OECD POLICY DIALOGUE ON AID FOR TRADE

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Getting the Right Information
Indicators for Monitoring Aid for Trade

Keynote Address

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1. This is a key session of our Policy Dialogue on Aid for Trade.

2. The first Global Review in November 2007 instructed us to focus on strengthening our mechanisms for monitoring the implementation and impact of the Aid-for-Trade work programme. We have held several meetings this year in the OECD and the WTO dedicated to the issue of monitoring and putting together a suitable toolbox of indicators. What we are looking for are indicators that will do justice to the richness and diversity of the Aid for Trade work programme in each and all of its national, its regional and its global dimensions. At the same time, we need indicators that will provide consistent benchmarks against which we can measure progress from year to year.

3. In other words we have to accept and deal with the complexity of the subject, and try to boil that down through our choice of indicators to produce as much clarity and simplicity as possible for an effective monitoring process. That is a difficult task, but I think that we are on the right track and I hope that this afternoon we can take the exercise another step forward.

4. I would like to start by reviewing briefly those areas where I believe we have already made very good progress. There seems to be a good deal of agreement on the three broad elements of the Aid for Trade work programme that we want to target in the monitoring process. This afternoon I would like to propose to you a different way of defining and thinking about those three elements which, I believe, can help advance our task of identifying the indicators.

5. The first of the three elements is the flow of Aid for Trade resources, what we have sometimes referred to as the supply-side of Aid for Trade. I think that here we are all fairly

comfortable with the indicators that have been suggested. We will use CRS data on concessional Aid-for-Trade flows compiled by the OECD, supplemented by information provided to us from donors and agencies on their specific Aid-for-Trade activities. I do not believe we need to spend much more time on this today.

6. The second element is the demand-side of Aid for Trade. Here I would like to offer a suggestion. It is that we think about the demand-side in terms of the actions that beneficiary countries need to take in order to attract, to mobilize, and to utilize Aid-for-Trade resources successfully. In other words, what we should be monitoring here is not how many new bridges or roads or ports are needed in a developing country or a region to bring it up to some international norm. Instead we should be monitoring how each country or region is progressing in assessing its own individual needs for more trade-related capacity, how it is managing to integrate those needs into its overall development or poverty reduction strategy, and how it is organising itself to utilize the new Aid-for-Trade resources that it succeeds in attracting. Of course, the bridges and roads and ports do matter very much, as they are an essential component of a country's competitiveness. But to my mind they are the end-result and I would propose we place those in the third element of the monitoring exercise, which we could label "results", and which I shall come to in a minute.

7. Thinking of the demand-side of Aid for Trade in terms of the processes involved in identifying needs and in mobilizing and utilizing resources seems to me to address one of the main problems that we keep hearing lies at the heart of the Aid for Trade exercise – that there are plenty of donor resources available, the weakness lies in the preparation of Aid for Trade projects and programmes on the beneficiaries' side. If we are to monitor the implementation of Aid for Trade thoroughly, as we have been instructed to do, then we need to monitor the processes of needs assessment, of integrating trade into PRSPs, of selecting priority programmes, of sequencing projects, and so on. Most of the information we have on these issues seems to be anecdotal, for the time being. I believe that we need to be much more rigorous in collecting facts and figures if we are to make the monitoring exercise effective.

8. How can we do that? The demand-side of Aid for Trade is unique for each individual developing country and region. Needs and priorities are not the same from one country to another, even within the same region. Nor are the processes involved in integrating trade into development strategies. This is an area, therefore, where it seems to me we must rely upon information at the level of individual countries and regions. We can get part of that

information from several sources, from the responses to the partner country questionnaires which were developed by the OECD in close collaboration with partner countries, from the Enhanced Integrated Framework network and from the national and sub-regional case studies that are being prepared by the Regional Development Banks. To begin with, we shall probably find the information is rather limited. But over time, as developing countries and LDCs become better at supplying it, as we become better at collecting, analyzing and understanding it, and as the number of case studies accumulates, we will find the quality of the monitoring exercise will improve. It is in this area, in particular, that I think we should not aim for quick results, but instead, be patient and recognize that we are only at the start of the monitoring exercise. We can make adjustments and improvements over time, on the basis of our experience at the next Global Review, for example, and within a few years hope to have made progress with this part of the monitoring mechanism.

9. The third and final element of our framework for monitoring Aid for Trade I would like to label "Results". This is where we will want to be able to see and measure the impact and progress of the Aid-for-Trade work programme. I would suggest that we choose three areas of results: (1) progress in the development of partnerships between donors and beneficiaries, in other words, progress in matching the demand and supply sides; (2) the increase in trade-related capacity, and (3) the expansion of trade of developing countries and LDCs.

10. The revised questionnaires being prepared by the OECD should provide us with valuable data in the first area, i.e. progress in the partnerships between donors and beneficiaries.

11. In our discussions so far on possible indicators to measure results in the other two areas, namely the increase in trade-related capacity and trade performance of developing countries, we have considered different information, mostly in the form of annual reports by international organisations of trade-related databases covering all of their member governments. These have not, by and large, attracted support from WTO Members. Or perhaps it is more correct to say that a number of concerns have been raised about the quality of the data contained in some of these reports, about there being too many overlapping and sometimes conflicting sources of similar data, about how useful aggregate data of this kind is for the monitoring exercise, and about the tendency to present the data in the form of

rankings of member governments which inevitably causes concern to those who find themselves at the bottom of the rankings. These concerns are understandable.

12. In light of these concerns, we intend to focus our consultations with Members and partner agencies on a different approach. There is convergence on the need to simplify the monitoring of the third element of our monitoring structure. Instead of using "macro" indicators, we could prepare for each WTO Member, as an individual country or as a member of a regional or sub-regional grouping, a single Aid-for-Trade information sheet on which we would present key indicators of the results of their individual Aid-for-Trade strategies. Some of the information would be standard for each country or region: for example, trade data showing how trade growth is responding to increased trade capacity. Other information would vary from country to country or region to region. For example, building trade-related infrastructure in the form of roads or other transport corridors could be the priority need for some countries or regions, whereas in others the priority needs may lie in building institutional capacity in specific areas: Trade facilitation, SPS Standards. We could design the sheet to suit the particularities of the country or region in question, rather than trying to force so many diverse experiences and complex development strategies to conform to a single format.

13. Mr. Chairman, we have heard over the course of the last two days that trade in isolation is not a silver bullet which produces growth. But, it is a key component of growth which many countries have been able to harness to their advantage. We also know that trade is the biggest source of financing for development and we have seen how it has helped pull millions out of poverty. And we need to monitor our progress to demonstrate that our Aid-for-Trade work programme for more and better Aid for Trade is yielding concrete results and is a necessary short-term investment if Developing Countries are to secure substantial trade growth and development benefits.

14. In closing, I believe that we need to move quickly to complete this process of selecting the blueprint for our monitoring mechanism, so that we can get on with the monitoring exercise itself. I hope that this policy dialogue can contribute to that and I am looking forward to hearing your ideas and suggestions.

15. Thank you.