

Quantifying Aid for Trade

Liz Turner

A Case Study of Tanzania



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COMMONWEALTH SECRETARIAT

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Acronyms and abbreviations

ACP	African Caribbean Pacific (countries)
AfT	Aid for Trade
ASEAN	Association of Southeast Asian Nations
CB	Capacity Building
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DDA	Doha Development Agenda
DTIS	Diagnostic Trade Integration Study
EC	European Community
EPA	Economic Partnership Agreement
EU	European Union
FTA	Free Trade Area of the Americas
GBS	General Budget Support
IADB	Inter-American Development Bank
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
ITC	International Trade Centre
LGA	Local Government Authority
MDAs	Ministries, departments and agencies
MFEFD	Ministry of Finance External Finance Database (Tanzania)
MOFEA	Ministry of Finance and Economic Affairs (Tanzania)
MTEF	Medium-term Expenditure Framework
NDS	National Development Strategy
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
RICB	Regional Information and Capacity Building
RTA	Regional Trade Agreement
SADC	Southern African Development Community
SIDA	Swedish International Development Co-operation Agency
SME	Small and Medium-sized Enterprise
SPS	Sanitary and Phytosanitary Measures
TA	Technical Assistance
TBT	Technical Barriers to Trade
TCBDB	Trade Capacity Building Database
TRA	Trade-related Assistance
TRIPS	Trade-related Intellectual Property Rights
TRTA/CB	Trade-related Technical Assistance and Capacity Building
WTO	World Trade Organization

Summary

Over recent years, the Aid for Trade (AfT) initiative has become increasingly important in both the aid and trade arenas, especially since the WTO Ministerial Meeting in Hong Kong in December 2005. In particular, after several years during which the social sectors were prioritised in aid portfolios, many donors are becoming increasingly aware of the importance of developing the productive capacity of economies to foster growth and development. Trade is a key part of this strategy. Donors are pledging support, while recipients are anticipating more support in the area of Aid for Trade. However, despite attempts to define and measure AfT, and the need to begin operationalising it, there remains significant ambiguity regarding what does and does not constitute AfT, particularly given the subjectivity in assigning aid flows to AfT categories, especially those agreed by the OECD.

The findings of this paper are important for donors' efforts to monitor AfT flows and for recipient countries' attempts to understand the parameters of AfT. The paper examines the AfT's origins and its potential scope, from trade-related technical assistance and capacity building (TRTA/CB) and trade-related assistance (TRA) to AfT as defined in the WTO Task Force recommendations. The danger of including 'virtually everything' and failing to draw a line between AfT and other types of development assistance is highlighted. Given the relatively high profile of the AfT initiative, and the fact that many donors have specified commitments to it, the issue of measuring AfT is not just a technical issue but a political one. Donors who pledge more AfT need to find ways of showing that they are honouring their pledges; they have an interest, therefore, in how the measurement system is designed. They may also wish to define AfT as widely as possible and this can lead to aid being inappropriately re-labelled as AfT and counted twice. Hence, it is important that subjectivity in interpreting and calculating the numbers is minimised, and that an effective method is developed to establish a clear boundary between AfT and other types of aid, so that data are comparable across donors.

The paper draws on a country case study – of Tanzania – to show that there are significant differences in data from a range of available sources used to measure AfT in-country; this is largely due to different data collection methods, including data coverage. In addition, the AfT figures do not include budget support. Given the significant proportion of aid that is provided through budget support in Tanzania (more than half in 2006), the paper suggests a simple method to calculate the amount of budget support that may be channelled towards trade and trade-related activities.

The paper explores the OECD's involvement in monitoring and evaluating AfT and ongoing efforts to develop a system based on the recommendations of the WTO Task Force, using the categories defined in the recommendations.¹ Early efforts by the OECD

to gather information on AfT in-country were not very successful, since only a limited number of developing countries responded to the OECD's questionnaire. The paper recommends a streamlined questionnaire and a simple methodology to solicit AfT information from developing countries that will help identify trade and trade-related objectives and match these to existing AfT and future requirements. In addition to providing a more accurate picture of AfT, a key aim is to encourage and help donors to align their support with countries' own priorities and needs, in accordance with the Paris Declaration on Aid Effectiveness.

1

Introduction

Aid for Trade² has become an important issue for both donors and recipients, particularly since the Hong Kong Ministerial Meeting of the WTO in 2005. Donors are pledging support and recipients are anticipating an increase in AfT. Despite attempts to define and measure AfT, there remain significant problems in developing an agreed definition that is both measurable and comparable. AfT typically has several purposes and multiple outcomes, and hence is difficult to classify according to a specific focal area. Consistent reporting based on transparent and comprehensive monitoring is required to give credibility to donors' AfT policies, strategies and pledges. However, competitive pledging by donors and calls for additionality by recipients has led to the politicisation of the figures.

This paper aims to provide guidance on what constitutes AfT, explore how definitions have evolved over time and consider how it can be measured. Section 2 explores the origins and evolving definition of development assistance on trade, from trade-related technical assistance and capacity building to trade-related assistance to AfT, as well as changes in the definition of AfT over recent years. It also considers the ways in which flows are monitored and the problems of potentially re-labelling AfT or attempting to calculate the AfT component of aid activities. Section 3 provides brief details on global AfT flows. Section 4 examines data on AfT in Tanzania and compares data from a variety of sources. Section 5 suggests an alternative simple and practical methodology for identifying, classifying and quantifying AfT in-country. Section 6 sets out conclusions, policy implications and recommendations.

2

What is Aid for Trade?

2.1 Origins

The AfT initiative has its origins in the WTO negotiations and fears over adjustment costs associated with multilateral trade liberalisation, particularly those arising from preference erosion.³ The initiative gained prominence during the WTO Ministerial Meeting held in Hong Kong in December 2005. The final Ministerial Declaration stresses the importance of AfT in assisting developing countries, especially least developed countries (LDCs) ‘to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly expand their trade’. The phrase ‘more broadly expand their trade’ is important since it separates AfT from the Doha Round, while the reference to ‘supply-side capacity and trade-related infrastructure’ indicates a remit for AfT that goes wider than narrow definitions of assistance on trade.⁴ The final declaration requests the WTO Director-General to follow up with donors discussions by finance and development ministers on mobilising additional development assistance for AfT that took place before and during the Ministerial Meeting. At the meeting, WTO members gave the Director-General a mandate to create an Aid for Trade Task Force to provide recommendations on how to operationalise AfT. Members of the Task Force presented their own ideas and took evidence from international organisations and other WTO members⁵ before making final recommendations, published in July and formally accepted in October 2006.⁶ In addition to suggesting how AfT could be operationalised, the Task Force recommendations outline the mandate, rationale, objectives and scope of AfT, as well as key challenges.

Since Hong Kong, both the WTO and OECD have been involved in operationalising AfT, and held four meetings – three at regional level and one at global level – in the second half of 2007. At these meetings, many donors pledged their support for the AfT initiative; some pledged specific amounts and others stated their intention to increase their official development assistance (ODA) commitments.

2.2 The evolving scope of Aid for Trade

In the run-up to the Doha Ministerial Meeting in November 2001 and during the early 2000s, assistance on trade often focused on TRTA/CB, particularly on understanding WTO agreements and how to implement them, WTO accession and support for trade policy formulation, management and implementation. Much of the support was provided to ministries of trade and their agencies. This focus was partly the result of an emphasis on providing TRTA/CB to support the Doha Development Agenda (DDA), but it can also be dated back to the Uruguay Round.

The definition and scope of assistance on trade issues began to broaden in the early to mid-2000s and became more commonly referred to as trade-related assistance. TRA extends beyond TRTA/CB on trade agreements and the trade policy process and often includes support in addressing supply-side issues, such as trade-related infrastructure (e.g. sanitary and phytosanitary (SPS) laboratories and customs facilities). Strictly speaking, TRTA/CB⁷ is only one mechanism for delivering TRA through the provision of know-how, primarily by supplying human resources, i.e. technical assistance (TA), or education and training for human resource development, i.e. capacity building (CB). However, the interpretation of TRTA/CB has sometimes extended beyond TA or CB to interventions including physical investments. There is no internationally agreed definition of TRA and donors often have their own definitions, some limiting it to TRTA/CB and others broadening its scope. The importance and associated problems of widening the scope of the definition have been acknowledged.⁸ For instance, it has been argued that TRA has ‘the potential to reach right across the development spectrum’⁹ and can include ‘virtually everything’,¹⁰ from specifically trade-targeted support (e.g. assistance in formulating, managing and implementing trade policy) to efforts to address supply-side constraints (e.g. all types of infrastructure investment irrespective of whether or not they are trade-related).

The Hong Kong Ministerial Meeting was the first time that broader TRA – under the AfT label – received official recognition across member states, including both donor and recipient countries. Subsequently, the AfT Task Force recommendations identified a list of AfT categories and descriptions (see section 2.2.2). Given that the AfT Task Force recommendations were formally accepted by WTO members, the AfT categories they set out should be considered as having been formally agreed.

2.2.1 TRTA/CB definitions

The WTO-OECD Trade Capacity Building Database (TCBDB) was launched in 2002 and records data on TRTA/CB from 2001 to 2006. Until recently, donors reported data on trade-related activities to both the TCBDB¹¹ and OECD Creditor Reporting System (CRS). The OECD CRS is the main reporting system for donors reporting on all types of development assistance. From 2007 onwards, TCBDB data were taken from the CRS, rather than reported separately. At present, there is uncertainty regarding whether the TCBDB will continue to operate and in what form.

Even though data will no longer be reported to the TCBDB, it is useful to explain the original definitions and categorisation, since these have helped inform the OECD CRS AfT classification system. According to the WTO-OECD joint reports, TRTA/CB is defined, for the purpose of data collection, as:

... activities that intend to enhance the ability of the recipient country to:

- formulate and implement a trade development strategy and create an enabling environment for increasing the volume and value-added of exports, diversifying

export products and markets and increasing foreign investment to generate jobs and trade; or,

- stimulate trade by domestic firms and encourage investment in trade-oriented industries; or,
- participate in and benefit from the institutions, negotiations and processes that shape national trade policy and the rules and practices of international commerce.¹²

The activities are classified under ‘trade policy and regulations’ (namely the last one) and ‘trade development’ (the first two) as below (see Table 2.1 for detailed categorisation and TCBDB codes):¹³

Trade policy and regulations:

- trade mainstreaming in poverty reduction strategy papers (PRSPs)/development plans;
- technical standards (technical barriers to trade (TBT) and sanitary and phytosanitary measures);
- trade facilitation (trade facilitation procedures; customs valuation; and tariff reforms);
- regional trade agreements;
- multilateral trade negotiations and agreements (accession; dispute settlement; trade-related intellectual property rights (TRIPS); agriculture; services; non-agricultural market access tariff negotiations; rules; training in trade negotiations techniques; trade and environment; trade and competition; trade and investment; transparency and government procurement); and
- trade education and training.

Trade development:

- business support services and institutions;
- public-private sector networking;
- e-commerce;
- trade finance;
- trade promotion strategy and implementation (agriculture, forestry, fishing, industry, mining, tourism, services, multisector/general); and
- market analysis and development (agriculture, forestry, fishing, industry, mining, tourism, services, multisector/general).

Activities are classified by the objectives of the activity. Trade objectives are considered to be the only objectives of ‘trade policy and regulations’ activities, while ‘trade development’ activities are understood to ‘generally have another major objective (e.g. agricultural or industrial development)’ besides trade.¹⁴ In practice, data recorded in the TCBDDB are often not limited to the strict definition of TA or CB and include activities such as investment in laboratories, which involve a hard component extending beyond TA or CB.¹⁵

The reliability of the database has been questioned, particularly when compared with other datasets. Significant data discrepancies have been found between the TCBDDB and other datasets.¹⁶ In section 4, the paper compares data on trade policy and regulations from three different sources in order to test the robustness of the available data.

2.2.2 Aid for Trade Task Force typology

The Task Force recommended that the scope of AfT should be ‘*both broad enough to reflect the diverse trade needs identified by countries, and clear enough to establish a border between Aid for Trade and other development assistance of which it is a part*’.¹⁷ The Task Force identified the following six categories and descriptions:¹⁸

- A. **Trade policy and regulations**, including training of trade officials; analysis of proposals and positions and their impact; support for national stakeholders to articulate commercial interest and identify trade-offs; dispute issues; institutional and technical support to facilitate implementation of trade agreements; and to adapt to and comply with rules and standards.
- B. **Trade development**, including investment promotion; analysis and institutional support for trade in services; business support services and institutions; public–private sector networking; e-commerce; trade finance; trade promotion; and market analysis and development.
- C. **Trade-related infrastructure**, including physical infrastructure.
- D. **Building productive capacity**.
- E. **Trade-related adjustment**, including supporting developing countries to put in place accompanying measures that assist them to benefit from liberalised trade.
- F. **Other trade-related needs**.

The Task Force recommended that ‘reporting on categories A and B should follow the definitions in the joint WTO-OECD (Trade Capacity Building) database’. According to the Task Force, categories C to F should be included in the definition and reported as AfT when the activities are identified as trade-related priorities in the recipients national development strategy (NDS).¹⁹ The recommendations also state that donors and agencies should ‘make targeted funds available for building infrastructure and removing supply-side constraints – *over and above capacity building and technical assistance*’.²⁰

2.2.3 OECD Creditor Reporting System

Since the publication of the Task Force recommendations, the OECD has attempted to reorganise the AfT categories in order to enable the use of existing data categories in the OECD CRS database as far as possible, while representing the agreed categories in the Task Force recommendations. Reporting AfT only to the OECD CRS database will help streamline monitoring and reduce the transaction costs involved in reporting to two different systems. However, the CRS data are less detailed compared with the TCBDB, particularly under ‘trade policy and regulations’, where sub-components under ‘trade policy and administrative management’ and ‘trade facilitation’ and ‘multilateral trade negotiations’ reported under the TCBDB are not reported under the CRS database (see Table 2.1 for a comparison of TCBDB and CRS database codes). However, in the TCBDB the detailed purpose codes are based on WTO mandates, whereas the CRS codes may be interpreted more widely, particularly given that WTO mandates may not be the primary concern of CRS reporters.

The current OECD AfT proxies of the AfT Task Force categories are as follows (see Box 2.1):

- (i) trade policy and regulations (A) and trade-related adjustment (E);
- (ii) economic infrastructure (C);
- (iii) building productive capacity (D), including trade development (B).

Some of the CRS categories and sub-categories are similar to those in the TCBDB, while different categories on ‘trade-related adjustment’, ‘economic infrastructure’ and ‘building productive capacity’ are also included in the CRS.²¹ ‘Trade development’, which is a separate category in the TCBDB, is part of the ‘building productive capacity’ category in the CRS. The latter category, by definition, has the potential to have a much broader scope than trade development alone.

2.3 Measuring Aid for Trade

2.3.1 Political and technical issues

How to define and measure AfT is central to the discussion. Naturally, given the complexities and ambiguities in defining AfT, measuring it is no less problematic. There are significant problems in attempting to provide meaningful measurements. Measuring AfT is not only a technical issue but a political one because of the politics of competitive pledging and calls for additionality from recipients. Donors who pledge more AfT need to find ways to show that they are honouring their pledges, so they have an interest in controlling how the measurement system is designed. Developing countries need to have confidence that there is an effective system to monitor flows without double-counting. The issue of additionality is controversial. Developing countries,²² especially LDCs, originally demanded that AfT should be additional to what would have otherwise taken place, given planned increases in total aid, without diverting resources from other

Box 2.1. Aid for Trade categories in the OECD CRS

Trade policy and regulations and trade-related adjustment

- **Trade policy and administrative management** Trade policy and planning; support to ministries and departments responsible for trade policy; trade-related legislation and regulatory reforms; policy analysis and implementation of multilateral trade agreements, e.g. technical barriers to trade and sanitary and phytosanitary measures except at regional level (see 33130); mainstreaming trade in national development strategies (e.g. poverty reduction strategy papers); wholesale/retail trade; unspecified trade and trade promotion activities.
- **Trade facilitation** 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.
- **Regional trade agreements (RTAs)** Support to regional trade arrangements (e.g. Southern African Development Community (SADC), Association of Southeast Asian Nations (ASEAN), Free Trade Area of the Americas (FTAA), African Caribbean Pacific/European Union (ACP/EU)), including work on technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) at regional level; elaboration of rules of origin and introduction of special and differential treatment in RTAs.
- **Multilateral trade negotiations** Support developing countries' effective participation in multilateral trade negotiations, including training of negotiators, assessing the impact of negotiations; accession to the World Trade Organization and other multilateral trade-related organisations.
- **Trade education/training** Human resources development in trade not included under any of the above. Includes university programmes in trade.
- **Trade-related adjustment** Contributions to the government budget to assist the implementation of recipients' own trade reforms and adjustments to trade policy measures by other countries; assistance in managing shortfalls in the balance of payments due to changes in the world trading environment.

Economic infrastructure

- **Transport and storage** Transport policy and administrative management; road transport; rail transport; water transport; air transport; storage; education and training in transport and storage.
- **Communications** Communications policy and administrative management; telecommunications; radio/television/print media; information and communication technology (ICT).
- **Energy generation and supply** Energy policy and administrative management; power generation/non-renewable sources; power generation/renewable sources;

electrical transmission/distribution; gas distribution; oil-fired power plants; gas-fired power plants; coal-fired power plants; nuclear power plants; hydro-electric power plants; geothermal energy; solar energy; wind power; ocean power; biomass; energy education/training; and, energy research.

Building productive capacity (including trade development) – sub-categories are scored according to whether the activities have trade development-oriented objectives

- **Business support services and institutions** Support to trade and business associations, chambers of commerce; legal and regulatory reform aimed at improving the business and investment climate; private sector institution capacity building and advice; trade information; public-private sector networking, including trade fairs; e-commerce. This sub-category is used where the sector cannot be specified, i.e. general support to private sector enterprises.
- **Banking and financial services** Financial policy and administrative management; monetary institutions; formal sector financial intermediaries; informal/semi-formal financial intermediaries; and, education/training in banking and financial services.
- **Agriculture** Agricultural policy and administrative management; agricultural development; agricultural land resources; agricultural water resources; agricultural inputs; food crop production; industrial crops/export crops; livestock; agrarian reform; agricultural alternative development; agricultural extension; agricultural education/training; agricultural research; agricultural services; plant and post-harvest protection and pest control; agricultural financial services; agricultural co-operatives; and livestock/veterinary services.
- **Forestry** Forestry policy and administrative management; forestry development; fuelwood/charcoal; forestry education/training; forestry research; forestry services.
- **Fishing** Fishing policy and administrative management; fishery development; fishery education/training; fishery research; and fishery services.
- **Industry** Industrial policy and administrative management; industrial development; small and medium-sized enterprises (SMEs) development; cottage industries and handicraft; agro-industries; forest industries; textiles, leather and substitutes; chemicals; fertiliser plants; cement/lime/plaster; energy manufacturing; pharmaceutical production; basic metal industries; non-ferrous metal industries; engineering; transport equipment industry; technological research and development.
- **Mineral resources and mining** Mineral/mining policy and administrative management; mineral prospecting and exploration; coal; oil and gas; ferrous metals; nonferrous metals; precious metals/materials; industrial minerals; fertiliser minerals; and offshore minerals.
- **Tourism** Tourism policy and administrative management.

Source: OECD (2007a) and OECD (2008)

Table 2.1. Difference between WTO-OECD trade capacity building database and the OECD Creditor Reporting System

TCBDB code	WTO-OECD Trade Capacity Building Database	CRS code	OECD Creditor Reporting System	Main differences
	Trade policy and regulations		Trade policy and regulations and trade-related adjustment	
33111	Trade mainstreaming in PRSPs/development plans	33110	Trade policy and administrative management	TCBDB includes detailed sub-categories; CRS reports only main category.
33112	Technical barriers to trade			
33113	Sanitary and phytosanitary measures			
	[no code for trade facilitation sub-total]	33120	Trade facilitation	TCBDB includes detailed sub-categories; CRS reports only main category
33121	Trade facilitation procedures			
33122	Customs valuation			
33123	Tariff reforms			
33130	Regional trade agreements	33130	Regional trade agreements	
	[no code for multilateral trade negotiations/agreements sub-total]	33140	Multilateral trade negotiations	TCBDB includes detailed sub-categories; CRS reports only main category
33141	Accession			
33142	Dispute settlement			
33143	Trade-related intellectual property rights			
33144	Agriculture			
33145	Services			
33146	Tariff negotiations – non-agricultural market access			
33147	Rules			
33148	Training in trade negotiation techniques			
33151	Trade and environment			
33152	Trade and competition			
33153	Trade and investment			
33154	Transparency and government procurement			

Table 2.1 (continued)

TCBDB code	WTO-OECD Trade Capacity Building Database	CRS code	OECD Creditor Reporting System	Main differences
Trade policy and regulations				
33181	Trade education/training	33150	Trade-related adjustment	New category added to CRS; no category in the TCBDB
25011	Business support services and institutions	25010	Business support services and institutions	CRS 'public-private sector networking' and under 25010.
25012	Public-private sector networking		(trade development marker score is 2 by definition)	
25013	E-commerce		'e-commerce' included	
24010–	Trade finance	24010–	Banking and financial services	In the CRS, 'trade promotion strategy and implementation' and 'market analysis and development' are
multiple	Trade promotion strategy and implementation ^a	24081		included under the trade development marker (see box) for each category in the 'building productive capacity' category. No services or multi-sector/general category.
311xx	Agriculture	31110–	Agriculture	
312xx	Forestry	31195		
313xx	Fishing	31210–	Forestry	
321xx	Industry	31291		
322xx	Mineral resources and mining	31310–	Fishing	
33210	Tourism	31391		
33300	Services	32110–	Industry	
33400	Multi-sector/general	32182		
		33210–	Mineral resources and mining	
		33268		
		33210	Tourism	

areas. However, donors have not agreed to additionality. Many donors and agencies are planning to provide more AfT as part of already agreed planned increases in total aid, even though the share of total aid dedicated to AfT may actually decline. Nevertheless, in practice aid (excluding debt relief and spending on Iraq and Afghanistan) has barely increased since 2005, and donors are not on track to meet their stated commitments for 2010.²³

The relatively high profile of the AfT initiative, and the fact that many donors have specified commitments to it, provide an incentive for donors to interpret OECD AfT categories as widely as possible and may include inappropriate re-labelling of aid as AfT (see section 2.3.3).²⁴ The degree of subjectivity in calculating the figures, particularly in disentangling AfT from other types of aid, make it difficult to measure the quantity of AfT flows or to measure these flows against targets or across donors. Trade is not a 'sector', but rather a characteristic of several sectors. This makes it easy to define activities as trade related and difficult to distinguish AfT from other development assistance, as recommended by the Task Force.

The next section briefly discusses the OECD AfT monitoring framework, which is still under development, and then highlights problems in monitoring AfT, including the potential for inconsistent reporting across donors and lack of comparability of AfT flows.

2.3.2 Aid for Trade monitoring framework

The OECD, together with the WTO, is developing a framework to help identify, measure and monitor AfT flows. In advance of the WTO-OECD global review in November 2007, the OECD and WTO distributed self-assessment questionnaires to donors and recipient countries to solicit information on AfT. These questionnaires are part of a three-tier monitoring framework guided by the 2005 Paris Principles on Aid Effectiveness.²⁵ The three levels include both qualitative and quantitative information:

- The OECD CRS to track total AfT flows;
- A donor self-assessment questionnaire;
- A recipient self-assessment questionnaire.

The aim of the three levels of monitoring is to provide a comprehensive picture of AfT and enable the international community to assess what is happening, what is not happening and where improvements are needed, as well as help identify the needs of recipient countries. The donor questionnaire and the recipient country questionnaire ask a series of questions under the following broad headings:

- What is your AfT strategy?
- How much AfT do you provide/receive?
- How do you implement your AfT strategy?
- Do you participate in mutual accountability arrangements?

For this paper, the recipient country questionnaire – and more importantly how to improve it – is of particular interest. It asks several questions to help identify trade-related development needs and priorities, as well as existing and potential AfT: is trade prioritised in the national development strategy? Is a government-wide trade development strategy in place and if so what are its main priorities? Does the trade development strategy specify AfT needs? What needs assessments (e.g. diagnostic trade integration studies²⁶ have been carried out in order to formulate trade development strategies? Has the trade development strategy been costed and what percentage is expected to be funded by ODA? What aid activities support the trade development strategy and to what extent do these reflect government priorities? It attempts to identify and measure wider AfT (categories C to F) by requesting information on aid activities (in line with the OECD CRS categories) which are considered to support a country's trade development strategy and priorities. In doing so, it avoids a prescriptive definition of AfT, given that different countries will highlight different priorities and constraints with respect to trade. Rather than limit reporting on the wider AfT categories to those activities identified as trade-related priorities in the NDS, as recommended by the Task Force, the questionnaire focuses on obtaining information on trade development strategies. Since trade is often not discussed to any significant extent in NDSs,²⁷ this would at first sight appear sensible. However, no guidance is given on what should be considered a trade development strategy – some countries do not have such a strategy or trade policy, while others may have several government documents outlining their priorities.²⁸

Even though most agencies and donors had completed and returned their questionnaires before the global review meeting, only eight recipient countries had responded – and only two from Africa (Malawi and Mauritius).²⁹ This is not entirely surprising, given that the questionnaires were given to permanent representatives at the WTO, rather than submitted directly to national governments, and that they required a quick response (in under two months); they were also designed and sent out by an agency (the OECD) that many had not dealt with before. In comparison, the donors who responded were OECD members, who were familiar with both the agency and the CRS.

It should be noted that it is unclear whether the final monitoring framework will include one measurement system (the CRS database), complemented by qualitative information (donor and recipient reports), or three measurement systems (CRS, donor and recipient). However, it appears that the framework is moving towards the former. At the international level, in the interests of developing consistent reporting and comparable flows on AfT between donors and agencies – and in order to ensure the data collection and classification system is manageable – this would seem sensible. Nevertheless, it is important to have a complete picture of AfT that represents the views of both donors and recipient countries. For instance, the recipient may classify a particular aid-funded activity as trade-related, while the donor may place it in some other category. In accordance with the internationally agreed Task Force recommendations, the trade-related priorities of recipient countries should determine the scope of the broader AfT agenda in-country. In addition, the importance of allowing recipient countries' own

trade-related priorities to determine what should or should not be considered as AfT should be considered in the context of the Paris Principles on Aid Effectiveness. According to the Paris Principles, aid is generally more effective when donors align their support with the development priorities of the recipient country and where the development community respects the right and responsibility of the recipient country to exercise effective leadership over its development policies and strategies and co-ordinates development actions.³⁰ Hence, recipient countries should define and identify their own trade-related development priorities and associated AfT needs, classifying AfT accordingly; this may or may not correspond with the CRS AfT proxies or donor classification systems. The AfT initiative and the official widening of the scope of TRA may encourage recipient countries to consider the broader range of interventions (e.g. tackling supply-side constraints) necessary to help countries to trade, hence potentially broadening their trade-related development priorities (without compromising the Paris Principles).

Section 5 suggests a simple and practical methodology to help recipient countries to identify, define and measure existing AfT and AfT needs, according to trade-related development priorities and needs.

2.3.3 Estimating Aid for Trade

The ‘building productive capacity’ and ‘economic infrastructure’ categories have raised concerns about the degree to which donors and the OECD may reclassify aid formerly considered under other types of development assistance as AfT. For instance, private sector development portfolios that were treated separately from TRA now fall under the AfT portfolio of some donors. There are legitimate reasons for re-labelling other types of aid as AfT, given its wider definition under the Task Force recommendations. However, there is an obvious motive for re-labelling aid as AfT, sometimes inappropriately, to demonstrate increasing commitment to AfT and meet targets. Hence, a greater share of AfT in total ODA may simply reflect a re-labelling of other types of ODA as AfT and not represent additional aid.

However, there may also be cases where AfT is underestimated. For instance, entries in the OECD CRS that are trade-related may not be captured by the AfT proxies and instead be classified under other CRS codes. Large projects and programmes with a number of components, including trade-related activities, are only registered under one CRS code that reflects the main area – which may not be trade-related. In addition, total multi-lateral ODA flows are typically under-reported, since reporting to the CRS database is voluntary because multilateral agencies are not members of the OECD. Where multi-lateral ODA flows are reported, the data may be incompatible with the CRS. There is no formal mechanism to ensure that multilaterals report data according to the OECD CRS statistical directives, while the OECD does not have the resources to convert multi-lateral flows as reported to CRS-compatible data. Another important fact to note is that the OECD figures do not include non-Development Assistance Committee (DAC) donors, some of which are significant AfT providers (e.g. China), or many of the multi-

lateral agencies that provide assistance, particularly on trade policy and regulations (e.g. the WTO and the International Trade Centre (ITC)).

Nevertheless, OECD data on AfT are likely to overestimate the actual volume of AfT for those countries that report their ODA to the OECD CRS. For instance, economic infrastructure includes many infrastructure projects that may have no trade-related objectives or likely potential impact on a country's capacity to trade.³¹ There is no agreed method of disaggregating the trade component of projects which have trade and non-trade objectives. This is not, of course, a problem peculiar to AfT. The OECD notes that under the 'trade development' category in the TCDBD, 'donors have established different reporting practices with some attempting to isolate the trade component of each category and others reporting the whole activity as trade-related'.³²

There are various considerations in deciding how to determine the trade component of an aid-funded activity which falls under the broader categories of AfT (e.g. (C) and (D) under the AfT Task Force categories; and, (ii) and (iii) under the OECD classification). One is whether or not to determine the trade component based on the trade-related objectives of an activity or likely impact on trade. The objective approach involves identifying the trade-related objectives, while the outcome approach requires some assessment of the potential impact of an activity on trade. The OECD initially requested that donors/agencies define the trade-related share of the CRS broad AfT categories. However, only the World Bank, USA, Inter-American Development Bank (IADB) and European Community (EC) managed to do so. The majority of efforts to identify the trade component of activities have focused on identifying trade-related objectives, since identifying the potential impact on trade requires substantially more effort. However, the outcome approach is more representative of whether an activity is actually trade-related (i.e. has an impact on trade). For instance, an activity with trade-related objectives may have little or no impact on trade in practice (e.g. a programme to help SMEs which includes objectives on increasing international trade), while an activity with no explicit trade objectives may have a much greater impact on trade (e.g. a programme to reduce corruption). However, assessing the potential impact on trade of all activities under the broader categories of AfT, while not impossible, is extremely difficult.

In spite of the fact that some agencies are able to calculate the trade component of infrastructure spending, the OECD now states that 'it is almost impossible at the global level to provide a sound criterion that differentiates between trade-related infrastructure and general economic infrastructure'.³³ However, recently a 'trade development marker' has been introduced in the OECD CRS reporting directives to record trade development under the larger category 'building productive capacity' (see Box 2.2) in order to obtain a more accurate picture of assistance to support trade. A score of 0, 1 or 2 is assigned to each activity, depending on whether it has a trade development objective, which is likely to be easier than calculating a share from 0 to 100 assigned to trade development and much easier than following an outcome approach. Nevertheless, while the trade development marker will help highlight whether an activity is trade-related, the classification is subjective, since there is no formal common methodology to distinguish what is consid-

ered principal or significant; it is therefore likely to be prone to measurement error, especially where the definition and criteria are applied loosely, making it difficult to reliably compare AfT flows between donors. At the moment, the application of the marker is very much in the early stages, with some donors beginning to score their aid flows accordingly.

Box 2.2. Trade development marker

The newly introduced trade development marker identifies trade development within the ‘building productive capacity’ category.

Definition of trade development activities: Activities which improve the ability of the recipient country to:

- Formulate and implement a trade development strategy and create an enabling environment for increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and trade; or
- Stimulate trade by domestic firms and encourage investment in trade-oriented industries.

Criteria: In order for an activity to be classified as trade-development oriented, the objective of trade development has to be explicitly promoted and the activity needs to contain specific measures to promote one or more of the following trade development areas: business support services and institutions; access to trade finance; or trade promotion and market development in the production and service sectors.

Scoring: An activity is classified as ‘trade development’ if it is the principal (score 2) or a significant (score 1) objective of the activity. If trade development is not targeted then the activity receives a zero score.

Source: OECD (2008)

The ‘definition’ of trade development activities under the CRS is identical to the trade development definition under the TCBDB classification system (see Box 2.2 and section 2.2.1) and the ‘criteria’ for identifying trade development under the CRS and associated categorisation closely represent the categorisation in the TCBDB (see Table 2.1 for a comparison of categories).

2.3.4 An expanding agenda?

Before the AfT initiative, while some donors focused on categories A and B when discussing TRA and did not include infrastructure in their headline figures or pledges on

TRA, others did include infrastructure (trade-related or total) in their classification systems. In addition, the introduction of the trade development marker within building productive capacity may indicate a move back to attempting to report only on trade development rather than on broader categories which may not have an explicit trade objective (perhaps motivated by concerns over re-labelling). Hence, it is not inconceivable that the OECD CRS categories may end up reflecting what some donors were already describing as TRA before the AfT initiative was officially recognised, except for the addition of trade-related adjustment.

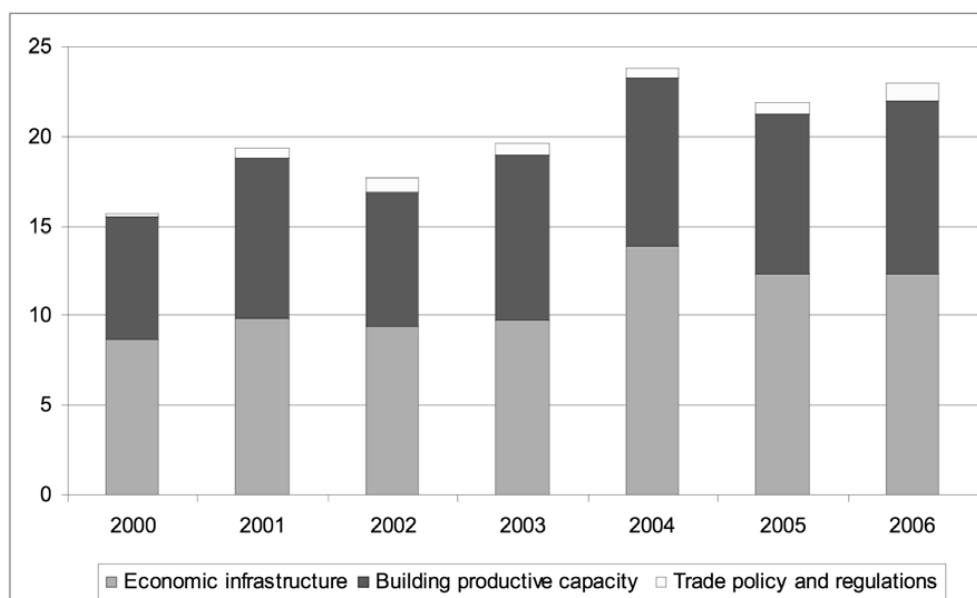
Nevertheless, officially widening the scope of TRA under AfT may encourage those donors and recipient countries with a relatively narrow perspective on trade and TRA to consider the broader range of actions (e.g. tackling supply-side constraints) and the package nature of reforms necessary to help countries to trade.

3

Global Aid for Trade Flows

Before the situation in Tanzania is considered, this section provides a brief overview of global AfT flows by category. Total ODA commitments on AfT averaged US\$20.2 billion a year between 2000 and 2006, including \$10.9 billion for economic infrastructure, \$8.7 billion for building productive capacity and \$0.6 billion for understanding and implementing trade policies and regulations (see Figure 3.1).³⁴

Figure 3.1. Aid for Trade (bilateral and multilateral) by category, 2000–2006 (commitments, US\$ billion; 2005 constant prices)



Source: OECD CRS database

Note: productive capacity building includes trade development.

Given the bulky and expensive nature of infrastructure interventions and physical investments in the 'building productive capacity' category, actual aid flows under trade policy and regulations are generally dwarfed by the other AfT proxies. The nature of activities supported under the 'trade policy and regulations' heading tend to be TRTA/CB projects that support ministries, such as the provision of training or technical assistance in the form of foreign consultants and reports, and do not involve expensive physical assets.

The top AfT (and total ODA) providers (see Table 3.1) are Japan, IDA, the EC and the USA. Their assistance accounts for a substantial proportion of capital-intensive investments in infrastructure and building productive capacity. It should be noted that US ‘aid for trade’ to support infrastructure has increased significantly in recent years, almost entirely driven by spending in Iraq and Afghanistan, making them one of the highest contributors.³⁵ Hence, the US figures are only meaningful once US support to Iraq and Afghanistan is excluded from the data.

Table 3.1. Aid for Trade by donor and agency (bilateral and multilateral), total and as a share of sector ODA, 2000–2006 average (commitments, US\$ million; 2005 constant prices)

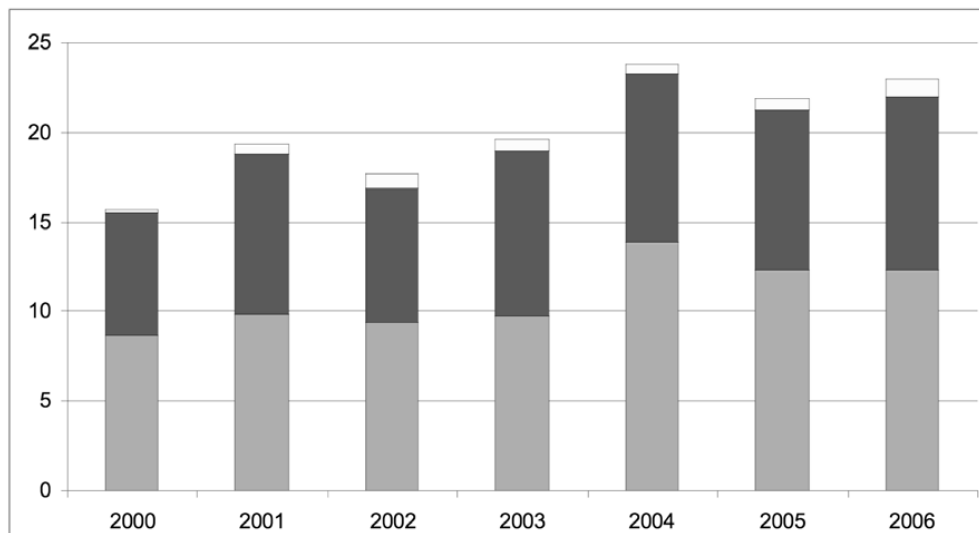
	Total aid for trade	Total aid for trade (% of total sector allocable aid)
Japan	4786.4	63.9
IDA	2951.7	44.3
EC	2401.8	36.4
USA ^a	1236.6	20.3
Germany	1205.1	28.4
UK	747.1	22.5
France	687.1	22.5
Asian Development Fund	648.5	45.8
African Development Fund	531.2	44.7
Netherlands	523.6	23.4
Spain	414.5	34.0
Denmark	361.3	37.3
Norway	258.7	21.9
Canada	254.4	21.9
Sweden	223.4	19.6
Switzerland	219.1	33.8
Belgium	185.8	26.0
Australia	184.5	17.0
Italy	180.3	41.3
International Fund for Agricultural Development (IFAD)	170.3	42.0

Source: OECD CRS database

^aUS data excludes spending in Afghanistan and Iraq.

Most of the top ten recipients of AfT are in Asia (see Figure 3.2); many of these have large populations, which is one reason why the absolute aid volumes are high. While AfT flows to countries such as China and India are large relative to other recipients, AfT is only a very small proportion of national income in these countries. Ethiopia is the only sub-Saharan African country in the top ten, and both Mozambique and Tanzania are in the top 15 (13th and 15th respectively).

Figure 3.2. Aid for Trade (bilateral and multilateral) by recipient, 2000–2006 average (commitments, US\$ million; 2005 constant prices)



Source: OECD CRS database

4

Aid for Trade in Tanzania

In order to analyse AfT flows and the reliability of AfT data it is useful to consider the various ways in which aid flows are reported in-country. This section provides a case study of Tanzania which, according to data in the previous section, receives a relatively large amount of AfT. The section provides a brief overview of the reporting system by which ODA is reported to the government in Tanzania and examines AfT flows according to a variety of sources. The intention is that the case study will inform the wider AfT debate and provide information and analysis that may be of use to other countries in assessing and quantifying AfT.

4.1 Reporting aid in-country

There are often substantial discrepancies between what donors say they will spend (commitments), what they actually spend (disbursements) and what the government records as having been received. In Tanzania, donors report their commitments (for the coming financial year) and projections (for the second and third year of the medium-term expenditure framework (MTEF) period) to the Ministry of Finance and Economic Affairs (MOFEA). The data are then used as an input in preparing the budget guidelines and subsequently the MTEF. There are several issues relating to the reliability of such data. In particular, aid commitments for projects that are directly funded (i.e. where the resources do not go through the Exchequer) are often under-reported by the donors in their reported commitments and projections to the government.³⁶ With respect to disbursements, funds are either directly channelled by donors through the Exchequer system (i.e. the Treasury) or directly to projects. Ministries, departments and agencies (MDAs) and local government authorities (LGAs) are charged with the responsibility of reporting 'direct to project funds' (more commonly known as D-funds), after execution, to the MOFEA. The funds are recorded and 'dummy vouchers' are issued. The dummy voucher system allows D-funds to be captured in the budget system. However, there is a long-standing problem of failure to account for D-funds by both MDAs and LGAs and a considerable amount of direct-to-project funds are not recorded in the government budget.³⁷

A significant amount of AfT has been provided through direct to project funds, certainly up until the mid-2000s, partly due to the lack of attention to trade and the productive sectors in mainstream aid processes and the peripheral role of the Ministry of Industry, Trade and Marketing. This encouraged a proliferation of small-scale projects at a time when donors supporting the priority sectors were attempting to consolidate projects and move towards programme support and general budget support (GBS). Hence, it is likely that AfT was under-reported in terms of both commitments and disbursements in the government budget, at least until the mid-2000s.

In addition to the data reported on budget, the Department of External Finance in the MOFEA also records aid flows. These flows are reported by donors to the department. The data are included in the Ministry of Finance External Finance Database (MFEFD), which covers a time series spanning from 1991 by donor, sector, MDA and region. The MFEFD classifies aid flows according to broad sectors or areas (e.g. agriculture, governance, rural development, etc.). With respect to trade, the database includes a category on 'industry/trade'. Other categories which (roughly) correspond to the OECD CRS categories and include projects and programmes which are included in other classifications of AfT (see Table A1) include: agriculture; economic management; energy and minerals (although the sub-categories appear to focus on energy); institutional support; legal; nature and tourism; private sector development; roads; rural development; support without sector; and transport and communication. Many of these categories include projects and programmes that may not have objectives related to trade – or for which trade is often only one small component – and therefore face classification problems similar to those previously discussed. Projects and programmes are allocated by focal area or objectives and not by whether or not the activities are likely to have an actual impact on trade.

In Tanzania, there are a multiplicity of expenditure, accounting and reporting databases, frequently not linked, and data discrepancies are commonplace. For instance, the MFEFD is not linked to the budget department in the MoFEA and data inconsistencies occur between the data reported by the two departments.

4.2 Quantifying Aid for Trade

Several surveys of AfT have been conducted in Tanzania, but here we compare the most recent data from the OECD CRS database, the TCBDB and a survey conducted for the Swedish International Development Co-operation Agency (SIDA) in 2007.³⁸ Note that all these estimates of AfT exclude budget support – a major concern given that budget support is an important aid modality in Tanzania and accounted for more than half of total aid in 2006. So far, discussions on budget support have concentrated on budget support as an aid category, while it should be considered as a modality. This issue needs to be satisfactorily addressed if the figures on AfT are to be meaningful. For instance, where a donor commits the majority of ODA to budget support, and where government prioritises trade in its budget allocation, donors' AfT figures will be significantly underestimated if budget support is excluded.

4.2.1 OECD data on Aid for Trade flows

According to data from the OECD CRS database, between 2000 and 2006 AfT flows to Tanzania varied quite considerably in the two major categories (economic infrastructure and building productive capacity), perhaps reflecting the 'bulky' nature of infrastructure interventions. Aid flows under trade policy and regulations were dwarfed by the other

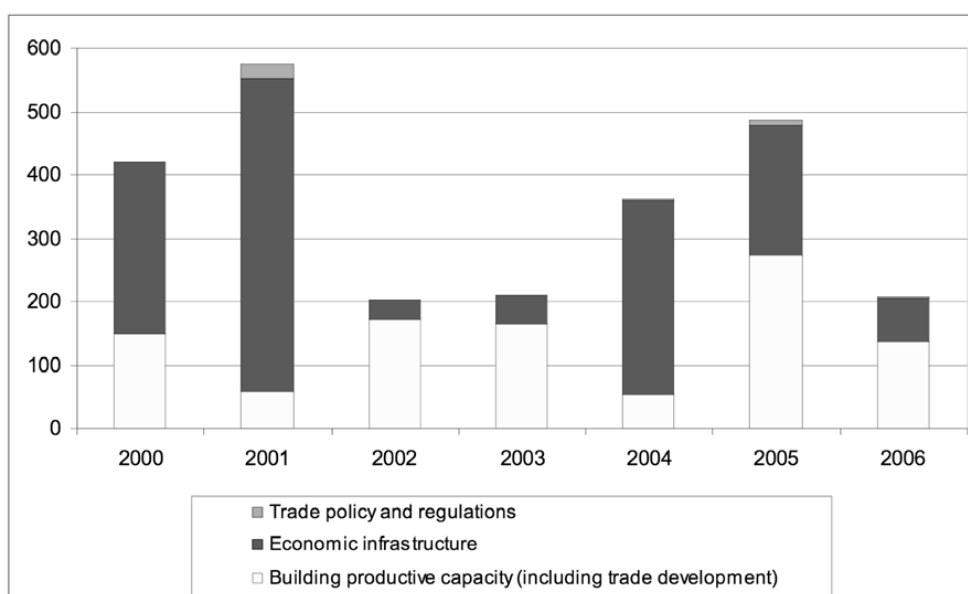
Table 4.1. Aid for Trade (bilateral and multilateral) by category, 2000–2006, CRS data (commitments, \$ million; 2005 constant prices)

	2000	2001	2002	2003	2004	2005	2006	2000-2006 average	2000–2006 total
Trade policy and regulations									
Trade policy and administrative management	0.46	2.74	0.02	0.60	0.35	6.18	2.14	1.78	12.49
Trade facilitation		19.84				2.61	0.16	3.23	22.61
Regional trade agreements				0.08	0.08	0.13	0.14	0.05	0.35
Trade education/training			0.03	0.25	0.25	0.49		0.11	0.77
Sub-total	0.46	22.58	0.05	0.60	0.68	9.41	2.45	5.17	36.21
Economic infrastructure									
Transport and storage	253.01	156.64	12.83	13.62	247.91	195.19	51.00	132.89	930.20
Communications	15.32	9.49	2.20	5.48	0.92	2.18	2.24	5.40	37.82
Energy supply and generation	3.34	329.36	16.51	25.73	59.21	7.08	15.59	65.26	456.82
Sub-total	271.66	495.48	31.54	44.82	308.04	204.44	68.83	203.55	1424.84
Building productive capacity (including trade development)									
Business support services and institutions	3.21	5.79	8.79	38.80	14.80	4.05	0.29	10.82	75.72
Banking and financial services	36.39	0.59	2.40	1.95	0.30	20.51	12.75	10.70	74.90
Agriculture	79.72	39.07	98.04	99.45	26.82	94.90	103.99	77.43	541.99
Forestry	9.24	1.92	47.24	10.52	0.54	0.23	13.37	11.87	83.07
Fishing	14.63	1.21	0.07	6.27	0.23	51.19	0.20	10.54	73.80
Industry	2.90	7.43	1.49	7.16	7.38	98.78	5.75	18.70	130.90
Mineral resources and mining	1.87	0.79	13.18	0.00	1.99	0.16	0.05	2.58	18.04
Tourism	0.51	0.59	0.52	0.15	0.29	3.11	0.02	0.74	5.18
Sub-total	148.48	57.39	171.73	164.30	52.35	272.93	136.41	143.37	1003.60
Aid for Trade proxies	Total	420.61	575.46	203.32	209.72	486.78	207.69	352.09	2464.65
Aid for Trade proxies (% of total ODA)		25.53	26.05	12.40	11.91	26.72	8.05	18.30	17.95

Source: OECD CRS database

categories, largely because of the nature of the activities supported under this heading; these activities were often dominated by TRTA/CB projects to ministries and agencies (see section 2).

Figure 4.1 Aid for Trade (bilateral and multilateral) by category, Tanzania, 2000-06 (commitments, US\$ million; 2005 constant prices)

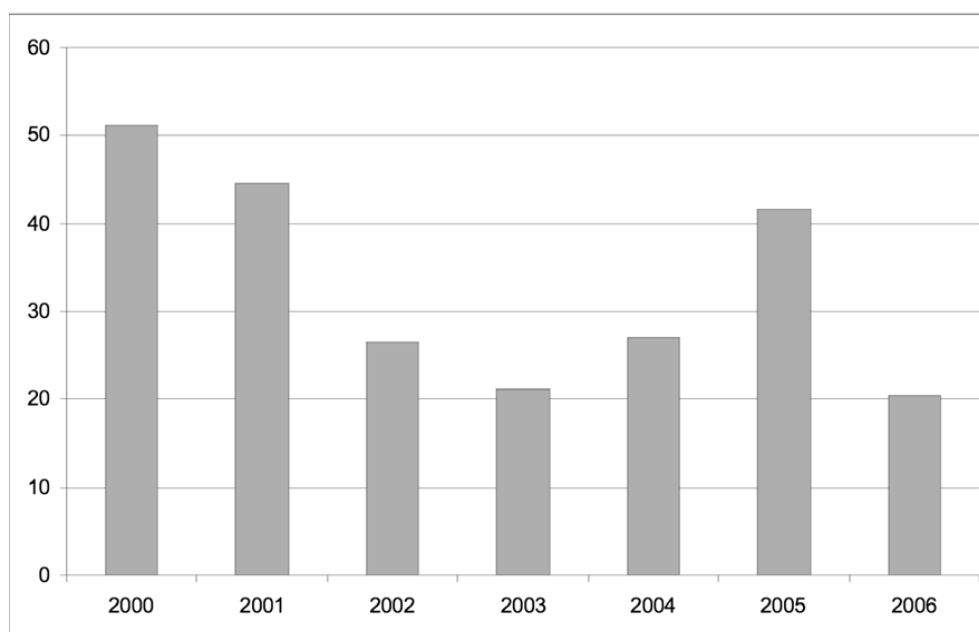


Source: OECD CRS database

OECD data on AfT includes only aid that can be allocated by sector. The proportion of sector allocable aid devoted to AfT varied significantly between 2000 and 2006, falling from over 50 per cent in 2000 to just over 20 per cent in 2003, largely reflecting the priority given to social sectors over productive sectors by donors in the early 2000s (see Figure 4.2). The share increased in 2004 and 2005 and declined again in 2006, although the change in the latest figures may be the result of incomplete reporting and should be treated with caution. By only reporting on sector allocable AfT, the data are likely to be misleading, particularly in a country such as Tanzania, where nearly half of all ODA is non-sector allocable (46 per cent on average between 2000 and 2006), with a large proportion provided through GBS (see Figure 4.3). ODA provided as GBS is made up of unearmarked contributions to the government budget (i.e. not pre-allocated by donors to any particular sector). The government may or may not choose to use GBS to support the productive sectors and trade, depending on its priorities.³⁹ Where donors have confidence in the public financial management and governance systems in place, and are

broadly supportive of government priorities, they may decide to provide a substantial amount of their support through GBS. In Tanzania, GBS on average accounted for 28 per cent of total ODA commitments between 2000 and 2006 (see Figure 4.3); according to recent figures from the Ministry of Finance (as well as the OECD data), more than 50 per cent of aid in 2006 was disbursed through GBS, with total ODA accounting for more than 40 per cent of the total government budget.

Figure 4.2. Aid for Trade (bilateral and multilateral) as a share of total sector allocable ODA, Tanzania, 2000–2006 (commitments, percentage)

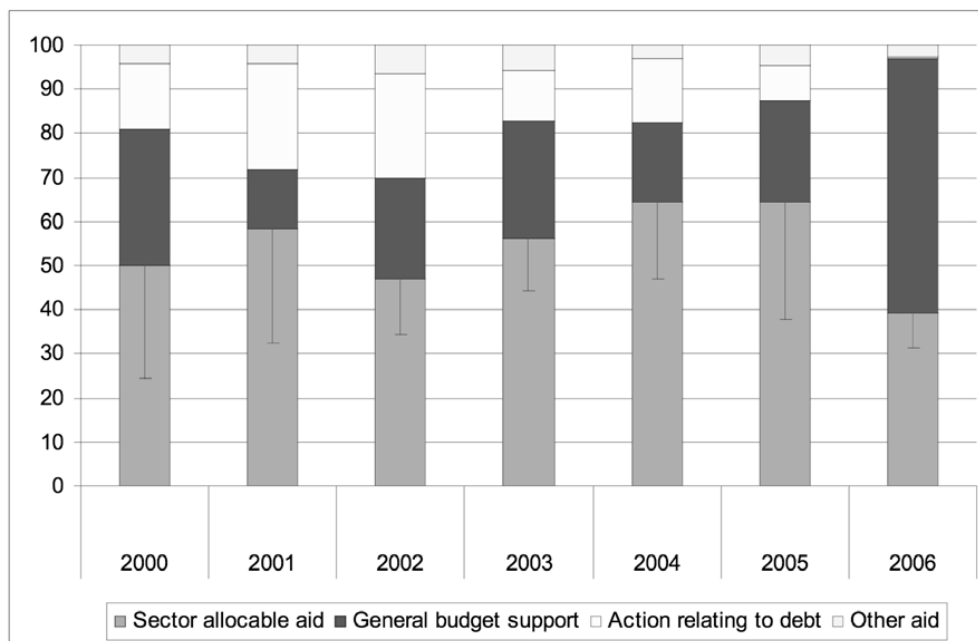


Source: OECD CRS database

Individual donors cannot ‘claim’ specific government priorities to support through GBS, although anecdotal evidence suggests that donors may be motivated to do so for their own records. For instance, donors would rather show that their aid allocation through GBS will support interventions that reflect their own priorities (particularly in areas where it is easier to demonstrate results) than areas that may not reflect their priorities and may indeed be politically unpalatable, such as defence.

However, ODA commitments and disbursements on GBS by all donors may be notionally allocated to specific areas/sectors by reviewing government priorities, for instance in the NDS (called the MKUKUTA in Tanzania),⁴⁰ and in budget and spending allocations (current and projected), hence providing a rough approximation of GBS by sector/area.⁴¹ The MKUKUTA in Tanzania signals a shift towards a greater focus on

Figure 4.3. Total sector and non-sector allocable ODA (bilateral and multilateral) as a share of total ODA, Tanzania, 2000–2006 (commitments, percentage)



Source: OECD CRS database

Note: denotes the share of total sector allocable aid that is aid for trade

growth and the productive sectors (over the period 2005–2010) compared with the first PRSP. Consequently, the government has allocated a greater share of the budget – including by definition GBS resources – to productive sector activities. For instance, the focal ministry on trade received a more than threefold increase in its budget in 2005. No detailed assessment and comparison has been made of budget priorities and possible allocable shares of GBS. However it is likely that the share of GBS allocated to activities that correspond with the AfT categories has increased significantly. Given that GBS accounts for more than 50 per cent of recent ODA to Tanzania, the OECD’s exclusion of budget support from AfT data may present a significant underestimation of AfT, particularly in recent years. Comparing data over time will be problematic, especially as donors’ favoured aid modalities (e.g. GBS versus project aid) may change and lead to substantial variations in reported AfT. For instance, a donor (or perhaps all donors) may decide to withdraw from providing GBS and channel resources through project support. If this occurs, OECD data may report a large increase in AfT as resources are diverted from GBS to AfT projects. Alternatively, if donors become more confident in providing GBS, they may decide to channel more ODA on AfT through GBS and hence reported AfT will decrease.

4.2.2 TCDBD data on Aid for Trade flows

The TCDBD records data on ‘trade policy and regulations’ and ‘trade development’ between 2001 and 2006 for Tanzania. Here we compile data on ‘trade policy and regulations’ from the TCDBD and compare it with the data reported to the OECD CRS. It is not possible to compare the ‘trade development’ category, since there is not yet a comparable category in the CRS, given that ‘trade development’ is part of the wider ‘building productive capacity’. As mentioned in section 2, the data in the TCDBD provide a greater level of detail, including 20 sub-categories, compared to four in the CRS.

Table 4.2 shows data on ‘trade policy and regulations’ totals from the OECD CRS and TCDBD for Tanzania and reveals substantial data discrepancies with no apparent pattern between the two datasets. This is likely to be due to differences between the TCDBD and CRS in terms of reporting. In particular, the TCDBD includes data from more donors than the CRS, including non-DAC donors and data from multilaterals (e.g. the WTO and the ITC) that do not report to the CRS. In addition, the TCDBD sub-categories are based on WTO mandates and may therefore be interpreted by reporters to the TCDBD to be limited to support directly related to the WTO, while reporters to the CRS may interpret the general categories more widely.

4.2.3 Aid for Trade commitments according to trade-related priorities

Data on AfT have been compiled from 2000 to 2010 (see Table A1) by SIDA.⁴² Only areas that are identified as priorities in the Diagnostic Trade Integration Study (DTIS) conducted in 2005 are reported against. This approach is in line with the AfT Task Force recommendations. The DTIS has since been updated and, although broadly in line with earlier priorities, the updated priorities (e.g. additional sectors targeted for trade development) should be factored in to any future re-assessment of AfT.⁴³

Annual DTIS-aligned data are not available: data are only available for the entire time period of an intervention. Where interventions starting in 2006 or before go beyond 2006, the data are adjusted on the basis that commitments are distributed equally over the time period of the intervention. Although imperfect, this is the best solution at present.

In order to compare the data with the CRS data, it was necessary to classify and group the data in Table A1 according to AfT categories (Table 4.3). When comparing the DTIS-aligned AfT data with the current data extracted from the OECD CRS database, which has not been narrowed down to reflect country priorities or definitions of AfT or a trade component calculated for wider AfT categories, OECD data are nearly four times greater than the DTIS-aligned data. This reflects identified AfT needs under both the narrow and broader AfT categories. However, in the DTIS-aligned data, the ‘trade policy and regulations’ figure is more than double the figure recorded in the OECD database. This may be due to problems of separating different components of the same project and programme between different aid categories. For example, support to the Tanzania Revenue Authority is included under trade facilitation. However, the activities may cover a much broader remit than AfT, and the Business Sector Programme Support

Table 4.2. Aid for Trade (bilateral and multilateral), trade policy and regulations, TCDBD data for Tanzania (commitments, US\$ million; 2005 constant prices)

	2000	2001	2002	2003	2004	2005	2006
Trade policy and regulations							
Trade mainstreaming in PRSPs/development plans	n/a	2.71	0.01	0.07	0.07	0.01	0.28
Technical barriers to trade	n/a		0.00	0.02	0.05	0.01	1.00
Sanitary and phytosanitary measures	n/a		0.32	0.11	0.01	0.01	1.01
Trade facilitation procedures	n/a	8.47	0.09	0.02	5.54	0.02	3.64
Customs valuation	n/a		0.01	0.05	0.00	0.01	
Tariff reforms	n/a					0.47	0.29
Regional trade agreements	n/a			0.10	0.03	0.24	0.04
Accession	n/a						
Dispute settlement	n/a		0.01	0.01	0.01	0.00	
Trade-related intellectual property rights	n/a				0.01	0.02	0.04
Agriculture	n/a		0.01	0.01		0.02	
Services	n/a		0.05		0.01	0.01	0.00
Tariff negotiations – non-agricultural market access	n/a	0.01	0.01	0.01	0.01	0.02	0.01
Rules	n/a		0.00		0.01		
Training in trade negotiation techniques	n/a			0.01	0.01	0.01	0.01
Trade and environment	n/a		0.37	0.00	0.01		
Trade and competition	n/a		0.01	0.01	0.02		
Trade and investment	n/a	0.01	0.01	0.00	0.01	0.02	0.10
Transparency and government procurement	n/a		0.01	0.01	0.01	0.01	
Trade education/training	n/a	0.13	0.15	0.23	0.09	0.10	1.19
Trade policy and regulations							
Total	n/a	11.33	1.06	0.67	5.87	0.97	7.62
Memo: Trade policy and regulations							
Total (OECD CRS)	0.46	22.58	0.05	0.60	0.68	9.41	2.45

Source: WTO-OECD TCDBD and OECD CRS

Table 4.3. Aid for Trade (bilateral and multilateral) by Aft proxies, 2000-06 total, OECD, TCDBD and DTIS-aligned data (commitments, US\$ million; current prices)

	CRS data	2000–2006 total	
		TCDBD data	DTIS aligned data
Trade policy and regulations	36.21	27.51	82.77
Building productive capacity	1003.60	—	130.03
Economic infrastructure	1424.84	—	419.75
Total	2464.65	—	632.55

Source: SIDA (2007)

Note: TCDBD data cover only 200–2006.

(BSPS-II) funded by the Danish International Development Agency includes a component on trade policy, but a much larger component related to productive capacity. In addition, the DTIS data include support from a wider range of multilaterals (e.g. the WTO). Alternatively, this may simply be the result of a paucity of data recorded in the OECD CRS database on trade policy and regulations. It should be noted that both the OECD and DTIS-aligned data exclude budget support.

5

Developing a Methodology for Identifying Aid for Trade In-country

5.1 Identifying, classifying and quantifying Aid for Trade in-country

In order to define and quantify broader AfT at the country level, the Task Force recommends reporting aid as AfT when such aid supports ‘trade-related priorities’ that are ‘explicitly identified’ in a country’s NDS (section 2.2.2). However, this recommendation seems to have been ignored by many donors and agencies in favour of using the OECD CRS and associated AfT proxies to define and measure AfT, probably because of the complexities of following the Task Force’s recommendations in practice. From the perspective of the donors, the problems of data comparability among recipient countries – each with differing interpretations of what is or is not a ‘trade-related priority’ – and the preference by donors and agencies for one reporting system that has the potential to be comparable across countries and which is under their control may explain why they appear to have opted for the CRS.

Nevertheless, it is important that recipients can assess aid commitments and disbursements in relation to their own identified trade and trade-related objectives and priorities, and identify existing and future AfT needs. However, there are several problems with the Task Force approach, including the lack of integration of trade issues in NDSs in many countries, particularly in LDCs and some developing countries.⁴⁴ In fact, NDSs in many LDCs (and some developing countries) often do not state priorities related to trade. Hence, such an approach could potentially ignore aid which is not directly related to priorities in the NDS, but which clearly has trade objectives as highlighted by other key government documents (e.g. trade policies and/or trade development strategies) that specify trade and trade-related priorities and/or donors own reporting. This could be a disincentive to provide AfT (according to the donors definitions – namely CRS) where trade and trade-related priorities are not identified within a recipient’s NDS; it could mean that donors are biased towards allocating AfT to countries which have adequately mainstreamed trade in their NDS in order to inflate reported figures on AfT according to the Task Force definition. Given the importance of aligning aid to a country’s own priorities, in accordance with the Paris Principles, it could be argued in principle that this approach may be appropriate. Nevertheless, NDSs often fail to represent a country’s priorities as specified in other government policies and strategies and therefore should be assessed in terms of coverage and adequacy of the policy formulation process before it is assumed that the NDS provides a definitive and all-encompassing priority-setting government tool. In particular, in many LDCs, PRSPs are the main development strategy; historically, they have been influenced by the priorities of donors, particularly the first generation PRSPs, which typically prioritised social sectors over productive sectors and

often had little or no coverage of trade issues. Even though the influence of donors on the content of NDSs has generally diminished, it is still evident in many strategies. Therefore, donors aligning with the NDS in some circumstances may in fact be aligning with some of their own priorities, which may have permeated through to second generation PRSPs.

Hence, it is important to also use other sources to identify trade and trade-related priorities in order to define existing and potential AfT under the broader categories, while ensuring that efforts are made to integrate trade in the NDS where appropriate. The OECD attempted to solicit such information through the questionnaires it sent to recipient countries as part of the OECD-WTO AfT monitoring framework (see section 2.3.2). The main aim of the recipient country questionnaires was to obtain a more comprehensive picture of AfT at country level and relate trade and trade-related priorities and AfT to ‘trade development strategies’, rather than restricting them to priorities in the NDS. However, as already highlighted in section 2.3.2, some developing countries do not have a government document outlining a trade policy and/or trade development strategy.

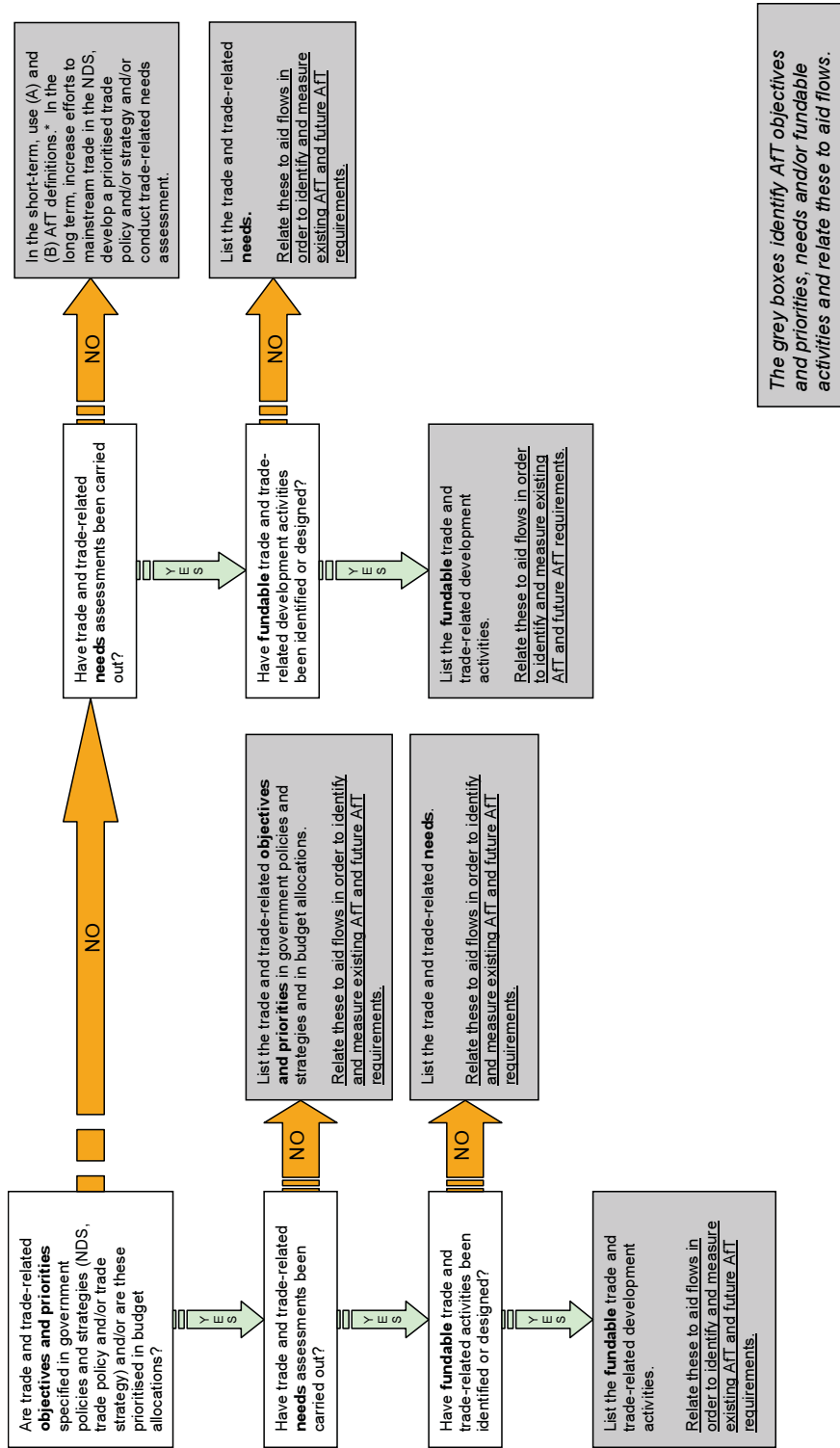
The lack of responses to the recipient country questionnaire – and the fact that the monitoring framework of the OECD is still under development – suggests that the development of a robust yet simple methodology to identify, classify and quantify AfT in-country (based on countries’ experience) may provide an important input to the current debate on monitoring AfT flows. More importantly, it could provide a tool for developing countries, particularly LDCs, to identify and quantify existing AfT and establish their AfT needs. The OECD intends to redesign and simplify the recipient questionnaire. Here we recommend that the questionnaire should be redesigned so that it brings together information on all trade and trade-related objectives and priorities from a variety of sources, not just NDSs and trade development strategies, and so that it relates existing and future AfT to trade and trade-related objectives. In addition, an intermediary non-donor organisation that is closer to the recipients’ interests should be identified to facilitate a better response rate, rather than the OECD. The aim should be to promote greater openness, particularly with respect to recipients’ views on donors (see, for example, question 3 below). The following suggests a simplified version of the questionnaire based on information from the questionnaire and analysis in this paper:

1. Identify trade and trade-related objectives and priorities using:
 - NDSs
 - Trade policies
 - Trade strategies
 - Needs assessments
 - Budget and spending allocations.
2. Describe the extent to which trade and trade-related objectives and priorities are specified within the above-mentioned sources and highlight the main sources.

3. Describe the role and influence of donors in the above-mentioned processes and documents (e.g. needs assessments, budget formulation, drafting of the NDS, etc.).
4. Identify existing and future aid supporting the trade and trade-related objectives and priorities as identified above in all of the sources (such aid will henceforth be considered as AfT in-country).
5. Identify potential gaps in support and assess to what extent donors are providing support in line with the trade and trade-related objectives and priorities.

Figure 5.1 provides a simple methodology in the form of a chart to help connect and explore some of these issues and their relevance. The methodology first attempts to ascertain whether government policies and strategies exist that specify trade and trade-related objectives and priorities, and/or whether these are prioritised in budget allocations. The methodology aims to assist in identifying trade and trade-related objectives and priorities in order to guide the process of defining and measuring AfT, existing and future, and to encourage the alignment of future aid with countries' own trade and trade-related objectives, priorities and needs.

Figure 5.1.1. Simple methodology to identify trade and trade-related objectives and priorities, needs, fundable activities and Aid for Trade



Note: * According to the AIT Task Force Recommendations

6

Conclusions, Policy Implications and Recommendations

The findings of this paper are important for donors' efforts to monitor AfT flows and for recipient countries attempting to understand the parameters of AfT and to inform their responses to future OECD-WTO questionnaires. In particular, the paper attempts to inform recipients of the potential scope of AfT and the importance of highlighting trade and trade-related objectives and priorities, and associated needs, in order to encourage donors to align their support with these.

The paper has several key findings. Section 2 highlights the differing definitions of TRTA/CB, TRA and AfT and the problems of widening the scope of such assistance, particularly the danger of including 'virtually everything' and failing to distinguish between AfT and other types of development assistance. Under the AfT initiative, significant effort has gone into attempting to provide definitions of AfT. However, as the paper shows, the definition of what is and what is not AfT is still very much open to interpretation. A key policy finding is the continuing problem of defining and measuring AfT using the CRS AfT proxies, particularly across donors. The CRS is likely to become the standard for AfT data collection. Given that donors already report to the CRS, it is sensible to use an existing database. However, a number of improvements need to be made in order to ensure that the data on AfT is comparable across donors and that it reflects the Task Force's classification of AfT without extending too far into other development assistance. The trade development marker may help narrow the definition of AfT to specifically trade-related activities. However, the application of the marker is likely to be subjective, and without sufficient guidance in its use it is likely to add to problems of comparability between countries. In particular, pressure on donors and agencies to honour their pledges may be an incentive for donors to over-report on AfT.

Section 3 provides a brief summary of global AfT flows. Section 4 explores measurement of AfT at the country level, using Tanzania as an example. It demonstrates significant differences in data from the range of available sources. One of the main conclusions is the importance of considering the methodological issues behind data collection and reporting in order to qualify such differences. Also, despite concerns of over-reporting by donors and agencies, where aid is provided through budget support and not allocated by sector/area, a significant amount of aid that may (or may not) be channelled towards trade and trade-related activities will be unaccounted for. The paper recommends a relatively simple method to calculate the extent to which budget support may be directed towards activities that correspond with AfT categories. The paper proposes providing proxy measures of the share of budget support to different sectors or areas – including those sectors that fall under AfT categories – based on government budget

allocations (or aid allocations where available) by sector/area and applying these shares to each donor's contribution to budget support. From this data it will be possible to obtain an approximation of the amount of budget support that is channelled to AfT activities.

Regarding in-country data collection, in Tanzania the Ministry of Finance External Finance Database provides data on aid by category over time. It is recommended that an exercise is undertaken to help 'mark' existing categories of aid as AfT, or that the database is modified to include an AfT category. This would be a useful exercise in order to provide a new dataset on AfT that is country-led and can be compared with the CRS and DTIS-aligned data.

At the recipient level, the reasons for the lack of responses to the recipient questionnaire need to be further explored to help inform the development of future OECD-WTO questionnaires and obtain a more complete picture of AfT at the recipient level. The proposed simplified version of the questionnaire and the methodology presented in section 5 may help provide initial guidance for recipients, particularly LDCs, in determining what is AfT and where existing support is already being provided. It may also contribute to identifying future areas where AfT could help. Given the lack of integration of trade in many NDSs, it is important that the Task Force's recommendation that wider categories of AfT should be included when these reflect trade-related priorities in the NDS is extended to other sources that help identify trade and trade-related objectives. In addition, efforts should be made to improve the integration of trade in national strategies.

The findings of this paper may be relevant for the OECD, World Bank and WTO 'Expert Symposium on Evaluation – Identifying Indicators for Monitoring Aid for Trade'. Future work which builds on this preliminary study may be a useful input to the national and sub-regional reviews of AfT taking place at the end of 2008/early 2009, as well as the second global review, which is to be held in mid-2009.

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Other resources

- ODI Aid for Trade website
WTO Aid for Trade website
ILEAP-JEICP website

Appendix

Table A1. Aid for Trade in Tanzania according to DTIS priorities, 2000–2010

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
TRADE POLICY AND MARKET ACCESS NEGOTIATIONS				
Regional Integration	WTO	Regional Trade Agreements	\$8,000	2004–2005
	GTZ/ EAC Secretariat	East African Community Capacity Building Project	Country allocation not known	1997–2007
EAC	GTZ/ EAC Secretariat	Support of Regional Business Organisations in East Africa (SRBO-EA)	Country allocation not known	2003–2006
	Germany/InWent	EAC Integration	\$28,000	2003–2007
	France/ EAC Secretariat	Assistance to the Development of the African Regional Process of Financial and Economic Integration	Country allocation not known	2004–2007
	EC/ ACP Secretariat	Programme for Capacity Building in Support of the Preparation of Economic Partnership Agreements (EPA) Component: 'Impact Assessment of the EPA – Preliminary Adjustment Scenario for Tanzania'	\$149,000	2002–2007
EPA	EC/ SADC Secretariat	Facility to Support EC-SADC Negotiations Support Facility for an Economic Partnership Agreement (EPA)	Country allocation not known	2006–2010
	EC	Technical Cooperation Facility	\$4,440,000	2005–2008
	EC/ SADC Secretariat– UNCTAD	Support to SADC Regional Integration and Multilateral Trading System	Country allocation not known	2005–2006
	GTZ/ SADC Secretariat	Programme to Strengthen the SADC Secretariat	Country allocation not known	2005
SADC	EC/ SADC Secretariat	Regional Integration and Capacity Building (RICB)	Country allocation not known	2001–2007

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
SADC (contin.)	EC/ SADC Secretariat	Capacity Building for Regional Integration (CBRI – Phase II)	Country allocation not known	2007–2010 (under negotiation)
	EC/ SADC Secretariat	Technical Cooperation Facility	Country allocation not known	2005–2008
	EC/ SADC Secretariat	SADC Regional Statistical Training Project	Country allocation not known	2000–2007
	Netherlands/UNCTAD	Implications of the Uruguay Round and the Development of Strategic Actions for SADC Countries		
	Germany – KfW Bankengruppe/ SADC Secretariat	Support to Setting up SADC Project Preparation Facility	Country allocation not known	2006
	Germany – GTZ/SADC Secretariat	Trade Advisory Component of ‘Programme to Strengthen the SADC Secretariat’	\$280,000	2002–2007
	Germany/ GTZ/SADC Secretariat	Advisory Component on Trade and Trade-Related Issues and on Customs Modernization	Country allocation not known	2007–2010
	Germany/InWEnt	Productivity Network for SADC Countries	\$11,000	2002
	Germany/InWEnt	Support to SADC Secretariat	\$58,000	2002–2003
	Germany/InWEnt	Trade Africa	\$168,000	2002–2006
	USAID	SADC Free Trade Area Implementation	Country allocation not known	2002–2003
	USAID	SADC Macroeconomic Performance Support	Country allocation not known	2002–2003
	USAID	Trade Policy Adviser for Agriculture	\$11,000	2002
	USAID/Regional Center for Southern Africa	Southern Africa Global Competitiveness Hub (‘Trade Hub’)	Country allocation not known	2004–2007

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start-end)
AGOA	USAID	Increased Trade and Utilization of African Growth Opportunity Act	\$400,000	2004
	US-TDA		\$68,000	2002
Competition and Trade Policy	SIDA	Support to the Ministry of Industry and Trade (MIT)	\$276,500	1999-2002
	SIDA	MIT Capacity Building Project	\$1,106,000	2001-2004
	WTO	Trade and Competition	\$30,000	2001-2004
TRADE INSTITUTIONS				
Trade Policy Institutions	FAO	Strengthening National Capacity in Agricultural Trade and Trade Negotiations	\$168,000	2004-2006
	USDA/FAS	Higher Education Training	\$26,000	2002
	USDA/FAS	Tanzania Cochran Fellowships	\$7,000	2003
	USAID	Trade Policy Support Activities	\$465,000	2003
	USAID	Trade Policy Support Activities	\$2,875,000	2001-2003
	CTF/ ITC, UNCTAD, WTO	Joint Integrated Technical Assistance Programme I (JITAP I)	\$720,000	1998-2002
	UNDP/ITC, UNCTAD, WTO	Joint Integrated Technical Assistance Programme II (JITAP II)	\$275,000	2002-2005
	ITC-GTF/ITC	Concept Paper for a Diagnostic Study on Tanzania's Integration into the World Trading System	\$82,600	2003-2004
	IFTF/WB	Diagnostic Trade Integration Study	\$300,000	2004-2005
	WTO	Trade Mainstreaming in Development	\$48,000	2001-2005
	DFID	Tanzania Trade and Poverty Programme (TTPP)	\$1,600,000	2002-2005
	DANIDA	Business Sector Programme Support II – (BSPSII)	\$36,000,000	2003-2008

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Trade Policy Institutions	EC/ACP Secretariat	Programme in Support of the Integration of ACP Countries into the MTS Component: 'Trade Information and Communication System and Services'	\$110,000	2004–2005
	EC/ACP Secretariat	TradeCom Facility	Country allocation not known	2005–2011
	EC/Commonwealth Secretariat	TradeCom Facility – 'Hub and Spokes' Component	Country allocation not known	2005–2009
	SIDA	Trade Policy Training Centre in Africa (TRAPCA)	\$14,100,000	2006–2010
	Switzerland/TRALAC	Trade Law Center for Southern Africa (TRALAC)	\$226,000	2002–2004
	Switzerland/IDEAS	Support to IDEAS	\$281,000	2002–
	Republic of Korea	Dispute Settlement	\$4,000	2004
	WTO	Dispute Settlement	\$14,000	2002–2004
	WTO	TRIPS	\$23,000	2002–2005
	WTO	Agriculture Negotiations	\$22,000	2001–2005
	WTO	Services	\$33,000	2002–2005
	WTO	Tariff Negotiations. Non-Agricultural Market Access	\$42,000	2001–2005
	WTO	Rules	\$9,000	2002–2004
	WTO	Training on Negotiations	\$20,000	2003–2005
	WTO	Trade and the Environment	\$20,000	2002–2004
	WTO	Trade and Investment	\$7,000	2002–2003
	Republic of Korea	Trade and Investment	\$14,000	2001–2004
WTO	Transparency and Government Procurement	\$32,000	2002–2005	
WTO	Trade-related Education	\$168,000	2002–2005	

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Trade Policy Institutions	Japan	Trade-Related Education	\$13,000	2001–2002
Export Development	Canada/ITC and TFCO	PACCIA/PACT Programme I and II	\$350,000	2003–2007
	Canada/ITC and TFCO	PACCIA/PACT – ACCESS! For African Businesswomen to International Trade	\$90,000	2005–2006
	Rep. of Korea	Export Promotion	\$34,000	2004
	ITC-GTF/ITC	E-Trade Bridge for SME's	\$353,000	2002–2007
	Netherlands-CBI/ ITC	Providing Sector Specific Market Intelligence to TSIs through ITC's MNS	\$16,000	2005–2006
	ITC-GTF/ITC	South–South Trade Promotion Programme	Country allocation not known	2001–2006
	ITC-GTF/ TC	Buying from Africa for Africa (BFafa)	Country allocation not known	2001–2006
	USAID/EGAT/ BD	The Global Trade and Technology Network (GTN)	\$125,000	2002
	USAID/Regional Center for Southern Africa	Southern Africa Global Competitiveness Hub ('Trade Hub')	Country allocation not known	2004–2007
	Japan	Preparatory Assistance	\$66,000	2002
	GTZ	Advisory Service for Private Business	Country allocation not known	Until 2006
	SIDA	Tanzania Bureau of Standards (TBS)	\$415,000	2000–2002
WTO	Technical Barriers to Trade	\$50,000	2002–2005	
PTB Germany/ SADC Secretariat	Support for the Implementation of a Regional SQAM System	Country allocation not known	2003–2006	

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
	EC/SADC Secretariat	Support for Standards, Quality Assurance, Accreditation and Metrology (SQAM)	Country allocation not known	2006–2011
	Switzerland/UNIDO	Enhancing the Capacity of Tanzania Quality Infrastructure and TBT/SPS Compliance Systems for Trade	\$3,040,000	2004–2008
	UNIDO	Promoting Trade Facilitation and Market Access	\$28,000	2004–2005
	Austria/UNIDO	Integrating LDCs in Global Trade: Challenges and Opportunities of the Doha Development Agenda	\$11,000	2003–2004
	Norway/SADC Secretariat	Integrated Programme for Regional Development, Removal of Technical Barriers to Trade through Accreditation – Phase 1	Country allocation not known	2003–2004
	Norway/SADC Secretariat	Integrated Programme for Regional Development, Removal of Technical Barriers to Trade through Accreditation – Phase 2	Country allocation not known	2005–2008
	USA/FAS	Donation of Surplus Grain Testing and Inspection Equipment in East Africa	\$10,200	2004
EXPORT PROCESSING ZONES				
EPZ Regulatory Framework	FIAS	Advisory Services	Amount not known	2004
	FIAS	Advisory Services	Amount not known	2002
	FIAS	Advisory Services	Amount not known	1999
	FIAS	Advisory Services	Amount not known	1999

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Investment Promotion	UNDP/UNCTAD	Investment Policy Review of Tanzania	\$30,000	2000
	Switzerland/MIGA	MIGA Swiss Partnership for Sub-Saharan Countries	Country allocation not known	2002–2011
	Germany/UNCTAD	Trade and Investment	\$7,000	2003–2004
	WB-IDA	Investment Climate Assessment	\$100,000	2003–2004
	Japan	Trade and Investment Promotion	\$31,000	2001–2004
	Japan/UNCTAD	Blue Book of Best Practices in Investment Promotion and Facilitation	\$42,000	2005
	UNDP/UNIDO	Investment and Technology Promotion in Tanzania	\$22,000	2002–2003
	Norway/UNIDO	Investment and Technology Promotion in Tanzania	\$282,000	2004–
	Netherlands/SENTER	Programme for Cooperation with Emerging Markets (PSOM) in Tanzania	\$1,000,000	2006–
	UNIDO	Strategic Support to Poverty Reduction in Zanzibar through Strengthening Private Sector Institutional Capacity and SMEs	\$270,000	2006–
SPS CAPACITY				
Strategy and Priority Setting	USA/USDA-FAS	Policy Approaches to SPS International Standards and Trade Policy Implications	\$18,000	2002
	USA/USDA-FAS	Enhancing Transport Management and Standards in East Africa	\$30,000	2002
	UNIDO	Preparatory Assistance on Implementation of new ISO Standards on Food Safety Management Systems (ISO 22000)	\$32,000	2005–2006
	WTO	SPS Measures	\$28,000	2002–2005
	FAO	Milk and Dairy Products, Post-Harvest Losses and Food Safety in Sub-Saharan Africa and the Near East	Country allocation not known	2004–2007

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Institutional Co-ordination on SPS	FAO	Strengthening the National Food Control System and National CODEX Organization	\$220,000	2003–2005
	EC/OIE Secretariat	Participation of African Nations in Sanitary and Phytosanitary Standard setting Organizations (PAN-SPSO)	Country allocation not known	2006–2010 (under consideration)
	USDA		\$68,000	2002
Plant Protection SPS: legislation, awareness and surveillance	FAO	Management and Surveillance of Fruitfly	Country allocation not known	2004–2006
	USAID/FAS	Southern Africa Agricultural Pest Risk Assessment	Country allocation not known	2002–2003
Animal Health SPS: legislation, awareness, and enforcement	EC/AU/Inter African Bureau of Animal Resources in Nairobi	Pan-African Control of Epizootics (PACE) – Tanzanian component	\$1,440,000	2005–2006
	EC/SADC Secretariat	SADC Foot and Mouth Disease (FMD) Project	Country allocation not known	2006–2011
Laboratory Capacity: plant protection, animal protection, and food safety	USDA/FAS	Grain Testing and Inspection Equipment	\$10,000	2004
TRANSPORT				
Transport Infrastructure	USTDA	Tanzania Airports Authority Information and Communication Technology (ICT) Infrastructure	\$372,000	2005
	Netherlands	ORET Programme: Rehabilitation Julius Nyerere International Airport	\$29,000,000	2004–2007
	EC	Rehabilitation of Mwanza Roads	\$42,000,000	2003–2006
	EC	Rehabilitation and upgrading of Mwanza border Tinde and Isaka-Ngega Roads	\$102,000,000	2003–2007

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Transport Infrastructure	EC	Backlog Maintenance Programme for the Central Corridor	\$50,400,000	2003–2006
	EC	Ruvuma and Southern Iringa Roads Maintenance (RUSIRM) Programme	\$26,200,000	2000–2004
	EC	Rehabilitation of Zanzibar Port	\$38,500,000	2004–2007
	EC	STABEX Rural Roads	\$12,000,000	2005–2007
	Germany	Multi-Modal Transport	\$25,000	2004
	France/EAC Secretariat	Assistance to Safety of Navigation on Lake Victoria	Country allocation not known	2002–2005
	EC/UNCTAD	TCR Restructuring Project Design and Implementation of RailTracker	\$505,000	1993–2002
	JICA	Dar-es-Salaam Roads	To be determined	2005–2006
	JICA	Ngorogoro Road	\$27,600,000	2001–2004
	JICA	Rehabilitation of TANZAM Highway	\$9,600,000	2002–2004
	AfDB	Mutukula-Muhutwe Road Upgrading Project	\$27,600,000	1998–2005
	AfDB	El Nino Infrastructure Rehabilitation Project	\$13,200,000	1999–2005
	AfDB	Shelui-Nzega Road Upgrading Project	\$33,600,000	1999–2005
	AfDB	Roads Rehabilitation and Upgrading Project	\$54,000,000	2001–2007
	AfDB	Arusha-Namanga-Athi River Road Study	\$600,000	2003–2006
	AfDB/ JBIC/Tanzania and Kenya	Arusha-Namanga-Athi River Road Project	\$45,000,000	2007–
	DANIDA	Road Sector Programme Support – Phase 3	\$85,500,000	2006–2010
WB-IBRD/ IDA	Central Transport Corridor Project	\$5,000,000	2004–2009	

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)	
Transport Infrastructure	Global Environmental Facility/ South African Maritime Authority and the Indian Ocean Commission	Western Indian Ocean Marine Highway Development and Coastal Contamination Prevention Project	Country allocation not known	2006–2009	
	World Customs Organization	UNDOC African Seaport Project	\$57,000	2003–2004	
Public-Private Sector Dialogue on Trade Facilitation	WB-IBRD/IDA	Regional Trade Facilitation Project	\$15,000,000	2001–2011	
	IBRD/IDA	Regional Trade Facilitation Project (ATI) Supplemental Credit Project	Country allocation not known	2005–2011	
	DFID-SA	Regional Trade Facilitation Programme	Country allocation not known	2004–2008	
	WB-IBRD/IDA-AfDB	East Africa Trade and Transport Facilitation Project	Country allocation not known	2006–2011	
CUSTOMS					
Customs Import and Export Processing	EC	Support to the Tanzania Revenue Authority (TRA)	\$8,400,000	2000–2008	
	World Customs Union	Customs Reform	\$7,000	2003	
	World Customs Union	Customs Reform	\$34,000	2003	
	Canada	Customs Valuation	\$12,000	2002–2003	
	Germany/GTZ	Tanzania Revenue Authority (TRA)	\$4,800,000	1998–2004	
	World Bank, SIDA, FINNIDA, DANIDA GTZ, USAID DFID and UNDP	Tax Administration Project	\$54,000,000	2005–2010	
	DFID and World Bank	Customs Trade Facilitation	\$7,200,000	2000–2006	
	EC/SADC Secretariat	Customs Modernisation and Trade Facilitation Programme	Country allocation not known	2006–2010	

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Customs Import and Export Processing	UNDP/UNCTAD	ASYCUDA	\$1,346,000	1994–2002
	World Bank/UNCTAD	ASYCUDA ++	\$440,000	2004–2005
	IMF	Revenue Administration	\$52,000	2002
	WTO	Trade Facilitation	\$37,000	2002–2005
	Japan	Taxation	\$46,000	2001–2004
Human Resources Development in Customs	WTO	Customs Valuation	\$4,000	2004
	Republic of Korea	Customs Strengthening	\$5,000	2002
AGRICULTURAL EXPORT CROPS				
Cross-cutting Issues	EC/SADC Secretariat	Land and Water Management Applied Research Programme	Country allocation not known	2003–2008
	SIDA	Export Promotion of Organic Products from Africa (EPOPA) Programme	\$2,420,000	2002–2004
	EC/COLEACP	Pesticides Initiative Programme (PIP)	Country allocation not known	2001–2006 (extension) of 2 years planned
	EC/SADC Secretariat	Maximum Residual Level (MRLs)	Country allocation not known	2006–2010
	EC/FAO, ITC, UNCTAD and World Bank	Support Programme on Agricultural Commodities, including Cotton	Country allocation not known	2007–2011
	FAO/SADC Secretariat	SADC Seed Security Network	Country allocation not known	2005

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Cross-cutting Issues	FAO/SADC Secretariat Directorate	Support to SADC Food, Agriculture and Natural Resources	Country allocation not known	2005–2007
	FAO	Assistance for the establishment of the African Common Market for basic food products – Phase II	Country allocation not known	2006–2007
	FAO	Integrated Production and Pest Management for Sustainable Agriculture in Zanzibar	\$93,000	2001
	FAO	Conservation Agriculture and Appropriate Mechanization for Sustainable Crop and Livestock Production	\$363,000	2004–2006
	New Zealand	Sukumaland Farmer Capacity Building	\$62,000	2004
	UNIDO	Market Study with Emphasis on Export Prospects for the Zanzibar Food Sector	\$18,000	2005
	UNIDO	Product and Market Development for Sisal and Henequen Products	Country allocation not known	1997–2005
	France	Support to Essential Oil Distillery in Pemba	\$6,000	2004
	Belgium/Iles de Paix (ONG)	Access to Market and Food Security	Country allocation not known	2004
	Belgium	Improvement of Banana Cropping in Kagera and Kibondo	\$1,600,000	Ongoing
	EC	Technical Assistance, Studies, Monitoring & Evaluation	\$1,680,000	2005–2006
	EC	STABEX ASDP	\$21,600,000	2003–2006
	EC	STABEX Cotton	\$2,623,000	1996–2005
	EC	STABEX Tea	\$3,840,000	2000–2005
	EC/SADC Secretariat	Implementation and Coordination of Agricultural Research and Training (ICART)	Country allocation not known	2006–2010

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Cross-cutting Issues	USAID/FAS	Policy Analysis, Research, and Technical Support (PARTS) for Agribusiness	\$24,000	2002
	USAID/FAS	Commercialization Program	\$40,000	2002
	USAID/FAS	Enhancing Transportation Management and Harmonizing Standards in East Africa: Tanzania	\$30,000	2002
	USAID/FAS	Equity and Growth through Economic Research (EAGER) – Agribusiness	\$18,000	2002
	USAID	Southern Highlands Agricultural Marketing and Business Acceleration Program	\$113,000	2004
	USAID	Private Enterprise Support Activities (PESA)	\$900,000	2004–2005
	IBRD/IDA	Agricultural Export Rehabilitation Project	\$30,000,000	1988–2006
	Germany/InWEnt	Environmentally Friendly Plant Production, Plant Protection and Soil Management	\$155,000	2003–2006
	Germany	Support to Network for Ecofarming in Africa	\$12,000	2004
	Norway	ENVIROCARE	\$188,000	2002
EC/SADC Secretariat	Promotion of Regional Integration in the Livestock Sector (PRINT)	Country allocation not known	2004–2009	
CASHEW				
	Switzerland	Export Development of Specialty Coffee and Cashew Nuts	\$2,000,000	2005–2008
COFFEE				
	Switzerland/ITC	Coffee Guide Website	\$2,600	2005–2006
	USAID	Southern Highlands Agricultural Marketing and Business Acceleration Program SHAMBA)	\$650,000	2004–2005

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
COFFEE				
	USAID/Technoserve	Southern Highlands Agricultural Marketing and Business Acceleration Program (SHAMBA)	\$750,000	2002
	Finland	Ethical Privatization in Coffee and Tea	\$38,000	2001
	Germany/InWEnt	Support of Coffee-Economy in Developing Countries	\$31,000	2004–2005
	EC	STABEX Coffee	\$33,600,000	2003–2006
	EC	Coffee Research and Technology Support Programme	\$10,800,000	2003–2007
HORTICULTURE AND FLORICULTURE				
	Netherlands	WSSD Programme on Horticulture	\$1,200,000	2005–2009
TOURISM BACKWARD LINKAGES				
Education	France/ AFD	Creation of a National Training Center for Tourism Trades and Professions	\$5,300,000	2003–2008
Supply of Local Tourism Products	EC	Institutional Strengthening of the Tanzania Tourism Sector Project	\$330,000	2002–2004
	EC	Support to Tanzania Game Reserves (STGR)	\$2,400,000	2004–2008
	USAID	Support to Development of the Tarangire and Lake Manyara Region	\$1,050,000	2002
	Germany	Forest Policy Implementation Support (FOPIS)	\$1,864,000	2004–2007
	France	Support to Tourism Sector	\$86,000	2002–2003
	Norway	Forestry Sector	\$20,000	2001–2002
	Finland	National Forestry Programme	\$495,000	2001–2005

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
Supply of Local Tourism Products	EC	Institutional Strengthening of the Tanzania Tourism Sector Project – Follow-up	\$3,000,000	2006–2011
SPICES				
Production and Productivity	Switzerland/ITC	Cooperative Programme on Quality Assurance of Spices	\$17,500	2001–2006
FISH AND MARICULTURE				
Seaweed farming (Zanzibar)	USAID	Small Holder Empowerment and Economic Growth	\$229,000	2002
SPS Issues	EC/ACP Secretariat and CDE	Strengthening Fishery Products Health Conditions in Kenya, Uganda and Tanzania	Country allocation not known	2004–2006
	USA/FDA	Polymerase chain reaction (PCR) Technology Study	\$6,200	2005
	UNIDO	Measures and Capacity Building to Improve Microbial and Chemical Detection in Fishery Products as well as Product Traceability	\$86,000	2003–2004
	FAO	Support to the aquaculture subsector in the riparian countries around Lake Victoria	Country allocation not known	2006–2007
	USAID	Small Holder Empowerment and Economic Growth	\$460,000	2003
	EC/Lake Victoria Fisheries Organisation and EAC Secretariat	Implementation of a Fisheries Management Plan for Lake Victoria	Country allocation not known	2003–2008
	EC/Indian Ocean Tuna Commission	Indian Ocean Tuna Tagging Project	Country allocation not known	2004–2009
	EC/SADC Secretariat	SADC Regional Monitoring, Control and Surveillance of Fishing Activities	\$2,520,000	2003–2006

Action in DTIS matrix	Donor	Project Title	US\$	Dates (start–end)
SPS Issues	EC/IOC Secretariat	Regional Sustainable Management of Coastal Resources not known	Country allocation	2005–2010
	FAO	Facilitating the Formation and Initiation of a Regional) Fisheries Arrangement for the Management of Sustainable Non-Tuna Fisheries in the South-West Indian Ocean (SWIO)	Country allocation not known	2005–2008

Source: Adapted from SIDA (2007)

Notes

- 1 These are: trade policy and regulations; trade development; trade-related infrastructure; building productive capacity; trade-related adjustment; and, other trade-related needs.
- 2 The capitalisation Aid for Trade (AfT) is used to refer to the AfT initiative; however, when talking about actual assistance – which could be classified under the WTO-OECD categories on AfT – strictly speaking one should refer to aid for trade (aft). However, for simplicity we use AfT in this report.
- 3 Overseas Development Institute (2007a).
- 4 WTO (2005).
- 5 Aid for Trade Task Force members: Ambassadors from Barbados, Brazil, Canada, China, Colombia, EU, Japan, India, Thailand, USA, ACP Group, African Group and LDC Group, as well as the Swedish Ambassador (Chair).
- 6 WTO (2006).
- 7 Technical co-operation is equivalent to technical assistance, according to the OECD, and also covers capacity building. According to the OECD, ‘technical co-operation is the provision of know-how in the form of personnel, training, research and associated costs, primarily through the medium of education and training. It can be classified as free-standing or investment-related. Free-standing technical co-operation comprises activities whose primary purpose is to augment the level of knowledge, skills, technical know-how or productive aptitudes of the population of developing countries, i.e. increase their stock of human intellectual capital or their capacity for more effective use of their existing factor endowment. DAC statistical reporting under technical co-operation items includes only free-standing technical co-operation. This relates essentially to activities involving the supply of human resources or action targeted on human resources (education, training, advice). Investment-related technical co-operation comprises services with the primary purpose of contributing to the design and/or implementation of a project or programme aiming to increase the physical capital stock of the recipient country. These services include consulting services, technical support, the provision of know-how linked to the execution of an investment project, and the contribution of the donor’s own personnel to the actual implementation of the project (managers, technicians, skilled labour, etc.). (OECD, 2007).
- 8 For instance, see European Commission (2003) and Solignac-Lecomte, HB (2001).
- 9 European Commission (2003).
- 10 Solignac-Lecomte, HB (2001).
- 11 Except for infrastructure which was drawn from the OECD CRS database.
- 12 WTO-OECD joint reports on TRTA/CB (WTO-OECD, 2002 (first); 2004; and, 2007 (last)).
- 13 WTO-OECD (2007).
- 14 WTO-OECD (2007).
- 15 See Annex 2 of OECD-WTO (2007b) regarding the World Bank’s contributions to the WTO-OECD TCBDDB.
- 16 SIDA (2007) and Cali (2007).
- 17 WTO (2006). Italics added.
- 18 WTO (2006).
- 19 WTO (2006).
- 20 WTO (2006). Italics added.
- 21 While the WTO-OECD TCBDDB did not report directly on infrastructure, it linked to the OECD CRS database and data on infrastructure was reported in the annual joint WTO-OECD reports on TRTA/CB (WTO-OECD, 2007 and WTO-OECD, 2002).
- 22 Supported by the AfT Task Force. See Page (2007).
- 23 ‘Debt Relief is down: Other ODA rises slightly’ http://www.oecd.org/document/8/0,3343,en_2649_33721_40381960_1_1_1_1,00.html
- 24 Targets have been specified by several donors/agencies (e.g. UK and EC).
- 25 ‘The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which over 100 ministers, heads of agencies and other senior officials adhered, and committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators. More than a statement of general principles, the Paris Declaration lays down a practical, action-orientated roadmap to improve the quality of aid and its impact on development and is organised around five key principles: ownership, alignment, harmonisation, managing for results, and mutual accountability’. www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html
- 26 Carried out under the (Enhanced) Integrated Framework.
- 27 See Driscoll et al (2007) for a discussion of the trade (and growth) content of NDSs.

- 28 Turner et al. (forthcoming).
29 See OECD (2007b) for country and agency responses.
30 Full draft of the Paris Declaration is at <http://www.oecd.org/dataoecd/11/41/34428351.pdf>
31 OECD-WTO (2007).
32 OECD (2006).
33 OECD-WTO (2007a).
34 Categories used are the OECD AfT proxies and data are sourced from the OECD CRS and aggregated.
35 Cali (2007b).
36 United Republic of Tanzania (2005).
37 Wangwe et al (2007) and United Republic of Tanzania (2008).
38 SIDA (2007). Others include Turner, L (2004).
39 It should be noted that although 'unearmarked' and allocated according to the governments own priorities, the involvement of donors in various reviews of spending and in priority-setting agendas suggests that the donors may have both a direct and indirect influence on the allocation of GBS.
40 Launched in 2005, the MKUKUTA is the kiswahili acronym for the NDS which translates to the National Strategy for Growth and Reduction of Poverty (NSGRP). The document is considered to be more nationally 'owned' than the previous NDS (the first PRSP).
41 Although, as discussed in the next section, NDSs may not cover government priorities comprehensively.
42 SIDA (2007).
43 It should be highlighted that only those trade-related priorities identified in 2005 are used to identify AfT between 2000 and 2010.
44 Driscoll, R (2007) et al.

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