *The Case for Support for Trade Adjustment and Integration*

The net effect of multilateral liberalization under the Doha round is estimated to provide for significant global gains accruing to both developed and developing countries. However negotiations under the WTO's Doha round have involved deeper commitments under a broad range of issues. The consequent trade reforms therefore require adjustment, and taking advantage of improvements in market access requires developing countries to undertake behind the border policy reform and capacity building. (*Reference: Susan Prowse; Increasing Support for Trade Adjustment and Integration*).

In low-income African countries in particular, there are concern that complementary reforms and the potential effects of trade liberalization on poverty, particularly, ensuring that trade reforms will help achieve poverty reduction goals is important to facilitate broad ownership of reforms, thereby making them more sustainable.

African countries have made the case for "additional" resources to provide for an enabling process of integration into the multilateral trading system. At Monterrey, donors agreed to make concrete efforts toward reaching ODA levels of 0.7 percent of gross national income (GNI). Since Monterrey, ODA has indeed increased and moved back to levels of ODA in the early 1990s. In light of the EPS funding that comes to close in 2013, African countries are asking for options for additional support, they include among other: There is increased recognition that to improve aid effectiveness requires alignment of assistance around country strategies and priorities, as well as harmonizing donor policies, procedures and practices around strengthened partner country systems. Despite progress, much remains to be done. It is still the case that multilateral and bilateral assistance is provided from different sources, and beneficiaries are often burdened by multiple donor specific priorities. There exist a multiplicity of trade-related assistance initiatives by both bilateral and multilateral agencies.

Assistance needs to be delivered within a coherent policy framework, where a broad trade and investment agenda prioritizes areas of action both in terms of policy and support.

## **Conclusion**

Most Action Matrices reviewed focus strongly on export sectors, and the main sectoral focus is on agriculture, for example, Uganda's DTIS focuses on cash crops but not at all on food crops. In the DTIS there is emphasis on improving customs facilities, on what needs to be done to strengthen the formal sector and improve the business environment. In many DTIS though, there is little analyses and recommended actions on industrial and service sectors. Another challenge of DTIS is its limited focus on infrastructure. Some of the countries present analysis of trade policies in relation to regional and global markets and engagement with the WTO. There is also analysis of the capacity of trade policymaking institutions and the constraints they face. In many of the DTIS there is only little on supply chain dynamics and implications for policy. In relation to regional trade, the IF has not generated information on what is traded regionally. there is very little analysis strategics approach to participate in regional markets. There is only limited focus on processing / manufacturing.

Given the IF experince to-date, the DTIS should be viewed as an ongoing processes, and that it should not be set in stone, but as a living document that can be revised through ongoing basis. There need to be opportunities for ongoing discussions and more national debate on how trade development should occur, and then for the IF to support this response. The challenge is how LDCs and their partners change the format of DTIS and when is a good time for these discussions to emerge. Countries need to be free to approach thier IF ecpერince in ways most helpful to them..

From African development trade stand point, there needs to be more focus on regionalism. As the DTIS is led by donors with little government involvement, and this may account for the fact that regionalism is not covered and it is important to revisit the subject matter, and address the key constraint confronting Africa.

The net effect of multilateral liberalization under the Doha round is estimated to provide for significant global gains accruing to both developed and developing countries. However negotiations under the WTO's Doha round have involved deeper commitments under a broad range of issues. The consequent trade reforms therefore require adjustment, and taking advantage of improvements in market access requires developing countries to undertake behind the border policy reform and capacity building. (*Reference: Susan Prowse; Increasing Support for Trade Adjustment and Integration*).

## **3 Monitoring and Evaluation**

Monitoring and evaluation provide a perspective on whether trade needs are being met, financial resources are being provided, and Aid for Trade is effective on the ground. The purpose of this section is to describe how the Aid for Trade is been assessed, to ascertain what works and what does not, and identify potential performances indicators to measure the aid for trade outcomes.

The tasks force recommends that monitoring and evaluation have to take place on three levels: a global assessment of Aid-for-Trade flows; individual donor and agency progress on

effectiveness; and in-country evaluations. As recommended by the Task Force, the OECD Development Assistance Committee's (DAC) data collection and reporting system (the Creditor Reporting System or CRS) is responsible for the global assessment. On donor side, increasing number of countries or agencies have evaluated or are about to evaluate their strategy of aid for trade according to the OECD (see OECD, 2006a). Table A6 in annex presents a set of studies including notably the European Commission (EC), the United States Agency for International Development (USAID), the UK Department for International Development (DFID), The Ministry of Foreign Affairs of The Netherlands, the World Bank, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries (IF) and the Joint Integrated Technical Assistance Program (JITAP).

Concerning the In-Country Assessments, the Task Force encouraged recipient countries *"to report on trade mainstreaming in national development strategies, such as PRSPs, the formulation of trade strategies, Aid-for-Trade needs, donor responses, and implementation and impact"*. This task should be allocated to the National Aid-for-Trade Committees that should also receive adequate funding. But, very few have assessment have been undertaken in recipient country although a number of recipient case studies have been undertaking in the framework of some donor studies mentioned above.

The following sub-section presents the statute of monitoring and evaluation in recipient countries. It is followed by a survey on the methodology used in recent aid for trade evaluations. We also examine the extent to which the LDCs have integrated evaluation lessons into their national strategy before considering the empirical approaches to assessing aid for trade impact on broader economic development. This section also explores the potential performances indicators to monitor Aid for trade objectives in recipient countries.

### ***1.7 Statute of monitoring and evaluation in recipient countries***

This sub-section examine to what extent the African Aid for trade programs have effective monitoring and evaluation following specific criteria such as (i) Clear program and component objectives with verifiable indicators ; (ii) A structured set of quantitative or qualitative indicators; (iii) Systematic and regular processes for data collection and management; (iv) Independence of program-level evaluations; (v) Effective feedback from monitoring and evaluation to program objectives, governance, management , and financing.

In 2003, the international community agreed on a target of 2010 to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third. Five year later, number of indications evidences a very poor achievement of the objective even if there is not any comprehensive survey on this way<sup>21</sup>. First, the CAD questionnaires, as part of OECD/WTO AFT monitoring, engender only seven recipient

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<sup>21</sup> This sub-section was conceived to be built on the basis of a survey of the local focal point on monitoring and evaluations measures undertaken in their respective countries. Unfortunately, our two initiatives on this way have failed. The first consisted to make e-mail interviews, and we received no response out to 10 questionnaires attributed. The second tentative was to use the ECOWAS meeting of aid trade to approach the sub-regional official of aid for trade. We finally obtain 11 rendezvous for interview. None of this meeting turns out to be exploitable, our respondents ignoring, most of the time, details on aid for trade implementation and monitoring. Notably because of instabilities of aid for trade official (3 out of 11 were newcomer to the function);

responses, among which only one African LDC: Malawi. The country lacks of an overall strategy, and so cannot provide a consolidated costing of aid-for-trade needs. No quantitative and qualitative indicators, as well as timelines, were set for aid for trade project and related outcomes. However support was received for the Integrated Framework, the Joint Integrated Technical Assistance Programme (JITAP), the Economic Partnership Agreement (EPA) negotiations as well as the variety of programmes to assist the private sector.

Mauritius, the other African country to have provided responses to CAD questionnaires, presents a relatively better monitoring framework. The country possesses a trade development strategy that has been costed<sup>22</sup>. Partners collectively agree on strategies and benchmarks with line Ministries. External partners also make their own independent assessments of progress. Mandatory consultations are held with partners collectively three times a year in order to take stock of progress and agree on new indicators and targets.

Globally if the lack of responses to the CAD questionnaire is in part due to some caveats in questionnaires conception and attribution it could also and primarily be attributed to number of difficulties on recipients' side in monitoring Aid for trade<sup>23</sup>. Some of these issues have been raised by developing countries during the AITIC- OECD workshop on 7 April 2008 on the Aid for Trade (AFT) Self-Assessment and include: (i) absence of national strategy of aid for trade with quantified needs and objectives; (ii) lack of cross -Ministerial coordination in monitoring Aid for trade; (ii) the poor capacity of the existing structures of the Integrated Framework (IF); (iii) relatively new concept that is still not clear to all; (iv) lack of transparency of aid for trade in some countries; (v) the lack of ownership; and poor exploitation of regional approach.

In the questionnaire presented above, none of respondent declared to have undertaken any evaluation project of aid for trade. The next sub-sections present methodology used in such assessment undertaken by donor countries or aid agencies and consider the extent to which their recommendations have influenced recipient countries.

### ***1.8 Methodology of Aid for trade evaluation***

Almost all evaluations of aid for trade are based on the OECD standard evaluation of development aid criteria including: effectiveness; efficiency; relevance, sustainability and impact.

The case studies reviewed in this report can be captured in two categories: the first is concerned with the global evaluation of aid for trade initiatives. They draw cross-cutting lessons pertaining to global program issues, basing these lessons on the information that was available from evaluations in particular countries or particular sectors. These include the World Bank through the OED (2000 & 2006), the Capra (2003) and IOB (2004). The Second category is concerned with particular countries case studies and includes the IOB (2005) evaluation of the IF in Ethiopia and Yemen and the evaluations of the JITAP in Burkina Faso and Tanzania<sup>24</sup>. Relying on a set of case studies (see table A6 in annex), we analyze the

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<sup>22</sup> Mauritius was also able to provide to the CAD a relatively detailed breakdown of its aid-for-trade funding needs.

<sup>23</sup> See the CAD report of 2007 (OECD, 2007) for details on questionnaires limitations (e.g. short time to answer and absence of distinction between LDC and other developing countries)

<sup>24</sup> see [www.euforic.org/iob](http://www.euforic.org/iob) for electronic versions

different methodological approach for evaluations employing the OECD criteria (relevance, effectiveness, efficiency, impact Sustainability and Ownership and responsibility).

### ***Relevance***

The relevance of IF could be analyzed according to two criteria. First, the extent to which its objectives and strategy are consistent with the AFT and other donor TRTA programs. Second is the extent to which the objectives of IF are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.

The first point has been assessed in a WTO Secretariat note which found the IF consistent with AFT as the IF is based on the Paris Declaration on the aid effectiveness, which is the basis of the AFT initiative. In fact, the IF process is applied to all stakeholders (donators, organizations and beneficiaries), and relies on fundamental principles, such as appropriateness, mutual responsibility and mainstreaming<sup>25</sup>. However, in terms of implementation, the IF seems to have a limited scope. The IF has a focus on the domestic trade policy agenda and very little attention to the trade negotiations and international trade dimension.

The studies assessing the IF globally raised issues with the relevance of the initiative's objectives. For example, given the international community's objective of poverty reduction, the adherence of LDCs to this objective, the role of economic growth in poverty reduction, and the link between increased trade and economic growth, the OECD studies and the Capra/TFOC evaluation considers IF objectives as relevant to donors as well as to recipient LDCs. However, the evaluation of IOB (2005) considering individual countries concluded that the level (score) of relevance of the IF process in Ethiopia is poor or weak as in particular the Dutch policy objectives (quoted below) are not with the scope of the IF-program in Ethiopia: "(i) *contribution of IF to the formulation of a national policy by the developing country at the interface of trade and development; (ii) and contribution to the capacity of the developing country to negotiate and implement multilateral trade agreements*".

### ***Effectiveness***

Effectiveness is the extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. In this regard, a clear definition of objectives and relevant indicators are required to assess the effectiveness of a program properly. The purpose of the IF initiative is the reduction of poverty through trade, by mainstreaming of trade into development plans and/or PRSPs, and the delivering of trade-related technical assistance (TRTA). Since it was too early to look for measurable developmental results in terms of poverty reduction attributable to increased trade and economic growth as results of IF, the evaluations reviewed focused essentially on operational aspects.

However, the lack of measurable goals and objectives of IF initiatives, and hence quantitative performance indicators have led to various approach in the evaluation of IF effectiveness. Capra/TFOC based their evaluation on Results Based Management approach which favours the *Logical Framework Analysis for performance measurements which investigates* : (i) the

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<sup>25</sup> see WTO secretariat paper 6316; "The Integrated Framework for Least Developed Countries (LDCs): how does it fit into Aid for Trade", available at , [http://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/if\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/teccop_e/if_e.htm)

short-term (the role of IF within overall trade-related technical assistance and capacity building is understood); (ii) the mid-term (notably LDCs integrate trade within national development plans and/or PRSPs and LDCs implement trade-related priorities) and; (iii) the long-term objectives (Trade is an important driver of LDC economic growth, employment, and poverty reduction).

Concerning the short term objective, the Capra/TFOC evaluation approach was, based on interviews of stakeholder, and recognized the increasing awareness of trade policy as poverty instrument. However for mid and long term objectives, the study provided a logical analysis on the extent to which increased trade can be “reasonably” expected to contribute to objectives of poverty reduction.

The IOB based its analysis on short term only and limited the exercises to the evaluation of the DTIS and the mainstreaming of trade based on the following factors: (i) Assessment of national capacity (public and private) to formulate and implement trade policy; (ii) A pro-poor trade integration strategy Assessment; (iii) Number of national workshops; (iv) Number and type of prioritized TRTA/CB projects and (v) Overview/inventory and analysis of existing TRTA programmes. The study concludes that the efficiency and effectiveness of the IF process in Ethiopia are weak (W). On effectiveness of the DTIS, the study concluded that the recommendations put forward on possible TRTA and CB activities to be carried out were rather general and that the chances that these recommendations will directly result in their implementation were minimal<sup>26</sup>.

The World Bank study like IOB, focused on the short time objectives and highlighted the emerging evidence. The study indicated that IF is beginning to mainstream trade into country-level development strategies, and that most countries had covered trade partially or are expected to cover it in their subsequent PRSPs<sup>27</sup> and have increased awareness in developed countries of the impact of trade issues on developing country prospects for growth, including their entry into the WTO.

### ***Efficiency***

Efficiency measures how economically resources/inputs (funds, expertise, time, etc.) are converted to results. As a result of IF not at a stage of being quantifiable, the IOB adopted an approach that identified each project input and relevant output(s). A ranking was attributed to each combination of input and output, whereby a five-point scale was applied: Poor (P), Weak (W), Fair (F), Good (G), and Excellent (E). The score for Ethiopia is provided in the following table 6 (as an example).

The World Bank study assess the efficiency of the IF by questioning the cost of producing a DTIS, and debate about the cost effectiveness of the program, in terms of the DTIS at \$250,000 to \$300,000 each, since they need to be followed up by additional assessments of TA and investments to achieve increased export performance.

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<sup>26</sup> Some positive results can be noted in regards to trade capacity: The IF focal point, as well as some three other staff members of the ministry that directly worked with the team of consultants during the IF/DTIS process, have gained experience in dealing with trade matters through their work with the team.

<sup>27</sup> *Out of the 13 developing countries in the implementation stage of the IF work programme, three have fully covered trade in their PRSPs (Cambodia, Mauritania, Madagascar), most countries had covered trade partially or are expected to cover it in their next PRSPs, while the PRSPs of three countries had limited trade content*

Table 6. Efficiency of IF in Ethiopia

<b>Input</b>	<b>Output (as of 31-12 2003)</b>	<b>Efficiency</b>
Financial support USD 355,000	Draft DTIS	W
Six man-months of local offices core agencies	One national workshop in November 2003	F
Two man-months IF facilitator	Long-list of recommendations for the Plan of Action	F/G
Two meetings six core agencies with donors	(Incomplete) overview of existing TRTA/CB activities	W
One meeting national IF Steering Committee Fifteen meetings national IF Technical Committee	Draft list of five TA priorities ready for submission to Window II	F

Source. IOB (2005)

### *The impact*

The impact provides effects of a program on national social and economic development or in a specific domain such as trade expansion or debt management savings. Impact has not been adequately assessed in evaluations. This review suggests that little material is available for rigorous evaluation of trade for Aid programs. In almost all cases, the evaluations as described above were based on desk reviews of questionnaires, project documents, and interviews with project staff and beneficiaries. The information relied on were typical of logical framework analysis. It appears that none of the project analyses used quantitative methodologies entailing control groups or genuine impact assessment. This conclusion is shared by the OECD Secretariat reviews of evaluations of aid for trade in the 2006 report *Trade-Related Assistance: What do Recent Evaluations Tell Us?* Covering ten thematic evaluations of trade-related assistance undertaken by bilateral and multilateral agencies.

This drawback is at least in part linked to some of the following constraints specific to aid for trade initiatives.

First is the multiplicity of aid for trade schemes. The WTO Task Force distinguishes five categories of aid for trade, each category including various kinds of aid. This runs the risk of the evaluator to work in an across-the-board manner that almost certainly leads to superficial conclusions (see OECD, 2007b).

Second, the inherent features of each aid for trade scheme places aid more or less accessible to rigorous impact assessment (by allowing or not the observation of a counterfactual population or sample of control). For instance, investments in infrastructure (transport systems and electricity and telecommunications) are investments in networks. This complicates evaluation because the incremental impact of a particular infrastructure investment will depend on what is simultaneously happening elsewhere in the network (absence of counterfactual). Conversely, trade development projects may be more appropriate for rigorous evaluations since such programs more often than not deliver to populations and firms that permit the establishment of control groups (see OECD, 2007b)

Third, given that most aid for trade initiatives are too recent to have shown the expected output, the absence of time frame constitute another constraint for rigorous evaluation of aid for trade. This is particularly important for aid in infrastructure investments which tends to be long-gestating, whereas evaluations tend to be undertaken relatively soon after project completion.

Fourth, difficulties in attributing impact stemming from poor quality data, small project size and inherent features of the evaluated activity (for instance in institutional capacity building, where establishing controls is often precluded at the outset); and the lack of trade-explicitness in program designs (see Capra/TFCO, 2003). In the section below, we present different alternatives to assessing aid impact.

### ***Ownership and responsibility***

Ownership and responsibility: The extent to which the borrower assumes ownership and responsibility to ensure quality of preparation and implementation, and complied with covenants and agreements, towards the achievement of development objectives and sustainability. Capra/TFOC analysis identified poor ownership of IF process by recipient countries. Despite an initial commitment by the government in most IF countries to engage all national stakeholders in the IF process, few of those stakeholders ultimately understood the IF process or viewed it as an important and meaningful contributor to national development. This is notably the case of Sierra Leone where *“although there was a semblance of national ownership about the IF process, through the regular consultations with the NFP team and the NSC, the IF was never really seen as a national project by other institutions, but rather as a Ministry of Trade project”*.

### ***1.9 What do the recipient countries learn from these evaluations?***

There has been substantial evolution in Aid for trade schemes as results of evaluations assessment. The first evaluation of the IF in 2000 have led to major changes including clarification of program objectives, priorities, and linkages with the overall assistance strategy; monitoring trade-related TA along with other programs in countries; promoting program ownership among participating LDCs; strengthening governance, administration, and coordination; and providing more funding. In the same line, the last evaluation by Capra/TFOC (2003) encouraged the adoption of the enhanced IF which imply a stronger ownership of the IF process by the LDCs and increased commitments from donors who are important interlocutors in the IF both locally, and in Geneva.

However, since all monitoring and evaluation of aid for trade have been undertaken by donors, the extent to which the recipient countries learned from the experiences drawn from these studies, and how they extract lessons learned and integrate them into the country's overall development plans is uncertain, for at least two factor: (i) the donor studies are more often undertaken to evaluate the strategy of the donor which do not necessary meet the recipients priorities; (ii) a study undertaken by the donor does not encourage the ownership of the output and the recommendations by recipients;

### ***1.10 What quantitative approaches are recommended to assess the impact of aid for trade?***

The above survey of IF evaluation showed that few studies have used quantitative method to assess the impact of aid because of a set of constraints linked notably to the variety of aid types, the difficulty to isolate the effect attributable to aid from other factors. However, the literature proposed multiple approaches to assess the impact that allow accounting for this drawback at various degrees. We present in this sub-section some of those methods including the cross-country econometrics analysis, the partial equilibrium model and the CGE model.

### **1.10.1 Econometric analysis**

Cross-country analysis allows examining broad questions about patterns of aid, trade, growth, poverty and policy settings. The cross-country econometric rely on a posteriori analysis and allow identifying relationship between policy settings and trade on one hand, and between trade and economic development (growth and poverty) on the other

Concerning the study assessing the relationship between aid (considered globally or by component) and trade, a paper by Francois and Manchin (2007) shows that transport and communications infrastructure - and institutional quality are significant drivers both of export volumes and of the likelihood that exports occur at all. Infrastructure and institutional quality are seen to be considerably more important than variations in tariffs in explaining variations in North-South Trade. In the same light, Dennis and Shepherd (2007) show that lower entry costs for firms, and lower internal and external trade costs, are strongly and robustly associated with export diversification in developing countries. Specifically, a 10 per cent reduction in internal trade costs increases the number of products exported by 2.5 per cent, while a similar reduction in entry costs increases diversity by 1 per cent. The analysis uses the direct official costs of market entry, as well as internal trade costs (document preparation, inland transport, customs, and port charges) and external trade costs (distance and tariffs).

Concerning the link between the trade and economic development, one of the most representative studies of this literature is the study by Dollar and Kraay (2001) based on a range of developing countries. They distinguish two groups of countries: those who participate in globalization or the "globalizers" and those who do not participate in it or the "non-globalizers». The distinction is based on the change in the volume of trade and tariffs since 1980. Then they proceed to time series regressions, including two equations: a first equation has as left side variable the GDP growth and among the independent variables, the degree of openness; the second equation used as left side variable the revenue of the poorest and among the independent variables, the GDP growth. The result point out that openness promotes growth and that the income growth has an impact on the share of income to the poorest. This result was finally confirmed by a cross-countries regression with the poorest revenue as left hand side variable and the openness as independent variable, the share of income of the poorest showing a positive correlation with the openness. They conclude despite criticism from Rodrik (2000) that the openness could have a positive impact on reducing absolute poverty.

This method has the advantage of capturing the dynamic effects of aid and trade policies. However, it is little used by the authors of trade and poverty because of the difficulty of isolating precisely the impact of trade from that of other factors given the extent of heterogeneity among countries.

### **1.10.2 Partial equilibrium model**

This method focuses on a single or a limited number of markets in the economy. It consists of micro analysis of individual welfare of households through the expenditure generally regarded as the sole indicator of poverty (See Minot and Goletti, 2000; Dercon, 2001; Fofack, Monga, and Tuluy, 2001;.). These studies therefore fail to account for the factors as a potential source of variation in income because of the relative scarcity or poor data on wages (compare to expenditure in households surveys) (see Hertel et al. 1999)

A representative study in this literature is that of Case (1998) on South Africa studying the impact of trade reform in this country on households. Using national survey on the standard of living of 1993, covering 43794 individuals in 8848 households, it considers the budget devoted to household consumption and household demand (separately for blacks and whites) by a function of Linear expenditures System (LES). Considering the price changes that followed the reform, the study finds that the cost of returning the initial level of utility is two percent for blacks and one percent for whites.

### **1.10.3 Computable general equilibrium (CGE)**

It is now prized by many authors and have applications at national level (De Melo and TARR, 1992), regional and global (Hertel, 1996). It allows both static and dynamic predictions. Its application is based on a Social Accounting Matrix (SAM), which establishes for a given period interdependence between different sectors, regions and institutions of an economy.

Unlike the partial equilibrium models, the CGE models allows for account of all components of the economy, offering the possibility to monitor both the price effects and the factor effects resulting from trade policy. In addition, compared to the cross-sectional studies, they offer the possibility of a counterfactual, since the effect of a policy is obtained by keeping fixed all other exogenous factors of the economy.

The study of Löfgren (1999) on Morocco offers a representation of a standard CGE model analysis of poverty. The study measures the impact of reduced protection in the agricultural and industrial on representing groups of households in the short term. Löfgren uses a static model calibrated on the Moroccan SAM of 1994. It distinguishes four categories of households, according to their area (rural or urban), revenue (poor or non-poor), education (educated or not) and status of employment.

Lofren simulates the decline in price as result of tariff decreasing. The author follows particularly the two main channels of transmission of the effects of trade liberalization: the change in consumer prices in the remuneration of factors. The result is an overall gain for the country with a loss for the group of poor rural households. Thus the author recommends compensation through a government transfers to poor as a condition for further liberalization.

A more recent and more Aid for Trade focused study is provided by Jon Pycroft (2008) measuring the Impact of Aid for Trade in Ethiopia trough a CGE-based Simulation Analysis. Using the Ethiopia Sam of 2001, they simulate the impact on export and economy of the increase of 50% of the current aid for trade in the country. The originality of the study is to

simulate separately all channel through which the five categories of Aid for Trade can affect the economy<sup>28</sup>: (1) cutting margins for exporters, (2) cutting margins for all production, (3) increasing the productivity of skilled labor, (4) increasing the productivity of all factors, (5) increasing the world price of exports and (6) transfers to government, (increase in transfers from the rest of the world).

Results show the differential effects by type of household and type of factors. The benefits from the simulations are shared between rural and urban households, though in all cases, urban households benefit more.

However, the study is built on a serious drawback, due to the subjective choice of the orders of magnitude relevant to each of these effects. The author assumes that in the simulations involving a cut in margins, a 30 percent cut in margins, 10 percent increases in factor Productivity and 5 percent price increase

#### **1.10.4 Macro- micro simulation**

The conventional CGE model used by Lofren (1999) and Jon Pycroft (2008) just allows capturing the political impact on the average income of each of four categories of households specified by the SAM. This allows an inter-group comparison while assuming implicitly that the variance of income is zero within each group. However, given the differentiation in factor endowments and utility function within the households of the same group, a trade policy could affect differently the member of the same group. Hence the need for intra-group analysis to monitor the poverty situation in each household.

To correct this limit, most authors assumed a functional distribution of income for each category of households (De Melo and Robinson, 1982; De Janvry, Sadoulet Fargery 1991). This allows them to calculate from the average income of a category (obtained from simulation), various indicators of poverty Decaluwé, Patry, savard and Thorbecke (1999). However, this approach has a major drawback because the results are closely related to the type of distribution function considered (Jeffrey Reimer, 2002). Since, the literature does not yet provide any indisputable criteria for the choice of distribution function, many results may be biased (See Boccanfuso, and Decaluwé Savard, 2003).

The micro-simulation approach aims to overcome this drawback. It is a synthesis of microeconomic econometric analyses and the CGE model and consists in two stages: in the first stage, a conventional CGE model allows to determine the result of a policy changes in the remunerations of factors and prices of goods and services; in the second step, these new prices are introduced in a micro model using data from household surveys to estimate changes in income and consumption at individual level. This then enables the calculation of poverty indicators for each category of households without recourse to the hypothesis of distribution function as in the previous case.

An important study in this literature is that of Robilliard and Robinson (2006) on Indonesia. They analyze the Social impact of a WTO agreement in Indonesia. The study aimed particularly to identify ways in which the Doha Development Agenda might contribute to further poverty reduction in Indonesia. Their CGE model is a uni-regional model, based on

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<sup>28</sup> The categories are: technical assistance, capacity building, institutional reform, infrastructure and assistance with adjustment costs.

standard neoclassical assumptions. They use a SAM involving 15 factors of production, 10 categories of households and 38 sectors.

The micro model is based on the household survey of Indonesia (Susenas) of 1996 and including 33000 individuals in 9800 households. Various scenarios are examined in order to inform the Doha Development Agenda negotiations. These scenarios entail shocks to Indonesia's import prices, export prices and tariffs. Both poverty and inequality indicators are presented and poverty indicators are computed using official poverty lines. The full liberalization scenario generates significant poverty changes. Their impact is examined under alternative specifications of the functioning of labor markets. These alternative assumptions generate different results, all of which confirm that the impact of the full liberalization on poverty would be beneficial, with wage and employment gains dominating the adverse food price changes that could hurt the poorest households.

In conclusion of this sub-section, the cross-countries analysis offers appropriate possibility of comparative analysis among countries experiences and allowed capturing dynamics gains. However, the high heterogeneity among countries make difficult to isolate precisely effect occurring from Aid for trade. Partial equilibrium model by focusing on single country and single market allowed a better perception of policy effect on target indicator. However this ignores interaction among target indicator and other economy factors and could not provide the effect of a policy on the economy as whole. The CGE model overcome this drawback and provides possibility to follow the effect on macroeconomic as well as households welfare. If the standard CGE model allow to capture households welfare at aggregate level (representative households), the macro-micro simulation provide possibility to capture effect at individual by combining the CGE model with the households data base. The study of Jon Pycroft (2008) provides an example of detailed assessment of aid for trade effect trough CGE model by considering separately channels through which Aid for trade influence the economy (international prices, margins and productivities). But the extent to which this kind of study will be credible relies broadly on the quality of the estimations of amplitude of these effects. This is one of the main important challenges to be target in projects assessing aid for trade impact.

### ***1.11 How to build quantitative-based indicators for monitoring and evaluating aid for trade?***

To improve the ownership of IF in recipient countries, the Capra/TFOC evaluation recommended that the IFSC adopt a Results-Based Management (RBM) Approach “to define the expected results of poverty reduction attributable to trade in terms of long-term impacts, medium-term outcomes and short-term outputs, in order to facilitate effective, efficient and integrated planning, management, monitoring and evaluation throughout the IF system”. This has been echoed by the OED study as well as the task force report. The LDCs have to be responsible for monitoring expected results, in accordance with agreed-upon performance criteria.

This section aims to explore potential performances indicators. Issues to be addressed include the following: (i) how is Aid for Trade contributing to changes in trade policy and trade performance? (ii) What performance measures are being used or can be used for monitoring and outcome evaluation?

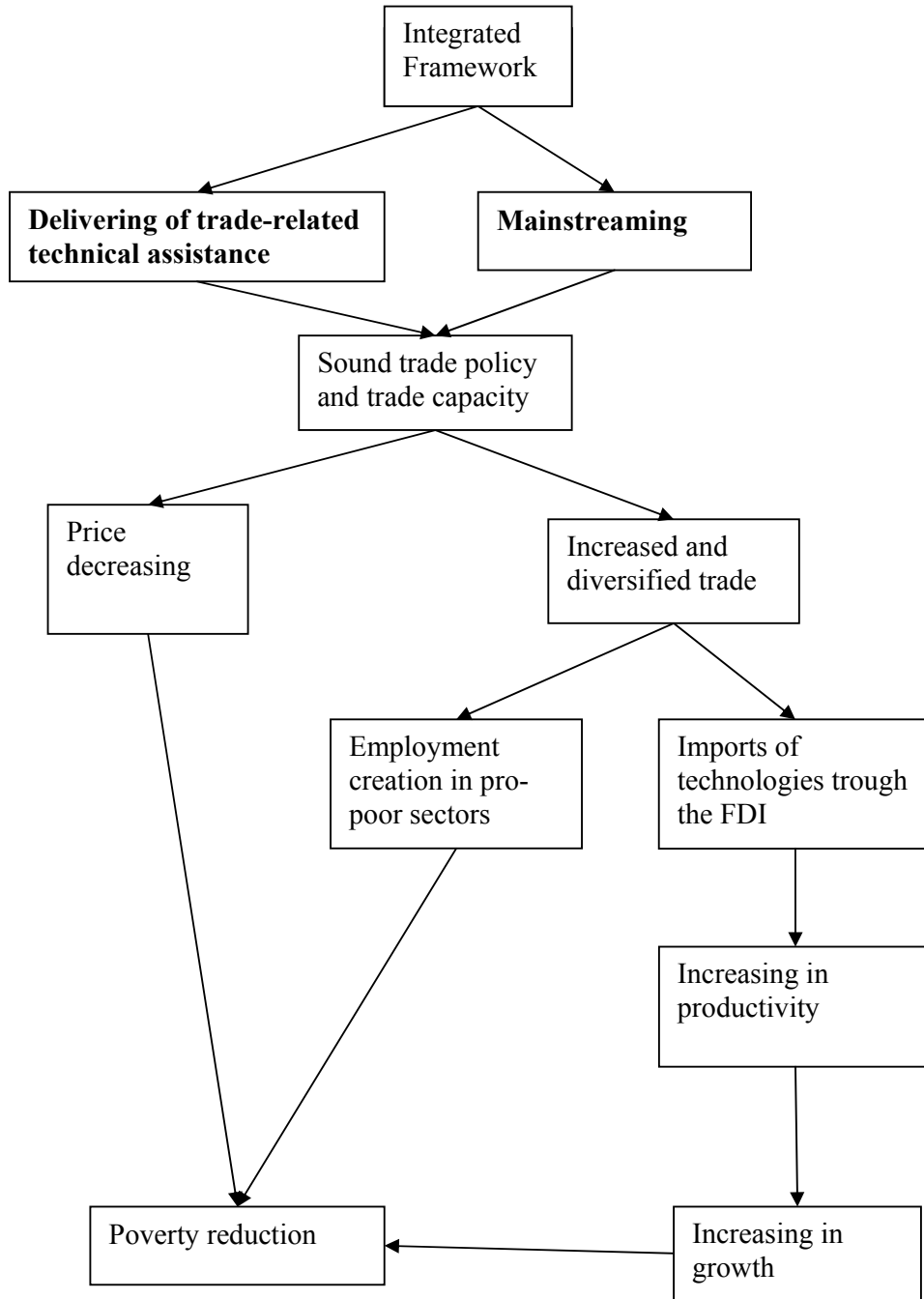
#### **1.11.1 IF effect and poverty**

The approach adopted here consists in examining the channel through which the IF initiative can affect poverty reductions and identify intermediate indicators for each stage of the chain. The outcome of the IF is the reduction of poverty through the strengthening participation of LDCs in the global economy. According to Winter (2000), the poverty reduction is related to trade through three channels: price decrease, employment and growth. the illustration of these links are provided in Figure 3 below.

Participation in the IF process is expected in the short term to lead to mainstreaming of trade into country development and delivering of trade-related technical assistance. As result of this, the recipient country would improve their capacity to define and implement sound trade policy, to develop appropriate strategy to face offer side constraints and improve trade facilitation. These would in turn result in increasing and diversification of trade as well as in consumer price reductions.

The increase in trade provides resources to import new technologies which improve the productivity of capital and human resources and therefore contributing to growth. If the increase in trade is concerned with the pro-poor sector, it would contribute to poverty reduction by providing job to the poor. In addition, growth will augment the public intervention margin to reduce poverty.

Figure 3. Chain of transmission of IF effect to poverty



Source: Authors' construction

### 1.11.2 Indicator proposals

The table 7 below presents the intermediate objectives of the chain of effects transmission (presented above) and the relevant indicators. For each of 11 objectives (column 1), we identify the mean indicators (column 2) as well as measurable result indicators (column 4). When there is known data base providing the indicator, the precision is made in column (3) for the mean indicator and column (5) for results indicators.

Table 7. Proposals of indicators for intermediate objectives of IF

(1)	Mean indicator		Results indicators	
	(2)	(3)	(4)	(5)
Objective	Indicators	Available relevant data base	Indicators	Available relevant data base
1.Delivery trade capacity in LDCs	i) Evolution of aid flow directed to trade capacity building (See ODCE)	CAD/WTO	i) Country effective participation to multilateral negotiations	
2.Mainstreaming of trade policy	i) Extent to which the DTIS is introduced in DSRP		i)Share of total Public aid allocated to Aid for trade	CAD/WTO
3.Sound trade policy	i) Ranking of countries among developing countries in terms of applied tariffs, number of tariff peaks and the NTB	TRAINS and IDB (WTO)	i)Trade Restrictiveness Indicators ii) World Trade indicators	World Bank
4.Trade capacity	i) Increase in share of total public aid allocated to offer side constraints (trade infrastructure and development trade)	CAD/WTO	i)Change in country trade facilitation ( customs, transport/logistics, services efficiency and standards) ii)WCO's Time Release indicator <sup>29</sup>	-Doing Business Report (see World Bank)  -WCO
5. Price decreasing			i) CPI on poor consumed goods	WDI (World Bank)
6.Trade increasing			i) Increase in volume ii) Increase of number of product iii) Increase in number	-Trade Performance Index (TPI) (International

<sup>29</sup> This tool measures the amount of time it takes between the moment a good (i.e. its means of transport) arrives in the country and its release from Customs custody. It also measures the time taken at each intervening step of the clearance process, including those procedures of stakeholders other than Customs. This tool has become an international standard in measuring the amount of time required for a good to be released into the domestic market - a key diagnostic tool in implementing customs administration reforms (see OCDE, 2006).

			of products from pro-poor sectors iv) Decreasing of destination dependency v) Increasing in regional trade	Trade Center) - Logistic Performance Index (see World bank)
7. Employments			vi) change in employment in rural area vii) change in employment in unskilled sector	See ILO
8. Technology imports			i) Increasing in FDI	World Investment Report (see UNCTAD)
9. Productivity gains			i) Increasing in FDI	World Investment Report (see UNCTAD)
10. Growth			i) The share of growth attributed to poor sectors ii) The increasing inequality as result of growth	WDI (see World Bank)
11. Poverty reduction			i) FTG (FGT0, FGT1 & FGT2) <sup>30</sup>	WDI (see World Bank)

Source: authors' construction

For instance in short-term, the Mainstreaming of trade policy (objective 2) has as mean indicator, the “Extent to which the DTIS is introduced in PRSPs”. However, merely mainstreaming trade into PRSPs is not enough to improve trade outcomes. An OED review find that the relatively few Bank lending operations have directly resulted from IF country studies. Hence the necessarily to assess the mainstreaming through a result indicator, the share of total Public aid allocated to Aid for trade, representing the effective priority attributed to trade issues.

Other example is the objective of “Sound trade policy” (objective 3) which has as mean indicator “Ranking of countries among developing countries in terms of applied tariffs, number of tariff peaks and the NTB” provided by TRAINS and IDB (WTO). However, two results are provided by Bank which account for the level of nuisance of the restriction. The first is the “Trade Restrictiveness Indicators”<sup>31</sup> and the second the “World Trade indicators World”<sup>32</sup>.

<sup>30</sup> FGT0 represents the index of poverty incidence (or poverty rate). Its primary utility is counting people, which are located under a poverty line. FGT1 represents the index of poverty depth, and estimate the average gap between the poor and the poverty line. FGT2 represents the severity of poverty. It takes into account both the distance to the poverty line and the degree of inequality among the poor.

<sup>31</sup> “The indicators of trade restrictiveness include both measures of tariff and non-tariff barriers. The database covers 72 developing and developed countries. For each country there are estimates of three trade restrictiveness indices. The first index captures the extent to which trade policies at home affect domestic

As the last example, the objective of "Trade expansion" (objective 6). It can be measured by increase of number of products, Increase in number of products from pro-poor sectors, decreasing of destination dependency, Increasing in regional trade or by the following two composites indicators : Trade Performance Index (TPI) (developed by International Trade Center)<sup>33</sup> and Logistic Performance Index (developed by the World bank)<sup>34</sup>

## Conclusion and recommendations

This report has assessed how Aid for trade can be delivering in Africa building on the IF experience. The study raises three main issues: how are Aid for trade needs identified? To what extent the projects identified have been implemented? And what is the place of monitoring and evaluation in recipient countries strategy?

### *Some stylized facts*

The stylized facts based on the period from 2002 to 2006 evidence an increase in Aid for Trade flow to Africa at around (3% at average year). The IF resources have followed the same pattern even if its represents only a smaller share of the broad aid for trade flow (less than 1%). Among the African countries, the LDCs who are the potential beneficiaries of IF process has received more aid flow per capita compared to other countries. The analysis also provides primary indications about the level of implementation of actions identified by the DTIS: first, the LDC, who are the potential beneficiaries of IF process, clearly benefit from more aid than the non LDCs. However, the more important share of LDCs aid for trade is dedicated to general budget support without any guarantee to be effectively used in trade related project. Finally, among LDCs, the volume of aid for trade seems to be globally determined by the traditional determinants of Aid (as population, the GDP, policy stability and the level of initial aid) rather than the IF process. The average increase of resources from aid has not been higher in countries involved in IF process compared to those who are not included (in the IF process). This indicates that the implementations of identified projects would be likely poor.

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*welfare. The second captures the impact of trade distortions on each country's import bundle and the third index summarizes the trade distortions imposed by the rest of the world on each country's export bundle. Each of these indices is provided for the broad aggregates of manufacturing and agriculture products" (see the Background Note of Expert Symposium on Evaluation Identifying Indicators for Monitoring Aid for Trade).*

<sup>32</sup> *"The WTI 2008 database is organized in five thematic categories, namely Trade Policy, External Environment, Institutional Environment, Trade Facilitation and Trade Outcome. Each category contains a main indicator and other reference indicators. Countries' trade performance can be examined individually as well as in relation to other countries or country groupings, including by membership of trade agreements. To capture the key insights from both the indicators and country-level trade-related analytical work, Country Briefs and Trade at-a-Glance (TAAG) tables are also provided" (see the Background Note of Expert Symposium on Evaluation Identifying Indicators for Monitoring Aid for Trade)*

<sup>33</sup> The index calculates the level of competitiveness and diversification of a particular export sector using comparisons with other countries. In particular, it brings out gains and losses in world market shares and sheds light on the factors causing these changes. Moreover, it monitors the evolution of export diversification for products and markets (for more details see the Background Note of Expert Symposium on Evaluation Identifying Indicators for Monitoring Aid for Trade).

<sup>34</sup> The Logistics Performance Index (LPI) is based on a survey of operators on the ground worldwide (global freight forwarders and express carriers), providing feedback on the logistics "friendliness" of the countries in which they operate and those with which they trade (for more details see the Background Note of Expert Symposium on Evaluation Identifying Indicators for Monitoring Aid for Trade).

### ***Concerning the need identification and implementation***

The experience of the implementation of the Action Matrix varies, depending on the administrative structures in place, the level of donor engagement, extent of donor coordination and the nature of their country programmes, the capacity of the IF Focal Point including human resources, the connection between the Action Matrix programmes and the country PRSP, and the role and capacity of the Donor Facilitator. For this reason, what appears from the countries studied is a mixed picture on IF implementation.

There are many similarities in the kinds of projects implemented under the IF; differences merely occur in the level of ambition of the projects, or the priority given to the projects. Priorities among the African IF participants range from cross-cutting issues such as trade policy formulation and implementation to specific sectoral projects of economic interest to their countries. Most countries prioritize issues dealing with the business climate, customs procedures and broad trade facilitation issues including trade infrastructure. SPS standards capacity, export development, and regional and international trade negotiations were other cross-cutting themes. For the most part, trade adjustment is only covered in terms of development of human resources or skills in trade policy. For the majority of countries, issues of capacity building for trade policy officials takes centre stage. A close second is the business climate for trade and investment. Thus the AFT categories of trade development and trade policy and rules are well covered by the implemented projects.

Most of the DTIS carried out in African LDCs were comprehensive and clear, and appear to have followed a process of needs identification and assessment, leading to a thorough analysis of the critical trade related issues requiring attention. Therefore the Action Matrices largely reflected the foregoing analysis of needs. The articulation of trade-related constraints, issues, recommendations and technical assistance in the DTIS in most of the countries studied complements existing economic reform programmes already being undertaken by governments with the support of development partners. By and large, all the African IF beneficiaries to varying degrees, have sought to integrate the DTIS findings and recommendations into their Poverty Reduction Strategies. The extent to which the whole IF process is seen as a national exercise, in the countries studied, rather than merely a project of the Ministry of Trade or other government institution responsible for the IF process, varies. This is also the case of private sector participation in the IF process, which is critical for national ownership.

Donors in some countries have pooled their resources through a basket fund in order to coordinate funding of Action Matrix activities. The capacity of the National Focal Point and the Donor Facilitator also differs from country to country, impacting on the level of organization and response from the donors. But even where the administration of the in-country IF process is efficient, this does not automatically mean that the projects chosen to be developed and implemented always proceed to be funded, and could be seen by some as no more than purely a numbers game. But donor engagement is difficult to quantify, and identifying the factors which determine that engagement can be complicated.

The experience of all the countries studied underlines the need to increase capacity development and orient it towards the broader trade development agenda, particularly tackling supply-side constraints. Some countries have outlined their priorities very well and sought to build linkages between aid for trade programs in-country to maximize their impact. The fact

that all the countries have other bilateral programs implemented concurrently with the IF (such as JITAP) reinforces arguments for an effective Aid for Trade facility that will address the continuing binding constraints on a rolling basis. The improvements to the IF made in the current program, the EIF, may provide the opportunity for a more concerted approach to the presentation of trade priorities by the LDCs and the funding of those priorities by the donors.

The implementation of the DTIS/Action Matrix in African LDCs has demonstrated a number of lessons for the future application of similar AFT programmes.

- Donors should provide predictable and secure funding for AFT programmes.
- Donors should incorporate DTIS recommendations and Action Matrix priorities into their country strategy papers early enough in the funding cycle to ensure such predictability.
- LDCs should continue to mainstream the DTIS/Action matrix into their PRSPs or national development strategies/trade policy strategies and articulate their trade related priorities consistently.
- Donors should coordinate their response to the DTIS recommendations or the Action Matrix priorities through an in-country basket fund, or other similar coordinated mechanism in order to avoid duplication or gaps in funding.
- The principles of the Paris Declaration on Aid Effectiveness should be applied in a consistent and comprehensive manner to aid-for-trade programs.
- Donors and LDCs alike should urgently improve their knowledge of the design and implementation of programs that effectively tackle the constraints to trade development, and increase the impact of trade on growth and poverty reduction.
- The active participation of the private sector should be sought in the implementation of a large part of the Action Matrix priority activities.
- To emphasize ownership in the IF process, independent think tanks and university researchers should be included in the teams drawing up the DTIS.
- Donor Facilitators should provide the maximum support possible to National Focal Points and National Steering Committees within in-country IF processes.
- The IF/EIF process should be represented and viewed as a national endeavour, rather than merely a 'project' of the Ministries of Trade of the respective LDCs.

### ***Concerning the monitoring and evaluation***

The monitoring and evaluation of aid for trade programs in Africa is still very limited. This is due to a number of constraints including: (i) absence of national strategy of aid for trade with quantified needs and objectives; (ii) lack of cross -Ministerial coordination in monitoring Aid for trade; (iii) the poor capacity of the existing structures of the Integrated Framework (IF); (iv) relatively new concept that is still not clear to all; (v) lack of transparency of aid for trade in some countries; (vi) the lack of ownership; and (vii) poor exploitation of regional approach.

However, a number of evaluations have been undertaken to analysis the IF system considered as whole, or through country case studies. These have lead to substantial improvement of the IF scheme. Because almost all evaluations have been initiated by donor agencies and conducted by international consultants, the ownership and appropriateness of their finding and their potential integration into recipient countries strategy have been very limited.

In terms of methodology, the evaluations are based on OECD standard evaluation of development aid criteria including: effectiveness; efficiency; relevance, sustainability and

impact. They widely adopted qualitative analysis relying notably on the *logical framework analysis*. Few projects evaluated used quantitative impact methodologies entailing control groups or genuine impact assessment because of the lack or the poor quality of data, the diversities of aid for trade types and the absences of quantitative objectives in IF strategy.

Several of recommendations emerge from this section to allow the effective monitoring and evaluation of Aid for trade in accord with international best practices (i.e. (i) Clear program and component objectives verifiable by indicators; (ii) A structured set of quantitative or qualitative indicators; (iii) Systematic and regular processes for data collection and management; (iv) Independence of program-level evaluations; (v) Effective feedback from monitoring and evaluation to program objectives, governance, management , and financing). These include:

- Donor should provide assistance to recipients to establish aid for trade strategy
- Donor should organize national and regional seminars to raise awareness of AFT and to encourage national ownership and political will,
- Donor should strengthening the focal point capacity in the collection and management of data base, through funding of statistics cellule
- LDC should encourage the evolvement of civil society and collaboration between National Focal Points and National Steering Committees and universities
- Donor and LDC should encourage the monitoring of Aid for Trade by the sub-regional institutions to circumvent of the lack of local expertise in some countries, but also to allow higher consideration of regional aspects in IF process and projects.
- LDC should define the intermediate objectives with relevant means and results indicators allowing measuring their achievement.
- In terms of methodology of evaluations, donor should assist in strengthening capacity on concrete evaluation tools. a number of empirical approaches allowing objective comparisons of experiences need to be considered in evaluating Aid for Trade: the cross-countries econometric comparing countries experiences, the Partial equilibrium model focusing on particular sector or indicator and the CGE model (considering whole economics effects) have proven in the recent literature their appropriateness (although some drawbacks) to assess different aspects of the aid for trade effects.

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## Annexes

Table A.1: CRS categories: codes and definitions

<b>TRADE POLICY AND REGULATIONS</b>
331 Trade Policy and Regulations
<b>ECONOMIC INFRASTRUCTURE</b>
210 Transport and Storage
220 Communications
230 Energy Generation and Supply
<b>BUILDING PRODUCTIVE CAPACITY</b>
250 Business and Other Services
240 Banking and Financial Services
311 Agriculture
312 Forestry
313 Fishing
321 Industry
322 Mineral Resources and Mining
332 Tourism
<b>GENERAL BUDGET SUPPORT</b>
510 General Budget Support

Source: OECD/WTO

Table A.2 Aid for trade : gap between commitments and disbursements

ZONE	country	LDC countries du	Disbursement	Commitments	gap	Population share	Trade share	GDP Share
CEAC	Chad	1	1.4%	1.3%	-51%	1.2%	0.3%	0.4%
	Congo,	1	0.9%	3.6%	-89%	0.5%	1.8%	1.0%
	Central	1	0.7%	0.9%	-63%	0.6%	0.1%	0.3%
	Sao Tome &	1	0.2%	0.1%	-16%	0.0%	0.0%	0.0%
	Equatorial	1	0.0%	0.0%	43%	0.1%	0.0%	0.4%
	Cameroon		2.7%	2.1%	-40%	2.2%	2.4%	2.7%
	Gabon		0.7%	0.6%	-39%	0.2%	1.6%	1.5%
	Congo, Rep.		0.4%	0.5%	-65%	7.5%	0.9%	1.3%
			7.1%	8.9%		12.4%	7.2%	7.5%
ECOWAS	Burkina	1	4.8%	4.9%	-56%	1.7%	0.4%	0.8%
	Mali	1	4.7%	3.3%	-35%	1.8%	0.7%	0.7%
	Senegal	1	3.1%	3.0%	-53%	1.6%	1.4%	1.3%
	Niger	1	2.5%	2.5%	-54%	1.8%	0.4%	0.5%
	Benin	1	2.3%	2.9%	-64%	1.1%	0.5%	0.7%
	Sierra Leone	1	1.7%	1.4%	-44%	0.7%	0.2%	0.2%
	Mauritania	1	1.3%	1.4%	-59%	0.4%	0.4%	0.3%
	Guinea	1	1.1%	0.7%	-31%	1.3%	0.8%	0.9%
	Cape Verde	1	0.8%	1.0%	-62%	0.1%	0.2%	0.2%
	Guinea-	1	0.5%	0.3%	-23%	0.2%	0.1%	0.1%
	Togo	1	0.2%	0.1%	41%	0.8%	0.5%	0.4%
	Ghana		7.4%	6.8%	-51%	3.0%	2.7%	1.5%
	Cote d'Ivoire		1.4%	1.4%	-54%	2.5%	3.5%	3.1%
	Nigeria		0.7%	2.4%	-86%	17.7%	17.6%	12.7%
	Gambia		0.2%	0.3%	-62%	0.2%	0.2%	0.1%
Liberia		0.0%	0.2%	-89%	0.5%	0.0%	0.2%	
			33.0%	32.6%		35.2%	29.6%	23.7%
COMESA	Ethiopia	1	6.2%	8.9%	-68%	9.7%	1.4%	2.0%
	Uganda	1	6.0%	6.0%	-54%	3.7%	0.9%	1.8%
	Zambia	1	4.7%	3.8%	-44%	1.6%	0.8%	1.0%
	Madagascar	1	3.7%	4.4%	-61%	2.4%	1.2%	1.2%
	Kenya	1	3.2%	4.4%	-67%	4.6%	3.0%	3.8%
	Rwanda	1	3.2%	3.0%	-51%	1.2%	0.3%	0.5%
	Malawi	1	2.9%	2.1%	-39%	1.7%	0.5%	0.5%
	Sudan	1	1.6%	0.5%	54%	5.0%	1.9%	3.7%
	Burundi	1	0.8%	1.3%	-74%	1.0%	0.1%	0.2%
	Djibouti	1	0.2%	0.2%	-63%	0.1%	0.3%	0.2%
	Somalia	1	0.1%	0.1%	-53%	1.1%	0.0%	0.0%
	Eritrea		0.5%	0.4%	-49%	0.5%	0.3%	0.2%
	Zimbabwe		0.4%	0.1%	66%	1.9%	2.5%	2.2%
	Comoros		0.2%	0.1%	-9%	0.1%	0.0%	0.1%
	Mauritius		0.1%	0.6%	-90%	0.2%	2.6%	1.3%
	Seychelles		0.1%	0.0%	-10%	0.0%	0.4%	0.2%
			33.9%	35.9%		34.8%	16.2%	18.8%
SADC	Tanzania	1	12.3%	12.3%	-55%	5.2%	1.6%	2.7%
	Mozambique	1	10.0%	7.5%	-39%	2.7%	1.1%	1.1%
	Angola	1	0.5%	0.2%	-7%	2.1%	6.4%	2.7%
	Lesotho	1	0.4%	0.2%	-16%	0.3%	0.5%	0.3%
	South Africa		1.5%	1.5%	-55%	6.6%	32.4%	40.0%
	Namibia		0.9%	0.6%	-30%	0.3%	1.5%	1.0%
	Swaziland		0.4%	0.2%	-1%	0.2%	1.1%	0.4%
	Botswana		0.2%	0.1%	-24%	0.3%	2.4%	1.6%
			26.1%	22.5%		17.6%	47.0%	49.9%
Africa LDC	1	82%	82%		56%	28%	30%	
Africa NON LDC		18%	18%		44%	72%	70%	
Africa		3258	7194		332200(a)	663(a)	2166385(b)	(b)

Source: Authors construction from CAD (2006) and WDI (2006)

Notes: (a) indicates Million USD; (b) indicates Billion USD.

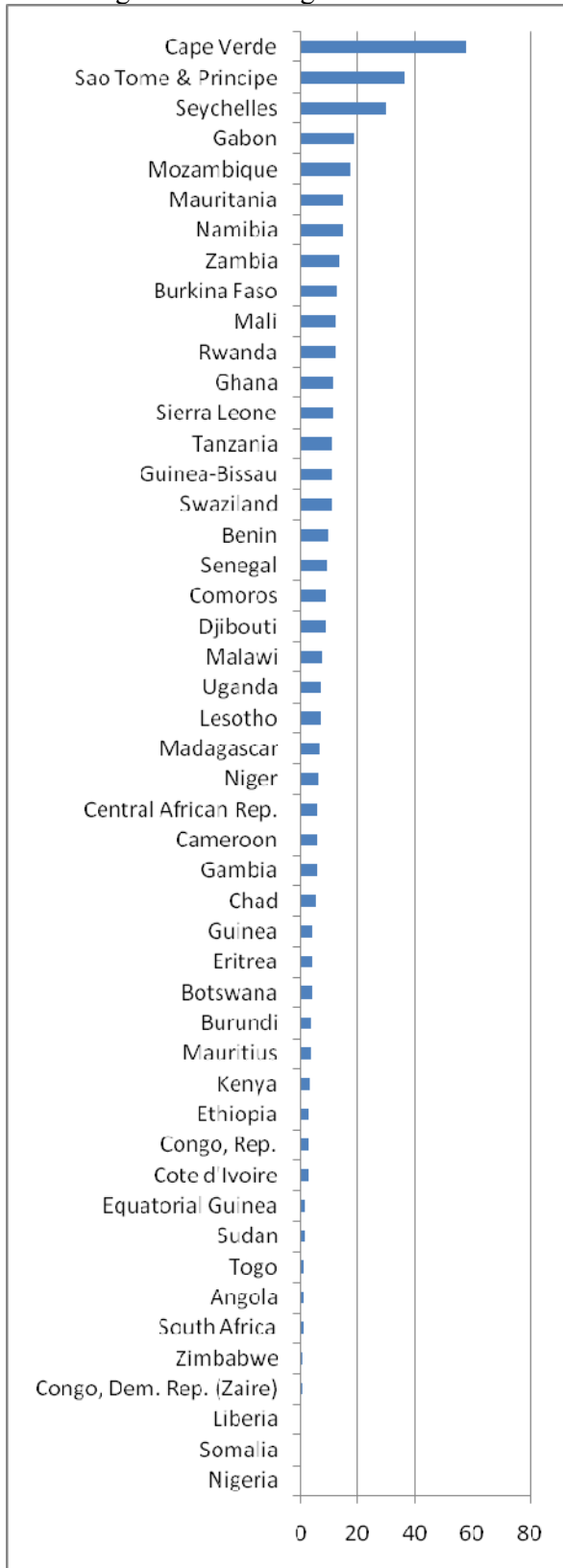
TableA.3 Aid for trade by category of aid for the period (2002-2006)

Country	Trade policy and regulation (331)	Economic Infrastructure (210, 220, 230)	Building productive capacity (250, 240, 311, 312, 313, 321, 322, 332)	general budget Support (510)	Total disbursement (million USD)
Tanzania	0.4%	20.2%	12.6%	66.8%	400.17
Mozambique	0.8%	29.9%	16.8%	52.5%	325.67
Ghana	0.9%	27.3%	24.6%	47.2%	239.76
Ethiopia	0.1%	43.9%	23.7%	32.3%	202.21
Uganda	0.2%	13.0%	26.6%	60.2%	196.29
Burkina Faso	0.9%	23.6%	24.7%	50.8%	156.85
Mali	0.3%	29.9%	25.1%	44.6%	152.97
Zambia	0.5%	32.3%	21.5%	45.8%	151.53
Madagascar	0.9%	46.5%	20.9%	31.7%	121.90
Kenya	0.8%	50.5%	35.9%	12.7%	105.30
Rwanda	0.0%	13.7%	11.5%	74.8%	104.78
Senegal	0.3%	30.5%	52.8%	16.5%	102.40
Malawi	0.5%	21.2%	27.8%	50.5%	94.53
Cameroon	0.0%	45.9%	20.9%	33.2%	89.40
Niger	0.0%	17.0%	34.2%	48.8%	81.51
Benin	0.1%	47.5%	20.5%	31.8%	75.09
Sierra Leone	1.0%	24.8%	17.0%	57.2%	56.53
Sudan	0.0%	4.3%	15.1%	80.6%	52.47
South Africa	2.7%	12.6%	84.6%	0.1%	47.54
Cote d'Ivoire	0.2%	1.9%	18.8%	79.1%	46.61
Chad	0.0%	56.6%	16.9%	26.4%	45.61
Mauritania	0.0%	25.1%	63.1%	11.8%	41.88
Guinea	0.1%	27.5%	69.8%	2.6%	36.02
Congo, Dem.	0.1%	43.7%	37.7%	18.5%	29.40
Namibia	0.4%	42.5%	57.1%	0.0%	29.22
Cape Verde	0.1%	48.3%	24.9%	26.6%	27.65
Burundi	0.2%	5.4%	10.0%	84.4%	25.34
Gabon	0.0%	55.8%	32.2%	12.0%	24.33
Nigeria	6.2%	32.7%	54.5%	6.6%	24.22
Central	0.0%	24.6%	40.8%	34.6%	23.18
Angola	0.6%	52.7%	46.4%	0.4%	16.67
Guinea-Bissau	2.1%	69.2%	12.3%	16.4%	16.01
Eritrea	0.1%	25.3%	44.8%	29.8%	15.81
Lesotho	0.7%	49.8%	19.3%	30.2%	13.09
Zimbabwe	0.8%	37.6%	61.0%	0.6%	12.33
Swaziland	0.1%	66.4%	33.5%	0.0%	11.92
Congo, Rep.	0.2%	22.0%	9.9%	67.8%	11.73
Gambia	0.5%	14.3%	75.4%	9.8%	7.69
Togo	0.1%	32.7%	41.4%	25.8%	7.51
Botswana	1.2%	12.4%	86.4%	0.0%	6.79
Djibouti	0.2%	39.7%	18.1%	42.1%	6.59
Sao Tome & Comoros	3.0%	63.2%	29.4%	4.4%	5.31
Mauritius	0.2%	15.0%	46.1%	38.7%	5.10
Mauritius	3.9%	7.0%	89.0%	0.0%	4.33
Seychelles	1.4%	1.4%	96.3%	1.0%	2.48
Somalia	6.1%	6.6%	87.3%	0.0%	1.93
Liberia	0.9%	3.7%	64.2%	31.1%	1.16
Equatorial	0.0%	41.8%	58.2%	0.0%	0.72
Africa	0.5%	29.2%	26.0%	44.3%	3257.56

Source : Authors construction from CAD/WTO data base

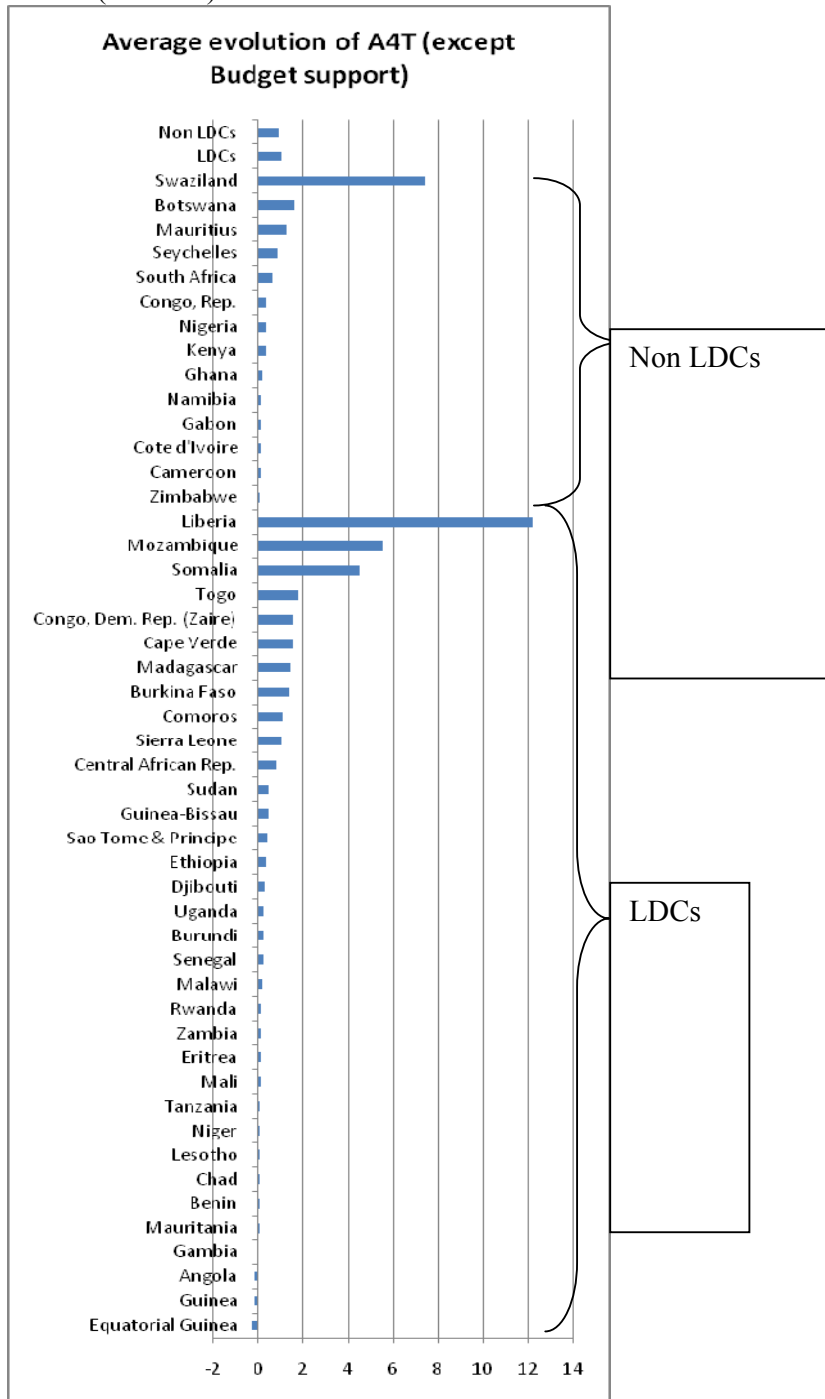
Note: The category "building productive capacity" has been grouped with the "trade development" in this report.

Figure.A1 Ranking of countries in term of Aid for trade flow per capital received



Source : authors construction

Figure.A 2 Average growth of Aid for trade in all categories excepted the budget support (2002-06)



Source: authors' construction

Table A4. Trust fund allocations according to the IF stages

CATEGORY Project(s)	Country/	Total IFTF Allocations	Expenditures*	
			Windows 1	Windows 2
<b>Pilot DTIS</b>	Cambodia	1300000	276245	545345
	Madagascar	1005913	319708	45389
	Mauritania	1119800	262458	359311
	<b>Sub-total</b>	<b>3425713</b>	<b>858411</b>	<b>950045</b>
<b>Old IF</b>	Bangladesh	300000	282011	
	Gambia	600000	288643	
	Haiti	300000	264545	
	Tanzania	600000	553555	
	Uganda	600000	481859	
	<b>Sub-total</b>	<b>2400000</b>	<b>1870613</b>	
<b>Post- pilot DTIS</b>	Lesotho	740355	206651	0
	Malawi	1300000	212561	406497
	Senegal	810740	255059	0
	Yemen	1300000	284773	137856
	Ethiopia	1318000	312801	200976
	Nepal	965000	257954	463843
	Eritrea	300000	40536	0
	Djibouti	995080	190865	463300
	Burundi	1300000	264850	476790
	Mali	1300000	223917	202801
	Guinea	950000	239409	0
	Chad	300000	291001	0
	Laos	300000	249468	0
	Zambia	300000	291001	0
	Sao Tome & Principe	300000	224532	0
	Mozambique	437090	34486	0
	Benin	300000	431619	0
	Rwanda	300000	264510	0
	Burkina Faso	300000	111130	0
	Angola	300000	88647	0
	Maldives	300000	233118	0
	Sierra Leone	300000	81829	0
	Niger	300000		0
	Central African Republic	300000		0
	Sudan	300000		0
		<b>Sub-total</b>	<b>15616265</b>	<b>4790717</b>

Source: Authors construction

Table A5 date of completed the DTIS in African countries

Rank	Country	Validation date of DITS	Beginning of Date of DITS
1	Angola	July 2007	2005
2	Benin	March 2006	January 2004
3	Botswana		
4	Burkina Faso	June 2007	June 2005
5	Burundi	On May 13, 2004	December 2002
6	Cape Verde	en cours de preparation	September 2007
7	Central African Rep.	April 2007	March 2006
8	Comore	December 2007	March 2006
9	Djiboutie	2004.	May 12-13, 2004
10	Equatorial Guinea		under preparation
11	Ethiopia		
	Gambia	July 2007	2006
12	Guinea	December 2006	September 2002
13	Guinea Bissau		January 2008
14	Lesotho	February 2004	
15	Liberia		July 2007
16	Madagascar	September 2003	in July 2001
17	Malawi	November 2006	November 2001
18	Mali	December 2004	January 2003
19	Mauritania	October 2001 DTIS update was prepared in May 2007	
20	Mozambique	September 23, 2004	
21	Namibia		
22	Niger	June 2007	June 2006
23	Rwanda	September 2005	June 21-30, 2004
24	Sao Tome	April 2006	April 2004
25	Senegal	November 2002	November 2001
26	Sierra Leone	November 2006	July 2005
27	Sudan	July 2007	June 2006
28	Swaziland		
29	Tanzania	November 2005	July 2004
30	Tchad	NA	February 2004
31	Togo		under preparation
32	Uganda	October 2006	May 2005
33	Zambia	June 2006	May 2004
34	Rdc		half of 2008
35	Eretrea	taking a pause at this time	2003
36	Somalia		

Source: Authors' construction

Table. A6 Survey of main evaluations case studies

Donor/ Agency	Author and Title ADE (	Period under Review	Method Desk	Main objectives
EC	2004), <i>Evaluation of Trade Related Assistance by the EC in Third Countries, Volumes 1 and 2</i> , Brussels	19962002	study and field review of several trade-related aid programmes in, respectively, Kenya; Zambia (ACP); Tunisia (Mediterranean countries-MEDA); Moldova (Commonwealth of Independent States - TACIS) and Viet Nam (Asia and Latin America)	Help the EC improve its strategies for assisting partner countries engaging in international trade and maximise the benefits for sustainable growth and poverty reduction.
USA	USAID/Office of Development Evaluation and Information (DEI) (2004), <i>An Evaluation of Trade Capacity Building Programmes: Overview</i> , USAID, Washington 1	19992003	Desk study, based on the USAID Trade Capacity Building Database. Review of 23 programmes, conducted through phone/email interviews of USAID project managers in field missions.	Assess the performance of USAID trade-related aid activities. Identify major challenges in designing and implementing these activities. Determine the desirability of replicating such activities in other countries.

<b>UK</b>	Weston, A, C. Blouin and L. De Silva (2005), <i>Evaluation of DFID Support to Trade Related Capacity Building: Synthesis Report</i> , The North-South Institute, Canada2	19982004	Desk study and field review of several programmes in Kenya, Bangladesh, Malawi, Ukraine and the Caribbean (CARICOM region)	Assess the effectiveness and the efficiency of DFID's trade-related assistance. Identify lessons of good practice, which should feed into a new DFID Trade Strategy.
<b>The Netherlands</b>	Policy and Operations Evaluation Department (IOB), The Netherlands Ministry of Foreign Affairs (2005), <i>Aid for Trade? An Evaluation of Trade-Related Technical Assistance</i> , IOB Evaluation, The Netherlands3	19972004	Desk study and field review in Burkina Faso and Tanzania (JITAP), Ethiopia and Yemen (IF) and Geneva (two TA projects of UNCTAD; Advisory Centre on WTO Law; Agency for International Trade, Information and Co-operation and Quakers United Nations Office.	Assess the results of selected <i>multilateral</i> trade-related assistance programmes and IGOs/NGOs supported by The Netherlands, to enable policy makers to (i) account for funding for such assistance to the Dutch Parliament, and (ii) determine whether such commitments should be larger, smaller or different in the future.

<b>World Bank</b>	<i>Study: Integrated Framework (IF), The World Bank, Washington World Bank Independent Evaluation Group (2006), Assessing World Bank Support for Trade, 1987-2004, World Bank, Washington D.C.</i>	19872004	Desk study to identify the evolution of trade assistance over time (1987-2001; 2001-04). Review of trade-related interventions in India, Indonesia, Morocco, Mozambique, Senegal, and Zambia. Interviews and surveys were conducted with key stakeholders.	play in the future. Assess the development effectiveness of the Bank's trade assistance (lending and non-lending activities, such as research and advocacy). Evaluate whether stated strategies and objectives have been met.
<b>UNCTAD</b>	Denis J.E., H. Saha, D. Griffiths (2002), <i>Evaluation of Capacity Building in UNCTAD's Technical Co-operation Activities</i> , UNCTAD, Geneva	19952001	Desk study of 12 programmes with a capacity building component <sup>4</sup> and field review in Romania, Uganda and Viet Nam.	Assess the performance of these programmes in terms of capacity building. Identify explanatory factors for the performance. Provide recommendations for future programming.
<b>ESCAP</b>	ESCAP Secretariat (2003), <i>WTO/ESCAP Joint Training Programme for Developing Countries</i> , ESCAP, Bangkok	19992003	Desk study based on a review of programme documents (course plans) and "feedback questionnaires".	Assess the outcomes of ESCAP's technical assistance work on WTO-related issues and consider lessons learned for future project planning and implementation.

<b>Integrated Framework for Trade Related Technical Assistance to Least Developed Countries (IF)</b>	Capra International and Trade Facilitation Office Canada (2003), <i>Evaluation of the Revamped Integrated Framework For Trade Related Technical Assistance to the Least Developed Countries</i> , WTO, Geneva	20002003	Desk study and field review (short visits) to all 5 “old”, 3 pilot and 11 new IF countries. Consultations with all relevant stakeholders.	Assess progress in achieving the IF’s two main objectives, <i>i.e.</i> its effectiveness as a mechanism (i) to "mainstream" trade into national development plans; and (ii) to assist in the co-ordinated delivery of trade-related assistance in response to LDC needs
<b>Joint Integrated Technical Assistance Programme (JITAP)</b>	Da Silva,L. and A. Weston (2002), <i>Report of the Summative Evaluation of JITAP</i> , ITC/UNCTAD/WTO, Geneva	20002002	Desk study and field review in 8 beneficiary JITAP countries, including consultations with all relevant stakeholders.	Assess the impact of the JITAP and review compliance with the recommendations of the 2000 Mid-Term JITAP Evaluation.

Source: authors updated survey of OECD (2006a)

## ILEAP Analytical Support Structure



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