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GETTING THE RIGHT INFORMATION
INDICATORS FOR MONITORING AID FOR TRADE

An LDC Perspective

Peggy Mlewa
Permanent Mission of Zambia
Geneva

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(Disclaimer: the views and opinions expressed in this paper do not reflect the official position of the Government of Zambia)

Introduction:

The importance of monitoring the process of implementation of Aid for Trade as with any other initiative and programmes of support can not be over emphasized more so at this point in time in the Aid for Trade delivery process. Close to two years since its inception in December 2005 and adoption of the Aid for Trade Task Force recommendations in 2006, countries are at varying levels or rather stages of implementation of this very important trade capacity building support programme. Drawing from past discussions on this topical issue in different foras, one would assume that the varying levels of implementation of the Aid for Trade Initiative by different countries, which in most cases could be classified as slow, is an indication of possible challenges confronted in the process/in their pursuit. Therefore, if the Aid for Trade Initiative is to successfully attain its goal of assisting developing countries to building supply-side capacity and ultimately expand their trade, it is important that any challenges or impediments in the actualization of the overall objectives of the Aid for Trade programmes are identified early in the process and accorded the necessary attention. Such is one of the cardinal roles that the monitoring process is perceived will play in the process of implementation of the Aid of Trade to ensure effectiveness in its delivery.

Having endorsed the importance of the monitoring process in the Aid for Trade delivery process, and taking a leaf from the results of the 2007, success of subsequent monitoring exercises in these programmes will also depend on the extent to which the incentives for participating in this process are relevant to and clearly perceived by the recipient countries. This will in turn determine what kind of indicators will be relevant and used by individual countries, who collects this vital information, when and how the monitoring exercised will be conducted at country level etc. etc.

In the first place, the question of providing incentives for the monitoring process is closely related to the aspect of ensuring that there is value added by the process with

respect to the recipient country. While appreciating the need to focus variables that will reflect the quantity of resources, the quality of support given, the highlighting of priorities and sequencing of development needs and path, there is also need to develop or include meaningful indicators for conditions surrounding management issues which enable countries to take full responsibility and effectively manage its capacity building process. These indicators should be tailored to highlight human resource and management institutional gaps that may impinge on economic performance. Addressing this area not only strengthens the capacity to collect the right information data, and most importantly accurately analyse the same for sound decision making to facilitate corrective action where necessary, but also sets the base for all future /subsequent monitoring exercises. The main objective of the monitoring tool at the country level therefore, should not only be to contribute to the global reporting and data base on Aid for Trade but rather to strengthen the domestic capacity to manage the implementation process effectively (own). Provision of information in complex formats that is not easily interpreted by key policy makers and relevant stakeholders would not add value to the country process.

Identifying the appropriate indicators:

As alluded above, the process of identifying indicators that will lead to collection of the right information should be done at the planning stage to ensure that they are meaningful, relevant and contribute to the achievement of the Aid for Trade country objective. In essence, monitoring, evaluation and reporting should be an integral part of the Aid for Trade roadmap that should feed back into the Aid for Trade Strategy and implementation mechanism. As such while the illustrative list of indicators will serve as broad guidelines, specific indicators should be identified and agreed upon as benchmarks for measuring progress. In short, the set of specific indicators selected will differ among countries depending on the strategic objective and focus of their Aid for Trade Strategy.

A case in point is Zambia and the One Stop Border Posts Trade Facilitation programme under the Aid for Trade Strategy, a reduction in the number of bottlenecks to trade flow and transit time would be indicators of openness to trade and trade policies affecting exports at micro level. For instance, to factually link the improvements in trade flows to

the above mentioned interventions would require the identification of bottleneck and areas of intervention at the planning stage, as well as ensuring that interventions aimed at reducing costs and time are introduced in a sequential manner. Generally speaking, indicators of improvements in trade policy capacity are difficult to measure and link to ultimate objective of growth, employment creation and poverty reduction. However, imposing indicators that are not linked to the specific country trade strategy may therefore result in the collection of data/information that is redundant, unusable and therefore a waste of time and resources.

At a macro level, mainstreaming objective of trade in national development strategies can be monitored and tracked using indicators. A focused and robust trade policy underpins a fertile environment to enhance resource use and trade performance. In this regard indicators such as loans and grants for trade purposes can be monitored not only to track progress but to ascertain the impact of Aid for Trade on national trade capacities.

Conducting the Monitoring Exercise:

Outlining the monitoring mechanism and process at the planning stage where all the relevant stakeholders are consulted gives the national strategy team the due advantage of knowledge of the broader context within which the Aid for Trade national strategy is set. This in turn makes the national team better placed to carry out or conduct the monitoring exercise at national level, bearing in mind that the outcome or results of the exercise will feed back into the implementation process. In cases where participation of outside institutions is deemed necessary, involvement of the national strategy team is still useful to promote ownership, develop human resource capacities and to allow for lessons learnt to be fed into the next planning cycle.

For countries like Zambia whose Aid for Trade Strategy is part of the broader agenda focusing on the Private Sector Development Programme, there is need to carefully think through the two related processes before taking a decision as where, when and who takes responsibility of monitoring. Should it be done at the level of the PSDP or should it be brought down to the level of the National Implementations Unit of the Enhanced

Integrated Framework which is designed to have its own monitoring and evaluations process to avoid duplications of efforts and resources? Or should we consider using broad monitoring mechanism which brings together a team comprising representative stakeholders from the three relevant programmes such as the Medium Term Expenditure Framework?

The renewed focus on the need to monitor and track impact of the aid for trade is timely and welcome as this will encourage the objectivity of mainstreaming trade in national development strategies. However, it is necessary to move beyond the rhetoric and ensure trade policies are creating a fertile environment for effective resource use and increasing trade performance. It is against this backdrop that a well articulated monitoring framework that is girded in the national development strategy, with clear objectivities and indicators will serve to add value to the process of enhancing trade capacities of developing countries

