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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.