



Towards a Systematic Approach to Aid for Trade: African Perspectives

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Presentation outline

- Developments in Aid for Trade since the initiative was launched.
- Issues and concerns that African countries have with the initiative.
- The contemporary issue on AfT effectiveness?
- Ideas on how some of the concerns could be addressed and how to monitor its effectiveness.

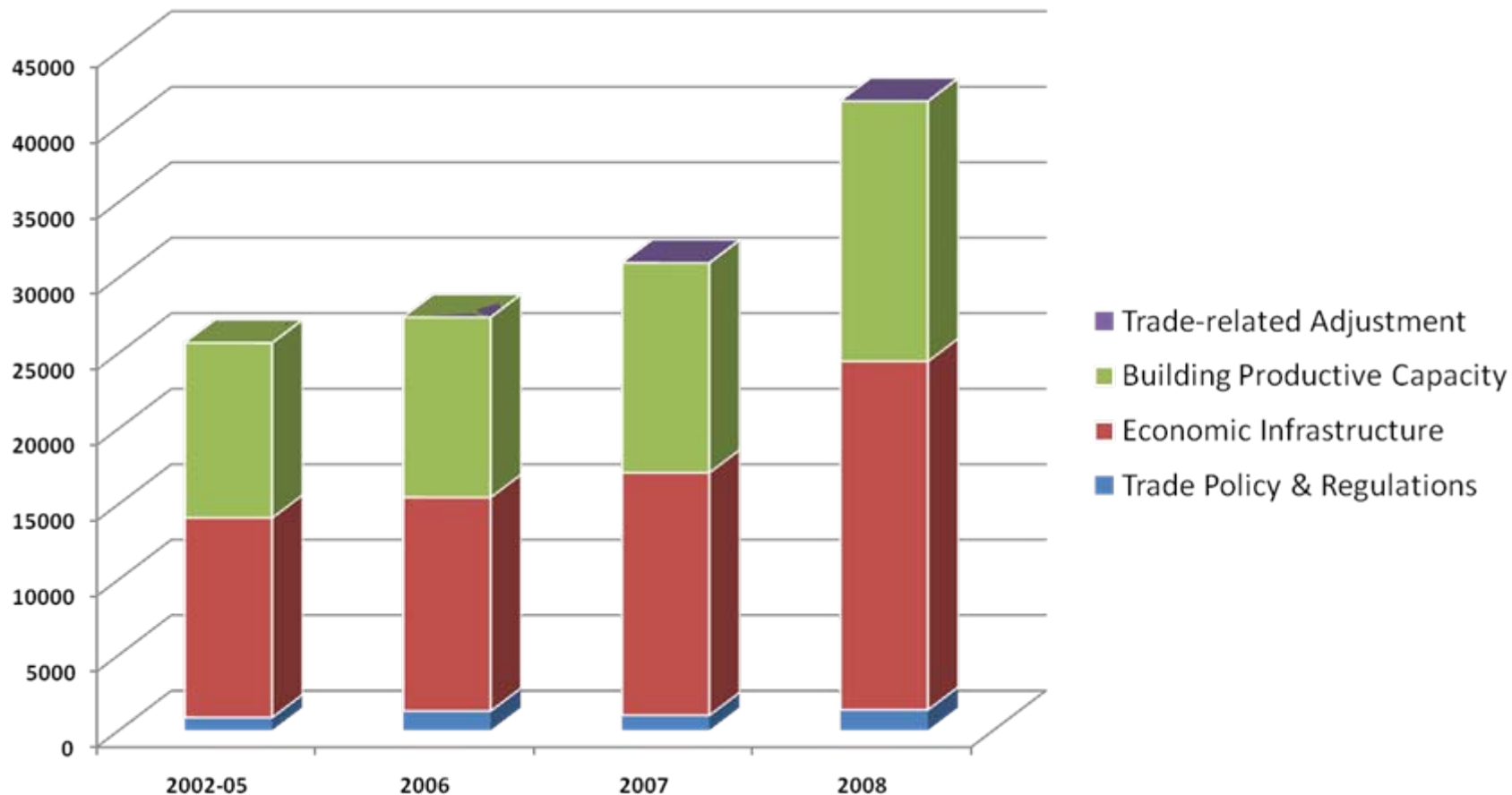


Developments in Aid for Trade since 2005

- Aid for Trade supply has been scaled up since the launch of the initiative;
- Most of AfT going to economic infrastructure and productive capacity building.
- There is evidence of more trade mainstreaming, though it might be early days to tell how effective the initiative has been, at least in Africa.



AfT commitments reach \$41.7 bn. in 2008

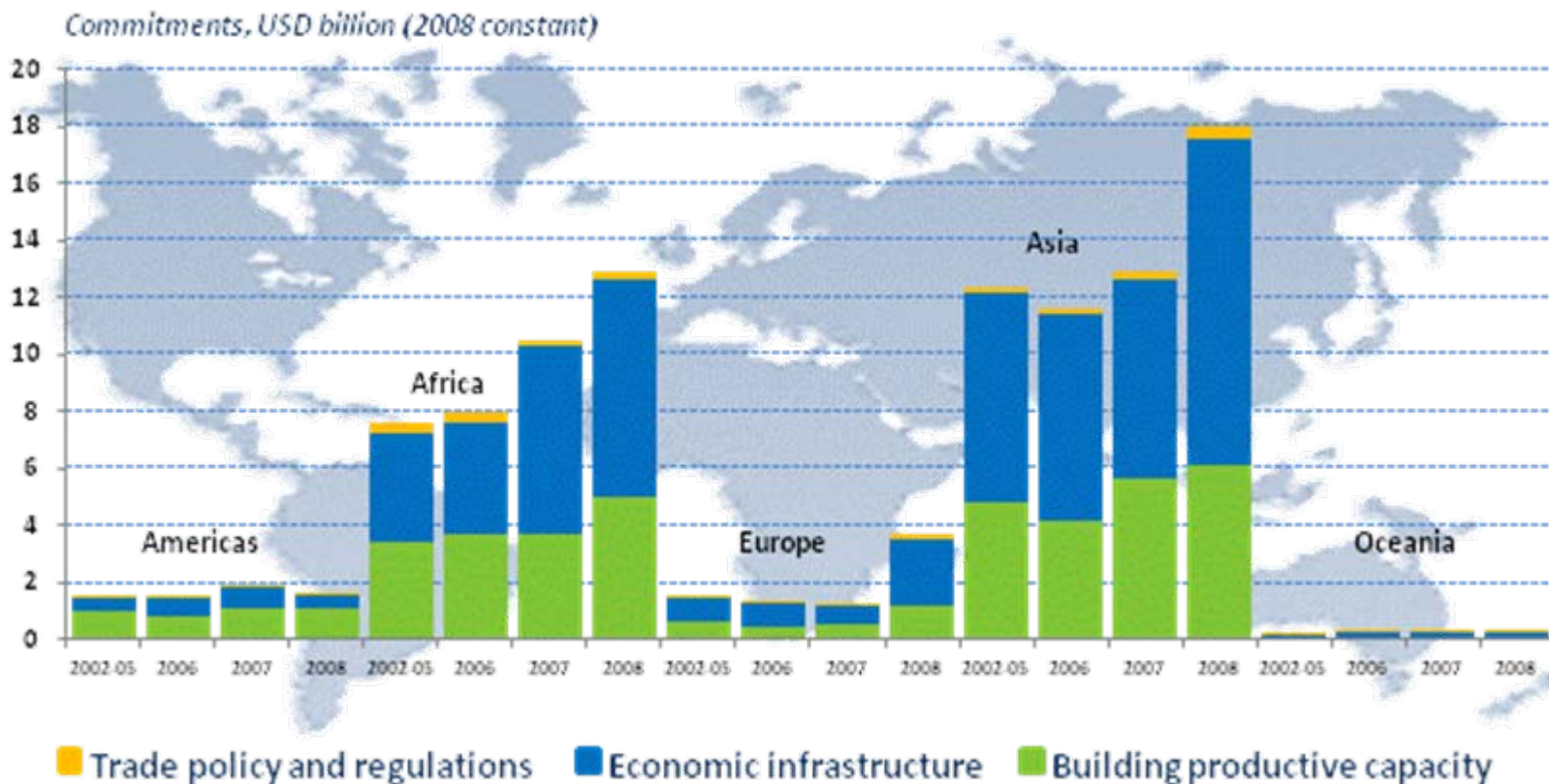


Source: OECD/CRS
(millions of 2008 US\$)





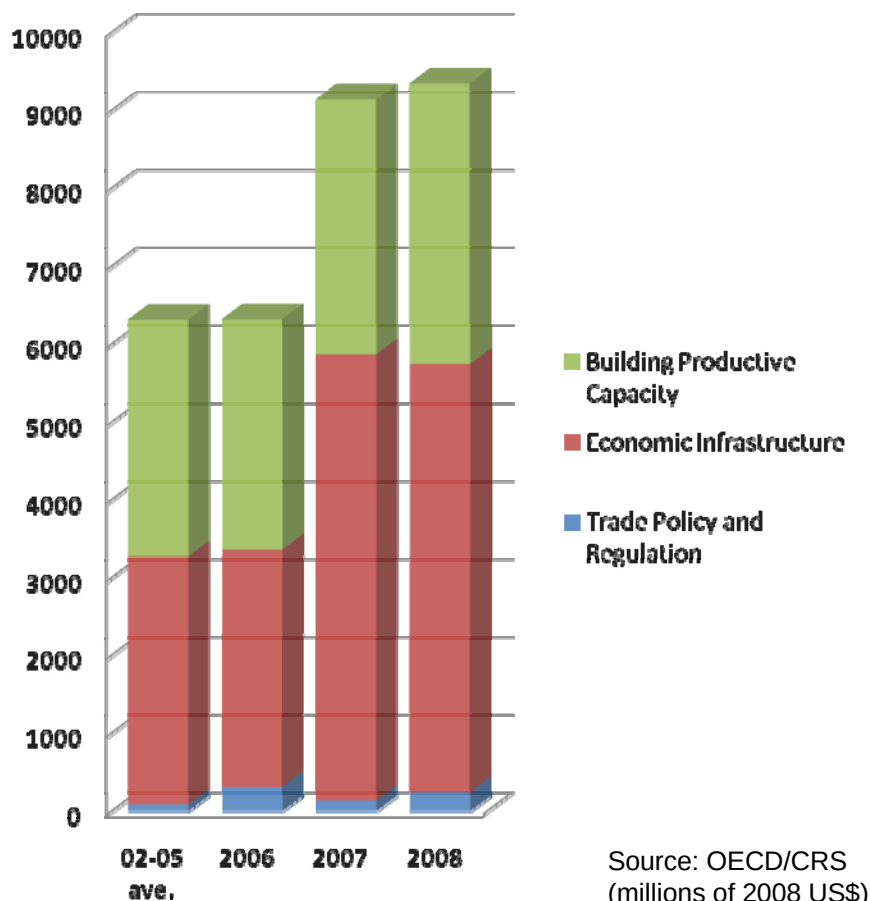
Africa and Asia are the largest recipients





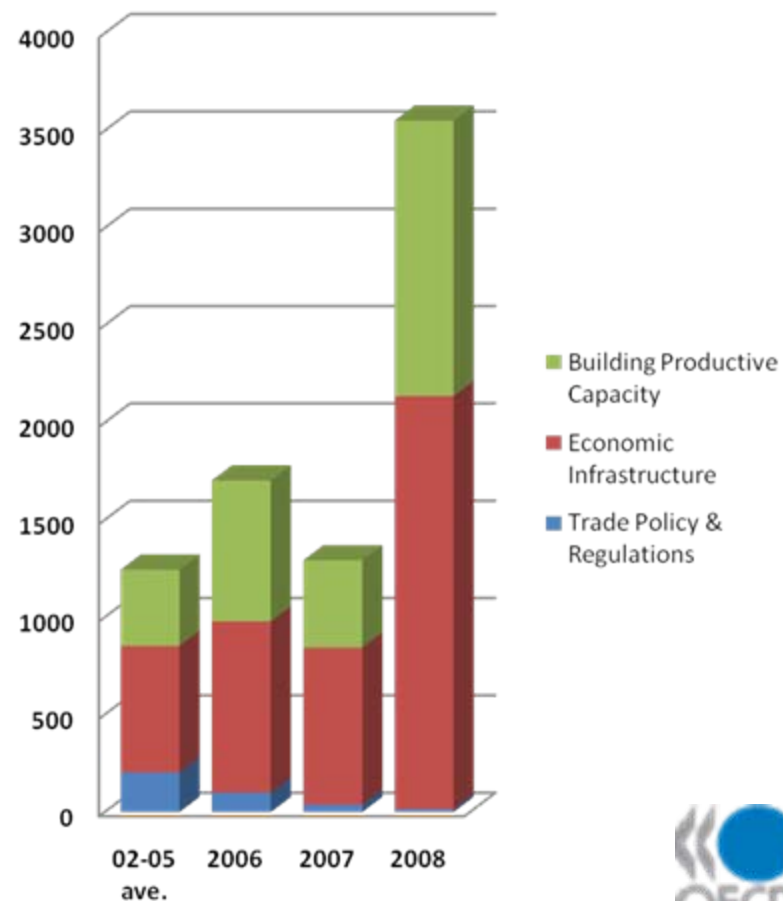
North vs. South of Sahara

South of Sahara



Source: OECD/CRS
(millions of 2008 US\$)

North of Sahara





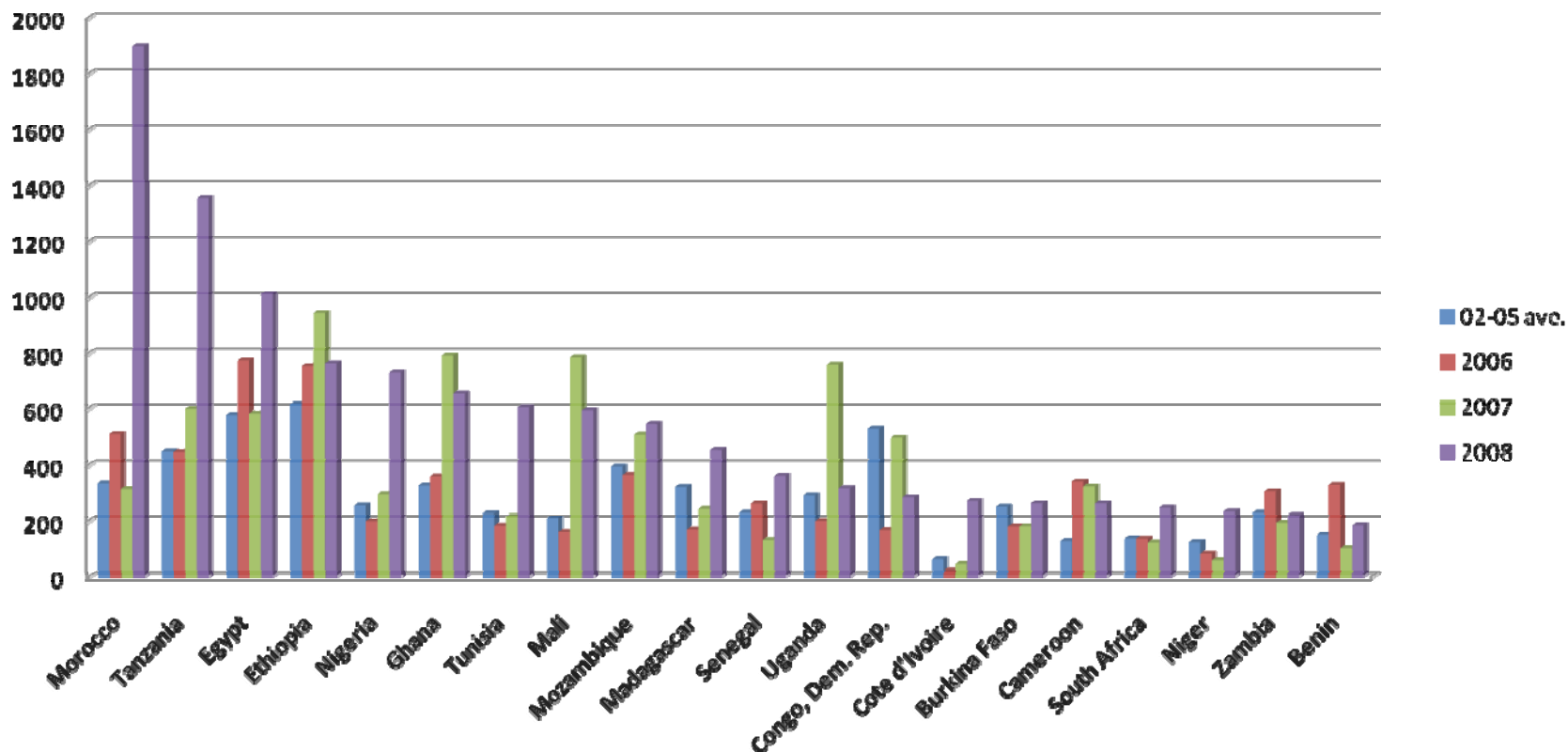
Issues and concerns raised by African countries with AfT

- While AfT is increasing, coverage and predictability remain an issue:
 - Flows vary widely by year and country.
- There is still confusion of what AfT is:
 - Political initiative vs. provision of AfT assistance;
 - Grants vs. concession loans.
 - What of South-South assistance?
- Ambiguity in donors responses:
 - AfT is based on mainstreaming trade;
 - Challenges in taking on board a regional approach.



Predictability is a problem

Top 20 Recipients in Africa



Source: OECD/CRS
(millions of 2008 US\$)



The emerging issue on measuring AfT effectiveness

- The debate is not settled in some quarters why Africa has failed to benefit from trade.
 - Institutional weaknesses & social norms have been blamed;
 - Political factors also used to explain dismal performance;
 - Poor quality of infrastructure and related low productivity of public investments highlighted as explanations;
 - Structural factors such as geography, natural barriers and resource endowments have also been blamed.
- AfT scope addresses most of the above factors. How then can one disentangle the attribution problem to be able to say AfT is effective?



The challenge of maintaining AfT momentum – establishing the link

Aid for trade categories – trade related infrastructure; productive capacity; trade related adjustment; trade policy and regulation.



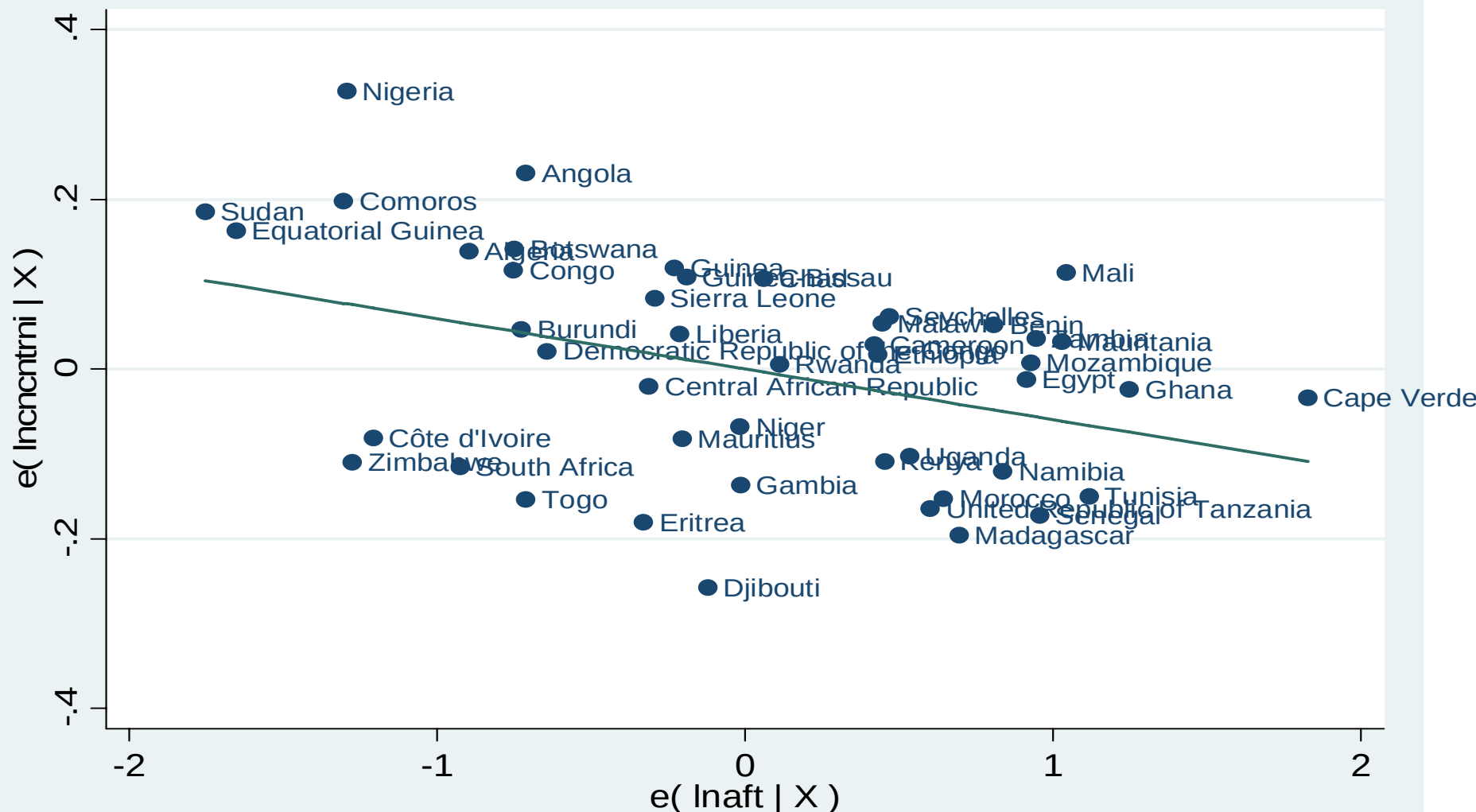
Trade capacity indicators – diversification index; trade competitiveness index; intra-African trade index.



Trade performance indicators – global trade share; exports value and volume; trade growth; export productivity.



Is this improvement in the diversification index due to AfT



coef = -.0595634, (robust) se = .02226018, t = -2.68



Ideas on how to address concerns with AfT

- Greater consultation in mainstreaming process;
- M & E to recognise growing influence of emerging South-South donors;
- Setting up of national mechanisms for following up and coordinating AfT issues at all levels;
- M & E mechanisms to consider outcomes and impacts at national and regional levels.
- Employ MfDR approaches in elaborating trade needs in strategies.
- More case studies in evaluating AfT effectiveness.