

# Conclusions

Global monitoring of aid for trade is a work-in-progress. Organising a successful round of monitoring, in such a short period of time, was no small undertaking. The three tiered monitoring framework that was developed jointly by the OECD and the WTO has uncovered a number of important findings which are highlighted in the executive summary. The conclusions point to some lessons learned that need to be addressed before undertaking the next global review.

## **Global flows**

As for any database, there are methodological and data challenges that currently confront attempts at quantifying global aid for trade. Constraints relate to the fact that available data cannot match exactly all of the six WTO Task Force categories of aid for trade and that, therefore, it becomes necessary to rely on proxy measures. Like all proxies, these are imperfect. Also, the quantification of global flows requires that data be set against donors' knowledge of the scale of the trade dimension in their programmes that have both trade and non-trade components, as is often the case in infrastructure projects. The survey shows, however, that most donors lack the institutional capacity to refine the global CRS aid-for-trade proxies. Consequently, monitoring aid for trade based on CRS proxies is probably more effective in assessing trends over time within agencies than comparing flows between agencies.

In full awareness of the data limitations set out above, the 2002-05 baseline for bilateral and multilateral aid-for-trade flows has nevertheless been established. Furthermore, some statistical trends in the aid-for-trade categories established by the WTO Task Force on Aid for Trade, as well as trends across regions and country income groups, have been analysed and have shown, among other things, that the volume of aid for trade is increasing, while its share in sector allocable aid continues to decline. This is due to the continued increasing prominence of social-sector spending in aid programmes. The announced scaling up of aid, however, allows for additional aid for trade in the medium term, without crowding out social-sector spending.

Further analysis is required to identify the main drivers of global aid-for-trade volumes and patterns. Better data would allow for a more in-depth cross-country analysis of allocation patterns and complement the information derived from the donor and partner-country self-assessments.

## **Surveys**

Monitoring aid for trade is based on the concept of mutual accountability – that aid is more effective when donors and partner country governments are not only accountable to their respective publics for the use of resources to achieve development results, but are also accountable to each other for better management of aid. The survey shows global monitoring can work.

The aid-for-trade initiative has stimulated an important dialogue in countries and agencies on how to deliver aid for trade. All donor agencies have made major efforts to implement the aid-for-trade recommendations within their organisations and communicate its importance to their staff, and there has been at least some implementation activity at country level. Partner countries also noted that the questionnaire provided incentives for inter-ministerial dialogue and co-operation.

The fact that the number of partner-country responses is relatively small is a reflection of the pilot nature of the partner-country questionnaire. It also reflects the limited time available for extensive consultation with partner countries prior to the first round of monitoring. Clearly, significantly expanding coverage among partner countries is a critical goal for future monitoring of aid for trade. Among other things, this will require in-depth consultation with partner countries on the process of questionnaire completion and on how the administrative burden entailed might be streamlined.

Achieving these goals is part of an evolving process. The partner-country responses highlight a number of areas where the capacities needed to successfully underpin this process require further attention. For instance, more precise costing of trade development strategies and aid-for-trade needs, upgraded aid management information systems, more attention to the practicalities of using regional-level levers in the development process, and establishing national aid-for-trade committees or focal points are all cases in point, to different degrees, in different countries.

The commitments on management for results calls for donors and partner countries to direct resources to achieving results, and using information on results to improve decision making and programme performance. The survey suggests that translating evidence on results into processes of policy improvement remains a major challenge in the majority of respondents. Furthermore, greater effort will be needed to establish specific mechanisms for joint monitoring of aid effectiveness at the country level.

### **Next steps**

It is evident from the feedback on this survey that the next survey will need to be improved if the value of the monitoring system is to be maximised. There are five main priority areas for improvement.

1. Management of the survey cycle: this first monitoring instalment was rushed through in four months, which greatly hampered the consultation process with WTO Members as well as communication with capitals. In particular, partner countries had very little time to react, with most having received the questionnaires only one to two months before the deadline for answers. Clearly, the next monitoring round will require very careful planning, communication and early involvement of donors and partner countries.
2. Securing a higher return rate from partner countries is essential. Better planning and communication will help, but some concerns have been raised about the high transaction costs of responding to the questionnaire and this is particularly true for the partner countries. It was suggested that the guidance should be improved and the concepts and definitions should be clarified and standardised. Moreover, in-depth consultation with partner countries about the design of the questionnaires might be required to ensure that most partner countries benefit from the process of answering the questionnaire and not only from the overall results of the monitoring exercise.
3. Information on best practices is needed. The cover letter to the questionnaires included a request to send examples of best-practice cases. The response was disappointing and alternative ways of eliciting information on this key element of the monitoring framework will need to be considered.

4. As mentioned before, the objective of this survey was to provide a broad panorama on donors' objectives and delivery practices on aid for trade. It was felt that this would be best achieved with open-ended questions. However, following survey rounds should aim at eliciting more comparable data across donors, partner countries, and over time, so that progress can be assessed more accurately. This would change the type of questions while still allowing room for countries to tell their aid-for-trade story as they see fit.
5. The global monitoring framework of aid for trade is focused on countries as the main actors. At donor level, multilateral and regional institutions have been included, but at recipient level, only countries feature. This hinders the ability to serve the regional dimension of aid for trade. Some innovative thinking is needed on how to better integrate the regional element.