



ROOM DOCUMENT 11

EVALUATING AID FOR TRADE

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1 Introduction

1. The 3 – 4 November 2008 OECD Policy Dialogue on Aid for Trade discussed how the international development community can best help developing countries build their trade capacity and secure the full benefits from their integration in the world economy. Session III focused on getting the right feedback through evaluating aid for trade projects, programmes and strategies.

2. The session provided an overview of the existing evaluations of programmes and projects that could be considered as aid for trade and summarised the lessons learnt on their effectiveness and impact. It identified the areas where more knowledge and evidence is required and explored the need (and possible options) for practical guidance to evaluate aid for trade at programming and policy levels.

3. Presentations were made by Jean-Louis Chomel, Head of Evaluation, EuropeAid, Susan Stone, Asian Development Bank Institute, Matthias Meyer, Executive Director, PRAXIMONDO, and Lichia Yiu & Raymond Saner, DD/CSEND. The discussions were supported by two background notes: Trade-Related Assistance: What Do Recent Evaluations Tell Us?, and Evaluating Aid for Trade: Why, How and What.¹

4. This note summarizes the main issues of discussion and suggests a possible way forward. The note starts with defining aid for trade (section 2) and setting out its context (section 3). Next, it highlights main challenges (section 4) and some proposals for further work (section 5) as identified during the policy dialogue. Finally, next steps are suggested in section 6.

2 What is aid for trade?

5. The fundamental aim of aid for trade is to help low-income countries overcome their structural barriers and weak capacities that limit their ability to benefit from emerging trade and investment opportunities. The Aid for Trade Initiative provides a framework to connect a gamut of assistance activities (from training negotiators to building roads) within a coherent trade and development strategy that is shared among development partners.

6. When it concluded its work in 2006, the WTO Task Force on Aid for Trade recommended that *“Projects and programmes should be considered as aid for trade if these activities have been identified as trade-related development priorities in the recipient country’s national development strategies. ... At the same time, clear ... benchmarks are necessary for reliable global monitoring of aid for trade efforts and ... to assess additionality.”*² For that monitoring purpose the WTO Task Force defined aid for trade as comprising support for (i) trade policy and regulations; (ii) trade development; (iii) trade-related infrastructure; (iv) building productive capacity and (v) trade-related adjustment

1. All papers are available on the conference website www.oecd.org/trade/aftdialogue2008

2. Recommendation of the Task Force on Aid for Trade, WT/AFT/1, 27 July 2006.

3 The context

7. Aid for trade brings together -for the first time- officials and experts in trade policy and those working in aid agencies. As in any dialogue across professional borders, a common language has had to be found. For an evaluator, two demands are in order to guide this dialogue:

- The dialogue is both about domestic reform priorities and about the contribution of aid to building trade capacity, and
- The key to good development co-operation is that projects focus on the right priorities and are efficient in achieving them.

4 Main challenges

8. The keynote speaker Jean-Louis Chomel highlighted a number of challenges in evaluating aid for trade, which were retained in the chairman's conclusions:

1. Projects evaluation or evaluations of tools are relatively easy. Can a synthesis be done?
2. Synergy between projects and between tools for each donor and for several donors (joint evaluation) has not yet been done.
3. Sectoral /thematic evaluations on trade (not only trade related aid) are complex. How to deal with them? (EC has developed a practical approach).
4. How to deal with relation between trade and other sectors (agriculture, fisheries, migration, etc....).Should it be done jointly?
5. Evaluators should dare to question hypotheses and rationales more or less explicit for developing trade in partner countries.
6. How to involve partner countries?

9. In addition, the evaluation of the North-South Economic Corridor in the Greater Mekong Region highlighted; (i) the intangible nature of many benefits/costs, (ii) the lack of quality data, and (iii) the time lack between cost and benefits.

5 Proposals for further work

10. The following proposals for further work were suggested:

- Develop a framework and homogenous methodology for evaluating trade-related assistance which could be used by all donors.
- Develop specific tools for evaluating synergies between various activities that fall under the heading trade-related assistance.
- Ask for research on links between trade policy and other policies which have impacts on trade (agriculture, fisheries, environment, etc.) in OECD Members, in order to propose actual and possible actions to solve problems of incoherence between these policies are seen from our partner countries.

6 Next steps

11. The 2009 -2010 joint DAC –Trade Committee programme of work and budget on aid for trade proposes work on evaluating aid for trade. It is suggested to organise early 2009 an informal meeting among agencies to develop the specific proposal for this work based on the outcome of the discussion during the policy dialogue.