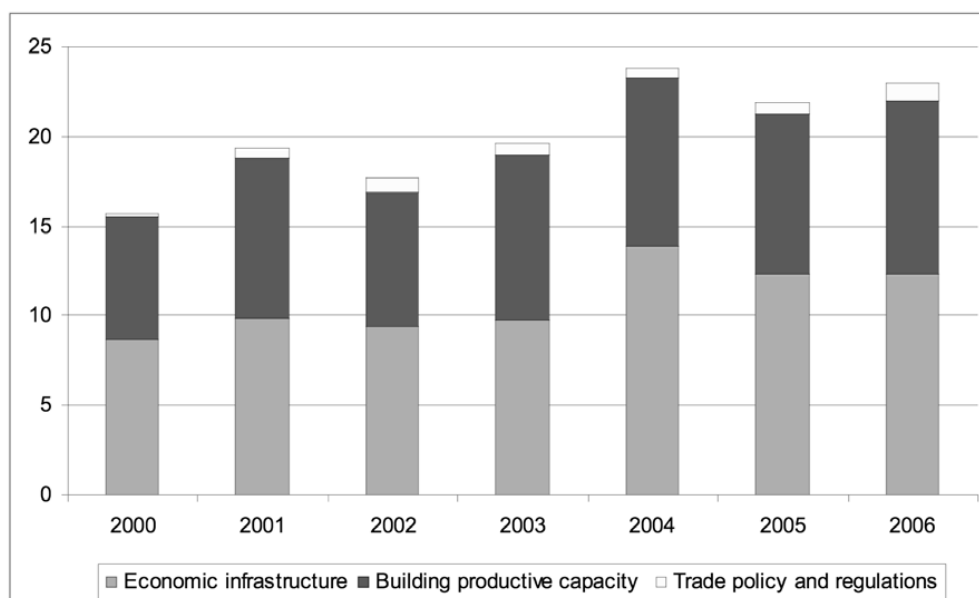


### 3

## 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).<sup>34</sup>

**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.<sup>35</sup> 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)**

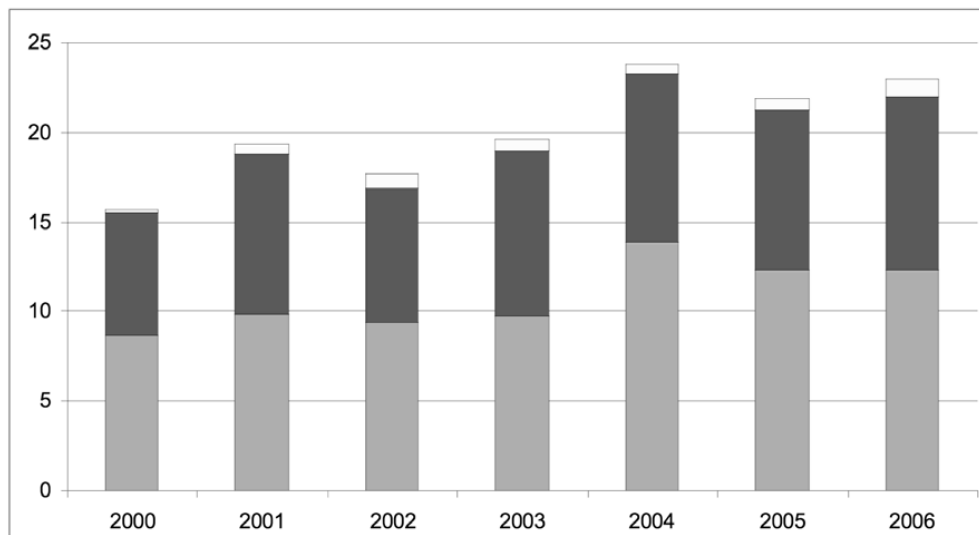
	Total aid for trade	Total aid for trade (% of total sector allocable aid)
Japan	4786.4	63.9
IDA	2951.7	44.3
EC	2401.8	36.4
USA <sup>a</sup>	1236.6	20.3
Germany	1205.1	28.4
UK	747.1	22.5
France	687.1	22.5
Asian Development Fund	648.5	45.8
African Development Fund	531.2	44.7
Netherlands	523.6	23.4
Spain	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

<sup>a</sup>US 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