

# Effectiveness of Aid for Trade in Small and Vulnerable Economies

Massimiliano Cali  
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An Empirical Assessment



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COMMONWEALTH SECRETARIAT

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## Abbreviations

ACP	African, Caribbean and Pacific
ACWL	Advisory Centre on WTO Law
AECF	Africa Enterprise Challenge Fund
AfT	Aid for trade
AGOA	American Growth and Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
AITIC	Agency for International Trade Information and Cooperation
ATPP	Africa Trade and Poverty Programme
CES	Constant elasticity of substitution
CFTC	Commonwealth Fund for Technical Co-operation
CMT	Cut, make and trim
CPI	Consumer Price Index
CRNM	Caribbean Regional Negotiating Machinery
CRS	Creditor Reporting System
CTA	Technical Centre for Agricultural and Rural Co-operation
DAC	Development Assistance Committee (OECD)
DFID	Department for International Development
EAIF	Emerging Africa Infrastructure Fund
EC	European Commission
EDF	European Development Fund
EGAT	Economic Growth and Trade (USAID)
EIF	Enhanced Integrated Framework
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
FE	Fixed effects
FTAA	Free Trade Agreement of the Americas
GAP	Good agricultural practices
GATS	General Agreement on Trade in Services
GDP	Gross domestic product
GMM	Generalised methods of moments
GTZ	Gesellschaft für Technische Zusammenarbeit
IADB	Inter-American Development Bank
IAEA	International Atomic Energy Authority
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
IDB	Inter-American Development Bank
IF	Integrated Framework
ILO	International Labour Organization

IMF	International Monetary Fund
IMO	International Maritime Organization
IT	Information technology
ITC	International Trade Centre
IWPA	International Wood Products Association
JITAP	Joint Integrated Technical Assistance Programme
LDC	Least developed countries
MCC	Millennium Challenge Corporation
MFN	Most favoured nation
NAMA	Non-agricultural market access
NGO	Non-governmental organisation
NRM	Natural resource management
OAS	Organization of American States
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary least squares
OPIC	Overseas Private Investment Corporation
PRSP	Poverty reduction strategy paper
QUNO	Quaker United Nations Office
REER	Real effective exchange rates
RTA	Regional trade agreement
SAP	Sugar Assistance Programme
SEP	Social Entrepreneurship Programme
SFA	Special Framework of Assistance
SPS	Sanitary and phytosanitary standards
SPSP	Sector Policy Support Programme
STDF	Standards and Trade Development Facility
SVEs	Small and vulnerable economies
TACIS	Technical Aid to the Commonwealth of Independent States
T&C	Textile and clothing
TF	Trade facilitation
TIM	Trade Integration Mechanism
TRTA	Trade-related technical assistance
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNECE	United Nations Economic Commission for Europe
UNECLAC	United Nations Economic Commission for Latin America and the Caribbean
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the



Pacific  
UNIDO United Nations Industrial Development Organization  
UNRWA United Nations Relief and Works Agency  
WHO World Health Organization  
WIPO World Intellectual Property Organization  
WTO World Trade Organization

## Background and Motivation

Lack of supply response following significant unilateral liberalisation of trade regimes and market opening in developed and relatively advanced developing countries has prevented many low-income economies from taking advantage of the growth in world-wide trade and investment flows. Most of these countries lack basic infrastructures, skilled human resources and managerial capacity, and this inhibits trade-led growth and development. The absence of effective supply response in these economies has also meant their weak integration into the global economy. Trade capacity building has therefore become a major national and international concern in attempts to ensure beneficial participation by poor and vulnerable economies in world trade.

Financial and technical assistance from multilateral and bilateral donors aimed at facilitating the integration of developing countries into the global economy through initiatives that expand trade has been in operation since foreign aid was considered to be a means for supporting growth and development in developing countries. Under the World Trade Organization's (WTO) Doha Round of multilateral trade talks, technical assistance for trade capacity building became a prominent issue. In 2005 the Hong Kong Ministerial Declaration called for aid for trade (AfT) to help developing countries build the supply-side capacity and trade-related infrastructure that they needed to help them implement and benefit from WTO agreements and more broadly expand trade. AfT emerged during a period of increased aid commitments with the clear purpose of providing additional funding (i.e. on top of existing aid commitments) for developing countries' trade-related needs. A WTO task force identified six categories of AfT, building on the definitions used in the WTO/OECD trade-related and capacity building database: trade policy and regulations; trade development; trade-related infrastructure; building productive capacity (including private sector development); trade-related adjustment (including support for adjustment associated with changes in international trade regimes); and other trade-related needs.

While AfT has become part of the established terminology in trade policy discourse involving the WTO, the categories of aid falling under the task force definition have existed for decades, making it possible to examine the impact of this type of assistance in order to identify the most effective interventions. Cali and te Velde (2008) analysed the effects of past AfT on trade-related performance for a large set of developing countries. Although they found that AfT had a generally favourable impact on exports and the costs of trading, they concluded that these effects were likely to depend on specific circumstances (e.g. the type, focus and sector of aid programmes, and whether AfT removes binding constraints).

This paper extends the assessment of AfT to a specific group of countries, known as small and vulnerable economies (SVEs). SVEs are a group of developing countries

facing unique challenges related to their integration into the global economy.<sup>1</sup> The group is mainly made up of Caribbean and Pacific small and island states, whose exports tend to be concentrated in a few sectors and are extremely vulnerable to volatile international markets.

Due to their small populations, the domestic market is small in these countries. As a result, most of the firms are small and medium-sized enterprises with limited opportunities for reaping the benefits of economies of scale and investing in research and development.<sup>2</sup> In addition, most SVEs have a poor investment climate, weak institutions, remoteness and lack of skilled labour or adequate human capital, which limits access to external capital and constrains industrial development. Small states are also characterised by lack of competition in product markets. This leads to a misallocation of resources, inefficiencies in production and lack of incentives for innovation. Moreover, the small size of the domestic market often implies that in most sectors production cannot enjoy economies of scale. All these factors contribute to high unit production costs for firms in these countries. The high production costs are compounded by high transportation costs due to the remoteness and insularity of many small states. This implies that SVEs need to charge higher prices to stay in business or else accept lower returns on some part of their costs as compared with larger economies.

The vulnerability of small states to fluctuations in input and output prices is aggravated by their undiversified economic bases, which itself is in many cases an outcome of their limited size and the scarcity of human capital. For most economies in the Pacific and Caribbean regions, the combined share of the first and second commodity/service in total exports of goods and services is over 50 per cent. Many other small states in different regions exhibit a similar pattern, which indicates the higher vulnerability of these states to internal and external shocks.

In addition, in the context of wider integration, Mattoo and Subramanian (2004) argue that small states face systematic problems within the multilateral trading system despite acquiring significant influence in the system since the Uruguay Round. This is because of their limited bargaining power in trade negotiations and misalignment of their interests with those of the broader trade liberalisation agenda. Importantly, the cost of doing business in small states seems to be generally higher than in other countries. In a Commonwealth Secretariat study, Winters and Martins (2005) find that business costs, particularly transport and labour, are significantly higher in small states.<sup>3</sup> On average, micro (and very small) states face cost penalties ranging from 22 to 222 per cent relative to the median country. The authors argue that small consignment size, poor infrastructure, lack of competition and weak institutions inflate the costs of trade and create strong economic disadvantages for these countries.

In this context, well-designed trade-related assistance may help SVEs face the challenges posed by their characteristics. This is particularly the case during a time when the prospects for small states have deteriorated further due to (future) preference erosion and the emergence of new and large competitors (Briguglio *et al.*, 2006). Many small economies are critically dependent on trade preferences that they have enjoyed

for a considerable period, but are now being eroded because of changing trade regimes in developed countries. There is evidence that some of these countries are likely to face severe consequences from further multilateral trade liberalisation. Given all this, a review of the small states agenda proposed in the Commonwealth/World Bank *Joint Task Force Report* (2000) suggests the need for small states to reposition themselves in the global economy and move further into knowledge-based and service industries. Qureshi and te Velde (2008) suggest how this can be done and how AfT can play a role. The report also calls for a renewed effort by the donor community to help small states address the challenges of adjusting their economies. It is worthwhile pointing out that the WTO's AfT agenda includes helping countries to adjust to trade shocks and that mitigating the loss of trade preferences through most favoured nation (MFN) tariff reductions by developed countries constitutes an interest of small states.

This paper takes the issue of aid for trade in small states seriously. It sheds light on the extent to which SVEs have been able to access AfT funds and on whether and to what extent this assistance has helped SVEs improve their trade performance. It is divided into seven sections. Section 2 examines the rationale for AfT to SVEs by looking at the evolution of their significance in global trade and the expected costs of adjustment from trade integration. Section 3 describes the programmes and institutions offering AfT and in particular programmes for countries such as SVEs. Section 4 takes stock of the volumes and types of trade-related assistance that SVEs have received so far and compares them with other developing countries. Section 5 analyses how AfT could help developing countries integrate in the global economy through an export demand model with particular reference to SVEs; it also reviews some suggestive evidence on the effectiveness of AfT on trade-related performance. Section 6 provides empirical results associated with the impact of AfT on export performance in SVEs and other developing countries. Section 7 concludes the paper by drawing some policy implications for SVEs.

## The Rationale Behind Aid for Trade in SVEs

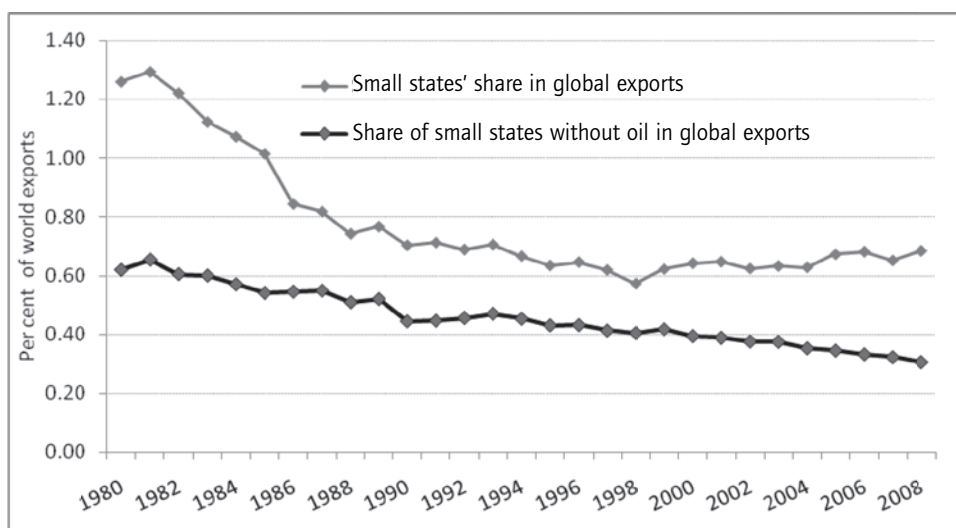
Until the recent economic slowdown, the global process of economic integration among countries intensified, underpinned by an unprecedented rise in the volume of trade and capital flows and a reduction in barriers to worldwide trade and investment activities. This drive to globalisation received substantial impetus from the birth of the WTO, providing specific trade rules and procedures and promising further liberalisation in the world trade regime. Despite these developments, there remain serious concerns that small states have failed to derive significant benefits from the process of trade liberalisation and globalisation.

Section 1 of this paper has highlighted a number of overriding problems constraining the economic development of small states. Most of these problems potentially constrain the countries' international competitiveness, preventing their effective participation in global trade. The trade data seem to confirm this fear, suggesting that over the years small states have become marginalised in world trade. During the period 1948–2008 the combined share in global merchandise exports of the 39 small states covered in this paper fell from 1.05 per cent to 0.62 per cent.<sup>4</sup> When the five oil-exporting small states are excluded, the comparable share fell from 0.52 per cent to 0.18 per cent – i.e. the relative significance of non-oil exporting small states declined by 66 per cent. Even when only trade in services is considered, which is more important than merchandise trade for a number of small states, their declining significance cannot be overlooked. Small states' share in such trade has fallen from 1.45 per cent in 1985 (when the first data on commercial services exports became available) to 0.95 per cent in 2008.

Even the trends for more recent periods indicate sustained declining significance of small states. Between 1995 and 2008, both global merchandise and commercial services exports grew on average by 10 per cent per annum, while merchandise exports from non-oil exporting small states registered a modest annual growth of only 6 per cent. The growth of commercial services exports from small states was also lower at 8 per cent per annum. These figures are significantly lower than the average growth of merchandise and commercial services exports from least developed countries (LDCs), which are estimated to be about 18 and 10 per cent respectively over the same period.

Seventy per cent of the small states in our sample (27 of the 39 countries referred to above) had a lower share of world trade in 2008 than they had in 1995. In the case of services, the corresponding share is 72 per cent (28 countries). On the whole, small states' marginalisation in world trade persists unabated. Figure 2.1 shows that if the oil-exporting countries are excluded, small states' share in global merchandise and commercial services has been subject to secular decline, falling from 0.6 per cent in 1980 to 0.3 per cent in 2008.

**Figure 2.1. Share of small states in global export trade**



Source: Authors' own estimates using UNCTAD data

Because of their inherent economic characteristics, associated mainly with the small size of their domestic markets, SVEs are highly dependent on international trade for their growth and economic development. Indeed, the trade-orientation of these countries is generally much higher than that of other developing countries. The mean export-GDP ratio in small states is about 55 per cent, compared with less than 30 per cent for the world as a whole. Consequently, marginalisation of these economies in world trade could seriously jeopardise their growth and development. Together with the problem of smallness that results in non-exploitation of increasing returns to scale in production and diversification opportunities into a wide range of activities, these countries also suffer from lack of productive capacity, trade-related infrastructures, and adequate and effective trade policy and regulations. All this has contributed to dwindling comparative advantage as reflected in their declining trade share. Aid for trade has been specifically designed to address many of these issues and is thus very relevant to an international support regime that aims to foster beneficial participation of vulnerable countries in global trade.

Another important aim of AfT is to help developing countries adjust to multi-lateral trade liberalisation processes. There can be various adjustment requirements, ranging from tackling export shortfalls to capacity development for dealing with new trade measures and provisions, where support would be required. Among these, adjustment support for loss of trade preferences has become one of the most critical issues for many small and vulnerable economies. Cali *et al.* (2006) provide a review and summary of such estimates for a large sample of developing countries, from which it is possible to compute the estimated losses for SVEs.

Many estimates of these costs are available; those by the International Monetary Fund (IMF) and WTO are probably the most consistent across countries and products. Gillson *et al.* (2004) provide more detailed estimates for sugar and bananas. We use various studies to provide the preference erosion figures reported in Table 2.1. The lower bound is obtained by adding two sets of estimates from WTO studies: the estimate made by Low *et al.* (2005) of costs for non-agricultural products due to preference erosion and that made by Low *et al.* (2006) of costs for agricultural products due to preference erosion. The upper bound is computed by including additional estimates that use the highest figures for each country among the available lower bound estimates in Gillson *et al.* (2004), IMF (2003) and Alexandraki and Lankes (2004).

Different assumptions (regarding the liberalisation process and the methods of calculation) produce different losses and gains for individual countries. Our central estimates are mainly based on WTO studies, as they employ the most up-to-date methodology in terms of the assumptions about what an eventual multilateral trade liberalisation may involve. An important part of this methodology is related to the adjustment of preference margins for competition and for utilisation rates (where available). The first type of adjustment accounts for the competition effects resulting from other exporters benefiting from the same preferential scheme or other forms of preferences. The resulting estimates will be lower than those that do not take such effects into account. If there is significant liberalisation, leading to entry into the market by countries that are currently completely excluded, this will underestimate preference erosion. The latter type of adjustment considers the actual rate of utilisation of preferences by exporters from developing countries. This adjustment is computed only for exports of non-agricultural products to the US market.

The estimates provided by the IMF are not directly comparable with the WTO estimates, as they use different methodologies; some caution is therefore required in comparing these. Note also that all estimates are based on partial information and static calculation: hence they are potentially subject to various types of biases. One such bias is due to the fact that the extent of gains or preferential margins that actually accrue to the exporters is unknown. The share is likely to be less than the 100 per cent assumed by the studies, except for sugar, where the quota scheme ensures that countries receive the rents. Other factors are the lack of consideration of elasticities of substitution and of dynamic interaction.

The calculations that rely only on WTO studies give total estimates for SVEs, including textiles and clothing and sugar, of about US\$162 million out of a total of US\$1,070 million. These are lower bound estimates on current maximum expectations for the Doha Round: taking an upper bound estimate would give a loss of US\$654 million for SVEs out of a total loss of US\$2,362 million a year for all developing countries in the sample. According to these estimates, the expected costs of preference erosion for SVEs range between 15 per cent (lower bound scenario) and 28 per cent (upper bound scenario) of total costs for developing countries. Considering that the share of population of SVEs in total population in the sample of countries in Table

**Table 2.1. Estimated costs by country of agricultural liberalisation and preference erosion (US\$ million)**

	Preference erosion NAMA – WTO estimate	Preference erosion Agriculture – WTO estimate	Total preference erosion – lower bound	Banana and sugar preference erosion – high liberalisation	Preference erosion (IMF estimates)	Total preference erosion – upper bound
	Low <i>et al.</i> (2005)	Low <i>et al.</i> (2006)	Low <i>et al.</i> (2005); Low <i>et al.</i> (2006)	Gillson <i>et al.</i> (2004) Alexandraki <i>et al.</i> (2004)	IMF (2003)	All sources
<b>SVEs</b>						
Barbados	0.1	1.2	1.3	18.4		18.4
Belize	0.7	9.5	10.2	32.7	18.0	32.7
Botswana	0.8	5.8	6.6			6.6
Dominica		1.0	1.0	14.6	2.0	14.6
Fiji Islands		6.7	6.7	55.5	41.0	55.5
Guyana		6.6	6.6	69.3	41.0	69.3
Jamaica	6.4	8.5	14.9	80.5	46.0	80.5
Mauritius	31.0	23.4	54.4	205.6	201.0	205.6
Papua New Guinea		4.9	4.9			4.9
St Kitts and Nevis		0.5	0.5		3	3.0
St Lucia	0.3	3.1	3.4	30.5	4	30.5
St Vincent and the Grenadines		1.9	1.9	22.0	5	22.0
Swaziland	11.9	5.6	17.5	41.1	21	41.1
Trinidad and Tobago		1.8	1.8	16.7		16.7
Cape Verde			0		0.9	0.9
Comoros			0		0.3	0.3
Equatorial Guinea			0		1.3	1.3
Gambia, The			0		0.3	0.3
Guinea	0.2		0.2		1.6	1.6
Lesotho	30.1		30.1			30.1
Maldives			0		2.8	2.8
São Tomé and Príncipe			0		1.1	1.1



**Table 2.1** (continued)

	Preference erosion NAMA – WTO estimate	Preference erosion Agriculture – WTO estimate	Total preference erosion – lower bound	Banana and sugar preference erosion – high liberalisation	Preference erosion (IMF estimates)	Total preference erosion – upper bound
	Low <i>et al.</i> (2005)	Low <i>et al.</i> (2006)	Low <i>et al.</i> (2005); Low <i>et al.</i> (2006)	Gillson <i>et al.</i> (2004) Alexandriaki <i>et al.</i> (2004)	IMF (2003)	All sources
<b>SVEs (continued)</b>						
Seychelles			0		10.0	10.0
Solomon Island	0.1		0.1		2.5	2.5
Vanuatu			0		1.9	1.9
<b>Total SVEs</b>	<b>81.6</b>	<b>80.5</b>	<b>162.1</b>	<b>586.9</b>	<b>404.7</b>	<b>654.2</b>
<b>Others</b>						
Albania	1.2		1.2		10.0	10
Bolivia		0.7	0.7			0.7
Cameroon	1	29.8	30.8			30.8
Cuba			0		0	
Dominican Republic	139.2	21	160.2		100.0	160.2
El Salvador	110.5	2.5	113.0			113.0
Ghana		0.6	0.6			0.6
Guatemala	141.7	1.9	143.6			143.6
Honduras	167		167			167.0
Jordan			0			0
Kenya	14	5.8	19.8	1.3		19.8
Namibia	10.7	6.5	17.2			17.2
Nicaragua	31	1.2	32.2			32.2
Sri Lanka		0.1	0.1			0.1
Zimbabwe	1.9	3	4.9	22.7		22.7
Angola	0.3	0	0.3		21.1	21.1

**Table 2.1** (continued)

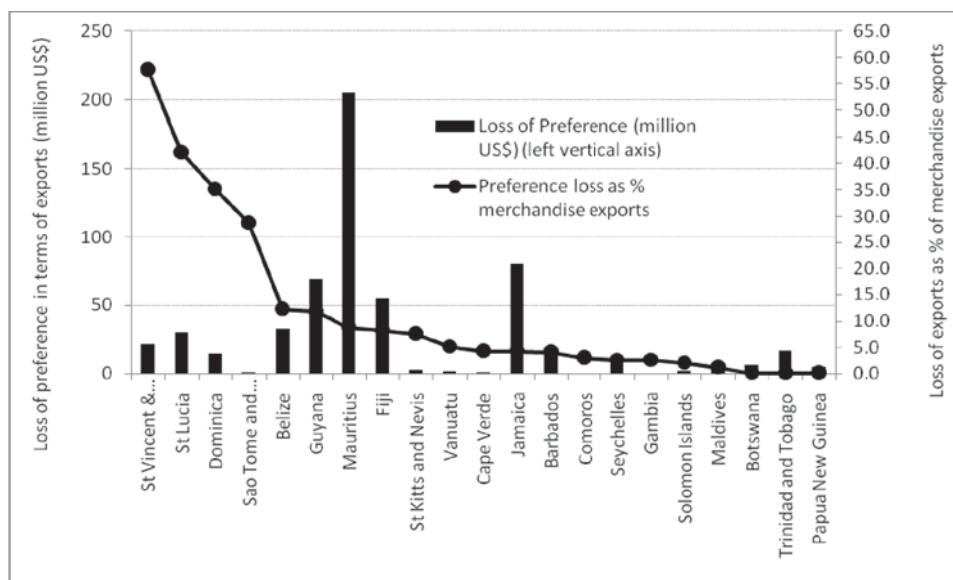
	Preference erosion NAMA – WTO estimate	Preference erosion Agriculture – WTO estimate	Total preference erosion – lower bound	Banana and sugar preference erosion – high liberalisation	Preference erosion (IMF estimates)	Total preference erosion – upper bound
	Low <i>et al.</i> (2005)	Low <i>et al.</i> (2006)	Low <i>et al.</i> (2005); Low <i>et al.</i> (2006)	Gillson <i>et al.</i> (2004) Alexandraki <i>et al.</i> (2004)	IMF (2003)	All sources
<b>Others (continued)</b>						
Bangladesh	61.6	0.1	61.7		222.4	222.4
Benin			0		0.3	0.3
Burkina Faso		1.6	1.6		0.3	1.6
Burundi			0		1	1
Côte d'Ivoire	25.3	22.1	47.4	3.7	69	69
Cambodia	18.8		18.8		53.6	53.6
Central African Republic			0		0.7	0.7
Chad			0		0.1	0.1
Democratic Republic of Congo		0.1	0.1	0.7	0.8	0.8
Egypt		1.4	1.4			1.4
Ethiopia			0		15.4	15.4
Guinea Bissau			0		0.2	0.2
Haiti	21.7		21.7		3.9	21.7
Liberia			0		3.4	3.4
Madagascar	19.1		19.1	5.6	8.6	19.1
Malawi	2	0.8	2.8	13.9	48.6	48.6
Mali			0		0.1	0.1
Mauritania	1.7		1.7		40.4	40.4
Morocco			0		152	152
Mozambique	5.5		5.5		5.7	5.7
Myanmar	8.3		8.3		2.2	8.3
Nepal			0		17.8	17.8



2.1 is only 2.3 per cent, SVEs are effectively expected to bear a much higher than proportionate share of the costs of preference erosion.

Among the SVEs in our sample, Mauritius, Jamaica, Guyana, Fiji Islands, Belize and St Lucia are likely to suffer most in terms of absolute loss of exports due to preference erosion. When measured as a proportion of the respective countries' total merchandise exports, export losses turn out to be massive for St Vincent and the Grenadines (58 per cent), St Lucia (42 per cent), Dominica (35 per cent) and São Tomé and Príncipe (29 per cent), as shown in Figure 2.2.

**Figure 2.2. Loss of preference of some SVEs**



We also estimate the same costs for the group of SVEs as defined in the WTO. This is a larger group and it is expected to face most of the estimated costs of preference erosion: between 77 per cent (lower bound scenario) and 56 per cent (upper bound scenario) of total costs for the countries in the sample. Again, these shares are well above the share of the WTO SVE group in total population (around 14 per cent) This is unsurprising, given that the majority of SVEs are preference receiving countries and that the preferences often allow them to obtain much larger market shares in the preference conceding countries than in a liberalised regime.

### 3

## How SVEs Access Aid for Trade

It is worth analysing the current structure of the provision of aid for trade. This section examines what institutions provide it, what type of AfT funds exist, what criteria must be fulfilled to access those funds and what types may be particularly relevant for SVEs. This information is important in order to operationalise any policy advice on AfT and how SVEs fit into this.

The work of the WTO AfT Task Force in 2006 has induced a sort of convergence in the general understanding and definition of AfT in the donor community among bilateral and multilateral agencies. The Task Force states:

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.

It specifies six types of activities as constituting AfT:

1. **Trade policy and regulations** (e.g. trade policy and planning, trade facilitation, regional trade agreements (RTAs));
2. **Trade development** (e.g. investment promotion, analysis/institutional support for trade in services, market analysis and development);
3. **Trade-related infrastructure** (e.g. physical infrastructure including transport and storage, communications and energy generation and supply);
4. **Building productive capacity** (e.g. business development, assistance to banking and financial services, agriculture, forestry, fishing, industry, mineral resources and mining, tourism);
5. **Trade-related adjustment** (e.g. contributions to government budget for implementation of recipients own trade reforms and adjustments to trade policy measures by other countries);
6. **Other trade-related needs:** other trade-related support not captured under the categories above.

These activities are administered through programmes and projects funded by bilateral and multilateral donors (see below) and usually implemented by a variety of specialised agencies (e.g. UN agencies, international non-governmental organisations (NGOs), local NGOs, private contractors). From the discussion in Section 2, trade-related infrastructure, building productive capacity and trade-related adjustment may be particularly important in terms of SVEs' needs. Trade facilitation may also play a

very relevant role as SVEs are more dependent on trade than other developing countries, and processing imports and exports efficiently is key. This paper focuses specifically on the impact of trade facilitation assistance in part of its empirical analysis.

### **3.1 Institutions offering aid for trade**

Virtually all donors (bilateral and multilateral) have a more or less formalised trade-related programme. Bilateral donors have supported aid for trade activities for many years under the rubric of infrastructure projects, assistance to customs, support to productive sectors and similar headings. However, these activities have generally not been grouped under a single heading and are often carried out by different units within the same donor organisation. The AfT initiative has provided some momentum for donors to unify their trade-related activities within their internal structures (OECD, 2007). Nonetheless, the funds available for AfT are still usually scattered across the donor organisation. For example, the European Commission (EC) – the largest AfT donor as shown in the analysis below – funds aid for trade through a number of Community instruments under the regular Community budget (e.g. the Development Co-operation Instrument, the special budget line for multilateral initiatives) and the European Development Fund (EDF) (EC, 2008). These funding mechanisms are implemented by different units within the Commission. The USA provides AfT through different organisations, the main ones being the Millennium Challenge Corporation (MCC) and USAID.

Multilateral donors – and some specialised agencies in particular – are usually ahead of the game in terms of the organisation of AfT assistance. Some agencies have this type of assistance as their core mandate, for example the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the WTO. Others operate specific AfT programmes related to their core competencies. For example, the Food and Agriculture Organization (FAO) provides trade-related assistance for the agricultural sector. Table 3.1 presents the types of AfT provided by the various UN-related organisations.

Among the agencies with a trade-related mandate, UNCTAD is the organisation with the longest history of relating trade to development and has major current capacity building functions. It may also offer advice on how to ensure that developing countries participate actively and believe that they are involved in decision-making. All its projects and programmes are strictly related to aid for trade, although the scale of its activities generally depends on external funding. UNCTAD is mainly an implementing agency, which provides technical co-operation on the basis of projects planned by donors. Its main area of activities is trade policy and regulation.

The ITC also has a history of trade-related aid. Its main areas of intervention are concentrated in the broad categories (especially trade development and business participation in the trading system). The ITC has developed a role related to global products and networking among trade support institutions that complements the trade-

**Table 3.1. Overview of UN-wide trade capacity building services**

	UNDESA	X	Global advocacy policy and development framework	Trade policy and regulatory framework	Legal and regulatory framework	Supply capacity	Trade promotion and information	Market and trade information	Trade facilitation	Physical trade infrastructure	Trade- related financial services	Others
Department and offices	UNDESA	X										
Programmes and funds	ITC	X	X	X	X	X	X	X	X	X	X	X
	UNCTAD	X	X	X	X	X	X	X	X	X	X	X
	UNDP	X	X	X	X	X	X	X	X	X	X	X
	UNEP	X	X	X	X	X	X	X	X	X	X	X
	UNHABITAT	X	X	X	X	X	X	X	X	X	X	X
	UNRWA	X	X	X	X	X	X	X	X	X	X	X
Regional commissions	UNECA	X	X	X	X	X	X	X	X	X	X	X
	UNECE	X	X	X	X	X	X	X	X	X	X	X
	UNECLAC	X	X	X	X	X	X	X	X	X	X	X
	UNESCAP	X	X	X	X	X	X	X	X	X	X	X
	FAO	X	X	X	X	X	X	X	X	X	X	X
Specialised agencies	ICAO	X	X	X	X	X	X	X	X	X	X	X
	ILO	X	X	X	X	X	X	X	X	X	X	X
	IMO	X	X	X	X	X	X	X	X	X	X	X
	UNIDO	X	X	X	X	X	X	X	X	X	X	X
	World Bank	X	X	X	X	X	X	X	X	X	X	X
	WHO	X	X	X	X	X	X	X	X	X	X	X
	WIPO	X	X	X	X	X	X	X	X	X	X	X
Related organisations	IAEA	X	X	X	X	X	X	X	X	X	X	X
	WTO	X	X	X	X	X	X	X	X	X	X	X

Source: UNIDO (2008)

related technical assistance (TRTA) of the bilateral donors who support larger projects in developing and transition economies.

The WTO is the only international organisation that deals with the global rules regulating trade among nations. Its main objective is to ensure that trade flows as smoothly, predictably and freely as possible. It does this through a number of activities: administering trade agreements; acting as a forum for trade negotiations; settling trade disputes; and reviewing national trade policies.

Other major multilateral organisations providing AfT include the World Bank, the IMF, the regional development banks and other specialised UN agencies. They mainly operate through specific AfT programmes, some of which are reviewed in the next sub-section. The Commonwealth Secretariat deserves a particular mention: through the Commonwealth Fund for Technical Co-operation (CFTC) it provides capacity-building and institutional strengthening assistance to developing member countries, especially small states and least developed Commonwealth members. This not only covers AfT, but is the only development programme that includes AfT and specifically targets SVEs.

In general, both bilateral and multilateral donors do not have an institutional focus on specific subsets of countries, although some of the programmes do have a special focus. However, some bilateral donors have a regional or thematic focus, e.g. Japan concentrates on Asia, the EC on Africa and UNCTAD on LDCs. No donor has a specific focus on SVEs, although the rationale for AfT is particularly clear for these countries.

## 3.2 Types of programmes available

Let us turn to the description of some of the major AfT programmes available from bilateral and multilateral donors. The last part of the section will examine those most relevant to SVEs' needs.

### Main multilateral AfT programmes

A number of multilateral (and regional) organisations are involved in providing AfT programmes either individually or jointly.

The **Integrated Framework (IF)** is perhaps the most relevant AfT programme. It is the product of the joint efforts of six multilateral institutions (IMF, ITC, UNCTAD, UNDP, World Bank and WTO). It has two main objectives: to integrate trade into national development plans such as the poverty reduction strategy papers (PRSPs) of LDCs; and to assist in the co-ordinated delivery of trade-related technical assistance in response to needs identified by recipient LDC. In 2007 an Enhanced Integrated Framework (EIF) was launched. This is considered to be AfT under the definition provided by the IF Trust Fund. The IF has recently started to provide trade-related funding of its own with the creation of an IF Trust Fund. It can only identify needs, through its diagnostic trade integration studies, not meet them, due to its relatively low level of



funding (US\$170 million for the five-year life of the EIF). This has given rise to criticism that it is highly administration intensive for little or no return and has reduced the interest of potential recipients in participating in it, thus weakening its status (in aid policy terms) as a country-led programme based on a country's own identification of its needs. LDCs do not want the IF to be extended to non-LDCs because it provides a very limited amount of money.

WTO technical assistance is a form of AfT devoted to training activities on WTO-related matters. The initiative has a small budget and its present structure, based on unbound contributions from member countries, could not be massively scaled up; it has no real capacity to determine needs for trade-related supply side assistance. It does, however, have a direct link to the WTO. It has a direct link with Articles in WTO agreements that call for greater assistance in implementing trade agreements. It has been criticised by recipients because its relationship to the WTO means that it is unable to offer advice on how to minimise compliance with WTO rules

The Joint Integrated Technical Assistance Programme (JITAP) is a programme run jointly by the WTO, UNCTAD and the ITC to help African country partners benefit from the new multilateral trading system.<sup>5</sup> JITAP focuses mainly on trade-related capacity building. The programme is much smaller in scale than the EIF (currently amounting to US\$10 million). Its size effectively restricts it to small projects, particularly capacity building.

The Standards and Trade Development Facility (STDF) is an example of a programme (also run by the WTO) created to tackle one of the main non-tariff barriers to developing countries' access to developed regions' markets: meeting and implementing international sanitary and phytosanitary standards (SPS). The STDF explicitly targets adjustment costs, mainly through the provision of technical assistance and related capacity building.

A particularly interesting example of an AfT programme at regional level is the trilateral scheme run by the Inter-American Development Bank (IDB), the UN Economic Commission for Latin America and the Caribbean (UNECLAC) and the Organization of American States (OAS) to provide Latin American and Caribbean countries with assistance in negotiations and regional integration. This was initially only for the Free Trade Agreement of the Americas (FTAA) negotiations, but has been extended to others. If meeting regional needs is one of the gaps identified, there could be a role for regional organisations. The range of programmes has allowed the IDB to provide support for all the types of trade need identified here, and it is one of the few multilateral donors with a regional focus.

### **Main bilateral AfT programmes<sup>6</sup>**

Most bilateral donors have already developed an AfT strategy.<sup>7</sup> However, only a few donors have specific trade-related programmes in place. A number of donors fund AfT programmes managed by other institutions, such as the Africa Enterprise Challenge

Fund (AECF), a US\$100 million private sector fund hosted by the Alliance for a Green Revolution in Africa (AGRA) that aims to support the African private sector, and the Emerging Africa Infrastructure Fund (EAIF), that seeks to provide soft loans and equity investments for infrastructure development in Africa.<sup>8</sup>

The EC Proinvest scheme for African, Caribbean and Pacific (ACP) group countries provides direct support for the private sector. The mechanism interacts with the private sector. Support may consist of a technical or financial diagnostic study of the enterprise, market surveys, feasibility studies, partner searches, financial forecasts for a project, assistance for project implementation, marketing assistance, training of enterprise staff, training of enterprise management or other technical assistance. The scheme also finances financial intermediaries.

Trade assistance under USAID is an example of a bilateral programme which has grown as new areas were identified. It has combined general support with specific assistance in taking advantage of US trade programmes such as the American Growth and Opportunity Act (AGOA). It has assisted both the public and private sectors. The private sector in African countries has found it more active and useful than programmes from other trade partners in helping them to access trade preference schemes. It has provided very extensive support to ministries in their trade work. It is not clear what mechanisms are in place to keep these at arms length from US interests.

### **Main programmes of relevance to SVEs**

Some of the programmes are particularly relevant to the needs of SVEs. Annex 1 presents a list of AfT projects (excluding trade-related infrastructure) funded since 2006 to support some SVEs. It includes a wide variety of projects, the majority of which are of small size (below US\$200,000). On the one hand, this reflects the absence of infrastructure projects from the list; these projects are usually large as they may entail large capital investments. Conversely the rest of trade-related assistance is inherently targeted to specific recipients (e.g. trade ministries, border post authorities, chambers of commerce) and does not usually include large fixed investments. On the other hand, small projects are more typical of assistance to small economies, such as SVEs.

The larger projects in the list are geared towards trade development through strengthening both sectoral and general competitiveness, and assisting in the adjustment process following preference erosion in key agricultural sectors, such as sugar, bananas and rum. The latter programmes are funded by the European Commission and aim to both strengthen the sectors that are going to be exposed to competition and help diversify economies away from those sectors. The strengths and weaknesses of some of these programmes are reviewed below.

The European Union (EU) **Special Fund for Rum** was intended to help a sector damaged by trade reform in the EU. It was unusual in that it provided direct assistance to the private sector. It attracted a high degree of regional ownership (private sector)

and because of this had some success. It was, however, transitional and ended after its planned time schedule.

The EU **Special Framework of Assistance for Bananas** is an example of an assistance programme designed to meet the costs of countries damaged by trade reforms, which could assist other developing countries. It faces the potential difficulty of choosing the most appropriate means of adjustment for sectors that start to be exposed to competition (see below for a review of its effectiveness).

The EU **Action Plan for Sugar**, which from the beginning allowed for adjustment through increasing productivity, finding related production or bringing about a total change in production attempted to avoid the problems of the banana scheme. Like the rum and banana schemes, it is an example of aid that provides adjustment assistance for countries which suffer losses because of trade reforms. It is an interesting precedent because it solves the problem that compensating ACP farmers for changes in European sugar policy is not strictly speaking aid by giving it a separate budget line. It also uses grants and bases eligibility on adjustment need, not on need for infrastructure.

The **Trade Integration Mechanism (TIM)** run by the IMF was established explicitly to deal with preference erosion, implementing commitments made by the IMF and the World Bank before and at Cancún. As SVEs are among the largest losers of preferences (in relative terms), such a scheme may be particularly relevant to them. It represents the clearest recognition by an international agency outside the WTO that a legitimate aid problem has arisen as a consequence of WTO obligations. It offers loans, rather than grants. Mitchell and Hoppe (2006) cite the IMF compensatory financing facility as another potential source of funds, but this also is loan-based (as part of the IMF).

Finally, as mentioned above, the CFTC specifically targets SVEs, although it covers other areas as well as AfT.

### 3.3 Eligibility criteria and implementation

Some programmes are aimed specifically at certain countries, e.g. EIF for LDCs, JITAP for Africa. Others have certain specific requirements, such as the MCC, which requires countries to demonstrate a commitment to policies that promote political and economic freedom, investments in education and health, the sustainable use of natural resources, control of corruption, and respect for civil liberties and the rule of law, as measured by 17 different policy indicators.

Virtually all donors require *ownership* as the main requisite of providing trade-related assistance. Trade must be prioritised in governments' planning documents, such as national and regional indicative programmes, in order for countries to receive AfT. An example of this are the criteria set out by the EC in its AfT strategy. The EU and its member states claim that trade-related support can only be made available if it is taken up as a priority in country or regional strategy papers. According to the EC (2008), this demonstrates that the country concerned considers trade-related assistance to be essential to its own national development agenda. The EC goes so far as

to state that a ‘major challenge in fulfilling the commitments undertaken in the EU’s AfT strategy is about how to create solid demand in Aid for Trade’ (EC, 2008: 5). This donor-induced concept of ownership does not sit easily with the original spirit of the Paris Declaration in emphasising genuine ownership.

Aside from ownership, programmes differ in terms of eligibility criteria and geographic implementation. The information for trade-related funds is summarised in Table 3.2. Some funds have emerged out of specific concerns, e.g. the Sugar Action Plan to provide payments to ACP Sugar Protocol countries that need to adjust after sugar sector reform and the TIM to provide temporary cushions to deal with preference erosion. Others are more general, e.g. the MCC focuses on growth and poverty reduction. Several funds provide a diagnosis of what trade measures are required (e.g. the Integrated Framework, part of EC trade-related assistance and JITAP), but far fewer programmes address supply-side constraints directly (though the MCC and the EAIF have the potential to do so) or the implementation costs of trade agreements (though current WTO assistance might cover this, as could the EU Sugar Action Plan). Thus there are significant gaps that the debate on AfT can address.

The funds have very different ways of operating. Some take time to come to fruition, while other can do so more quickly. EC procedures tend to be slow, while those of other bilateral funders tend to be faster. The EC in its turn has much of its trade-related aid integrated in country programmes (through country strategy papers), while for others this seems less the case (e.g. MCC). But the disadvantage of the EU-type approach is that it is impossible to secure quick and targeted disbursement for immediate trade or supply needs if developing countries wanted this.<sup>9</sup>

This review suggests that only a handful of trade-related programmes are not available to some SVEs, such as the EIF (unavailable to non-LDC SVEs), JITAP and EAIF (unavailable to non-African SVEs). On the other hand, some of the funds are particularly accessible to SVEs, as they target some of the trade-related needs specific to (some of) the SVEs, such as the EC Sugar Action Plan and the Special Framework of Assistance for Bananas, the TIM and IADB trade-related activities (directed in particular at smaller Latin American and Caribbean countries). Thus, despite the absence of a specific fund addressing all the special needs of SVEs, there seems to be plenty of scope to access AfT for SVEs that are able to articulate their trade-related needs consistently. The next section examines to what extent this potential for assistance has turned into actual AfT for SVEs in the past and what forms this assistance has taken.

**Table 3.2. Eligibility and implementation of trade related programmes**

Programme	Eligibility	Actual implementation
IF	All LDCs	Mainly sub-Saharan Africa (+ Cambodia and Nepal)
JITAP	African countries	Six developing countries and 10 LDCs
WTO technical assistance	Developing and transition countries (with special focus on Africa)	
UNCTAD	LDCs and transition economies	Eligible countries + some developing
ITC	Developing countries	Strong focus on Africa (42% of funds)
TIM	Any country facing balance of payments problems because of trade liberalisation	Dominican Republic and Bangladesh
STDF	All WTO member states (for all low-income countries the project grants cover 90% of cost; for the rest, the grant must be 25% financed by the recipient body)	To date projects funded in Benin, Cambodia, CARICOM, Cameroon, Djibouti, Guinea, Malawi, Mozambique, SAARC and Yemen
IADB trade activities	Latin American and the Caribbean countries	Particularly directed to smaller countries
Special Fund for Rum	West Indies	
SFA for Bananas	12 traditional ACP banana-producing countries	Allocated to countries on the basis of the size of the banana industry within the ACP country and a competitiveness gap formula
PROINVEST	ACP countries	
EU trade-related assistance	All developing countries	Africa (40%), Mediterranean region (19%), Western Balkans (14%), Asia (8%), Latin America (8%) and the TACIS regions (8%)
USAID trade capacity building	All developing countries	Based on countries in which USAID operates and those that meet certain governance and macroeconomic criteria
MCC	All developing countries fulfilling certain policy measures	About ten countries have started the implementation phase and another eight have signed a compact (as of January 2009)

Source: Cali *et al.* (2006)

## 4

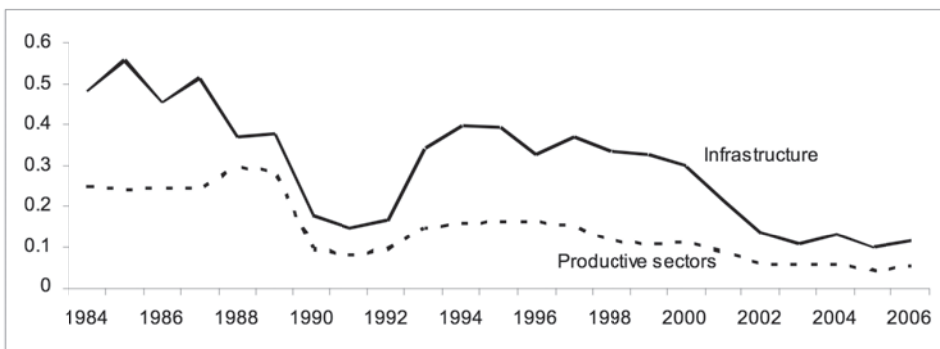
# Patterns of Aid for Trade

Given the programmes available and the requirements for accessing the funds, how much aid for trade have SVEs actually received? From what donors? What type of AfT? The objective of this section is to take stock of the scale and types of aid for trade to SVEs by extracting data mainly from the OECD/DAC database. The section will examine a number of issues, such as whether SVEs are receiving different amounts or types of AfT funds relative to other developing countries; what types of activities/sectors this aid is funding; and the distribution of funds across SVEs and over time.

### 4.1 Current and past flows by recipient

AfT has been on the increase for the last few years, together with an increase in total official development assistance (ODA), although the share of AfT in total ODA has been decreasing steadily since the early 1990s (Figure 4.1). The relative significance of both aid for economic infrastructure and the productive sector in total aid has declined.

**Figure 4.1. Share of total aid for economic infrastructure and productive sector**



Source: OECD CRS disbursements

Table 4.1 shows the main recipients (in US\$ million) of AfT disbursements between 2002 and 2007 (although the data for 2007 are preliminary). We can identify two major types of AfT beneficiaries: large countries and countries in post-conflict situations. Most of the major ten recipients are large low-income countries, including China, India, Indonesia, Vietnam, Philippines and Egypt. In addition, large amounts of AfT (especially in the form of aid for economic infrastructure) have been given in recent years to Iraq and Afghanistan, which were not major recipients of aid before

being occupied by US-led forces. The first sub-Saharan recipient, Ethiopia, is in the 11th position (not shown in the table), confirming a different (less trade-related) model of development assistance for sub-Saharan Africa compared to Asia (Cali, 2007). SVEs receive small absolute amounts of AfT, and the largest recipient of AfT is Papua New Guinea, which ranks 32nd among all countries. Others SVEs are lower in the ranking (below the 66th position). This clearly points to the relevance of size in AfT (as well as general aid) allocation. However, SVEs' share in AfT has been declining over the period 2002–2006, while in 2007 it bounced back, based on preliminary data.

**Table 4.1. Main recipients of AfT (US\$ million)**

	2002	2003	2004	2005	2006	2007 <sup>a</sup>	2002–2007	Rank
Iraq	0	474.3	1,304.7	2,630.2	2,761.3	1,587.1	8,757.7	1
China	529.7	563.2	839.3	899.8	641.3	335.5	3,808.8	2
India	496.7	434.6	611.3	586.8	601.8	195.7	2,926.8	3
Afghanistan	19.2	78.8	388.4	741.3	676.3	754.7	2,658.8	4
Egypt	449.1	413.7	482.3	561.1	435.8	270.7	2,612.6	5
Vietnam	122.4	276.0	393.8	565	565.9	196.3	2,119.4	6
Thailand	225.3	183.7	571.9	513.8	244.7	41.5	1,781.0	7
Indonesia	91.0	191.5	213.0	280.7	632.3	183.4	1,591.9	8
Philippines	96.4	187.4	171.6	255.2	305.3	148.5	1,164.3	9
Morocco	34.6	75.8	110.4	262.1	313.9	327.2	1,123.9	10
<b>SVEs</b>								
Papua New Guinea	60.7	62.2	70.5	69	45.1	97.9	405.3	32
Cape Verde	5.7	19.6	13.9	43	33.1	29.7	145.0	67
Gabon	22.2	18.9	27.8	28.5	14.9	32.1	144.3	68
Jamaica	14.3	11.1	11.4	29.8	22.3	37.3	126.1	74
Swaziland	3.0	5.1	6.7	25.3	14.4	2.4	56.9	95
Solomon Islands	3.0	4.6	5.8	17.1	18.2	1.0	49.6	99
Dominica	11.0	2.1	15.8	2.6	5.6	10.2	47.2	101
Lesotho	12.1	18.2	8.1	3.2	4.1	1.2	46.9	102
Botswana	1.1	1.7	2.9	16.2	9.8	12.5	44.2	104
Gambia, The	9.6	10.5	7.0	4.7	4.0	7.9	43.6	105
Kiribati	8.1	6.0	4.1	13.0	9.6	0.9	41.8	110
Suriname	3.3	2.3	2.4	5.7	4.1	23.9	41.8	109
Fiji Islands	0.3	5.0	10.4	11.3	9.0	3.7	39.8	112
Samoa	11.0	10.2	4.8	3.9	6.4	0.7	37.0	113
Mauritius	3.0	6.9	7.9	2.2	1.7	12.6	34.4	117
Vanuatu	3.3	3.0	4.8	5.6	4.9	10.0	31.5	118
Guyana	5.2	4.0	3.6	5.6	3.8	9.3	31.3	119
São Tomé & Príncipe	4.2	3.2	5.4	7.5	5.1	5.8	31.2	120
Total	5,811.0	7,678.4	10,628.3	13,779.5	14,766.0	11,006.5	63,669.6	
Total SVEs	220.0	228.2	258.7	334.1	259.8	347.0	1,647.9	
Total others	5,591.0	7,450.2	10,369.6	13,445.3	14,506.1	10,659.4	62,021.7	

<sup>a</sup>Preliminary: countries in ascending rank in terms of total 2002–2007 value.

Source: OECD/DAC CRS database

In order to account for the importance of size in AfT allocation, we compute the values of AfT per capita received by beneficiaries. Table 4.2 presents the results. In fact this computation drastically changes the relative rankings of the major recipients, with small countries receiving proportionately more AfT. The main recipients in terms of per capita income are mainly small and very small islands in the Pacific and the Caribbean. Of the largest 50 recipients of AfT per capita, only Iraq and Afghanistan have a population of more than 10 million. Given this trend, it is not surprising that SVEs receive relatively higher levels of AfT per capita. In fact four of the major ten recipients and 12 of the major 20 are SVEs. On average between 2002 and 2007 SVEs received an amount of AfT per capita five times larger than the rest of the developing countries. However, as noted above, this gap narrowed in the period up to 2006.

**Table 4.2. Main recipients of AfT (US\$ per capita)**

	2002	2003	2004	2005	2006	2007 <sup>a</sup>	2002–2007	Rank
Montserrat	1193	1636	1452	986	1576	514	1226	1
St Helena	50	116	395	390	1177	1114	540	2
Wallis & Futuna	234	347	2041	133	0	191	491	3
Palau	613	394	110	331	319	16	297	4
Nauru	1	16	20	154	499	518	201	5
Tuvalu	325	86	63	79	616	0	195	6
Mayotte	138	122	361	2	1	179	134	7
Dominica	155	29	221	37	77	141	110	8
Anguilla	31	127	117	30	331	0	106	9
Kiribati	86	63	42	131	96	9	71	10
Iraq	0	19	51	101	103	58	55	12
Cape Verde	12	41	28	85	64	56	48	13
Antigua & Barbuda	106	34	15	66	23	0	41	14
St Kitts & Nevis	133	0	7	14	88	0	40	15
Tonga	28	33	34	28	36	53	35	16
São Tomé & Príncipe	29	22	36	49	33	37	34	17
Samoa	61	56	26	21	34	4	34	18
St Lucia	47	19	20	37	19	28	28	20
Grenada	12	70	73	4	5	4	28	21
St Vincent & Grenadines	0	8	45	25	18	58	26	24
Seychelles	10	24	15	29	68	7	26	25
Vanuatu	16	15	23	26	22	44	24	26
Gabon	18	15	22	22	11	24	19	29
Solomon Islands	7	10	13	36	38	2	18	30
Suriname	8	5	5	13	9	52	15	33
Average SVEs	8.15	8.33	9.30	11.84	9.08	11.97	9.78	
Average others	1.10	1.45	1.99	2.54	2.71	1.96	1.96	
Total average	1.14	1.49	2.03	2.59	2.74	2.02	2.00	

<sup>a</sup>Preliminary: countries in ascending rank in terms of total 2002–2007 value.

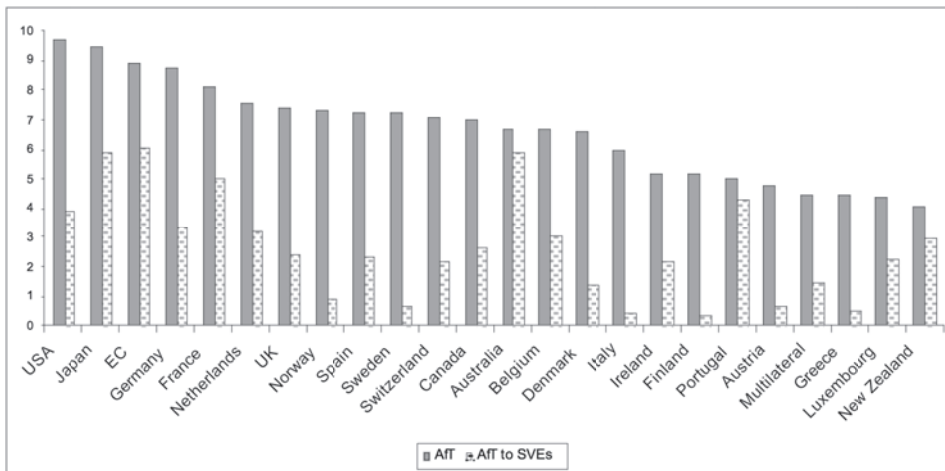
Source: OECD/DAC CRS database



## 4.2 Current and past flows by donor

Figure 4.2 shows the value of AfT disbursements by donor (in log scale) and the value going specifically to SVEs. In 2002–2007 the USA was the largest donor, mainly due to the assistance provided in Iraq and Afghanistan for reconstruction. Taking away that assistance, Japan becomes the largest provider of AfT (2007 data for Japan has not yet been collected). The EC is the third largest contributor, with member states Germany, France, the Netherlands, UK, Spain and Sweden being important donors. The low share of multilateral donors is due to the fact that they mainly manage funds provided by bilateral donors, and only a small part of their activities is funded directly by them. Interestingly, the picture changes significantly when we consider the trade-related assistance provided to SVEs. The EC has been the largest provider of AfT to SVEs in the 2002–2007 period, followed by Australia and Japan. The USA is a fairly unimportant AfT donor for SVEs, preceded also by France and Portugal. As is shown below, some countries prioritise assistance to certain SVEs, such as Australia, which funds activities in a number of SVEs in the Pacific region, and the EC, which assists small states in the Caribbean and the Pacific through programmes aimed at diversifying their economies.

**Figure 4.2. AfT disbursements by donor, 2002–2007 (log of US\$ million)**



Source: OECD/DAC CRS

In order to understand the relative importance that donors attach to AfT, we estimate the extent to which countries specialise in this type of assistance by constructing a simple *index of specialisation* for all major aid donors (Calì, 2007). The index is the ratio of the share of a country in total aid for trade and the share of the country in total ODA:

$$S_i = \frac{AfT_i / \sum_{j=1}^n AfT_j}{A_i / (\sum_{j=1}^n A_j)}$$

where  $AfT_i$  and  $A_i$  are aid for trade (in US\$) and total ODA for country  $i$  respectively, and  $n$  is the total number of donors.<sup>10</sup> A value of the index greater than 1 indicates that the donor is spending proportionally more on aid for trade. Table 4.3 shows that Japan and the EC are the donors with the highest specialisation in AfT over the entire period 2002–2007, although the intensity of this specialisation has declined somewhat. The value for the EC is mainly driven by expenditure on trade policy and regulation and trade development, while Japan’s value is the result of the focus on infrastructure in its development assistance strategy. Among the major donors, the USA has had an index greater than 1 only since 2004, because of the shock in its aid pattern related to the reconstruction in Iraq and Afghanistan. All the other main bilateral donors – except for Germany and Norway – have been spending little on trade-related assistance relative to general ODA, with Italy, France and UK at the bottom of the list. The multilateral donors tended to have a consistent specialisation in AfT throughout the period.

**Table 4.3. Index of aid for trade specialisation (by main donor and year)**

	2002	2003	2004	2005	2006	2007 <sup>a</sup>	2002–07
Japan	1.88	1.99	1.52	1.65	1.68		1.72
EC	2.59	2.41	1.82	1.45	1.23	1.71	1.59
Switzerland	1.44	1.75	1.22	1.08	1.0	1.11	1.22
Multilateral	1.56	1.42	1.05	1.12	0.97	1.34	1.17
Germany	1.42	1.14	1.19	0.79	1.08	1.35	1.12
USA	0.67	0.74	1.07	1.21	1.29	1.26	1.09
Norway	1.08	0.83	1.06	0.98	0.88	1.41	1.06
Canada	1.64	1.41	0.71	0.71	0.84	1.1	0.95
Sweden	1.02	0.92	0.61	0.97	0.67	0.95	0.83
Australia	1.19	0.97	0.78	0.7	0.52	0.74	0.74
Netherlands	0.53	0.61	0.5	0.63	0.74	0.69	0.63
New Zealand	0.27	0.78	0.53	0.4	0.71		0.56
France	0.6	0.35	0.45	0.4	0.41	1.03	0.51
UK	0.9	0.99	0.75	0.43	0.4		0.4
Italy	0.06	0.25	0.70	0.54	0.39	0.0	0.38

<sup>a</sup>Preliminary.

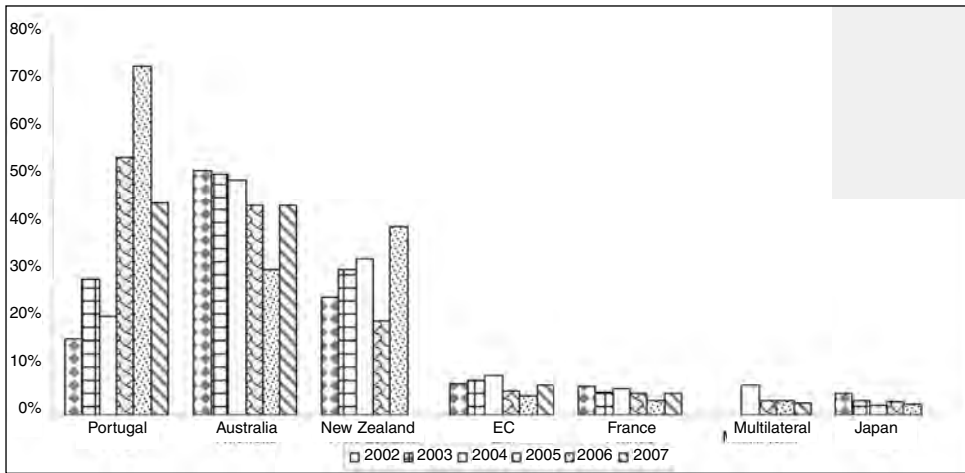
Note: The index is obtained by dividing the share of a country in total aid for trade over the share of the country in total ODA. An index greater than 1 means relative specialisation in AfT.

Source: Authors’ calculations from OECD DAC (2009)

### 4.3 Aid for trade to SVEs

Figure 4.3 shows to what extent donors are focusing on SVEs in their AfT spending. Portugal, Australia and New Zealand devote a large share of their AfT to SVEs (around 40 per cent in 2007). In the case of the Oceanic countries, this is driven by the special attention granted to their Pacific neighbours, which are mainly small island developing countries, such as Papua New Guinea, Fiji Islands, Samoa and Tonga. In the case of Portugal, the result is mainly due to its assistance to its former colony of Cape Verde. Among the major donors, the EC provides the largest share of its AfT to SVEs (over 6 per cent of the total in 2007 and 5.7 per cent on average over the period).

**Figure 4.3. Share of AfT disbursement allocated to SVEs, by donor and year**

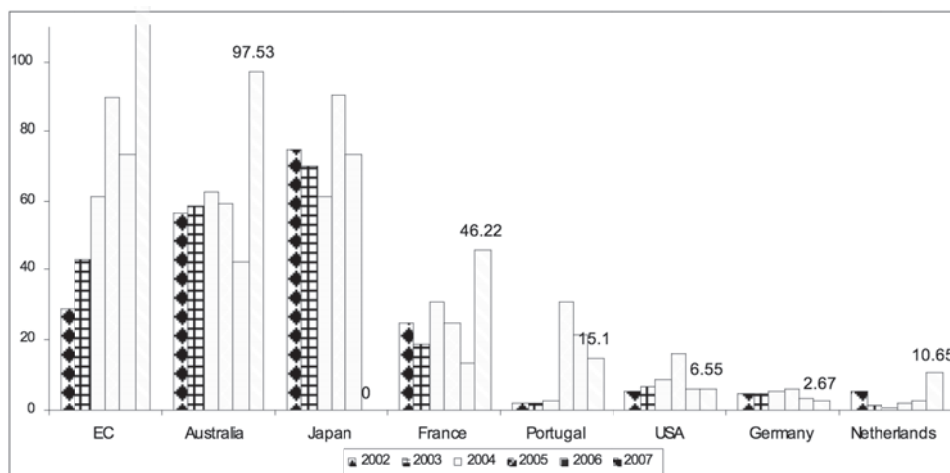


Source: Authors' calculation from OECD DAC (2009)

The relative focus of donors on SVEs only tells part of the story about the largest providers of AfT to SVEs. Figure 4.4 shows that the EC has been consistently the largest donor in the period 2002–2007, with more than US\$150 million disbursed in 2007, almost double the amount for 2006. Australia and Japan are the other main AfT donors to SVEs, with the former more than doubling its assistance in 2007.

The above analysis has provided some rationale for external assistance to SVEs in the form of AfT. Thus it is worth asking whether SVEs are receiving relatively more or less aid as AfT. According to the specialisation index in Table 4.4 (calculated as for the donors above), SVEs received roughly the same proportion of AfT as of ODA in 2002–2007 period. However, this index has varied over time. While at the beginning of the period SVEs were receiving disproportionately more AfT given their share in total ODA (their specialisation index was higher than that of any income groups in 2002), this was reversed in the following years (and in 2004 SVEs' specialisation index was

**Figure 4.4. AfT disbursement to SVEs by donor and year (US\$ million)**



Source: Authors' calculation from OECD DAC (2009)

lower than that of any income group). These large swings suggest that there may not be a long-term strategy in terms of AfT allocation across countries, and to SVEs in particular. This is also influenced by shocks that may have a large impact on aid (including AfT) allocation decisions, such as wars, natural calamities and changes in market access.

**Table 4.4. Destination of AfT by income group, shares in total and specialisation index**

	2002	2003	2004	2005	2006	2007 <sup>a</sup>	2002–2007
LDCs (share)	22.45	24.27	20.75	20.43	19.13	28.94	22.3
LDCs (index)	0.89	0.77	0.7	0.94	0.84	1.07	0.86
Other low income (share)	20.69	16.67	15.6	13.81	13.1	12.05	14.61
Other low income (index)	1.15	1.06	1.06	0.85	0.56	0.94	0.86
Low-middle income (share)	39.67	41.11	48.25	50.98	48.35	37.67	45.39
Low-middle income (index)	1.17	1.32	1.54	1.18	1.61	1.29	1.35
Upper-middle income (share)	3.72	4.27	3.91	3.45	4.43	2.73	3.75
Upper-middle income (index)	0.84	1.06	0.96	1.07	1.07	0.6	0.94
SVEs (share)	4.15	3.26	2.55	2.51	1.82	3.26	2.73
SVEs (index)	1.44	1.18	0.68	1.14	0.92	1.22	1.04
Total AfT (US\$ million)	5,810	7,678	10,628	13,779	14,765	11,006	63,669

<sup>a</sup>Preliminary

Note: The index is obtained by dividing the share of the group in total aid for trade over the share of the group in total ODA. An index greater than 1 means relative specialisation in aid for trade.

Source: Authors' calculation from OECD DAC (2009)

Table 4.5 complements these findings by calculating the regional indices of relative specialisation in AfT. North Africa and the Far East appear to be the regions with the highest level of trade-related aid relative to the total aid they receive, while sub-Saharan Africa, central America and south America have the lowest rankings on the index. The influence of the EC's and Japan's (trade-oriented) mode of development assistance may account for the large weight of AfT in those two regions. On the other hand, a more socially-related mode of spending, for instance on health and education, seems to have prevailed in the other regions, particularly in sub-Saharan Africa and the Americas. Investment in infrastructure in the context of Iraq and Afghanistan reconstruction and in the post-tsunami period account for most of the increase in the specialisation index in the Middle East (Iraq) and south and central Asia.

**Table 4.5. Destination of AfT by region, shares in total and specialisation index**

	2002	2003	2004	2005	2006	2007 <sup>a</sup>	2002-2007
North Africa (share)	9.3	7.5	6.7	7.6	7.0	7.7	7.5
North Africa (index)	1.7	2.1	1.6	2.3	2.2	1.8	1.9
Sub-Saharan Africa (share)	24.2	23.5	19.1	16.9	17.0	27.9	20.7
Sub-Saharan Africa (index)	0.8	0.7	0.6	0.6	0.5	0.9	0.6
Central America (share)	4.1	3.3	2.9	2.7	2.8	0.9	2.7
Central America (index)	1.1	0.9	0.6	0.8	0.8	0.3	0.7
South America (share)	3.7	4.2	5.7	3.3	3.2	3.4	3.8
South America (index)	0.7	0.9	1.1	1.1	0.9	1.1	1.0
Far East Asia (share)	22.5	21.2	22.4	20.0	18.5	9.7	18.7
Far East Asia (index)	1.7	1.6	1.8	1.9	1.9	1.5	1.8
South and central Asia (share)	18.2	17.1	16.6	15.4	14.1	15.0	15.7
South and central Asia (index)	1.2	1.3	1.6	1.7	1.4	1.4	1.4
Middle East (share)	1.1	7.1	12.9	20.4	20.0	16.3	15.0
Middle East (index)	0.4	1.0	1.5	0.9	1.7	1.2	1.2
Eastern Europe (share)	5.8	4.7	3.6	4.4	6.8	5.9	5.2
Eastern Europe (index)	0.7	1.1	1.1	1.0	1.3	1.3	1.1
Oceania (share)	2.1	1.8	1.6	1.2	1.0	1.3	1.4
Oceania (index)	1.4	1.3	1.1	1.2	0.9	1.0	1.1

<sup>a</sup>Preliminary

Note: The index is obtained by dividing the share of the group in total aid for trade over the share of the group in total ODA. An index greater than 1 means relative specialisation in aid for trade.

Source: Authors' calculation on OECD DAC (2009)

**Table 4.6. AfT by category (disbursements in US\$ per capita)**

		2002	2003	2004	2005	2006	2007 <sup>a</sup>
Economic infrastructure	SVE	4.8	4.7	5.5	7.2	5.2	6.6
	Non-SVE	0.7	0.8	1.3	1.7	1.9	1.2
	Ratio	7.1	5.7	4.3	4.2	2.8	5.7
Productive sectors	SVE	3.2	3.6	3.7	4.3	3.6	5.2
	Non-SVE	0.3	0.5	0.6	0.8	0.8	0.7
	Ratio	9.4	6.6	5.8	5.7	4.7	7.9
TPR	SVE	0.1	0.1	0.1	0.3	0.2	0.2
	Non-SVE	0.1	0.1	0.1	0.1	0.1	0.1
	Ratio	1.2	0.6	1.3	3.6	2.9	1.3
Total AfT	SVE	8.2	8.3	9.3	11.8	9.1	12.0
	Non-SVE	1.1	1.5	2.0	2.5	2.7	1.9
	Ratio	7.4	5.7	4.7	4.7	3.4	6.2
Total aid	SVE	48.7	62.5	92.3	79.0	66.1	75.3
	Non-SVE	8.7	11.8	12.7	18.8	17.5	14.7
	Ratio	5.6	5.3	7.3	4.2	3.8	5.1

<sup>a</sup>Preliminary

Source: Authors' calculation on OECD DAC (2009)

#### 4.4 Types of aid for trade provided to SVEs

In order to identify what type of AfT is directed to SVEs, we divide it into three main categories (as in the OECD/DAC database): aid to economic infrastructure; aid to productive sectors; and aid for trade policy and regulation. The majority of the AfT funds accrue to economic infrastructure, as is the case for other developing countries. In terms of per capita aid, the ratio between SVEs and non-SVEs for the economic infrastructure category is similar to that of total ODA, while the same ratio is higher for aid to the productive sector, suggesting that AfT is relatively more targeted to this type of assistance. The opposite is true for trade policy and regulation, for which the ratio (although usually higher than 1) is much lower than for the other categories. A relatively important category of AfT for SVEs, that for trade-related adjustment, was not recorded at the time when this study was being prepared, suggesting that donors have not yet started to provide it.

In sum, the analysis suggests that small countries, and thus SVEs, receive higher per capita amounts of AfT – just as for general aid. However, AfT to SVEs declined somewhat in recent years until 2006, but seems to have bounced back in 2007. Whether this trend is just a temporary spike or the beginning of a new rising trend for SVEs is open to question. The previous sections have provided some arguments that in the context of increasing integration of the world economy small states may be in particular need of AfT. This assistance is provided mainly by a few large donors, including the EC, Australia and Japan, and to a lesser extent France, Portugal, the USA and New Zealand.

## How Aid for Trade Could Help SVEs Integrate into the Global Economy

How can AfT address the typical constraints of SVEs? There are a number of theoretical models that could account for the role that AfT may have in promoting the export competitiveness of SVEs. One such model is developed by Limao and Venables (2002). They combine a traditional Heckscher-Ohlin model of trade with a spatial economics model in von Thünen spirit to show that regions located far away from the economic centre tend to develop import-substituting activities and few exports, due to their transport cost disadvantage. A generalised reduction in the cost of trading (due for instance to globalisation) leads the regions far from the centre to gain, with a more than proportionate increase in export activities. If AfT was able to reduce transport costs (i.e. the geographic remoteness in the model), the country's income would benefit. Limao and Venables' model is more concerned with incomes than export activities per se. This focus makes the identification strategy of the effects of AfT difficult. In fact, a review of a large number of empirical studies on the impact of aid on income growth (Doucouliagos and Paldam, 2007) concludes that this literature is fairly inconclusive. A number of factors may explain the inconclusiveness of these research efforts. Bourguignon and Sundberg (2007) argue that these mixed results are not surprising, given the heterogeneity of motives for giving aid and the complex causality chain linking aid to growth. Further, the impact of aid might depend on domestic economic policies, institutions and other conditions. The channels linking aid to economic growth are very complex and it is difficult for any reduced form equations to capture all these links. In particular, AfT is related specifically to trade-related performance; thus a more appropriate way to identify the impact of AfT is to measure it on trade-related variables.

### 5.1 A simple model

We present a simple export demand model borrowed from Fontagné *et al.* (2002) to show some channels through which AfT may help countries (and SVEs in particular) to increase their level of exports. In the model each country produces only one good, differentiated from the others by the place of origin; the supply of each good is fixed and consumers have identical and homothetic preferences represented by a constant elasticity of substitution (CES) utility function. The collective utility function of individuals in country  $j$  is denoted by:

$$U_j = \left( \sum_{i=1}^N \alpha_i^{1/\sigma} c_{ij}^{(\sigma-1)/\sigma} \right)^{\frac{\sigma}{\sigma-1}} \quad (1)$$

where  $\sigma$  is the elasticity of substitution between all goods,  $\alpha_i$  is the share of goods from  $i$  in total expenditure in  $j$  and  $c_{ij}$  is the value of consumption of the good produced in country  $i$  by individuals in country  $j$ , with  $i, j \in [1, N]$ .

The utility function is subject to the budget constraint stating that the value of goods consumed by individuals in country  $j$  needs to equate national income of  $j$ .

$$y_j = \sum_{i=1}^N c_{ij} p_{ij} \quad (2)$$

where  $p_{ij}$  is the price in  $j$  of the good produced in  $i$ . Defining  $p_i$  as the exporter's supply price, then where and includes all types of trade costs, e.g. transportation, tariffs, administrative costs of trade, information costs. These costs are modelled as the standard iceberg-type.<sup>11</sup>

Maximising equation (1) subject to the budget constraint (2) and after some manipulation we obtain the total (real) consumption (i.e. import) of good  $i$  by country  $j$ :

$$C_{ij} = \frac{\alpha_i Y_j}{\tau_{ij} p_i} \left( \frac{\tau_{ij} p_i}{\Pi_j} \right)^{1-\sigma} \quad (3)$$

where

$$\Pi_j = \left( \sum_{i=1}^N \alpha_i \tau_{ij}^{1-\sigma} p_i^{1-\sigma} \right)^{\frac{1}{1-\sigma}} \quad (4)$$

is a CES index of the trade costs faced in exporting to  $j$ , i.e. an index of trade remoteness of country  $j$ ;  $Y_j$  is total income in country  $j$  ( $Y_j = p_j Q_j$ ). Following (3) the actual – free on board – value of exports of country  $i$  to country  $j$  is given by:

$$X_{ij} = C_{ij} p_i = \frac{\alpha_i Y_j}{\tau_{ij}^\sigma} \left( \frac{\Pi_j}{p_i} \right)^{\sigma-1} \quad (5)$$

If we aggregate all bilateral exports from one source as defined in (5), we obtain the equation for the total value of exports from country  $i$ :

$$X_i = \frac{N \alpha_i}{p_i^{\sigma-1}} \sum_{j=1}^N \frac{Y_j \Pi_j^{\sigma-1}}{\tau_{ij}^\sigma} \quad (6)$$

This implies that the exports from  $i$  are positively related to countries' preferences for goods from  $i$  (i.e. a measure of how appealing good  $i$  is in the global market), to the demand capacity of all potential importing countries  $j$  ( $Y_j$ ) and negatively related to trade costs faced by  $i$  in exporting to all other destinations. The direction of influence



of the price of  $i$  on exports depends on  $\sigma$ : in particular if  $\sigma > 1$  then  $\partial X_i / \partial p_i < 0$ . This condition states that when the elasticity of substitution (between goods) is high, an increase in price yields a more than proportionate reduction in export volumes.

AfT enters the picture in (6) essentially by influencing two parameters of the equation  $\tau_{ij}$  and  $\alpha_i$ . Following Bouet *et al.* (2008), the former can be expressed as a function of administrative and legal barriers, distance and infrastructure:

$$\tau_{ij} = (1 + t_{ij})b_i b_j f(I_i, I_j) d_{ij} \quad (7)$$

where  $\tau_{ij}$  is the bilateral import duty applied by country  $j$  on exports from  $i$ ,  $b_i$  ( $b_j$ ) is the cost of processing exports (imports) in the exporting (importing) country; transportation costs are assumed to be a positive (linear) function of  $d_{ij}$  and a negative function of the level of economic infrastructures  $I$  in country  $i$  and  $j$  (i.e.  $\delta f / \delta I_i < 0$  and  $\delta f / \delta I_j < 0$ ). AfT to country  $i$  may affect both  $b_i$  and  $I_i$ . In particular trade facilitation (TF) may reduce the time and costs of processing trade ( $b_i$ ); and aid to economic infrastructure ( $A_{INFRA}$ ) may increase the level of  $I_i$ . To the extent that these types of AfT affect these variables, from (7) we have that  $\delta \tau / \delta TF < 0$  and  $\delta \tau / \delta A_{INFRA} < 0$ . It is important to note that our empirical analysis looks at the effects of AfT on total country exports (rather than bilateral exports) over time. Thus we are able to use country fixed effects, which take care of the effects of bilateral distance in (7) (i.e. the country's location in our framework). In addition, given the framework we use we are not interested in bilateral trade costs but rather in unilateral trade costs, i.e. the costs of trading of country  $i$  with all other countries. Because of this, the other determinants of trade costs in (7) specific to the importing country  $j$  (i.e.  $b_j$  and  $I_j$ ) can be approximated by time dummies in a panel data analysis (which capture the average level of these determinants across countries in any year). Finally, we would ideally need to have the bilateral tariffs faced by country  $i$  in each country; such tariffs have a fairly high variation across countries, but a relatively small one over time; thus country fixed effects should be able to capture most of the variation in this case.

The other channel through which AfT may affect exports is by strengthening country  $i$ 's production competitiveness, which would in turn raise  $\alpha_i$ . This is the kind of assistance that aid to productive capacity ( $A_{pc}$ ) could provide. We can think of this as an improvement in the quality of good  $i$  which induces a relative increase in the preference of the rest of world towards  $i$ . Given equation (6), other things being equal, this would translate in an increase in exports.

Using this framework, we can speculate on the possible SVE-specific effects of AfT. One of the main features of SVEs is that  $d_{ij}$  is usually higher than average; thus the effects of any reductions in the other parameters in (7) may yield above average decrease in trade costs. Thus AfT aimed at reducing the value of  $b$  or increasing the level of  $I_i$  has the potential to yield substantial gains for SVEs. Another way in which (some of the) SVEs may be characterised in the model is through a comparatively high value of  $\alpha$  in (6) for those preference receiving countries. This follows from the fact

that preferential market access (in markets like banana and sugar) guarantees artificially high preferences from goods from some SVEs (i.e. high values of  $\alpha_i$ ). As these preferences are going to be phased out, the value of  $\alpha_i$  is likely to fall in those countries receiving preferences, thus reducing the value of exports from them. AfT could help counter this reduction in  $\alpha_i$  (through aid to productive capacity).

## 5.2 How effective have the programmes been?

After analysing the possible effect of AfT interventions, it is worth examining to what extent this assistance has been effective in removing the constraints to trade development faced by developing countries, and by SVEs in particular.

This examination is challenging because of the difficulty of isolating the impact of AfT programmes on the recipient's economy. It is methodologically complicated to discern, for instance, what part of the changes in the export performance of a country can be attributed to more micro-level technical assistance programmes. This attribution problem has often resulted in a lack of clear and measurable objectives and indicators in programming documents (Lesser and Hayashikawa, 2006).

This may be an important reason why the general evidence on the evaluation of the effectiveness of trade-related assistance programmes has mixed results. OECD (2006) reviews the findings of various evaluations and identifies a number of problems across different donor programmes. The specific needs of a beneficiary country or programme have not always been properly assessed in advance, and even when such an exercise was carried out, the criteria tended to be too broad. This makes an accurate evaluation of the programmes more problematic. On the other hand, when AfT has been targeted at specific stakeholders (e.g. the private sector) or at particular participants – as in the case of certain USAID and UNESCAP programmes – the evaluators found better results. However, in some instances it is possible to attribute more general positive results to AfT programmes, such as an improvement in the trade negotiating environment or an increase in awareness and knowledge of trade policy issues, e.g. in UK Department for International Development (DFID) and JITAP projects.

Another common shortcoming of trade-related programmes shown in the OECD review relates to issues of governance – on the part of both the donor community and the beneficiary country. For instance, DFID's Africa Trade and Poverty Programme (ATPP) suffered from inadequate management and the absence of clear governance structures in the context of multiple agencies being responsible for the disbursement of funds and implementation of activities. Dutch multilateral trade assistance programmes also failed to take other bilateral and private sector partners into account to the detriment of the programme's effectiveness. There are also reports of lack of adequate communication between headquarters and field missions, with the result that the latter fail to take ownership of the programmes – as in the case of JITAP (OECD, 2006).

Conditions in the beneficiary country can also be held responsible for the lack of success of some AfT programmes. The OECD identifies two necessary preconditions

for aid to have a sustainable impact: the existence of a favourable domestic business environment and the political will to use trade as an engine for development. The case of Cambodia is a frequently cited success story – trade-related assistance provided by the WTO/ESCAP training programme has been credited with contributing to the country's accession to the WTO. However, it has also been pointed out that the determining factor was the involvement of the government and the level of interaction among officials across different ministries, who jointly took ownership of the entire process. This has not been the case in several trade-related technical assistance programmes, and a number of programmes are unsuccessful or unsustainable because of the lack of involvement of organisations from the beneficiary country.

### **Specific programmes**

Evaluation of specific AfT programmes has tended to yield the same mixed results. A number of them are reviewed here, covering both national and multilateral evaluations. We address programmes that are more geared towards helping countries tackle the types of challenges faced by SVEs.

Zaken (2005) evaluates the success of TRTA programmes funded by the Netherlands – all programmes that aimed at strengthening trade-related negotiating capacity, national trade policy and/or the capacity to trade of developing countries. The main focus of the study was on multilateral programmes (IF, JITAP, UNCTAD technical assistance) and programmes funded through international organisations – the Advisory Centre on WTO Law (ACWL), Agency for International Trade Information and Cooperation (AITIC) and Quaker United Nations Office (QUNO). The results of the desk and case studies suggested that the funds disbursed by the Dutch Ministry of Foreign Affairs (a total of €109.9 million in the period 1992–2002) were not very effective in achieving their intended aims.

The main finding of the study was that TRTA activities often lacked an adequate design and did not give due consideration to formulating and using measurable indicators to assess the success of the implemented programmes.<sup>12</sup> Large-scale multilateral programmes (such as the IF and JITAP) that specifically targeted least-developed economies were also considered mostly ineffective in achieving their stated objectives of enhancing trade negotiating capacities and strengthening the ability to formulate pro-poor national trade policies. The failure of the integrated multilateral programmes was related to limited absorptive capacity, a lack of political commitment on the part of the LDCs concerned and the weak involvement of the private sector and civil society in the programmes. The report (Zaken, 2005) also blamed poor communication between the Dutch embassies and the multilateral programmes, largely because the embassies concentrated mainly on bilateral funding mechanisms. On the other hand, funds that were channelled through small and single issue organisations to non-LDCs were considered to have been more effective, largely because some of these countries' representatives were already active within multilateral and other trade negotiations.

The mid-term evaluation of JITAP II was carried out by the ITC, the managing agency for the programme (Divvaaker, 2006). The beneficiary countries under study were a number of developing countries, including ten LDCs; the study period extended from 2003 to 2007.

The main findings of the evaluation exercise were that the authorisation and disbursement of funds from donors and the Trust Fund to beneficiary countries was efficient, but that the same could not be said for decentralised funds, the utilisation of which had been poor. The report found that JITAP's most important contribution was to enable a cross-section of stakeholders in its beneficiary countries to develop and better articulate their negotiating priorities at the WTO. In terms of strengthening national trade negotiating capacities, however, high staff attrition rates at such centres had dispelled any chance of further dissemination of knowledge. This was largely the result of the lack of ownership and a lack of conviction about the effectiveness of these programmes on the part of the beneficiary country.

As noted above, no external assistance programmes are specifically targeted at SVEs, but a number of programmes (described above) have addressed specific challenges faced by SVEs. Of these some assessment is available for the EU-funded banana and sugar special adjustment funds.

As far as the Special Framework for Assistance (SFA) for bananas is concerned, the Commission initially specified that funds should be used for investment in the affected industry and later insisted on diversification. The low share of SFA funds spent on diversification has been raised as an important factor in the low levels of growth experienced in traditional ACP banana-producing countries, despite substantial financing. Support has not been the critical factor in increasing investment in the industry: prospects for market access and prices have been a more important determinant. Most of the diversification projects funded under the SFA have been small-scale pilot projects within the agricultural sector. The approach has been rather ad hoc and has not addressed the key constraints in the wider business environment (e.g. public sector reform).

In designing its Sugar Action Plan, the EC and member states explicitly cited the precedent of the banana programme as an example of a badly designed programme. Gillson *et al.* (2004) refer to several critical evaluations. A major failure was the programme's tendency to support banana production in countries that have limited potential to become competitive. Several country programmes (e.g. those for Jamaica and for St Vincent and the Grenadines) have used the funds provided to subsidise farmers' operating costs rather than to finance new investment, thus hindering efforts to improve competitiveness. Only in some African countries has financing been effective in increasing productivity in the banana industry. This is largely because it was used by multinational companies to complement their own investments in productive facilities by funding the development of cableways, drainage and irrigation.

CTA (2006) highlights a further problem for these SFA programmes: that ACP governments face major constraints in providing a lead in responding to production

and trade adjustment challenges, while working through governments is central to the EC aid deployment process. With the growing emphasis on budgetary support and the distinct preference for the deployment of sugar protocol accompanying measures support in this form, working through government is a central component of the EC approach to the extension of production and trade adjustment support. Yet most ACP governments face constraints at two levels. The first relates to the understanding of ACP governments of the nature of the production and trade adjustment challenges (and opportunities) faced. This problem is particularly acute in those countries facing the greatest challenges to their competitiveness. The second relates to the administrative capacity of governments to effectively channel and deploy available support to restructuring efforts led by the private sector. The administrative constraints faced by ACP countries in dealing with EU procedures usually lead to very slow rates of aid disbursement, which may undermine the value of the assistance extended in support of time-sensitive adjustment processes. Table 5.1 illustrates the extent of this problem as far as SFA is concerned for a number of SVEs.

**Table 5.1. SFA allocation and payments (as of December 2004)**

Country 9th EDF NIP	1990–2005 SFA allocation	Total payments	% payments
St Vincent & the Grenadines	40,589,801	3,119,992	7.70
St Lucia	58,234,810	16,043,206	27.50
Dominica	43,513,625	4,531,201	10.40
Grenada	4,000,000	399,974	10.00
Total	146,338,236	24,094,373	16.50

Source: CTA (2008)

These results point to the importance of ownership, alignment and harmonisation as critical factors of success of AfT, much in line with the traditional aid effectiveness literature (Rogerson, 2005). The main implications are the need to involve stakeholders (e.g. the private sector and civil society) and trade and other officials in beneficiary countries from the very beginning – to help design programmes and devise specific objectives and implementation strategies, keeping country-specific conditions in mind. This ensures the evolution of better ways of measuring the impact of such programmes and also creates the necessary conditions for ownership of the programme within the partner country, which in turn ensures long-term sustainability. An inclusive consultative process also encourages partner country officials to be trained in assessing their trade performance through various toolkits provided by the World Bank and the ITC. This serves the dual purpose of developing skills and disseminating information.

Recommendations also include more specific targeting of sectors and activities which are aimed explicitly at poverty reduction or the inclusion of disadvantaged sections of society in trade: for example, DFID targeted small farmers in western Kenya

through its beekeeping project as part of its business partnership programme. Other more general recommendations are aimed at enhancing the quality of communication channels across and within donor agencies, so as to avoid confusion with regard to delivery channels and programme implementation.

It is important to note that the impact evaluation of AfT has been carried out almost exclusively through success stories (see e.g. UNIDO, 2008), which are usually self-assessed and through ad hoc case studies, such as those presented above, which look at specific projects or programmes. In any instance, lack of proper data and benchmarks (e.g. in terms of outcome variables to rate the project against) has often constrained the possibility of properly assessing the effectiveness of AfT. A relevant exception is the recent work by Brenton and von Uexkull (2008), who use quantitative techniques to study the systematic effect of product-specific aid for trade on countries' exports. They match data on technical assistance projects from the German development agency GTZ with data on developing countries' trade performance for the period 1975–2000. A partial equilibrium adjustment model is used to study the impact of aid for trade on specific export goods – 88 export development programmes across 48 developing and least-developed countries. The results strongly suggest that exports increased owing to the effect of donor-funded export development programmes in a number of countries. However, a few caveats apply: although the programmes preceded stronger export performance, causality cannot be expressly determined. As the authors point out, factors such as the initial size of the export sector or selection bias (i.e. technical assistance may target products with already promising prospects) may be the real reasons behind the better performance of the targeted commodities.

We aim to present new more systematic evidence, looking at the overall impact of different types of trade-related assistance on specific trade performance indicators. Our coverage is wider than that of Brenton and von Uexkull (2008) in that it accounts for all AfT disbursements rather than only a subset of projects. Also, we rely on more indicators than just exports as dependent variables. Importantly, we try to identify the impact of this type of assistance on SVEs and other developing countries.

## Empirical Analysis of the Effects of Aid for Trade on SVEs

We build on the previous study by Cali and te Velde (2008) to empirically assess the impact of AfT on SVEs and compare it with the impact on the rest of developing countries. As in the rest of this study, we adopt the Commonwealth Secretariat definition of SVEs as the main way of identifying those countries. As a robustness check we also test the findings by using the WTO definition of SVEs.

Following the theoretical framework in the previous section, we use two ways of assessing the impact: first, a relatively narrow one looking at the effects of a specific category of AfT (i.e. trade facilitation) on the costs of trading; second, a broader assessment of the effects of AfT on exports which represents an empirical implementation of equation (6).

### 6.1 The empirical models

#### Aid for trade and the costs of trading

First, we estimate whether particular types of AfT have affected trade costs, namely whether trade facilitation has had any impact on  $b_i$ , as defined in equation (7). This is measured by investment climate indicators at the macro level, such as the time taken by customs to clear imports and exports, and the cost of exporting and importing goods across countries and over time (conditional on other variables). These variables measure separately the time and costs (in US\$) of handling and transporting a 20-foot container to (or from) the port of departure (or entry). In the case of costs, these include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and fees for in-country transport. The cost measure does not include tariffs or trade taxes. Only official costs are recorded. These cost and time variables only capture the efficiency with which exports and imports are handled within the country of interest. For instance, in the case of exports, procedures start after the goods are packed at the factory and include all official costs until the goods departure from the point of exit. For imports, procedures start when goods are unloaded from a vessel at the port of entry or when the vehicle carrying them has crossed the border, and go on until delivery at the factory or warehouse. Therefore these measures are not affected by the degree of isolation of the country (e.g. its distance from its trading partners), as the costs of transporting the goods from (or to) the point of departure (or destination) are excluded. In any instance we use country-fixed effects in some of the specifications to account for the potential influence of any time invariant country-specific factor, such as geography and location. This analysis is

important, as the costs faced and the time taken by firms to trade goods are significant determinants of a country's competitiveness. Djankov *et al.* (2006) find that each additional day that a product is delayed prior to shipping reduces trade by at least 1 per cent.

We employ a number of different specifications for the test at the macro level. We use both a semi-log (equation 8) and a log-log specification (equation 8'):

$$\ln(IC)_{it}^Z = \alpha_i + \beta Atf_{it-1} + \Gamma Z_{it-1} + \gamma_t + \varepsilon_{it} \quad (8)$$

$$\ln(IC)_{it}^Z = \alpha_i + \phi \ln(1 + Atf)_{it-1} + KZ_{it-1} + \gamma_t + \mu_{it} \quad (8')$$

where  $IC$  is a trade-related investment climate indicator for country  $i$ , such as the cost of trading,  $Atf$  is aid for trade facilitation (in US\$ million) lagged one year,  $\alpha_i$  is country fixed-effects,  $\gamma_t$  are time effects,  $Z$  is a vector of other determinants of  $IC$ , and  $\varepsilon$  and  $\mu$  are the error terms.<sup>13</sup>

Specifications (8) and (8') test whether this type of AfT does indeed determine significant changes in the procedural costs of and the time taken to trade across borders. This is a direct test, as virtually the entire aid for trade facilitation is aimed at reducing the costs of trading across borders. According to the data description by OECD/DAC (2009), trade facilitation assistance is aimed at the 'simplification and harmonisation of international import and export procedures (e.g. customs valuation, licensing procedures, transport formalities, payments, insurance); support to customs departments; tariff reforms'.<sup>14</sup> We specifically test whether the effects of  $Atf$  are different for SVEs vis-à-vis other developing countries.

We will also test for the effects of aid for trade education/training ( $Atedu$ ) on  $IC$  variables. This type of aid is directed at 'human resources development in trade, including university programmes in trade' (OECD/DAC, 2009).

Other controls which may also affect trade include variables such as being landlocked, income levels, the size of the country and governance indicators from Kaufmann *et al.* (2008). Kaufmann indicators measure perceptions of the effectiveness of government. Income levels are important because higher levels are usually associated with better institutions and rules. The size and geographical status of countries clearly affect trade costs.

### Aid for trade and exports

Secondly, we will estimate the effects of AfT on exports directly, using an augmented export demand equation which includes different types of AfT: (aid to) infrastructure and productive capacities. This test follows from the theoretical model and represents a reduced form equation of (6) and (7).



$$X_{it} = \alpha_i + \gamma_1 Apc_{it-2} + \gamma_2 Ai_{it-2} + \gamma_3 MP_{it} + \gamma_4 P_{it} + \lambda_t + \varepsilon_{it} \quad (9)$$

where  $X$  is the (log of) exports value in constant prices (country  $i$ , time  $t$ ),  $Apc$  is (log of 1+) aid disbursed to productive capacity and  $Ai$  is (log of 1+) aid disbursed to economic infrastructure,  $MP$  is a market potential measure, and  $p$  is the level of prices (both in log);  $\alpha_i$  country effects,  $\lambda_t$  estimation period effects. Unlike expression (8), we use two year lag for the AfT variables here, as AfT may take some time before affecting the level of exports as their impact is mediated through other variables. On the other hand the impact of  $Atf$  on trading costs is more direct and thus a year lag seems more appropriate. The results from (9) are generally robust to including one instead of two lags (results are available upon request).  $MP$  is computed as a distance weighted measure of other countries' GDP:

$$MP_{it} = \sum_{j=1}^N \frac{GDP_{jt}}{d_{ij}}$$

where  $GDP_{jt}$  is total GDP of country  $j$  at time  $t$  and  $d_{ij}$  is the distance in kilometres between country  $j$  and country  $i$  (measured as the great circle distance between the respective capital cities).<sup>15</sup>

There are still a couple of potential problems with running specification (10). First, the AfT variables are possibly endogenous to exports. This is the case for example if better performing and/or faster reforming countries tend to receive more AfT than others. This would generate an upward bias in the AfT coefficients. Also, there could be some error in the measurement of the AfT variables, as this is based on voluntary reporting of disbursements by donors to the OECD secretariat. Such error could be caused by inefficiency in reporting and/or misclassification of projects and if it is correlated to (time varying) unobserved characteristics of recipients, it could make the AfT coefficients inconsistent. In order to control for these potential issues, we use an instrument for AfT based on the degree of respect for civil liberties, as measured by Freedom House (2009). There is consistent evidence that donors tend to give relatively more aid to countries which are considered to respect civil liberties and human rights (Alesina and Dollar, 2000; Macdonald and Hoddinott, 2004 for Canada). The Millennium Challenge Corporation, one of the major providers of US AfT, explicitly uses Freedom House indicators on respect for civil liberties and for political rights as criteria for recipient countries to be eligible for assistance. Other than being a good predictor of future aid allocation, this variable (civil liberties) is also not related to exports in any meaningful way, thus satisfying the conditions of exclusion restriction. It is hard to find any clear link between a country's respect for civil liberties and its capacity to export. This is also confirmed by the insignificant coefficient of civil liberties when we include it in specification (9).<sup>16</sup>

Another potential issue with the estimation of (9) is its lack of dynamics property.

It is generally acknowledged (Senhadji and Montenegro, 1999; Santos-Paulino and Thirlwall, 2004) that exports are fairly persistent over time, as they tend to depend on previous exports. Thus we test our results also against a dynamic specification. We employ a first difference approach:

$$\Delta X_{it} = \gamma_1 \Delta Apc_{it-2} + \gamma_2 \Delta Ai_{it-2} + \gamma_3 \Delta MP_{it} + \gamma_4 \Delta p_{it} + \gamma_5 \Delta X_{it-1} + \lambda_t + \Delta \varepsilon_{it} \quad (10)$$

where  $\Delta X_{it} = X_{it} - X_{it-1}$

By construction  $\Delta X_{it-1}$  is correlated with  $\Delta \varepsilon_{it-1}$  in (12) (as  $X_{it-1}$  is correlated to  $\varepsilon_{it-1}$ ). Hence we resort to the Generalised Methods of Moments (GMM) estimator which generates internal instrument using appropriate lagged values of the explanatory variables (Arellano and Bond, 1991). The GMM technique serves also as a robustness test for the impact of AfT variables on exports, as it allows controlling for (weak) endogeneity of the AfT variables by using a different type of instrumental variables to that employed above. To make the analysis more robust, we also use the excluded instrument *civil liberties* in the GMM estimation of (10).

As the measurement error of the AfT variables could be determined not only by random errors but also by recipient-specific characteristics (e.g. if the disbursement process is cumbersome and thus under-reported in certain countries), we employ the GMM-system estimator rather than the GMM-difference estimator (Blundell and Bond, 1998). This estimator uses the explanatory variables in levels in the regression and instruments them through their past values of first differences. In this way it allows controlling for unobserved recipient-specific effects that are potentially correlated with the explanatory variables.

We estimate (9) and (10) separately for SVEs and non-SVEs to check whether aid to economic infrastructure ( $A_{INFRA}$ ) and aid to productive capacity ( $Apc$ ) have a differential impact on SVEs (relative to other developing countries) along the lines described in Section 4.

### **AfT and sectoral exports**

Aid to productive capacity ( $Apc$ ) is usually targeted at specific sectors; it is typically provided to firms or (public and private) institutions active in a particular sector. Thus the identification of its effects on total exports – as it is the case in the specifications above – may be weak. Moreover specifications (10) and (12) may still suffer to some extent from omitted variable bias of cross-country regressions due to unobservable time varying differences across countries (e.g. country-specific shocks to productivity or institutions). These issues call for an identification strategy based on sectoral exports.

We divide  $Apc$  into aid to the different sectors and then relate sectoral aid to sector-specific exports. This helps to identify whether sectors in the same country that

receive more aid experience relatively faster growth in their exports (between group component), as well as whether exports of a sector grow faster in years in which that sector receives relatively higher levels of aid (within group component). We also use value of exports as the dependent variable instead of real exports (as in the specification (2)), which allows us to have more observations. This could be justified as we are now comparing exports in the same sectors; thus the price effects may be less relevant in this instance. We use four large sectors of the economy for which export data (from the *World Development Indicators*) are available: food production, manufacturing, mineral extraction and tourism. These account for all exports of goods and part of services exports of the countries in the panel. We match these sectors with their counterparts in the aid data: agriculture and fishing, industry, mining and tourism.

We estimate the following equation for each of the four sectors separately (for SVEs and non-SVEs separately):

$$X_{ijt} = \alpha_{it} + \lambda_{jt} + \gamma_{ij} + \delta_1 Apc_{ijt-1} + \varepsilon_{ijt} \quad (11)$$

and

$$\Delta X_{ijt} = \Delta \alpha_{it} + \Delta \lambda_{jt} + \Delta \gamma_{ij} + \Delta X_{ijt-1} + \delta_1 \Delta Apc_{ijt-1} + \Delta \varepsilon_{ijt} \quad (12)$$

where  $X$  is the (log of) value of exports (for country  $i$ , sector  $j$  and time  $t$ ),  $Apc$  is (log of 1 +) aid to productive capacity,  $\alpha_{ij}$  is country-year fixed effects,  $\lambda_{jt}$  is time-varying sector fixed effects,  $\gamma_{ij}$  is sector-country fixed effects. Given the discussion above, we estimate (11) through OLS and (12) through GMM. Note that we do not have appropriate external instruments (i.e. country-sector-time specific variable) for  $Apc_{ijt}$ .

## 6.2 Data

We employ data from a variety of sources. Aid data come from the OECD/DAC (2009) Creditor Reporting System (CRS) database on disbursements. This database has covered a number of AfT activities since the mid-1970s, and reporting to the CRS is improving. However, before 1994 the data have substantial gaps; thus we base most of the analysis on the post-1994 period. We use different types of AfT data from this database, including aid for trade facilitation, aid for trade-related education, aid to productive capacity (both total and sectoral) and aid for economic infrastructure. These categories, as well as the basic structure of the database are described in Box 1.

Data on investment climate indicators have become available for a large number of countries in the World Bank's *Doing Business Report*. These surveys cover the number of documents, and the time and costs required to change a certain regulation (e.g. registering property or dealing with licenses). We focus on indicators for trade across borders provided in the *Doing Business Report*.

Export data and data for most other controls, including population, CPI and GDP, are from World Bank (2009). We also use real effective exchange rates (REER) from

### Box 1. Aid for trade data in the OECD CRS database

The OECD Development Co-operation Directorate bases its classification of the destinations of aid on the specific area of the social or economic structure in the receiving country that the aid transfer is intended to foster. The categories therefore refer to the overarching goal (e.g. trade facilitation), rather than the service provided through the funds (e.g. funding of regional trade agreements or training). The system of purpose codes summarises this classification in five digits: the first three refer to the respective DAC5 sector and the remaining two represent numbering from more general (10–50) to more specific (60–90).

- **Ainf** *Aid to Economic Infrastructure*, coded as number 200, includes Transport and Storage, Communications, Energy, Banking and Financial Services and Business and Other Services, each with its own subcomponents.
- **Apc** *Aid to Production Sectors*, coded as 300, includes the four sectors treated separately: Agriculture-Forestry-Fishing, Industry-Mining-Construction, Trade Policy, and Regulations and Tourism.
- **Atf** *Aid for Trade Facilitation*, coded as 33120, is a single category.
- **Atredu** *Aid to Trade Education/Training*, coded as 33181, is also a single category.

*Tourism* has only one final component: Tourism policy and administrative management. The other destinations for sectoral aid for productive capacity all have multiple ramifications and are further focused. Under the category Agriculture-Forestry-Fishing, *Agriculture* (coded 311) has 18 final components, ranging from the general Agricultural policy and administrative management (31110) to the specific Livestock/veterinary services (31195). The same applies for *Fishing* (313), which incorporates five possible destinations for aid. Also, the category Industry-Mining-Construction has among its sub-sections *Industry* (321) and *Mineral resources and Mining* (322), which we use for proxying aid to the manufacturing and minerals sectors respectively in the analysis below.

Source: OECD CRS website; also see Turner (2008)

IMF (2009). Data on bilateral distances between capital cities come from Mayer and Zignago (2006), who compute geodesic distances through the great circle formula. Data on foreign market potential are computed by Mayer (2008) for the period 1970–2003. Government effectiveness indicators come from Kaufmann *et al.* (2008), while the index of civil liberties is computed by Freedom House (2009). This index is measured on a scale of 1 to 7, where 1 represents the highest degree of freedom and 7 the lowest.

## 6.3 Results

### AfT and the cost of trading

We first test for the impact of aid for trade facilitation (*Atf*) on the costs of exporting (through equation (8)), using a repeated cross-section of 89 developing countries for which data is available. Table 6.1 presents the results, which show a substantial cost-reducing effect of *Atf* on the cost of exporting.

**Table 6.1. The effects of AfT on the costs of exports (without fixed effects)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	lcosexp	lcosexp	lcosexp	lcosexp	Lcosexp	ltimexp	lcosexp	lcosexp	lcosexp
<i>Atf</i> ( <i>t</i> -1)	-0.085 <sup>c</sup> (-6.49)	-0.054 <sup>c</sup> (-5.23)		-0.055 <sup>c</sup> (-5.41)		-0.041 <sup>c</sup> (-4.20)	-0.056 <sup>c</sup> (-5.42)	-0.058 <sup>c</sup> (-4.01)	-0.058 <sup>c</sup> (-4.01)
<i>Ln Atf</i> ( <i>t</i> -1)			-0.191 <sup>c</sup> (-4.39)		-0.188 <sup>c</sup> (-4.20)				
<i>Atredu</i> ( <i>t</i> -1)								-0.255 (-1.45)	-0.261 (-1.49)
Gov. Eff. ( <i>t</i> -1)		-0.217 <sup>c</sup> (-3.82)	-0.209 <sup>c</sup> (-3.73)	-0.219 <sup>c</sup> (-3.84)	-0.212 <sup>c</sup> (v3.77)	-0.053 (-0.84)	-0.218 <sup>c</sup> (-3.82)	-0.172 (-1.56)	-0.222 <sup>a</sup> (-1.98)
<i>Ln pop</i> ( <i>t</i> -1)		0.114 (0.57)	0.154 (0.78)	-0.027 (-1.56)	-0.025 (-1.46)	-0.005 (-0.38)	0.110 (0.54)	-0.028 (-1.01)	-0.043 (-1.60)
<i>Ln pop</i> ( <i>t</i> -1) sq.		-0.004 (-0.66)	-0.005 (-0.87)				-0.004 (-0.62)		
GDP ( <i>t</i> -1)		-0.002 (-0.059)	-0.009 (-0.24)	0.007 (0.20)	0.001 (0.018)	-0.134 <sup>c</sup> (-3.30)	-0.002 (-0.045)	-0.008 (-0.11)	0.013 (0.19)
Landlocked		0.565 <sup>c</sup> (7.49)	0.570 <sup>c</sup> (7.67)	0.596 <sup>c</sup> (7.71)	0.601 <sup>c</sup> (7.88)	0.466 <sup>c</sup> (5.84)	0.565 <sup>c</sup> (7.43)	0.588 <sup>c</sup> (4.07)	0.516 <sup>c</sup> (3.78)
Asia		-0.322 <sup>c</sup> (-4.93)	-0.304 <sup>c</sup> (-4.67)	-0.340 <sup>c</sup> (-5.52)	-0.327 <sup>c</sup> (-5.35)	0.038 (0.70)	-0.324 <sup>c</sup> (-4.89)	-0.319 <sup>c</sup> (-3.36)	-0.271 <sup>c</sup> (-2.81)
America		-0.152 <sup>a</sup> (-1.86)	-0.134 (-1.65)	-0.178 <sup>b</sup> (-2.14)	-0.159 <sup>a</sup> (-1.93)	-0.069 (-0.85)	-0.157 <sup>a</sup> (-1.84)	-0.144 (-1.17)	-0.166 (-1.31)
Europe		-0.348 <sup>c</sup> (-3.27)	-0.322 <sup>c</sup> (-3.05)	-0.396 <sup>c</sup> (-3.62)	-0.370 <sup>c</sup> (-3.39)	-0.426 <sup>c</sup> (-2.88)	-0.348 <sup>c</sup> (-3.26)	-0.090 (-0.49)	-0.110 (-0.62)
<i>Atf</i> ( <i>t</i> -1) <sup>a</sup> SVEs				-1.265 <sup>b</sup> (-2.04)		-0.528 (-1.05)			3.528 <sup>a</sup> (1.90)
<i>Ln Atf</i> ( <i>t</i> -1) <sup>a</sup> SVEs						-1.214 <sup>a</sup> (-1.96)		0.012A (0.30)	
<i>Atredu</i> ( <i>t</i> -1) <sup>a</sup> SVEs									-24.223 <sup>b</sup> (-2.57)
Observations	203	201	201	201	201	201	201	89	89
R-squared	0.089	0.551	0.555	0.559	0.560	0.490	0.552	0.581	0.609

SVEs as defined by the WTO; Robust *t*-statistics in parentheses; <sup>a</sup>significant at 10 per cent; <sup>b</sup>significant at 5 per cent; <sup>c</sup>significant at 1 per cent.

The results reported in Table 6.1 suggest that a US\$1 million increase in *Atf* (equivalent to a 171 per cent increase relative to the mean value) is associated with a 5.4 per cent (US\$63) decrease in the cost of packing goods and loading them into a 20-foot container, transporting them to the port of departure and loading them on the vessel or truck (column 2). Considering that in 2000 the number of 20-foot containers loaded and unloaded in African ports reached almost 7.3 million, including 2.5 million in sub-Saharan countries (UNCTAD, 2003), the return on *Atf* is likely to be substantial. The control variables are in line with expectations: good governance reduces the costs of exports, while being landlocked considerably increases them. Asia and Europe have the lowest costs, and Africa has the highest.<sup>17</sup> The other variables, including population and GDP per capita, are not significant. The insignificance of the latter is surprising but it is likely to be determined by two contrasting effects: on the one hand, higher income per capita is associated with higher costs of non-tradables, which in turn drive the costs of exporting up; on the other hand, higher income tends to be associated with higher efficiency in handling transport, logistics and administrative procedures, which bring the costs down. This is confirmed by the negative and significant coefficient of GDP per capita when using the time of processing exports – whose value is purged of the price effect – as the dependent variable (column 6). The results are robust also to using the double-log specification as in (8') although in this case the cost reduction is much higher: a US\$1 million increase in *Atf* is associated with a US\$178 decrease in the costs of exporting (column 3).<sup>18</sup>

Importantly, this cost-reducing effect of *Atf* appears to be more relevant for SVEs than for other developing countries (column 4). This is also the case when using the double-log specification (column 5). When using the time taken to process exports the differential impact of *Atf* on SVEs is negative but insignificant, while *Atf* has a significant time-reducing impact (column 6). On the other hand, there is no differential impact of *Atf* on the costs of exporting for SVEs identified according to the WTO definition (column 7). This is a much broader (and loosely defined) category than the one defined by the Commonwealth Secretariat and that may explain the insignificant differential impact. We also test for the effects of aid to trade related education (*Atredu*) on the costs of exporting, finding a negative (though not significant) effect in a specification in levels (column 8). Interestingly, when we test for the differential impact of *Atf* and *Atredu* on SVEs, the latter turns out to have a significant reducing effect on the costs of exporting, while *Atf* has a differential positive impact (column 9) on SVEs. This reversal of the result of previous columns may be due to the restricted sample (less than half of the observations available) and to the high collinearity between the two SVEs' interaction terms.

Table 6.2 gives the results of the fixed effects specifications that relate the changes in *Atf* to the changes in the cost of exporting controlling for time invariant characteristics of countries. The coefficient of *Atf* is still significant but is half of that in the specification without fixed effects (column 1). Now an increase in *Atf* of US\$1 million is associated with a reduction in the cost of exporting of around US\$30 (i.e. 2.5 per

cent at the mean). This means that slightly over half of the impact of *Atf* is captured by time invariant characteristics of recipient countries. This elasticity is robust to the exclusion of Egypt, although it shrinks a little (column 2). Again, the double-log specification yields a higher *Atf* elasticity of cost reduction (column 3), which is around twice as large as that in column 1. On the other hand the intensity of the effect of *Atf* on the timing of exports is analogous to that on the cost of exporting (column 4), while it is smaller (and not significant) in the double-log specification (column 5). The coefficient of *Atf* remains robust also to the inclusion of the (log of the) number of documents necessary to export (column 6). *Atredu* is negative and significant in both specifications without and with *Atf* (columns 7–8).

We then test the impact of *Atf* separately for SVEs and non-SVEs (according to both definitions). In line with the results of the previous table we find that *Atf* has a (much) larger cost-reducing impact on SVEs than on non-SVEs. The coefficient for the former (column 9) is almost three times as large as that on the latter (column 10). This result is valid also when using the semi-log specification (results from the authors upon request). Interestingly, this result applies (with similar relative magnitudes) to the case of SVEs defined according to the WTO definition (compare columns 11 and 12), although the elasticity of cost reduction with respect to *Atf* is lower than for SVEs defined by the Commonwealth Secretariat (compare columns 9 and 11).

Overall, *Atf* seems to have a significant cost-reducing effect on the costs of handling exports, and back of the envelope calculations indicate that this appears to be an investment with an interesting return, especially for SVEs. These results appear all the more remarkable as cost of trading variables show substantial persistence over time especially considering the short timeframe of this analysis.

## Aft and exports

Table 6.3 presents the results using the augmented export demand equation as in (9) estimated separately for SVEs and other developing countries. The results suggest the positive impact of aid to economic infrastructure (*Ainfra*) on exports, while aid to productive capacity (*Apc*) does not seem to have a significant effect on exports. However these effects appear to differ over time. The first two columns present the results of the estimation for the 1995–2007 period only. Neither *Ainfra* nor *Apc* seem to have a significant effect on exports of SVEs (and the latter has somewhat a negative impact). On the other hand *Ainfra* has a positive effect on non-SVEs, while *Apc* has no effect (column 2). Restricting the analysis to a more recent period (1999–2007) the effect of *Ainfra* on SVEs becomes more positive although it remains insignificant, while *Apc* becomes less negative. The coefficients of the aid variables are higher in the case of non-SVEs. Taking these results at their face value, they indicate that the support granted to the productive sector may have improved over time.<sup>19</sup> Also, the trade-related assistance seems to be more effective in raising exports for non-SVEs than for SVEs. However, we still need to control for the endogeneity of the aid variables.

**Table 6.2. The effects of AFT on the costs of export (with fixed effects)**

Sample	(1) All	(2) No Egypt	(3) All	(4) All	(5) All	(6) All	(7) TrEdu available	(8) TrEdu & TF available	(9) SVEs	(10) Others	(11) SVEs (WTO)	(12) Others (WTO)
Dep	ln(X Cost)	ln(X Cost)	ln(X Cost)	ln(Xtime)	ln(Xtime)	ln(X Cost)	ln(X Cost)	ln(X Cost)	ln(X Cost)	ln(X Cost)	ln(X Cost)	ln(X Cost)
<i>Aff</i> ( <i>t</i> -1)	-0.025 <sup>c</sup> (-3.53)	-0.020 <sup>b</sup> (-2.26)		-0.024 <sup>c</sup> (-2.71)		-0.018 <sup>*</sup> (-3.16)		-0.029 <sup>c</sup> (-3.93)				
<i>Ln Aff</i> ( <i>t</i> -1)			-0.074 <sup>b</sup> (-2.14)		-0.048 (-1.23)				-0.223 (-1.34)	-0.079 <sup>b</sup> (-2.20)	-0.150 (-1.68)	-0.054 (-1.36)
<i>Atredu</i> ( <i>t</i> -1)							-0.187 <sup>a</sup> (-1.90)	-0.293 <sup>c</sup> (-3.28)				
Gov. Eff. ( <i>t</i> -1)	0.0986 (0.78)	0.0630 (0.49)	0.105 (0.79)	0.159 (0.75)	0.180 (0.84)	0.0618 (0.61)	0.355 <sup>a</sup> (1.78)	0.380 <sup>b</sup> (2.18)	0.0483 (0.26)	0.0969 (0.58)	0.121 (0.60)	0.130 (0.84)
<i>Ln pop</i> ( <i>t</i> -1)	8.622 <sup>a</sup> (1.83)	5.960 (1.16)	10.27 <sup>a</sup> (1.84)	11.88 (1.30)	12.10 (1.24)	-0.277 (-0.25)	3.846 (0.35)	20.71 (1.61)	-10.33 (-0.87)	12.98 <sup>b</sup> (2.30)	-11.25 (-0.56)	10.72 (1.64)
<i>Ln pop</i> ( <i>t</i> -1) sq.	-0.274 <sup>a</sup> (-1.91)	-0.191 (-1.21)	-0.326 <sup>a</sup> (-1.89)	-0.383 (-1.26)	-0.397 (-1.23)		-0.170 (-0.45)	-0.813 <sup>b</sup> (-2.31)	0.260 (0.58)	-0.401 <sup>b</sup> (-2.23)	0.234 (0.40)	-0.317 (-1.56)
GDP ( <i>t</i> -1)	0.0177 (0.051)	0.0762 (0.22)	0.232 (0.66)	-1.332 <sup>b</sup> (-2.04)	-1.115 (-1.46)	-0.150 (-0.44)	-0.0572 (-0.094)	-0.662 (-1.07)	1.506 <sup>a</sup> (1.91)	0.230 (0.58)	0.0323 (0.031)	0.340 (0.94)
<i>Ln</i> documents						0.0222 (0.15)						
Constant	-59.87 201	-39.33 197	-74.37 201	-77.90 201	-79.35 201	12.54 201	-9.194 138	-102.9 89	88.18 24	-98.39 <sup>b</sup> 177	123.8 52	-84.86 149
R-squared	0.372	0.335	0.330	0.361	0.342	0.353	0.208	0.561	0.770	0.327	0.511	0.328
Countries	86	85	86	86	86	86	76	48	11	75	25	61

All regressions include country and year effects; Robust t-statistics in parentheses; <sup>a</sup>significant at 10 per cent; <sup>b</sup>significant at 5 per cent; <sup>c</sup>significant at 1 per cent.



**Table 6.3. Total exports and aid for trade (1995–2007)**

Countries Period Method	(1)	(2)	(3)	(4)	(5)	(6)
	SVE 1995–07 FE	Non-SVE 1995–07 FE	SVE 1999–07 FE	Non-SVE 1999–07 FE	SVE 1999–07 FE IV	Non-SVE 1999–07 FE IV
Aid for infrastructure ( <i>t</i> -1)	0.005 (0.16)	0.029 <sup>a</sup> (1.94)	0.023 (0.68)	0.032 <sup>b</sup> (2.21)	0.170 (0.97)	0.100 <sup>c</sup> (2.71)
Aid to productive capacity ( <i>t</i> -1)	-0.054 (-1.25)	0.004 (0.23)	-0.044 (-1.08)	0.020 (1.47)		
CPI	0.475 (1.28)	-0.038 (-0.89)	0.418 (0.88)	-0.082 <sup>b</sup> (-2.33)	0.291 (0.75)	-0.061 <sup>c</sup> (-3.15)
Market potential	-1.756 (-0.38)	5.890 <sup>c</sup> (4.10)	0.799 (0.34)	5.088 <sup>c</sup> (4.44)	1.986 (0.90)	5.763 <sup>c</sup> (7.19)
Constant	33.704 (0.85)	-27.654 <sup>b</sup> (-2.29)	11.978 (0.62)	-21.877 <sup>b</sup> (-2.17)		
Observations	143	876	121	665	123	682
R-squared	0.571	0.641	0.505	0.649	0.299	0.609
Countries	17	83	17	83	17	82
<i>Excluded instruments</i>						
Civil liberties ( <i>t</i> -3)					-0.280 <sup>a</sup> (-1.71)	-0.465 <sup>c</sup> (-5.72)
1st stage F-Stat (for Aid for infra)					2.91	32.77

Dependent variable is value of total exports in constant 2000 US\$. All variables are in log; all regressions include year effects; Robust *t*-statistics in parentheses; <sup>a</sup>significant at 10%; <sup>b</sup>significant at 5%; <sup>c</sup>significant at 1%.

We do that only for the *Ainfra* variable for a number of reasons. First, we have one reliable excludable instrument available – civil liberties (CL) – and that happens to explain a much larger part of *Ainfra* than *Apc*. Second, leaving *Apc* out in the estimation of equation (9) turns out to affect the value of *Ainfra* (and the explanatory power of the regression) very marginally, while the opposite is not true (not shown here). The results are presented in columns 5 and 6. The coefficient of *Ainfra* seems to be robust to the endogeneity of aid; and the IV estimation (using CL as instrument for *Ainfra*) suggests that this endogeneity biases the coefficient of *Ainfra* downward. The IV coefficient is three times larger than the OLS one for non-SVEs (column 6 compared with column 4) and over six times larger for SVEs (column 5 compared with column 3). The value of the F-statistics of the first stage together with the high significance of the CL coefficient indicates that the latter is a valid instrument for *Ainfra*. The downward bias from endogeneity may suggest that countries with poorer export capacity tend to receive proportionally more aid, which is somewhat intuitive. This is especially true for SVEs. Correcting for this bias makes the *Ainfra* coefficient larger for SVEs than for non-SVEs. This may represent some suggestive evidence of a differential effect of aid to infrastructure to SVEs: export performance in these countries seems to be more positively affected by support to infrastructure than in other developing

countries. This is consistent with the idea that SVEs are relatively isolated from the main markets and because of that and their small populations, they suffer from an under-provision of trade-related infrastructure.

In order to take into account the persistence of exports, we employ the dynamic specification described by equation (10) estimated through system-GMM. Table 6.4 presents the results, which confirm the main findings of the previous analysis. For the period 1995–2007, the aid variables have an insignificant effect on exports for SVEs (column 1), while *Ainfra* has a positive impact for non-SVEs (column 2). In the period 1999–2007 the impact of *Ainfra* on exports appears to be more positive for SVEs (column 3) than for non-SVEs (column 4), while *Apc* has a negative sign for SVEs (although it is not significant). These results change when lagging the aid variables two years. In the case of SVEs the coefficients of both aid variables become smaller (column 5), while that of *Ainfra* magnifies for non-SVEs (column 6). This suggests that the bulk of the effects of *Ainfra* on exports occurs over a shorter timeframe for SVEs relative to non-SVEs.

**Table 6.4. Total exports and aid for trade, GMM estimation**

Period Countries Sample	(1)	(2)	(3)	(4)	(5)	(6)
	1995–07	1995–07	1999–07	1999–07	1999–07	1999–07
	SVE Aid>0	Non-SVE Aid>0	SVE All	Non-SVE All	SVE All	Non-SVE All
Exports ( <i>t</i> -1)	0.988 <sup>c</sup> (91.2)	0.990 <sup>c</sup> (202)	0.989 <sup>c</sup> (77.2)	0.993 <sup>c</sup> (151)	0.992 <sup>c</sup> (85.1)	0.996 <sup>c</sup> (185)
Aid for infra ( <i>t</i> -1)	0.004 (0.44)	0.013 <sup>b</sup> (2.29)	0.014 (1.31)	0.010 (1.62)		
Aid to productive capacity ( <i>t</i> -1)	-0.019 (-1.33)	-0.005 (-0.57)	-0.023 (-1.24)	0.006 (0.55)		
Aid for infra ( <i>t</i> -2)					0.004 (0.47)	0.018 <sup>c</sup> (2.74)
Aid to productive capacity ( <i>t</i> -2)					-0.014 (-1.03)	-0.008 (-0.78)
CPI	0.052 (0.61)	-0.003 (-0.27)	0.063 (0.51)	-0.019 <sup>a</sup> (-1.90)	0.037 (0.30)	-0.020 <sup>b</sup> (-2.11)
Market potential	-0.006 (-0.14)	0.019 (1.47)	-0.003 (-0.056)	0.039 <sup>b</sup> (2.25)	-0.015 (-0.31)	0.035 <sup>b</sup> (2.23)
Observations	142	869	120	660	118	652
Countries	17	82	17	82	17	82

Dependent variable is value of total exports in constant 2000 US\$. All regressions are estimated through the GMM-system estimator. All variables are in log; endogenous variables are lagged exports; *Ainfra* and *Apc* across all the specifications; civil liberties is included as excluded instrument in all regressions include year effects. Robust t-statistics in parentheses; <sup>a</sup>significant at 10 per cent; <sup>b</sup>significant at 5 per cent; <sup>c</sup>significant at 1 per cent.

## AfT and sectoral exports

We also examine the effects of the two main types of AfT on exports in four broad sectors separately using both specifications (11) and (12). The results are presented in Table 6.5 for tourism and food, and in Table 6.6 for manufacturing and minerals. For each sector we estimate separately for SVEs and non-SVEs a static specification with fixed and year effects and a dynamic specification with system GMM. The period we consider is 1999–2006. As far as tourism is concerned, the results suggest that sectoral aid (i.e. aid to productive capacity in the tourism sector) is particularly beneficial in SVEs (the coefficient is three times that for non-SVEs). On the other hand *Ainfra* is not significant for either group, suggesting that tourism exports are not highly constrained by the lack of infrastructure. This may not be surprising as many SVEs are heavily reliant on tourism, and activities that support the development of the sector may have high returns for export activities. AfT seems to be ineffective for food exports in SVEs (columns 5 and 7), while sectoral aid has a positive effect on exports for non-SVEs (columns 6 and 8). Similarly, the impact of AfT is negligible on manufacturing exports in SVEs, while *Ainfra* has a positive effect in non-SVEs (columns 1–4, Table 6.6). Finally, AfT appears to have a positive (although significant only for *Ainfra* in the FE specification, see column 5) effect on mineral exports in SVEs, especially as far as sectoral aid is concerned (column 7), but not in other developing countries (columns 6 and 8).

**Table 6.5. Sectoral exports and aid for trade**

Sample Method	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	
	SVE	FE	Non-SVE	FE	SVE	Sys-GMM	Non-SVE	Sys-GMM	SVE	FE	Non-SVE	FE	SVE	Sys-GMM	Non-SVE	Sys-GMM
Aid sector ( <i>t</i> -1)	0.153 (0.50)		0.007 (0.12)		0.196 (1.30)		0.064 <sup>a</sup> (1.88)		-0.157 (-1.71)		0.058 (1.54)		-0.047 (-0.57)		0.049 <sup>b</sup> (2.31)	
Aid Infra ( <i>t</i> -1)	-0.071 (-1.05)		-0.001 (-0.043)		-0.001 (-0.026)		-0.008 (-0.67)		0.139 (1.37)		0.044 (1.14)		-0.002 (-0.033)		-0.007 (-0.39)	
CPI	-0.266 (-1.17)		0.034 (0.39)		0.194 <sup>a</sup> (1.98)		-0.017 (-0.52)		-1.403 (-1.57)		-0.102 (-1.48)		-0.068 (-0.15)		-0.010 (-0.32)	
Market Potential	3.303 (1.29)		2.908 (1.08)		0.012 (0.15)		0.150 <sup>c</sup> (2.79)		6.285 (1.30)		1.878 (0.80)		-0.113 (-0.80)		0.092 <sup>c</sup> (2.78)	
Pop	-7.373 (-0.53)		8.091 (0.92)		-0.196 (-0.60)		-0.039 (-0.30)		-16.805 (-0.52)		-32.295 (-1.49)		-0.171 (-0.26)		0.087 (1.09)	
Pop squared	0.345 (0.60)		-0.278 (-0.99)		0.008 (0.59)		0.002 (0.57)		0.795 (0.64)		0.944 (1.42)		0.009 (0.33)		-0.003 (-1.02)	
Exports ( <i>t</i> -1)					0.979 <sup>c</sup> (49.1)		0.947 <sup>c</sup> (46.6)						0.931 <sup>c</sup> (31.7)		0.981 <sup>c</sup> (70.2)	
Constant	29.001 (0.32)		-62.788 (-0.77)						53.346 (0.23)		278.102 <sup>a</sup> (1.71)					
Excl. instrument			CL				CL				CL				CL	
Observations	161		625		158		620		147		606		135		580	
Countries	25		86		25		86		25		86		23		82	
R-squared	0.266		0.445						0.254		0.296					

Notes: Dependent variable is value of exports of the sector indicated in the second row; all regressions include year and country effects; all variables are in log; endogenous variables in the GMM specifications are lagged exports; *Aintra* and *Apc*; all regressions include year effects; Robust *t*-statistics in parentheses; <sup>a</sup>significant at 10 per cent; <sup>b</sup>significant at 5 per cent; <sup>c</sup>significant at 1 per cent.

**Table 6.6. Sectoral exports and aid for trade**

Sample Method	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	
	SVE	FE	Non-SVE	FE	SVE	Sys-GMM	Non-SVE	Sys-GMM	SVE	FE	Non-SVE	FE	SVE	Sys-GMM	Non-SVE	Sys-GMM
Aid sector ( $t-1$ )	-0.278 (-0.65)		0.009 (0.32)		0.027 (0.15)		-0.001 (-0.049)		0.038 (0.18)		-0.096 (-1.58)		0.329 (1.22)		-0.011 (-0.22)	
Aid Infra ( $t-1$ )	-0.113 (-1.13)		0.048 (1.24)		-0.073 (-0.97)		0.029 (1.32)		0.405 <sup>b</sup> (2.09)		-0.032 (-0.71)		0.128 (0.62)		0.012 (0.47)	
CPI	0.576 (0.95)		0.035 (0.76)		0.622 <sup>b</sup> (2.11)		0.064 <sup>b</sup> (2.42)		1.769 (1.00)		-0.082 (-1.09)		0.908 (1.53)		-0.034 (-0.80)	
Market potential	16.238 (1.16)		2.754 <sup>b</sup> (2.01)		-0.026 (-0.22)		0.100 <sup>b</sup> (2.29)		-16.62 <sup>a</sup> (-1.84)		3.395 <sup>a</sup> (1.87)		-0.049 (-0.11)		0.019 (0.29)	
Pop	9.686 (0.34)		-8.967 (-0.82)		-0.906 (-1.51)		0.055 (0.52)		-107.17 (-1.07)		-10.37 (-0.97)		-0.648 (-0.21)		-0.154 (-0.80)	
Pop squared	0.511 (-0.43)		0.320 (0.96)		0.038 (1.55)		-0.001 (-0.35)		3.721 (1.04)		0.298 (0.88)		0.036 (0.29)		0.006 (0.97)	
Exports ( $t-1$ )					0.962 <sup>c</sup> (26.5)		0.974 <sup>c</sup> (77.6)						0.804 <sup>c</sup> (8.66)		0.946 <sup>c</sup> (49.2)	
Constant	-163.25 (-0.62)		56.724 (0.58)						904.432 (1.35)		79.210 (0.83)					
Excl. instrument			CL				CL				CL				CL	
Observations	147		603		135		577		141		606		128		580	
R-squared	0.156		0.392						0.144		0.405					
Countries	25		86		23		81		24		86		23		82	

Dependent variable is value of exports of the sector indicated in the second row; all regressions include year and country effects; all variables are in log; endogenous variables in the GMM specifications are lagged exports; *Aimfra* and *Apc*; all regressions include year effects; Robust *t*-statistics in parentheses; <sup>a</sup>significant at 10 per cent; <sup>b</sup>significant at 5 per cent; <sup>c</sup>significant at 1 per cent.

## Conclusions and Policy Implications

This study is one of the first efforts to focus on the effects of AfT in SVEs. The evidence in this paper suggests that SVEs fall into a category of countries in special need of AfT due to their relative disadvantage in international trade and to their higher expected adjustment costs to trade integration relative to other developing countries. Although the rationale for AfT is particularly clear for SVEs, no donor has a specific AfT focus on these countries. There are a number of programmes that may be particularly relevant for SVEs as they address some of the trade-related shocks likely to be faced by these countries, such as the EU SFA for bananas, the Special Fund for Rum and the trade integration mechanism. However, there is no programme we are aware of that addresses specific trade constraints faced by SVEs, such as the consequences of remoteness and smallness. This may be a useful addition that should be considered if SVEs are to compete effectively in an integrated trade regime.

Despite the lack of specific programmes for SVEs, these countries receive relatively high levels of AfT per capita. Small countries, and thus SVEs, receive higher per capita amounts of AfT, as also of general aid. However, AfT to SVEs declined somewhat in the years leading up to 2006, but seems to have bounced back in 2007. Whether this trend is just a temporary spike or the beginning of a new rising trend for SVEs is open to question. AfT to SVEs is provided mainly by a few large donors, including the EC, Australia, Japan, and to lesser extent France, Portugal, the USA and New Zealand. At the beginning of the decade, SVEs were receiving disproportionately more AfT given their share in total ODA; this was reversed in the following years (and in 2004 SVEs' specialisation index was lower than that of any income groups). These large swings suggest that there may not be a long-term strategy in terms of AfT allocation across countries, and to SVEs in particular.

We then investigate in more detail how AfT is expected to influence trade performance. Using a simple export demand model we show how AfT may benefit exports of developing countries, and of SVEs in particular. The review of the evidence available on the effectiveness of past AfT on trade performance is mixed. This examination is challenging owing to the difficulty of isolating the impact of AfT programmes on the recipients' economy. This attribution problem has often resulted in a lack of clear and measurable objectives and indicators in programming documents. However, some problems in the programming and delivery of AfT seem apparent. For example, administrative constraints faced by ACP countries in dealing with EU procedures usually lead to very slow rates of aid disbursement, which may undermine the value of the assistance extended in support of time-sensitive adjustment processes. Moreover, our review suggests the importance of ownership, alignment and harmonisation as critical factors of success of AfT, much in line with the traditional aid effective-

ness literature. The implications mainly refer to the need to involve stakeholders, and trade and other officials in beneficiary countries in the very beginning – to help design programmes, and devise specific objectives and implementation strategies, keeping country-specific conditions in mind.

Lack of proper data and benchmarks (e.g. outcome variables to rate the project against) has often constrained the possibility of properly assessing the effectiveness of AfT over a large number of projects. By using a large panel dataset of developing countries we provide new systematic evidence on the effectiveness of AfT. Using original empirical models, we examine the overall impact of different types of trade-related assistance on specific trade-performance indicators. Importantly, we identify the impact of AfT on SVEs and other developing countries separately. The results suggest that a particular type of AfT, i.e. aid for trade facilitation, seems to have a significant cost-reducing effect on the costs of handling exports; back of the envelope calculations indicate that this appears to be an investment with an interesting return. SVEs seem to enjoy particularly high returns on aid for trade facilitation, which is consistent with these countries having on average higher unit transaction costs on exports (as these are spread over smaller volumes of exports). Our results further suggest that aid to economic infrastructure increases overall exports for developing countries, and more so for SVEs, while aid to productive capacity has no significant effect on exports for either SVEs or non-SVEs. The weak effect of aid to productive capacity may be partly explained with a poor identification strategy, as this type of aid is mostly sectoral and thus should be measured against sectoral exports. When we do this (using sectoral exports and sectoral aid for four broad sectors), we find heterogeneous effects of AfT across sectors. In particular, sectoral AfT seems to have a positive impact on tourism and mineral exports, which is considerably larger in SVEs than in non-SVEs. On the other hand, food and manufacturing exports do not appear to benefit from higher AfT.

On the basis of these findings and the review of the evidence, we provide suggestions for donors of AfT, as well as for SVEs.

- First, donors could consider introducing AfT programmes (or projects) addressing specific trade-related constraints faced by SVEs, including remoteness and isolation, as these seem to be binding especially in a world of trade. AfT could help *inter alia* by funding connective infrastructure and improving the efficiency of existing infrastructure.
- Second, donors should increase the rates of AfT disbursement, as slow rates tend to undermine the value of the assistance extended in support of time-sensitive adjustment processes, such as the trade-related ones experienced by SVEs.
- Third, it is desirable for donors to programme their trade-related activities for longer timespans and with more active participation by the recipients. This would increase the predictability and ownership of AfT flows. These recommendations are in line with those for general aid, but given the high variability of trade-related aid, in particular towards SVEs, they may be of particular importance in this context.

- Fourth, donors could consider scaling up the level of aid for trade facilitation, as this appears to be a particularly cost-effective investment. This is particularly the case for SVEs.
- Fifth, as the impact of aid to economic infrastructure on exports seems to be especially high in SVEs, it would be worth considering how to increase its envelope.
- Sixth, donors should work with recipients to identify those contexts in which there is more need for aid to productive sectors, considering that this form of aid seems to work better in certain sectors in SVEs, such as tourism and minerals.



## Notes

- 1 The Doha Ministerial Declaration of the WTO, adopted in 2001, established a work programme with the objective of framing responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system. However, this was not meant to create a sub-category of WTO members. While many SVEs receive trade preferences under various bilateral and regional arrangements, under the multilateral trade talks they are not considered for special preferences that are generally granted to the group of countries known as the least developed countries. For details of the status of SVEs in the WTO see Smith (2009).
- 2 See Qureshi and te Velde (2008) for a more complete analysis of the challenges faced by small states.
- 3 The study also included a substantial data collection effort on relevant indicators, such as wages of skilled, semi-skilled and unskilled labour, and airfreight, seafreight and telecommunications costs.
- 4 These countries are Antigua and Barbuda, The Bahamas, Bahrain, Barbados, Belize, Botswana, Brunei Darussalam, Cape Verde, Comoros, Cyprus, Djibouti, Dominica, Equatorial Guinea, Fiji Islands, Gabon, The Gambia, Grenada, Guyana, Jamaica, Kiribati, Lesotho, Maldives, Malta, Mauritius, Nauru, Papua New Guinea, Samoa, São Tomé and Príncipe, Seychelles, Solomon Islands, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Swaziland, Tonga, Trinidad and Tobago, Tuvalu and Vanuatu. Estimates of the reported trade shares of these countries are based on the data (on export earnings of different countries in current US\$) provided by UNCTAD.
- 5 Eight countries participated in the first stage of JITAP: Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda and the United Republic of Tanzania. Four of these are LDCs. A group of eight countries was later added: Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia.
- 6 This is based on the review of multilateral and bilateral programmes carried out by Cali *et al.* (2006).
- 7 See, for instance the German Development Co-operation (GTZ) strategy (<http://www.gtz.de/en/themen/laendliche-entwicklung/25014.htm>) and the UK DFID strategy (<http://www.dfid.gov.uk/aboutDFID/organisation/intertradedept.asp>).
- 8 Both of the schemes are funded by DFID and the Netherlands Ministry of Foreign Affairs (NMFA). AECF also receives funding from the International Fund for Agricultural Development (IFAD), while EAIF receives funding from the Swiss State Secretariat for Economic Affairs (SECO) and the Swedish International Development Corporation Agency (SIDA).
- 9 See Section 5 for an appraisal of some EC trade-related programmes
- 10 Data for ODA are obtained from the OECD/DAC database on aid flows.
- 11 This means that if an amount  $x_{ij}$  of good is shipped from  $i$  to  $j$ , only  $x_{ij}/\tau_{ij}$  will reach location  $j$ .
- 12 More specifically, the impact of technical papers and regional seminars within UNCTAD's technical assistance programmes was in doubt, and the report also concluded that the former was not a transparent and efficient channel for allocation of TRTA funds.
- 13 We use  $\ln(1 + Atf)$  to avoid missing and negative values. The main results are robust to using  $\ln(Atf)$  as well.
- 14 This is reinforced by the data description given by WTO/OECD (2008) according to which '... trade facilitation relates to a wide range of activities such as import and export procedures (e.g. customs or licensing procedures); transport formalities; and payments, insurance, and other financial requirements [...] Cutting red tape at the point where goods enter a country and providing easier access to this kind of information are two ways of "facilitating" trade.'
- 15 We also check the robustness of the results to using a foreign market potential measure computed by Mayer (2008) through bilateral trade data.
- 16 Not shown here; available from the authors upon request.
- 17 We include Oceania in Asia.
- 18 The average value of  $\ln(1 + Atf) = 0.35$ ; thus a 100 per cent increase in  $(1 + Atf)$  is equivalent to an increase in  $Atf$  by 1.35 million, which is associated with a 20 per cent decrease in costs of exporting. This means that a 1 million rise in  $Atf$  is associated with a reduction in costs of 14.5 per cent (US\$178).
- 19 Given the consistency of the *Ainfra* coefficients across the different samples, we can probably rule out the other possible explanation for this change in the *Apc* coefficient, i.e. that reporting has improved over time, thus limiting the measurement error of the earlier period, which was driving the insignificant results of the 1995–2007 period.

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## Annex 1

# Aid for Trade Projects in SVEs

**Table A1. Aid for trade projects (trade policy and regulation and trade development) in selected SVEs<sup>a</sup> approved after 2005 by amount**

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
IADB	Guyana	28/06/2006	20/03/2012	26,650	Apoyo a la Competitividad	Public-private sector networking	La meta del programa es mejorar la competitividad de Guyana y contribuir a aumentar los niveles de inversión privada y exportaciones. Para lograr esta meta, los objetivos específicos del programa son: i) fortalecer a las instituciones para el diálogo entre los sectores público y privado sobre competitividad y ii) mejorar el entorno empresarial para la inversión privada y el fomento de las exportaciones.
European Commission	Mauritius	13/12/2006	13/12/2009	8,064	Mauritius sugar sector support programme 2006 (MSSSP)	Market analysis and development	The present Sector Policy Support Programme (SPSP) is based on the EC Sugar Response Strategy, which was elaborated in response to the Mauritius Adaptation Strategy. The overall objective of the SPSP is to contribute to sustainable economic development.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
European Commission	Guyana	25/12/2006	29/09/2009	6,979	Guyana National Action Plan on Sugar, 2006 Programme	Market analysis and development	Generate economic growth by bringing about further sustainable improvements in the competitiveness of the sugar cane industry. This will be achieved primarily through ascending the value added chain through increasing the value of exports and thereby increasing local employment. Also by improving agricultural practices it is hoped to increase average sugar cane yields by 30 per cent to 90 tonnes per hectare and, through the introduction of mechanisation, reduce costs.
European Commission	St Lucia	21/12/2006	26/12/2009	6,667	Special Framework of Assistance – St Lucia SFA 2006	Market analysis and development	The programme's purpose is to improve St Lucia's economic competitiveness by enhancing efficiency and productivity within the agricultural sector and other productive sectors.
European Commission	Jamaica	20/12/2006	20/12/2009	6,431	Sector Policy Support Programme – Jamaica	Market analysis and development	To develop a sustainable private sector-led sugar cane industry; to strengthen the economic diversification, social resilience and environmental sustainability of sugar-dependent areas; to maintain progress toward macro-economic goals.
European Commission	Swaziland	28/11/2006	13/12/2009	5,796	Swaziland's National Adaptation Strategy to the EU Sugar Reform	Market analysis and development	The overall objective is to assist Swaziland to implement the National Adaptation Strategy. The specific objective is to establish a Restructuring and Diversification Management Unit with adequate structures and co-ordination mechanisms.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
IADB	Jamaica	22/12/2006	22/12/2009	5,000	First Global Bank Limited TFFP	Trade finance	Includes a Trade Finance Facilitation Programme credit line for US\$5 million. The objective of the programme is to support economic reactivation and growth through the expansion of international trade financing to Latin American and Caribbean companies. It is expected that the programme will: (i) contribute to facilitate imports of critical capital goods and intermediary goods into the region; (ii) allow issuing banks to extend more financing to local exporters and importers through the additional liquidity provided by confirming banks.
European Commission	Fiji Islands	31/03/2006	13/12/2009	4,977	2006 Sugar Sector Support Programme	Market analysis and development	Support to increase productivity and profitability of sugar cane industry, provision of extension services and research.
European Commission	St Vincent & the Grenadines	21/12/2006	26/12/2009	4,745	Special Framework of Assistance – St Vincent SFA 2006	Market analysis and development	The project purpose is improved competitiveness of the economy of St Vincent and the Grenadines, particularly through interventions in the tourism and agricultural sectors.
European Commission	Dominica	21/12/2006	26/12/2009	4,720	Special Framework of Agreement – Dominica 2006	Market analysis and development	Improving the competitiveness of the economy of Dominica through tourism and private sector development, regional agricultural review and cross-sectoral interventions.
European Commission	Jamaica	22/12/2006	26/12/2009	4,301	Jamaica – EU BSP – SFA 2006	Market analysis and development	Activity 1: Banana Improvement Programme (BIP); Activity 2: Rural Diversification Programme (RDP).

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
European Commission	Belize	20/12/2006	20/12/2009	3,744	EC Support to the Belize Country Adaptation Strategy for Sugar – 2006 Allocation (Phase 1)	Market analysis and development	Increasing the efficiency of sugar cane production, processing and transportation. Diversification within the sugar industry. Agricultural diversification in Northern Belize. Socio-economic interventions in Northern Belize targeted at groups who are unable to pursue alternative livelihood opportunities in agriculture. Policy level interventions that will contribute to a sustainable industry.
European Commission	St Kitts and Nevis	01/06/2006	26/12/2009	3,506	St Kitts and Nevis Institutional Strengthening and Social Development 2006 SAP	Market analysis and development	To promote community empowerment and private sector development and institutional strengthening and central planning and coordination for the country's effective adaptation.
IADB	America unallocated	20/06/2007		2,988	Alianza Internacional Mercadeo y Comercialización Servicios Turismo Sostenible	Market analysis and development	El fin del proyecto es incrementar la competitividad y reconocimiento internacional de las MiPYMEs que adoptan buenas prácticas de turismo sostenible en los países participantes. El propósito es crear y fortalecer relaciones comerciales entre los canales internacionales de comercialización y MiPYMEs que implementan buenas prácticas de turismo sostenible. Los componentes son: 1) consolidación de la oferta de servicios de turismo sostenible; 2) fomento de vínculos entre operadoras de turismo receptoras y emisoras para comercializar el turismo sostenible; y 3) mercadeo y comunicación internacional; y 4) evaluación y difusión de lecciones aprendidas.



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
European Commission	Barbados	01/06/2006	20/12/2009	2,874	Barbados Institutional Strengthening and Social Development 2006 SAP	Market analysis and development	Diversify the sugar industry, Support information technologies and banking and financial services.
European Commission	Belize	01/06/2006	26/12/2009	2,600	Belize – EU BSP – SFA 2006	Market analysis and development	Activity 1: Nematode Control Programme; Activity 2: Rehabilitation of aged and diseased plantations and crop timing; Activity 3: Rural Development Fund; Activity 4: Project Management.
Australia	Papua New Guinea	01/01/2006	01/12/2007	2,556	Enhanced Cooperation Programme – PNG Customs Service (Cargo Manager, Operational Improvement Specialists)	Trade facilitation	Australian assistance to Papua New Guinea to improve customs operations.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Canada	Guyana	01/10/2006	01/10/2009	2,286	GENCAPD PHASE II	Trade mainstreaming in PRSPs/ development plans	GENCAPD II is required to consolidate and sustain achievements of Phase I and undertake necessary capacity development outside the scope of Phase I. Phase II will provide support to the rural poor and the hinterland population who have the highest incidence of poverty, and will build on the previous phase's activities and results. Phase I was oriented toward capacity building for environmental management in the mining sector. Phase II is community and private sector oriented. The goal is to promote private sector-led economic growth that provides sustainable livelihoods and reduces poverty. The purpose is to improve the health, skills and economic opportunities of private sector miners and men, women and families in selected communities living near mining operations in Guyana's hinterland.
European Commission	Suriname	22/12/2006	26/12/2009	2,058	SFA 2006 – Support to the restructuring of the Suriname banana sector	Market analysis and development	Investment in a fixed cableway, packing stations and irrigation system.
World Bank	Botswana	12/02/2007	31/12/2007	2,000	BW-Export Divers Dissemination (FY06)	Trade promotion strategy design and implementation	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
European Commission	Suriname	24/05/2006	31/03/2012	1,849	Sustainable Tourism Capacity Building Programme (SSTCBP)	Market analysis and development	
United States	Guyana	30/09/2006		990	Strengthening Environment for Sustained Growth of Exports in Guyana	Business support services and institutions	Export Promotion – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors./clusters. To date, the activity has: (1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts; paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the International Wood Products Association (IWPA) Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	Morocco	08/05/2006	28/07/2006	800	Regional training course	Trade-related training education	
WTO	Mauritius	31/05/2006	02/06/2006	765	Regional workshop	Trade-related intellectual property rights	
WTO	Jamaica	23/01/2006	14/04/2006	760	Regional training course	Trade-related training education	
Greece	Mauritius	30/11/2006	30/12/2006	753	Contribution to the programme for fish trading through auctions	Trade promotion strategy design and implementation	Contribution to the programme for fish trading through auctions.
IADB	Jamaica	25/10/2006	13/02/2009	724	Competitividad de los Pequeños Hoteles	Market analysis and development	El fin general de este proyecto es contribuir a aumentar la competitividad del subsector de pequeños hoteles en Jamaica. Su propósito es crear una red de pequeños hoteles que cumplan con normas internacionalmente reconocidas en la provisión de servicios a segmentos específicos del mercado turístico. Para lograr estos objetivos, el proyecto consta de cuatro componentes, a saber: i) campaña de sensibilización y creación de una red; ii) desarrollo de productos y servicios; iii) definición de normas de calidad, y iv) creación y gestión de marcas, posicionamiento y comercialización.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
UK	Jamaica	09/11/2006	01/04/2007	709	Jamaica Cluster Competitiveness Programme	Trade mainstreaming in PRSPs/development plans	To enhance international competitiveness of Jamaican small and medium-scale enterprises.
Canada	Guyana	07/09/2006	31/12/2010	688	Social Entrepreneurship Programme (SEP)	Trade mainstreaming in PRSPs/development plans	Social Entrepreneurship Programme. Agriculture is the mainstay of the Guyanese economy, accounting for around 25% of GDP, half the exports and one-third of employment. This CAD\$1.7 million (US\$1.5 million) four-year project intends to support 1,200 small farmer households as beneficiaries (located in 45 communities), and finance at least 15 projects (through its responsive project fund), valued at US\$665,000, which will benefit small farmers in production, processing, marketing, and sales and income generation.
World Bank	Mauritius	01/06/2006		670	MU – Aid for Trade (FY06)	Trade facilitation	
Australia	Papua New Guinea	01/01/2006	01/12/2007	639	Enhanced Cooperation Programme – Department of Transport and Civil Aviation (Maritime Security Adviser)	Trade facilitation	Australian assistance to Papua New Guinea to improve maritime security.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
New Zealand	Papua New Guinea	30/06/2007	31/12/2007	479	Women in Agriculture, Forestry and Environment	Trade promotion strategy design and implementation	Funding of women to attend agricultural and forestry training at Papua New Guinea institutions.
UK	Jamaica	09/11/2006	01/04/2007	472	Jamaica Cluster Competitiveness Programme	Trade promotion strategy design and implementation	To enhance the international competitiveness of Jamaican small and medium scale enterprises.
IBRD	Mauritius	12/12/2007	31/12/2007	435	MU-Development Policy DPL (FY07)	Trade promotion strategy design and implementation	
WTO	Morocco	22/11/2006	24/11/2006	403	Regional workshop	Trade and environment	
United States	Botswana	30/09/2006		394	Improved Policy Environment for Trade in Botswana: Tax Policy	Trade and investment	Gov/Transparency and Inter-Agency Coordination – The activity assists the Botswana Unified Revenue Service (BURS) with its assimilation of the tax, VAT and customs departments. The new organisation began filling management positions based on position descriptions developed by US Treasury Department advisors. BURS will require management training at all levels, in support of its recently developed Strategic Plan. Funded and implemented by Department of Treasury/OTA.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
IBRD	Mauritius	12/12/2006		375	MU-Development Policy DPL (FY07)	Trade promotion strategy design and implementation	
European Commission	Trinidad and Tobago	24/08/2006	31/12/2007	370	Sugar sector reform – regional (Trinidad Tobago, Kenya, Ivory Coast, Congo Brazzaville, Zimbabwe)	Market analysis and development	Support is required to undertake studies and facilitate the adoption of a national adaptation strategy to face the consequences of EU sugar reform, in the five Sugar Protocol Countries which have not yet elaborated one in 2006 (Ivory Coast, Kenya, Republic of Congo, Trinidad and Tobago, Zimbabwe).
World Bank	Dominica	27/02/2007	31/12/2007	333	DM GSPTAC	Trade facilitation	
World Bank	Mauritius	15/06/2006		330	MU-Comm Assessment (FY06)	Trade promotion strategy design and implementation	
St Vincent and the Grenadines	St Vincent and the Grenadines	01/04/2006	31/03/2007	315	Asycuda Migration in St Vincent and the Grenadines	Trade facilitation	Technical services and support for the implementation and migration to ASYCUDA.
WTO	Jamaica	19/02/2007	09/03/2007	282	Regional training course	Trade-related training education	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Belgium	Gabon	01/01/2006	31/12/2007	273	Fonds de développement AfricInvest Holdefi Gabon	Trade finance	DOHA_24040
United States	Gabon	30/09/2006		272	Internet, E-commerce and Information Technology Support	E-commerce	E-commerce and IT – The Overseas Private Investment Corporation (OPIC) is providing financing or investment guarantees to support a project that involves investment in the telecommunications industry in Gabon by a local internet company. The project will establish small aperture terminal satellite hubs (VSAT) in order to provide telecommunications services to corporate and residential customers in the country. This project will expand the availability of telecommunications and internet services throughout the host country. Using VSAT technology, the local enterprise will offer cost-effective internet access, local area network (LAN), wide-area network (WAN), virtual private network (VPN) and voice-over-internet protocol (VoIP) services. These services will also support applications such as videoconferencing, telemedicine and distance learning. The project will provide some of these services in parts of the Congo. Funded and implemented by OPIC).



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Finland	Swaziland	18/10/2006	31/12/2009	247	Frame Agreement with NGO (Finnish Red Cross)	Trade promotion strategy design and implementation	Food Security and HIV/Aids. Improved food security for HIV/Aids infected rural population in Swaziland.
WTO	Ghana	19/03/2007	23/03/2007	243	Regional training course	Negotiation training	
United States	Guyana	30/09/2006		238	Strengthening Environment for Sustained Growth of Exports in Guyana	Market analysis and development	Environmental Trade and Standards – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has: (1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the International Wood Products Association Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	Gabon	14/11/2006	16/11/2006	235	Regional workshop	Transparency and government procurement	
WTO	Botswana	12/12/2006	14/12/2006	231	Regional workshop	Trade and environment	
WTO	Ghana	14/11/2006	16/11/2006	219	Regional workshop	Agriculture	
United States	Guyana	30/09/2006		218	Strengthening Environment for Sustained Growth of Exports in Guyana	Market analysis and development	Trade-Related Agriculture – The activity strengthens the environment for sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has: (1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the International Wood Products Association Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
New Zealand	Papua New Guinea	30/06/2007	31/12/2007	216	Local Level Economic and Business Development	Business support services and institutions	Local Level Economic and Business Development – Bris kanda.
United States	Guyana	30/09/2006		198	Strengthening Environment for Sustained Growth of Exports in Guyana	Trade promotion strategy design and implementation	<p>Tourism Sector Development – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has:</p> <p>(1) completed a National Investment Guide which the government is using to attract FDI;</p> <p>(2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the International Wood Products Association Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.</p>

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WTO	Ghana	25/04/2007	27/04/2007	191	Regional workshop	Transparency and government procurement	
FAO	Botswana	01/02/2006	30/06/2007	184	Strengthening food safety in Botswana	Sanitary and phytosanitary measures	The objective of the project is to assist the country in strengthening its food control system in order to improve consumer protection by ensuring the safety and quality of the food supply, be it domestically produced or imported food.
IMF	Swaziland	21/03/2007	03/04/2007	182	Development of revenue administration reform strategy	Tariff reforms	Development of revenue administration reform strategy.
WTO	Botswana	19/06/2007	21/06/2007	174	Regional training course	Technical barriers to trade	
Mauritius	Mauritius	16/10/2007	31/12/2008	173	Improving Competitiveness of the Clothing Industry in Mauritius	Market analysis and development	Assist Mauritius to retain trade in Textile and Clothing (T&C) as a means of economic development and thus poverty reduction through employment creation. The immediate goal will be to create capacity in the industry to move away from the unsustainable CMT business to produce value-added products, fully responding to buyer requirements by improving their sourcing and marketing skills and performance. Doing so will increase competitiveness and create the capacity to withstand increasing competition.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
FAO	Dominica	01/10/2006	31/12/2007	165	Assistance in the management of citrus dieback	Sanitary and phytosanitary measures	The objective of the project is to assist the government in its effort to contain the spread of citrus tristeza virus (CTV) in the short term, and in the medium-long term to develop and implement a programme for the sustainable management of CTV and other major citrus pests.
IMF	Dominica	17/01/2007	31/01/2007	160	Revenue Administration and Tax Policy Mission	Tariff reforms	Revenue Administration and Tax Policy Mission.
United States	Guyana	30/09/2006		158	Strengthening Environment for Sustained Growth of Exports in Guyana	Services	GATs – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors./clusters. The activity has: (1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training and established testing facilities for meat products and peanuts, paving the way for potential exports of them for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the IWPA Fair, (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		154	Rural Enterprise Agriculture and Community Tourism (REACT)	Agriculture	Trade-Related Agriculture – The Rural Enterprise, Agriculture and Community Tourism activity provides technical assistance and/or grant funding to: (1) Private sector organisations (such as the Jamaica Manufacturers Association, Unique Jamaica, Jamaica Hotel Tourist Association, and Jamaica Exporters Association) that represent and facilitate exporters in the agriculture and tourism sectors to improve business networks and skills of business people, by improving their ability to deliver timely and effective services to members; (2) Jamaican horticultural and poultry farmers, as well as input suppliers, to improve their output quantity and quality, and level of compliance to good agricultural practices (GAP); (3) Tourism accommodation and attraction operators and small craft producers to improve the quality of their products and services and increasing their competitiveness, while preserving the environment. Funded and implemented by USAID/Jamaica.
IMF	Belize	06/02/2007	20/02/2007	145	Post VAT Implementation-Diagnostic mission	Tariff reforms	Post VAT implementation-diagnostic mission.
IMF	Trinidad & Tobago	25/10/2006	10/11/2006	144	Revenue Administration Mission	Tariff reforms	Revenue administration mission.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	St Lucia	03/04/2006	07/04/2006	140	Regional training course	Negotiation training	
Canada	Barbados	16/02/2007	16/08/2008	137	Fortalecimiento de Logística y Facilitación de Comercio	Business support services and institutions	El objetivo de esta operación es apoyar a la Cámara de Comercio e Industria de Barbados en evaluar la eficiencia y efectividad de las prácticas actuales en logística y facilitación de comercio en Barbados, y recomendar acciones específicas basadas en las mejores prácticas internacionales.
IMF	Jamaica	08/08/2006	06/09/2006	134	Diagnostic Tax and Customs Admin mission (CARTAC)	Tariff reforms.	Diagnostic Tax and Customs Admin mission.
Korea, Rep. of	Fiji Islands	30/07/2006	13/08/2006	125	International Trade & WTO Agreement Implementation	Trade and competition	Training programme on competition policy in the WTO (competition policy as a strategy for economic development, multilateral framework in competition law and policy, etc.).
WTO	Gabon	09/10/2006	13/10/2006	125	Regional training course	Trade-related training education	
Korea, Rep. of	Jamaica	30/07/2006	13/08/2006	125	International Trade & WTO Agreement Implementation	Trade and competition	Training programme on competition policy in the WTO (competition policy as a strategy for economic development, multilateral framework in competition law and policy, etc.).

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		120	Technical Assistance to the Caribbean Regional Negotiating Machinery	Regional Trade Agreements	Regional Trade Agreements – Technical assistance is being given to the Caribbean Regional Negotiating Machinery (CRNM) to improve its effectiveness and success in negotiating trade agreements on behalf of CARICOM. Activity focus includes trade in services, regional co-ordination for the FTAA and bilateral trade programmes, enhancement of the private sector role in international trade agreements, and strengthening of the CRNM financial management system. Other specific activities in the services area are being carried out with support from other donors of the CRNM services programme. In the area of private sector involvement, several seminars have been conducted to date in the region to improve awareness on issues which are germane to trade agreements being negotiated. Private sector contributions to the negotiations are therefore expected to increase as a result of the programme. Funded and implemented by USAID/Jamaica.
France	Gabon	01/01/2006	31/12/2006	118	Tourisme (dont 1 AT + 1 VI)	Market analysis and development	



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	Fiji Islands	27/08/2007	31/08/2007	117	Regional training course	Trade-related training education	
WTO	Gabon	22/05/2007	25/05/2007	117	Regional training course	Trade-related training education	
WTO	Mauritius	20/08/2007	23/08/2007	111	Regional workshop	Trade main-streaming in PRSPs/dev. plans	
United States	Jamaica	30/09/2006		110	Business Environment Improved in Jamaica	Business support services and institutions	Export Promotion – One principal aim of the business environment activity is the creation of opportunities for small and medium-sized firms in the tourism, agribusiness, entertainment and culture clusters, with further emphases on the under-served sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions driven by the needs of the clusters and the community, so as to develop immediately marketable skill sets. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops to help small, medium and micro enterprises access financing. Funded and implemented by USAID/Jamaica.

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United States	Guyana	30/09/2006		99	Strengthening Environment for Sustained Growth of Exports in Guyana	Regional Trade Agreements	RTAs – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has: (1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the International Wood Products Association Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.
IMF	St Vincent and the Grenadines	01/01/2006	01/02/2006	95	Tax Administration: Request for VAT Implementation	Tariff reforms	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/ CB main category	Long description
United States	Guyana	30/09/2006		90	Support for Sustainable Forestry Management in Guyana	Trade and environment	<p>Environmental Trade and Standards – This activity supports implementation of the sustainable forest management programme, a main component of a strategic action plan at the Iwokrama International Center in Guyana. The development objective of the new project is to address the lack of knowledge and general misunderstanding about the sustainable nature of forest activities and the profitability of forest utilisation in the Iwokrama Forest. It helps to manage the area in order to maximise net revenue from sustainable production of forest goods and services, while developing local employment and training opportunities and providing capacity building and technology transfer programmes for Amerindian communities. It also demonstrates, through effective monitoring, lasting ecological, economic and social benefits. The US Government is jointly funding this activity with several donors. The US\$90,000 reported here is the US contribution alone. Funded and implemented by Department of State.</p>

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/ CB main category	Long description
United States	Jamaica	30/09/2006		90	Technical Assistance to the Caribbean Regional Negotiating Machinery	Accession	WTO Awareness – Technical assistance is being given to the CRNM to improve its effectiveness and success in negotiating trade agreements on behalf of CARICOM. Activity focus includes trade in services, FTAA regional co-ordination and bilateral trade programmes, enhancement of the private sector role in international trade agreements, and strengthening of the CRNM financial management system. Other specific activities in the services area are being carried out with support from other donors of the CRNM services programme. In the area of private sector involvement, several seminars have been conducted in the region to improve awareness on issues that are germane to trade agreements being negotiated. Private sector contributions to the negotiations are therefore expected to increase as a result of the programme. Funded and implemented by USAID/Jamaica.
United States	Botswana	30/09/2006		89	Financial Sector Development in Botswana: Anti-Money Laundering	Trade finance	Government/Transparency & Inter-Agency Co-ordination – The project will assist the Government of Botswana to develop and implement its anti-money laundering and countering the financing of terrorism strategy. Additional assistance will be provided to the tax authorities in developing a tax unit to address problems of tax evasion. Funded and implemented by Department of Treasury/OTA.

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IADB	Suriname	28/08/2006	28/02/2009	88	Ranking de Competitividad para Suriname	Business support services and institutions	The objective of this programme is to increase the availability of high quality, updated and comparable information on key competitiveness variables in Suriname in order to contribute to an effective public-private dialogue on policies to improve Suriname's competitiveness. This TC will include the following components: (i) permanent inclusion of Suriname in an international competitiveness benchmark, together with the preparation of the Suriname Competitiveness Report; and (ii) implementation of a dissemination campaign on the findings of the report among key stakeholders.
Finland	Papua New Guinea	03/05/2006	31/12/2006	83	Road Maintenance Development Project in New Guinea	Trade promotion strategy design and implementation	Road Maintenance Development Project in Papua New Guinea.
WTO	Fiji Islands	28/06/2006	30/06/2006	81	Regional training course	Technical barriers to trade	
Australia	Papua New Guinea	01/10/2007	01/12/2007	77	Corporate Planning Adviser to NAQIA (Quarantine Agency)	Sanitary and phytosanitary measures	The project's aim is to improve the capacity of Papua New Guinea government agencies to plan, formulate policy and delivery services through the provision of short- to medium-term advisory support.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	Fiji Islands	24/10/2006	26/10/2006	76	Regional workshop	Trade-related training education	
WTO	Fiji Islands	07/08/2006	11/08/2006	72	Regional training course	Trade-related training education	
United States	Jamaica	30/09/2006		70	Competitiveness Clusters Developed in Jamaica	Public-private sector networking	Export Promotion – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal framework for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	Fiji Islands	30/06/2006	31/12/2006	68	Promoting Participation of Japanese Citizens in Business Management	Business Support Services and Institutions	Promoting Participation of Japanese Citizens in Business Management.
New Zealand	Fiji Islands	30/06/2007	31/12/2007	66	Sustainable Land Use in Sugar Cane Belt	Trade facilitation	Sustainable Land Use in Sugar Cane Belt.
United States	Jamaica	30/09/2006		66	Rural Enterprise Agriculture and Community Tourism (REACT)	Market analysis and development	Tourism Sector Development – REACT activity provides technical assistance and/or grant funding to: (1) Private sector organisations (such as Jamaica Manufacturers Association, Unique Jamaica, Jamaica Hotel Tourist Association and Jamaica Exporters Association) that represent and facilitate exporters in the agriculture and tourism sectors to improve networks and skills of business people, by improving their ability to deliver timely and effective services to members; (2) Jamaican horticultural and poultry farmers, as well as input suppliers, to improve their output quantity and quality, and level of compliance to GAP; (3) Tourism accommodation and attraction operators and small craft producers to improve the quality of their products and services and increasing their competitiveness, while preserving the environment. Funded and implemented by USAID/ Jamaica.

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WTO	St Lucia	17/10/2007	19/10/2007	66	Regional training course	Trade-related training education	
Korea, Republic of	Fiji Islands	18/05/2006	02/06/2006	65	E-Business	E-commerce	To present the situation and prospect of Korean e-business to participants in order to provide a guideline to promote and implement e-business in their countries.
UNIDO	Jamaica	12/07/2007	31/12/2007	62	Preparatory Assistance to Jamaica Fish Export Sector to overcome Barriers to Trade with the EU	Sanitary and phytosanitary measures	Preparatory Assistance to Jamaica Fish Export Sector to overcome Barriers to Trade towards the EU.
WTO	Barbados	13/06/2006	15/06/2006	60	Regional workshop	Transparency and government procurement	
France	Gabon	01/01/2006	31/12/2006	60	Pêches et affaires maritimes (dont 1 AT)	Market analysis and development	
WTO	Guyana	11/09/2006	14/09/2006	60	Regional workshop	Rules	
France	Gabon	01/01/2006	31/12/2006	59	Mines (dont 2 AT)	Market analysis and development	



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Korea, Republic of	Barbados	29/06/2006	14/07/2006	58	e-Trade & Export Promotion for OAS Member Countries	Trade facilitation	To provide the Korean experience of economic development based on e-trade and to promote the capability to build relevant policies.
Korea, Republic of	Jamaica	29/06/2006	14/07/2006	58	e-Trade & Export Promotion for OAS Member Countries	Trade facilitation	To provide the Korean experience of economic development based on e-trade and to promote the capability to build relevant policies.
Korea, Republic of	St Lucia	29/06/2006	14/07/2006	58	e-Trade & Export Promotion for OAS Member Countries	Trade facilitation	To provide the Korean experience of economic development based on e-trade and to promote the capability to build relevant policies.
Korea, Republic of	St Vincent and the Grenadines	29/06/2006	14/07/2006	58	e-Trade & Export Promotion for OAS Member Countries	Trade facilitation	To provide the Korean experience of economic development based on e-trade and to promote the capability to build relevant policies.
Korea, Republic of	Suriname	29/06/2006	14/07/2006	58	e-Trade & Export Promotion for OAS Member Countries	Trade facilitation	To provide the Korean experience of economic development based on e-trade and to promote the capability to build relevant policies.
Australia	Botswana	01/01/2006	01/12/2007	54	Capacity Building of Ministry of Agricultural Officials in Botswana on Plant Quarantine	Trade-related training education	The project involves short-term training of six officials from Botswana, to be undertaken in Western Australia, on plant quarantine. The training took place at the end of August 2006.

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IADB	Guyana	25/05/2006	25/08/2006	54	Servicios de Sanidad Agropecuaria	Sanitary and phytosanitary measures	The TC will support project preparation for the Agricultural Diversification Project (GY-L1007) regarding the detailed design of the public services related to agricultural exports.
WTO	Fiji Islands	29/01/2007	02/02/2007	49	Regional workshop	Tariff negotiations – non-agricultural market access	
WTO	Gabon	04/06/2007	22/06/2007	49	Regional training course	Trade-related training education	
Japan	Papua New Guinea	30/06/2006	31/12/2006	49	Promoting Participation of Japanese Citizens in Trade	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		45	Technical Assistance to the Caribbean Regional Negotiating Machinery	Services	GATS – Technical assistance is being given to the CRNM to improve its effectiveness and success in negotiating trade agreements on behalf of CARICOM. Activity focus includes trade in services, regional co-ordination for the FTAA and bilateral trade programmes, enhancement of the private sector role in international trade agreements and strengthening of the CRNM financial management system. Other specific activities in the services area are being carried out with support from other donors of the CRNM services programme. In the area of private sector involvement, several seminars have been conducted to date in the region to improve awareness on issues which are germane to trade agreements being negotiated. Private sector contributions to the negotiations are therefore expected to increase as a result of the programme. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/ CB main category	Long description
United States	Jamaica	30/09/2006		45	Technical Assistance to the Caribbean Regional Negotiating Machinery	Market analysis and development	Other Services Development – Technical assistance is being given to the CRNM to improve its effectiveness and success in negotiating trade agreements on behalf of CARICOM. Activity focus includes trade in services, regional co-ordination for the FTAAs and bilateral trade programmes, enhancement of the private sector role in international trade agreements, and strengthening of the CRNM financial management system. Other specific activities in the services area are being carried out with support from other donors of the CRNM services programme. In the area of private sector involvement, several seminars have been conducted to date in the region to improve awareness on issues which are germane to trade agreements being negotiated. Private sector contributions to the negotiations are therefore expected to increase as a result of the programme. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		41	Rural Enterprise Agriculture and Community Tourism (REACT)	Trade and environment	Environmental Trade and Standards – REACT activity provides technical assistance and/or grant funding to: (1) Private sector organisations (such as the Jamaica Manufacturers Association, Unique Jamaica, Jamaica Hotel Tourist Association, and Jamaica Exporters Association) that represent and facilitate exporters in the agriculture and tourism sectors to improve business networks and skills of business people, by improving their ability to deliver timely and effective services to members; (2) Jamaican horticultural and poultry farmers, as well as input suppliers, to improve their output quantity and quality, and level of compliance with GAP; (3) Tourism accommodation and attraction operators and small craft producers to improve the quality of their products and services and increase their competitiveness, while preserving the environment. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Guyana	30/09/2006		40	Strengthening Environment for Sustained Growth of Exports in Guyana	Trade and competition	<p>Competition Policy and Foreign Investment – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has:</p> <p>(1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the IWPA Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.</p>

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		39	Integrated Pest Management Collaborative Research Support Programme	Sanitary and phytosanitary measures	Agreement on SPS – This project supports integrated pest management (IPM) of viruses affecting hot pepper, and molecular tools for distinguishing gall midge species. Hot peppers can be grown sustainably and profitably for the export market as fresh produce. Major constraints include viruses, broad mites and the gall midge complex. Management plans to avoid losses due to infection of plants have been devised. Since the gall midge complex has been declared a quarantine pest by the USA, hot peppers have been removed from the pre-clearance list and fumigation is required. Conditions conducive to gall midge have been identified through surveys and geographic information system (GIS) analysis, areas of low pest risk are more predictable, and a traceability system is in place. Emphasis is now being placed on these pests. Negotiations are under way to define conditions whereby hot pepper may again be shipped to the USA without fumigation. Funded by USAID/EGAT/AG and implemented by USAID/EGAT/NRM.
Japan	Papua New Guinea	30/06/2006	31/12/2006	38	Promoting Participation of Japanese Citizens in Business Management	Business Support Services and Institutions	Promoting Participation of Japanese Citizens in Business Management.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Barbados	30/09/2006		35	Sanitary and Phytosanitary Workshop – Barbados	Sanitary and phytosanitary measures	Agreement on SPS – Support for workshop on biological control of pest fruit flies. Funded and implemented by Department of Agriculture.
IMF	Guyana	14/08/2006	29/09/2006	34	Tax Administration	Tariff reforms	Tax Administration.
United States	St Vincent and the Grenadines	30/09/2006		34	Sanitary and Phytosanitary Training – St Vincent and the Grenadines	Sanitary and phytosanitary measures	Agreement on SPS – Support for training on survey and detection of Chile Thrips and Giant African Snail. Funded and implemented by Department of Agriculture.
New Zealand	Fiji Islands	30/06/2007	31/12/2007	32	Tourism Satellite Accounting	Trade promotion strategy design and implementation	Tourism Satellite Accounting (TSA) is a mechanism which helps a government to understand the total contribution of tourism in the economy.



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		30	Competitiveness Clusters Developed in Jamaica	Market analysis and development	Tourism Sector Development – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal frame-work for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		30	Competitiveness Clusters Developed in Jamaica	Trade promotion strategy design and implementation	Other Services Development – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal frame-work for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		30	Business Environment Improved in Jamaica	Trade finance	Financial Sector Development and Good Governance – One principal aim of the business environment activity is the creation of opportunities for small- and medium-sized firms in the tourism, agribusiness and entertainment and culture clusters, with further emphases on the under-served sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions that are driven by the needs of the clusters and the community, so as to develop skill sets that are immediately marketable. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops that will help small, medium and micro enterprises access financing. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/ CB main category	Long description
United States	Jamaica	30/09/2006		30	Business Environment Improved in Jamaica	Trade promotion strategy design and implementation	Other Services Development – One principal aim of the business environment activity is the creation of opportunities for small and medium-sized firms in the tourism, agribusiness and entertainment and culture clusters, with further emphases on the under-served sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions that are driven by the needs of the clusters and the community, so as to develop skill sets that are immediately marketable. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops that will help small, medium and micro enterprises access financing. Funded and implemented by USAID/Jamaica.
United States	St Vincent and the Grenadines	30/09/2006		29	Sanitary and Phytosanitary Training II – St Vincent and Grenadines	Sanitary and phytosanitary measures	Agreement on SPS – Training on survey and detection methods for Chile Thrips. Funded and implemented by Department of Agriculture.
Japan	Papua New Guinea	30/06/2006	31/12/2006	27	Promoting Participation of Japanese Citizens in Trade	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Australia	Botswana	01/01/2006	01/12/2006	25	Assessment of Plant Quarantine Capacity Ministry of Agriculture Botswana	Sanitary and phytosanitary measures	The project involves the provision of Australian Technical Assistance for evaluation of plant quarantine and capacity building in Botswana.
Japan	Botswana	30/06/2006	31/12/2006	25	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.
Japan	Fiji Islands	30/06/2006	31/12/2006	24	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
WTO	Barbados	06/02/2006	10/02/2006	21	Regional training course	Dispute settlement	
Norway	Botswana	01/01/2006	31/12/2006	21	Fredskorpset personnel exchange	Business support services and institutions	Exchange of personnel to enhance staff development, promoting collaboration and capacity building. Secondary partners are Ecosurv PTY Ltd in Botswana, Shebelle Consulting Engineers in Ethiopia and Norconsult branches in Zambia, Tanzania and Mozambique.
WTO	Trinidad and Tobago	15/03/2006	17/03/2006	21	Regional Seminar	Regional Trade Agreements	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Guyana	30/09/2006		20	Strengthening Environment for Sustained Growth of Exports in Guyana	E-commerce	E-Commerce and IT – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agroprocessing, fisheries, tourism and wood products sectors/clusters. To date, the activity has: (1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the IWPA Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Guyana	30/09/2006		20	Strengthening Environment for Sustained Growth of Exports in Guyana	Trade facilitation	<p>Customs Operation and Administration – The activity strengthens the environment for the sustained growth of value-added and non-traditional exports by: (1) building the capacity of trade policy institutions; and (2) enhancing the competitiveness of enterprises in the agro-processing, fisheries, tourism and wood products sectors/clusters. To date, the activity has:</p> <p>(1) completed a National Investment Guide which the government is using to attract FDI; (2) provided training for and established testing facilities for meat products and peanuts, paving the way for potential exports of these products for the first time; (3) helped the conclusion of several new multi-million dollar contracts involving local sawmills and international buyers as a result of participation in the IWPA Fair; and (4) mounted a national CARICOM Community Awareness Programme. Funded and implemented by USAID/Guyana.</p>

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		20	Competitiveness Clusters Developed in Jamaica	E-commerce	E-commerce and IT – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal framework for the industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public-private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		20	Competitiveness Clusters Developed in Jamaica	Market analysis and development	Trade-related Agriculture – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal frame-work for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.
WTO	Trinidad and Tobago	09/07/2007	13/07/2007	20	Regional workshop	Trade facilitation	
WTO	Barbados	04/07/2006	07/07/2006	19	Regional workshop	Trade facilitation	

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Italy	Belize	05/06/2007		18	Programa para el Fondo Ganadero de Garantía	Market analysis and development	The objective of the consultancy is to analyse the feasibility for a project aimed at increasing the competitiveness of the Belizean beef cattle industry, focusing on small and medium-sized farmers. The consultancy will investigate the beef cattle industry in terms of its scalability and potential global competitiveness, the institutional aspect of the Belizean Livestock Producers Association, as well as the types of financial and non-financial services required to enhance the production efficiency and product quality to meet international market demands.
France	Botswana	01/01/2006	31/12/2006	17	Agriculture et sécurité alimentaire (1 AT)	Market analysis and development	
France	Fiji Islands	01/01/2006	31/12/2006	16	Soutien à la création d'entreprises locales	Business support services and institutions	
WTO	Barbados	03/07/2007	06/07/2007	14	Regional workshop	Trade-related training education	
UK	Dominica	31/08/2006	01/01/2007	14	Dominica Fiscal Economic Recovery Programme Phase II	Trade promotion strategy design and implementation	Fiscal stabilisation and a return to a sustainable fiscal position.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		14	Rural Enterprise Agriculture and Community Tourism (REACT)	Business support services and institutions	Export Promotion – REACT activity provides technical assistance and/or grant funding to: (1) Private sector organisations (such as the Jamaica Manufacturers Association, Unique Jamaica, Jamaica Hotel Tourist Association, and Jamaica Exporters Association) that represent and facilitate exporters in the agriculture and tourism sectors to improve business networks and skills of business people, by improving their ability to deliver timely and effective services to members; (2) Jamaican horticultural and poultry farmers, as well as input suppliers, to improve their output quantity and quality, and level of compliance to GAP; (3) Tourism accommodation and attraction operators and small craft producers to improve the quality of their products and services and increasing their competitiveness, while preserving the environment. Funded and implemented by USAID/Jamaica.
WTO	Belize	21/02/2006	23/02/2006	13	National seminar	Services	
Norway	Botswana	01/01/2006	31/12/2006	13	Fredskorpset personnel exchange	Business support services and institutions	Exchange of personnel between Interconsult Malawi Ltd. The project includes restructuring and product enhancements to the environmental surveillance information system (ENSIS).

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WTO	Gabon	18/09/2006	21/09/2006	13	National technical mission	Trade-related training education	
Multiple Donors	Trinidad and Tobago	06/06/2007	30/09/2007	13	Assistance with Institutional Restructuring of BDC	Business support services and institutions	This project aims to strengthen the institutional capacity of the Business Development Company Limited of Trinidad and Tobago, to integrate the trade promotion function formerly carried out by TIDCO. The following terms of reference have been established for Phase 1 of the ITC intervention: to establish a Trade Information Facility; to provide strategic trade information services to BDC's clients in the business community; and to provide technical advice on how to organise the BDC structurally, to facilitate trade information and export promotion services.
WTO	Belize	07/06/2006	09/06/2006	12	National seminar	Trade mainstreaming in PRSPs/dev. plans	
France	Botswana	01/01/2006	31/12/2006	12	Centre de recherche sur le Tourisme UB	Market analysis and development	
Norway	Botswana	01/01/2006	31/12/2006	12	Fredskorpset personnel exchange	Business support services and institutions	Feasibility study on establishing exchange of personnel for Fredskorpset exchange programme. The results of the feasibility study will constitute part of the basis for assessing an application for a collaboration agreement.

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WTO	Botswana	18/09/2006	22/09/2006	12	National technical mission	Trade-related training education	
United States	Barbados	30/09/2006		11	Epidemiology Training – Barbados	Market analysis and development	Trade-Related Agriculture – Spatial epidemiology training in the use of geographic information systems and global positioning systems methods. Funded and implemented by the Department of Agriculture.
Japan	Botswana	30/06/2006	31/12/2006	11	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.
France	Gabon	01/01/2006	31/12/2006	11	Politiques agricoles	Market analysis and development	
WTO	Trinidad and Tobago	17/09/2007	21/09/2007	11	Regional training course	Dispute settlement	
Japan	Belize	30/06/2006	31/12/2006	10	Customs Administration II	Trade finance	Technical Cooperation in Budget/Finance

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		10	Competitiveness Clusters Developed in Jamaica	Trade promotion strategy design and implementation	Human Resources and Labour Standards – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal framework for the industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.

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United States	Jamaica	30/09/2006		10	Competitiveness Clusters Developed in Jamaica	Trade and investment	Government/Transparency and Inter-Agency Co-ordination – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal framework for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public/private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.

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United States	Jamaica	30/09/2006		10	Competitiveness Clusters Developed in Jamaica	Accession	WTO Awareness – Recognising that country competitiveness determines prosperity, and that competitiveness is determined by the ability of firms to provide unique products and services to customers, this activity focuses on competitive industries as the principal frame-work for industry sector and firm level assistance aimed at improving competitiveness. Activities are concentrated in three clusters (tourism, business management, entertainment and culture) and include technical assistance to facilitate the development of public-private partnerships and private sector partnerships throughout the value chain of firms, with the objective of generating networking benefits and enhancing the productivity of clusters. This technical assistance also includes, at the firm level, training in business management and technical skills assistance with the making of market linkages and joint procurements. Funded and implemented by USAID/Jamaica.



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United States	Jamaica	30/09/2006		10	Business Environment Improved in Jamaica	E-commerce	E-commerce and IT – One principal aim of the business environment activity is the creation of opportunities for small and medium-sized firms in the tourism, agribusiness and entertainment and culture clusters, with further emphases on the under-served sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions that are driven by the needs of the clusters and the community, so as to develop skill sets that are immediately marketable. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops that will help small, medium and micro enterprises access financing. Funded and implemented by USAID/Jamaica.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		10	Business Environment Improved in Jamaica	Trade and investment	Government Transparency and Inter-Agency Co-ordination – One principal aim of the business environment activity is the creation of opportunities for small- and medium-sized firms in the tourism, agribusiness and entertainment and culture clusters, with further emphases on the under-served sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions that are driven by the needs of the clusters and the community, so as to develop skill sets that are immediately marketable. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops that will help small, medium and micro enterprises access financing. Funded and implemented by USAID/Jamaica.

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United States	Jamaica	30/09/2006		10	Business Environment Improved in Jamaica	Trade facilitation	<p>Customs Operation and Administration – A principal aim of the business environment activity is the creation of opportunities for small and medium-sized firms in the tourism, agribusiness and entertainment and culture clusters, with further emphases on the under-served sub-sectors. Technical assistance focuses on investing in human capital with targeted training interventions that are driven by the needs of the clusters and the community, so as to develop skill sets that are immediately marketable. This activity will also create a more enabling business environment through targeted private sector driven interventions in the regulatory processes that affect businesses, for example through the preparation of a Developers Manual, and through a series of workshops that will help small, medium and micro enterprises access financing. Funded and implemented by USAID/ Jamaica.</p>
WTO	Jamaica	27/06/2006	29/06/2006	10	Regional workshop	Tariff negotiations – non-agricultural market access	
France	St Lucia	01/01/2006	31/12/2006	10	Préparation de la conférence douanière intercarraïbe	Trade facilitation	Procédures de facilitation des échanges.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	St Vincent and the Grenadines	30/06/2006	31/12/2006	10	Quality Assurance and Fish Product Inspection	Market Analysis and Development	Technical co-operation in fisheries
Canada	Trinidad and Tobago	01/01/2006	31/03/2006	10	Twinning Agreement – Trinidad and Tobago	Technical barriers to trade	Provision of funding to support a co-chair twinning arrangement for representative from Trinidad and Tobago Bureau of Standards in International Organization for Standardization (ISO) Consumer Policy (COPOLCO) Priorities Working Group.
Japan	Botswana	30/06/2006	31/12/2006	9	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.
WTO	Botswana	28/09/2006	29/09/2006	9	National workshop	Trade-related intellectual property rights	
WTO	Gabon	01/01/2006	31/12/2006	9	Diagnostic des capacités douanières: Colombus 1	Trade facilitation	Procédures de facilitation des échanges.
WTO	Jamaica	30/07/2007	02/08/2007	9	Regional workshop	Trade-related training education	

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Japan	Papua New Guinea	30/06/2006	31/12/2006	9	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.
Japan	Swaziland	30/06/2006	31/12/2006	9	Trade and Investment Promotion Seminar (African and Middle Eastern Countries)	Business support services and institutions	Technical Cooperation in Business Management.
Japan	Fiji Islands	30/06/2006	31/12/2006	8	Foreign Trade Development II	Trade-related training education	Technical Cooperation in Trade.
Japan	Fiji Islands	30/06/2006	31/12/2006	8	Technical Cooperation in Trade	Trade-related training education	Technical Cooperation in Trade.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
IADB	Jamaica	10/03/2006		8	Gestion Financiera para Pequeñas Entidades de Turismo	Trade promotion strategy design and implementation	The objective of the project is to provide small tourism entity managers and operators with current and updated information on strategic financial management processes for small enterprises and to update them on the implications that IT is having on this area of their operations. To achieve this objective, the project will develop and deliver two seminar/workshops on 'Strategic Financial Management and the Implications of Information Technology for Small Tourism Entities'. One seminar will be held in Kingston and the other in Montego Bay, to facilitate participation from each of the tourism product plants in Jamaica. The seminar/workshop will be facilitated by experts in Financial Management and Information Technology, preferably from a local institution (university and/or tourism organisation). Other activities include an island-wide promotional programme to inform potential participants of the seminar/workshop, programme content, place, date and time.
WTO	Jamaica	30/10/2006	03/11/2006	8	National technical mission	Trade-related training education	
France	Antigua and Barbuda	01/01/2006	31/12/2006	7	Mission exploratoire LCF	Trade facilitation	Procédures de facilitation des échanges

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	Dominica	11/12/2006	13/12/2006	7	National technical mission	Trade-related training education	
Japan	Fiji Islands	30/06/2006	31/12/2006	7	International Seminar on Taxation (Senior Course) III	Trade finance	Technical Cooperation in Budget/Finance.
France	Gabon	01/01/2006	31/12/2006	7	Réseaux Caribéens d'Agronomie	Market analysis and development	
Japan	Papua New Guinea	30/06/2006	31/12/2006	7	Practical Corporate Management for Productivity Improvement	Business support services and institutions	Technical Cooperation in Business Management.
WTO	St Kitts and Nevis	06/12/2006	08/12/2006	7	National technical mission	Trade-related training education	
Japan	Swaziland	30/06/2006	31/12/2006	7	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.
France	Gabon	01/01/2006	31/12/2006	6	appui au secteur agricole (CIRAD, chambre régionale agric)	Market analysis and development	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
WTO	Trinidad and Tobago	30/11/2006	01/12/2006	6	National workshop	Trade-related training education	
WTO	Trinidad and Tobago	27/11/2006	29/11/2006	6	National technical mission	Trade-related training education	
WTO	Barbados	11/09/2006	12/09/2006	5	National technical mission	Trade-related training education	
France	Dominica	01/01/2006	31/12/2006	5	Sécurité alimentaire (élevage + pauvreté) (IAT + 1 VI)	Market analysis and development	
Japan	Fiji Islands	30/06/2006	31/12/2006	5	Promoting Participation of Japanese Citizens in Business Management	Business support institutions	Promoting Participation of Japanese Citizens in Business Management.



Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Multiple Donors	Gabon	02/01/2006	31/12/2007	5	Gabon: Etude de l'offre et de la demande sur les produits alimentaires (2006)	Market analysis and development	Etude de l'offre et de la demande sur les produits alimentaires au Gabon – analyse la structure de l'offre des produits alimentaires à travers l'examen des caractéristiques générales de l'offre, des capacités de production, des normes de qualité, et des activités de recherche et développement; donne le profil exportateur de la branche en s'intéressant au volume des exportations de produits alimentaires du Gabon et à leur destination; la deuxième partie de l'étude est consacrée à la demande de produits alimentaires et fournit le profil importateur du secteur à travers l'analyse de la taille et des caractéristiques du marché, des politiques et procédures de marché, des circuits d'importation, des pratiques commerciales et des perspectives du marché. En annexe se trouve les profils des entreprises et des produits concernés par cette étude.
Japan	Papua New Guinea	30/06/2006	31/12/2006	5	Customs Administration II	Trade finance	Technical Cooperation in Budget/Finance.
France	Fiji Islands	01/01/2006	31/12/2006	4	Coopération agricole avec l'Institut Agricole de Calédonie et l'UPRA (production animale)	Market analysis and development	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	Fiji Islands	30/06/2006	31/12/2006	4	Technical Cooperation in Other Industries	Trade promotion strategy design and implementation	Technical Cooperation in Other Industries.
Japan	Fiji Islands	30/06/2006	31/12/2006	4	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
France	Gabon	01/01/2006	31/12/2006	4	Agriculture (bourses de formation)	Market analysis and development	
Japan	Papua New Guinea	30/06/2006	31/12/2006	4	Promoting Participation of Japanese Citizens in Trade	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.
Japan	Fiji Islands	30/06/2006	31/12/2006	3	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
Japan	Papua New Guinea	30/06/2006	31/12/2006	3	Promoting Participation of Japanese Citizens in Trade	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	Papua New Guinea	30/06/2006	31/12/2006	3	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
Japan	Fiji Islands	30/06/2006	31/12/2006	2	Technical Cooperation in Trade	Trade-related training education	Technical Cooperation in Trade.
New Zealand	Fiji Islands	30/06/2007	31/12/2007	2	Fiji Islands Customs and Revenue Authority	Trade facilitation	Technical Assistance to Fiji Islands Customs and Revenue Authority.
Japan	Papua New Guinea	30/06/2006	31/12/2006	2	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
Japan	Papua New Guinea	30/06/2006	31/12/2006	2	Promoting Participation of Japanese Citizens in Trade	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.
Japan	Papua New Guinea	30/06/2006	31/12/2006	2	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	Papua New Guinea	30/06/2006	31/12/2006	2	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
France	Trinidad and Tobago	01/01/2006	31/12/2006	2	APPUI AU CIRAD	Market analysis and development	
United States	Trinidad and Tobago	30/09/2006		2	Sanitary and Phytosanitary Workshop – Trinidad and Tobago	Sanitary and phytosanitary measures	Agreement on SPS – This activity supports a survey and a workshop on Raolella indica in Trinidad. Funded and implemented by Department of Agriculture.
France	Dominica	01/01/2006	31/12/2006	1	Coordination des contrôles de ferries inter-iles	Trade facilitation	Procédures de facilitation des échanges.
Japan	Fiji Islands	30/06/2006	31/12/2006	1	Promoting Participation of Japanese Citizens in Regional Development Planning	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
Japan	Fiji Islands	30/06/2006	31/12/2006	1	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	Papua New Guinea	30/06/2006	31/12/2006	1	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
Japan	Swaziland	30/06/2006	31/12/2006	1	Technical Cooperation in Business Management	Business support services and institutions	Technical Cooperation in Business Management.
WTO	Barbados	08/02/2006	10/02/2006	0	National technical mission	Trade-related training education	
WTO	Botswana	15/03/2006	17/03/2006	0	National workshop	Trade-related training education	
WTO	Guyana	26/11/2007	28/11/2007	0	Regional workshop	Trade mainstreaming in PRSPs/ development plans	

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
United States	Jamaica	30/09/2006		0	Re-Instatement of Callaloo on Pre-Clearance List	Sanitary and phytosanitary measures	Agreement on SPS – This activity supports the reinstatement of Callaloo on the pre-clearance list. As part of the pre-clearance programme, the Animal and Plant Health Inspection Service (APHIS), an office of the US Department of Agriculture, conducts offshore agricultural commodity pre-clearance inspections, treatments and/or other mitigation measures in foreign countries to support trade facilitation and pest exclusion. Funded and implemented by the Department of Agriculture.
Mauritius	Mauritius	01/01/2006	31/12/2006	0	Visite du DG de l'île Maurice	Trade facilitation	Procédures de facilitation des échanges.
Japan	Papua New Guinea	30/06/2006	31/12/2006	0	Promoting Participation of Japanese Citizens in Trade	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.
Japan	Papua New Guinea	30/06/2006	31/12/2006	0	Promoting Participation of Japanese Citizens in Regional Development Planning	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.
Japan	Papua New Guinea	30/06/2006	31/12/2006	0	Promoting Participation of Japanese Citizens in Business Management	Business support services and institutions	Promoting Participation of Japanese Citizens in Business Management.

Donor	Beneficiary	Commitment date	End date	Amount (US\$000)	Project title	TRTA/CB main category	Long description
Japan	Papua New Guinea	30/06/2006	31/12/2006	0	Promoting Participation of Japanese Citizens in Regional Development Planning	Trade-related training education	Promoting Participation of Japanese Citizens in Trade.
WTO	St Lucia	13/02/2006	14/02/2006	0	National technical mission	Trade-related training education	
Netherlands	Suriname	01/01/2006	31/12/2009	0	PRM: AGRARISCH SECTORFONDS	Trade promotion strategy design and implementation	PRM: AGRARISCH SECTORFONDS

<sup>a</sup>The list of beneficiary SVEs includes only those countries which are categorised as SVEs by both the Commonwealth Secretariat and the WTO (see main text for definition).

Source: OECD/WTO TRTA/CB database, accessed 8 January 2009

## Annex 2

### Defining 'Trading Across Borders'

(taken from <http://www.doingbusiness.org/MethodologySurveys/TradingAcrossBorders.aspx>)

*Doing Business* compiles procedural requirements for exporting and importing a standardised cargo of goods by ocean transport. Every official procedure for exporting and importing the goods is recorded – from the contractual agreement between the two parties to the delivery of goods – along with the time and cost necessary for completion. All documents required for clearance of the goods across the border are also recorded. For exporting goods, procedures range from packing the goods at the factory to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. Payment is made by letter of credit.

Local freight forwarders, shipping lines, customs brokers and port officials provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across countries, several assumptions about the business and the traded goods are used. Since 2007, assumptions were refined to adjust for particularities of landlocked countries and reduce variations related to documentation involving private parties. In the case of landlocked countries, any port related data is based on information provided by the relevant sea port country. Inland transport costs are based on number of kilometres. Any documentation between the shipper and trader is excluded.

#### **Assumptions about the business**

A business with 100 or more employees:

- Is located in the country's most populous city.
- Is a private, limited liability company. It does not operate within an export processing zone or an industrial estate with special export or import privileges.
- Is domestically owned with no foreign ownership.
- Exports more than 10 per cent of its sales.

#### **Assumptions about the traded goods**

The traded product travels in a dry-cargo, 20-foot, full container load. The product:

- Is not hazardous nor does it include military items.



- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

### **Measuring documents required to export and import**

All documents required to export and import the goods are recorded. It is assumed that the contract has already been agreed upon and signed by both parties. Documents include bank documents, customs declaration and clearance documents, port filing documents, import licences and other official documents exchanged between the concerned parties. Documents filed simultaneously are considered different documents but with the same timeframe for completion.

### **Measuring time required to import and export**

Time is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost, the fastest legal procedure is chosen. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured as simultaneous. The waiting time between procedures – for example, during unloading of the cargo – is included in the measure.

### **Measuring costs required to import and export**

Cost measures the fees levied on a 20-foot container in US\$. All the fees associated with completing the procedures to export or import the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes. Only official costs are recorded.

This Economic Paper presents the first analyses of the use and effectiveness of Aid for Trade (Aft), the initiative to help developing countries boost their involvement in the global economy, for small and vulnerable economies (SVEs). It examines in detail the extent to which SVEs have been able to access Aft funds and to what extent this assistance has helped them to improve their trade performance.

Well designed trade-related assistance will help SVEs face the challenges posed by their characteristics, particularly when the prospects for small states have been deteriorating further due to preference erosion and the emergence of new and large competitors.



Commonwealth Secretariat

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