DRAFT SUMMARY RECORD OF THE JOINT MEETING OF THE DEVELOPMENT ASSISTANCE COMMITTEE AND THE WORKING PARTY OF THE TRADE COMMITTEE ON AID FOR TRADE

10 November 2009, OECD Conference Centre

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Item 1. Adoption of the Agenda

1. The agenda was adopted.

[COM/DCD/TAD/M(2009)2]

2. The summary record was approved.

Item 3. Performance Assessment Framework

a) How to evaluate aid for trade
[COM/DCD/TAD(2009)3]

3. The session on evaluation started with presentations from representatives of multilateral and regional agencies and donors who shared their initial thoughts, approaches and methodologies on the evaluation of aid for trade. The Secretariat presented a scoping note on how to evaluate aid for trade as well as the DAC Evaluation Resource Centre (DEReC), which contains a useful collection of evaluations relating to trade, infrastructure and private sector development. The discussion which followed was supportive of both the presentations and the proposals for future work.

4. Members pointed to the political need to demonstrate results. There was some doubt about how possible it was to track the links between outputs and impacts – referred to as a black box or the missing middle. While some members recommended that evaluation should stop at the output level. There was some discussion on the different levels of aid for trade. Aid for trade encompasses an umbrella of different sectors and activities. The different levels of evaluation and how they link together were outlined, ranging from broad country-level evaluations and thematic levels to programme and project level. Some suggested to focus on the country level bringing all sectors and all activities together.

5. The overall assessment of the progress of aid for trade was positive – donors are looking at the right issues i.e. the infrastructure, institutions and incentives that influence trade. Aid can make a difference and trade is slowly being mainstreamed. Members pointed to sectoral evaluations such as power and transport which have rich but unexploited information. There were a number of tools discussed including cross-country regression analysis, gravity models, impact assessment, and General Equilibrium models – most of which were for cross country and regional evaluation. It is likely that mixed methods will be needed given that some aid-for-trade impacts are qualitative and others cannot be quantified.

6. On the Steering Group, Members suggested to reach out to non-traditional donors such as China. Also donors should come together – comparing successes and failures – in a working group. This could lead to specialisation and discussion about how to fix a particular problem. It was felt that the membership
of the group should be limited – no more than 10 persons – and should produce a specific product every six months. The objectives and mandate of a steering group needed clarification. Members wanted to be clear about what results the groups was aiming for before agreeing to commit, while others were interested in contributing. The Secretariat clarified that the Steering Group was more of a sounding board and exchange platform.

7. Members felt it was essential to establish for whom evaluation was being undertaken – the overall objective should be to help developing countries. Consequently, partner countries should be more involved in evaluation and aid effectiveness issues. Furthermore, Members expressed support for a meta-evaluation but only if it would provide new content. Other suggestions on what OECD could contribute included a specialised aid for trade evaluation library, a review of different evaluation techniques and approaches and provision of a forum for experience sharing. There was also a recommendation that OECD could look at selected countries which have high demand but are not receiving much aid for trade.

b) Managing for results in aid for trade
[COM/DCD/TAD(2009)4/REV1]

8. The Secretariat outlined their approach for identifying good practices in making aid for trade more results-oriented. There were some concerns on indicators – it was felt that work on indicators cannot proceed without an ‘intervention logic’. Furthermore, Indicators cannot be generated without knowing what they are intended for and more is needed on clarifying the results chain before the selection of indicators can commence. Very specific indicators, beyond perceptual indicators were called for. As a next step, it was agreed that the Secretariat would establish an inventory of existing programme indicators for the selected aid-for-trade areas to allow members to assess what is available and how best to utilise them to measure results.

9. Furthermore, members agreed, in general, that evidence of good practice in managing for results in aid-for-trade, should be collected, particularly in the programme areas of “trade policy analysis, negotiations and implementation”, “trade facilitation”, “competitiveness” and “export diversification”. As a next step, the Secretariat will develop a reporting template and invite members to contribute their good-practice examples for inclusion in the good-practice paper.

10. A progress report, providing preliminary findings on how management for results approaches are being applied in practice, will be submitted to the next joint DAC-TC/WP meeting. Some members suggested that the two workstreams, i.e. managing for results and evaluation, should be carried out jointly. Finally, a representative of the OECD Secretariat briefly presented work the OECD and WTO are undertaking to introduce results-based management in the Standards and Trade Development Facility (STDF).

Item 4: Binding Constraints to Trade Expansion: Aid-for-Trade Objectives and Diagnostics Tools
[COM/DCD/TAD(2009)5]

11. The paper showed that the most common objectives set for aid for trade have a strong economic underpinning. Then, it discussed the various tools and methods to identify the most binding constraints that prevent developing countries from reaching them. The paper also pointed to future areas of work. It showed that sequencing and complementary policies are crucial for strengthening the impact of aid for trade. These aspects will be discussed in a “good practices” paper foreseen in the 2009-10 PWB.

12. Moreover, the paper identified areas where work on binding constraints could be deepened. In particular, analytical work on identifying the most binding constraints in countries that share common
characteristics (e.g. landlocked geography, small and vulnerable economies, or dependence on commodity exports) would be useful and can be undertaken by the Secretariat.

13. There was strong support for the paper as well as constructive and helpful comments. The literature review was particularly praised. Though some delegates expressed caution related to the applicability of the suggested Growth Diagnostics adjusted to trade. The paper would be revised to take into account the comments and posted on OLIS. In the absence of further comments within two weeks, the paper would be deemed approved, declassified and available for publication.

Item 5: Aid for Trade and the Green Growth Agenda  
[COM/DCD/TAD(2009)6]

14. The Secretariat presented a short note on aid for trade and green growth. This was followed by a discussion of the OECD Green Growth Strategy (GGS) and how it connects to development cooperation work including aid for trade. The STDF provided a concrete example of how aid-for-trade needs are changing in response to climate change. 15. The overall message was that climate change impacts strengthen the rationale for aid for trade with private sector development and economic infrastructure essential to make developing country economies more resilient to future changes. New aid-for-trade needs will be created in terms of capacity building, technology transfer and trade-related adjustment.

16. Members cautiously supported the paper and work in this area but were hesitant on where the work was going. Members felt it should build on existing work and have more emphasis on potential opportunities for developing countries from being more climate friendly. While others felt it was important not to lose focus on LDCs and the social aspects of trade including fragile states. Members clarified that they have environmental impact procedures in place in their projects.

Item 6: Proposal for additional TAD work financed by voluntary contributions  
[COM/DCD/TAD(2009)7]

17. The objective of the proposed project was to make available new analytical insights that will help stakeholders configure aid for trade in a manner to maximise the associated economic outcomes. This project deepens the ongoing work on binding constraints to trade expansion and builds upon the paper discussed in Item 4.

18. The project has two components: The first component involves the development of a taxonomy that will identify the specific binding constraints faced by certain groups of developing countries (landlocked, small and vulnerable economies, commodity exporters, etc.). In the second component, the OECD findings would be refined and compared with other findings, in consultation with experts at a workshop. This proposal was circulated for information as it had already been approved by the Trade Committee. No comments were received on this item.

Item 7: Draft proposal for 2011-2012 joint DAC-TC PWB on Aid for Trade  
[COM/DCD/TAD(2009)8]

19. The note presented some initial orientations and suggested a focus on three intermediate output areas: (i) the publication of the 3rd joint OECD/WTO report Aid for Trade at a Glance; (ii) linking the Aid-for-Trade Initiative to the wider international trade and development agenda; and (iii) an OECD Aid for Trade Policy Dialogue during the 4th quarter of 2011.

20. Members asked for more clarity on the issues outlined. They also questioned the objective of connecting aid for trade to the broader agenda, given that OECD’s comparative advantage is on monitoring
aid for trade and should retain a focus on this. The PWB will be updated and a revised version will be discussed at the next joint meeting.

**Item 8: Aid for Trade Statistical Queries webpage**

21. Andrzej Suchodolski from the Statistics Division of DCD presented the Aid for Trade Statistical Queries which uses QWIDS (Query Wizard for International Development Statistics) and offers easy access to aid-for-trade statistics.

**Item 9: The UN inter-agency Resource Guide on Trade Capacity Building: A UN wide effort for more Coherence.**

22. UNIDO presented the UN inter-agency Resource Guide on Trade Capacity Building for 2010. The latest report has more of an aid-for-trade focus with more organisations included particularly at the regional level. UNIDO wish to share the report with countries through the DAC for validation.
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