



**United Nations Economic
Commission for Africa (UNECA)**

**Expert Group Meeting and Workshop on Aid for Trade (AfT) and Africa's Trading
Capacity: Supply, Demand and Performance**

31 May-2 June 2010, Addis Ababa, Ethiopia

Final Communiqué

1. The experts from the following Member States (**Algeria, Benin, Botswana, Burundi, Cameroon, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Lesotho, Libya, Mali, Malawi, Mauritius, Morocco, Niger, Nigeria, Republic of Congo, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe**) met in Addis Ababa, Ethiopia, from 31 May – 2 June 2010 to participate in the Expert Group Meeting and Workshop on Aid for Trade and Africa's Trading Capacity.
2. The following institutions and development partners were also represented: the African Union Commission (AUC), African Group Coordination to the WTO, the United Nations Economic Commission for Africa (UNECA), the African Development Bank (AfDB), Department for International Trade (DFID), Sweden, the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the Economic Community of Central African States (ECCAS), the World Trade Organization (WTO), United Nations Development Programme (UNDP), United Nations Office of the High Representative for LDCs, LLDCs and SIS (UN-OHRLLS), the World Bank, Walvis Bay Corridor Group (WBCG), Dar-es-Salaam Corridor, Transit Transport Coordination Authority of Northern Corridor, ACP Group Coordination in Geneva, the African Alliance for E-Commerce (AAEC), African Export-Import Bank (AFREXIMBANK), Port Management Association of Eastern and Southern Africa (PMAESA), Economic Policy Research Centre (EPRC), Centre D'Etudes et de Renforcement des Capacites d'Analyse et de Plaidoyer, (CERCAP), European Centre for Development Policy Management (ECDPM), Organization for Economic Cooperation and Development (OECD), European Union (EU), the Swedish International Development Cooperation Agency (Sida), Overseas Development Unit (ODI), PricewaterhouseCoopers (PWC), University of Bochum, and Saana Consulting.

3. The meeting was jointly organized by the United Nations Economic Commission for Africa/African Trade Policy Centre (ATPC) in collaboration with the AfDB and the WTO.
4. The objectives of the meeting were to:
 - a. Examine selected studies employing different methodologies to assess the effectiveness of AfT, and
 - b. Provide a forum for dialogue among development partners, African countries and Regional Economic Communities (RECs) on how AfT can support regional integration processes in Africa.
5. As experts, we discussed various presentations that indicated that: development partners/donors are scaling-up AfT; that while AfT resources are increasing, coverage and predictability remain issues; and that although the AfT started as a political initiative in 2005, the provision of AfT assistance to countries pre-dates the launch of the initiative, and created some confusion among participants as to what can be described as AfT.
6. In addition, we had the opportunity to deliberate on a number of issues pertaining to Aid for Trade in terms of the statistics on AfT flows at global, regional and national level to countries, the methodologies used in compiling the statistics, the criteria used in determining the priority sectors for AfT allocations as well as the beneficiary countries, the predictability of AfT resources, and type and scope of AfT support to Africa's regional integration processes, and monitoring and evaluation including the attribution problem in terms of matching AfT to specific development outcomes. The RECs also showed how they are harnessing the Aid for Trade, while the development partners present highlighted their AfT strategies, including suggestions on how the RECs can access the resources.
7. The following issues and concerns about the AfT initiative and its various dimensions were raised:
 - a. A key objective of AfT is to assist developing countries to increasingly engage in the global trading system and draw benefits from inclusive globalization, in particular higher economic growth and poverty reduction;
 - b. The definition of Aid for Trade is based on Official Development Assistance. This includes concession loans. Participants suggested that the definition of the Aid for Trade should be based on grants. Concession loans, should be treated separately. Correspondingly, OECD reports and statistics should provide disaggregated data of the share of ODA destined to AfT.

- c. Flows of Aid for Trade are growing, but coverage predictability and political conditionalities are still an issue. Flows vary widely by year and by country. A concern was expressed that these flows should prioritize the vulnerable African countries that need them the most.
- d. There is a need to capture the assistance offered by South-South partners, , as a complementary source of flows, which should be highlighted both in the quantification of Aid for Trade flows and the evaluation of impacts.
- e. Access to Aid for Trade resources is based on mainstreaming trade into national and regional development strategies. Nevertheless, concerns were expressed that this process and the response of development partners to the needs expressed, remained ambiguous, in part because countries have difficulties in developing bankable projects from their national development plans. There was a need to clarify and review both processes and outcomes. Some were of the view that a dedicated fund would be more transparent. Others highlighted the objective of the initiative as seeking to improve existing mechanisms, notably through global, regional and national monitoring.
- f. Existing review processes had been concentrated at global and continental level. There was a need to compliment this spotlighting with national and regional monitoring. It was recalled that the scope of Aid for Trade was defined at national and regional level. To understand the utility of the Aid for Trade, it had to be examined at the national and regional level.
- g. Monitoring and Evaluation (M&E) of Aid for Trade is an evolving discipline. Concerns related to causality, attribution, and time lags complicate the design and implementation of evaluation methodologies. While existing research points to positive associations between Aid for Trade and key parameters for trade performance, such research is preliminary and global in approach. Missing is information from country or regional studies to buttress the positive preliminary findings from global/macro studies;
- h. AfT data sets are incomplete, either in time series coverage or at the level of appropriate indicators. Trade objectives expressed in national development strategies or regional development plans are not for the most part accompanied by management for development results approaches. Appropriate indicators to measure the trade objectives are largely absent;
- i. Member States expressed the concern that monitoring and evaluation was being driven by accountability frameworks in OECD countries. Concerns were expressed that monitoring and evaluation should not overburden already over-stretched national administrations, which should benefit from appropriate assistance to face the requirements and costs of monitoring

and evaluation processes. The RECs capacities in the process of monitoring and evaluation should also be strengthened.

- j. Research highlights issues in the transmission of Aid for Trade support to intended outcomes. Interventions may address an immediate supply-side constraint, but intended impacts may not occur due to other binding constraints (e.g. other regulatory barriers such as NTBs, lack of infrastructure and so on). A “missing middle” between intervention and output was highlighted;
 - k. Existing evaluations do not for the most part consider trade impacts. Evaluations are typically specific to individual projects, programmes and donors. The views of the Member States and RECs on the alignment, relevance, effectiveness and impact of Aid for Trade are absent. Efforts must be made to strengthen the mutual accountability framework of Aid for Trade so that the voice of the Member States and RECs can be heard;
 - l. To surmount these difficulties, two recommendations were made: to introduce management for development results framework into trade objectives in national development and regional development plans; and to use case study approach to ensure that a body of evidence on the outcome and impact of Aid for Trade could be collected, which would also include the views of the Member States and RECs. It was necessary to complement global approaches with regional and national results.
 - m. Lack of policy coordination of the RECs and of strategic cooperation between the RECs and donors affects the effective allocation of AfT for regional integration projects which could greatly enhance intra-African trade.
 - n. AfT in infrastructure does not sufficiently address maritime infrastructure constrains which are especially faced by Small Island States and LDCs which depend on the development of maritime corridors.
8. At the end of our deliberations we agreed on the following recommendations:
- i. Development Partners are urged to allocate more AfT to small African economies with a view to enabling them to increasingly engage in the global trading system;
 - ii. Member States are urged to express their Aid for Trade needs in national development strategies and dialogue with Development Partners. Development Partners are urged to respond positively, by assisting the mainstreaming process, through greater consultations between them and beneficiary countries. Allocation of Aid for Trade resources should respond to the national and regional development priorities;

- iii. Member States and RECs are urged to continue with their support to Africa's regional integration processes, by prioritising areas including trade and transport related infrastructure (road networks, railways, inland water ways, coastal port modernization, maritime corridors, cargo tracking systems, the development of inland/dry ports, ICT and other infrastructure, and the strengthening of corridor management institutions). Development Partners are urged to respond positively to these needs by continuing to mobilise "more and better" Aid for Trade resources to support regional integration processes. It was agreed that the regional integration process should continue taking due account of the special needs of landlocked countries and the vulnerable economies as the overarching objective is to promote intra-African trade;
- iv. Monitoring and evaluation should recognise the growing influence of emerging South-South partners. South-South donors should be included in future research.
- v. Member States are urged to create or enhance the enabling environment that would encourage the private sector to enhance its role and impact on intra-African trade as well as trade with the outside world;
- vi. Member States are urged to set up national mechanisms (where they do not exist) and beef up their capacities, with the support of development partners to follow-up and coordinate AfT issues at the national, regional, continental and global levels;
- vii. Member States and Development Partners are encouraged to extend the monitoring and evaluation framework for Aid for Trade to consider outcomes and impacts at national and regional level. The value of the initiative will only become clear, for Member States and Development Partners alike, when impacts can be perceived at national and regional level;
- viii. Experts urged that as the framework for monitoring and evaluation of Aid for Trade is being deepened, the of Member States opinions and those of RECs need be heard, in line with the mutual accountability provisions of the Aid Effectiveness agenda. Particular attention should be given to the strengthening of data collection and systems of trade statistics in Member States and RECs to facilitate the evaluation of impacts;
- ix. Member States, RECs and Development Partners are encouraged to use management for development results approaches to the elaboration of trade needs in national development strategies. Specific quantifiable targets for trade objectives should be included in national and regional strategies. The need to include partner countries in the identification of evaluation indicators is highlighted;

- x. Member States recommended the application of a case study approach in monitoring and evaluation as this would allow them together with the RECs to offer their views on the alignment, relevance, effectiveness and impact of AfT. WTO and OECD are requested to pursue this recommendation in the further elaboration of the monitoring and evaluation framework for Aid for Trade;
 - xi. Member States are urged to lead the planning, monitoring and evaluation of AfT and should include all the stakeholders involved at national level, as well as the RECs, in order to ensure ownership of AfT programmes and projects. These evaluations must consider how AfT is contributing to the fulfilment of concrete objectives outlined in the national and regional development strategies.
 - xii. ECA/African Trade Policy Centre, in collaboration with AUC, AfDB, and other regional institutions are requested to further develop and share their own experience and expertise in the monitoring and evaluation of Aid for Trade. The ECA and AfDB, as well as all the development partners, are requested to offer support to Member States and RECs in the case study approach to the evaluation of Aid for Trade.
 - xiii. Development partners are urged to unify their different frameworks and methodologies on AfT to facilitate reporting and assessing the effects of AfT;
 - xiv. AfDB is urged to keep the momentum on its increasing funding for AfT in Africa in tandem with its recent capitalisation increase.
 - xv. To improve the harnessing of AfT at national and regional levels, African Member States and RECs should seek ways to engage in public-private partnerships (PPP) which include the concerns and needs of the private sector.
 - xvi. Regular meetings on AfT organized by the ECA and its partners to discuss ongoing and new issues on AfT were encouraged.
 - xvii. RECs should gear more efforts to harmonizing and coordination their common external policies in order to better reap the opportunities of AfT for bankable regional integration projects and programmes. In this regard, part of the AfT resources should be earmarked for building the necessary consensus and convergence in the trade policy goals of the RECs.
9. We thank the ECA/ATPC for organizing and hosting this expert group meeting and workshop.

Done in Addis Ababa, Ethiopia, 2 June 2010