

**World Trade Organization**  
**Organisation Mondiale du**  
**Commerce**  
**Organización Mundial del**  
**Comercio**



ORGANISATION  
 FOR ECONOMIC  
 CO-OPERATION  
 AND DEVELOPMENT



## **JOINT WTO/OECD BACKGROUND PAPER ON AID FOR TRADE**

### **COMESA-EAC-SADC**

#### **HIGH LEVEL NORTH-SOUTH CORRIDOR AID-FOR-TRADE MEETING 6 AND 7 APRIL 2009**

### **I. OVERVIEW**

1. Aid-for-Trade aims to help developing countries, particularly 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 to expand their trade.

2. This background paper provides information on the Aid-for-Trade (AfT) initiative, the Roadmap (work plan) for 2009, the monitoring framework used to track Aid for Trade, figures on global flows of Aid for Trade and Aid-for-Trade flows to the North-South Corridor countries. It gives an overview of key messages emerging from the responses of North-South Corridor countries to the joint WTO/OECD partner-country self-assessment questionnaire. The paper also gives an overview of assistance provided by the WTO Secretariat in the area of trade policy and regulation to the North-South Corridor countries.

### **II. BACKGROUND**

3. A new work programme on Aid for Trade was agreed at the Hong Kong Ministerial Conference in December 2005 and operationalized by a Task Force which reported in July 2006.<sup>1</sup> In 2007, the WTO cooperated with the World Bank and regional development banks to hold three regional Aid-for-Trade reviews. These reviews took place in Lima, Peru on 13 and 14 September 2007 for the Latin America and Caribbean region, in Manila, the Philippines on 19 and 20 September 2007, for the Asia/Pacific region, and in Dar-es-Salaam, Tanzania on 1 and 2 October 2007 for the Africa region. The First Global Review and Debate of Aid for Trade, hosted by the WTO was held on 19 to 21 November 2007.

4. Themes emerging from the First Global Aid-for-Trade Review were the need to encourage greater developing-country ownership of the initiative, to strengthen monitoring and evaluation and to shift the focus on the initiative from awareness-raising to implementation.

5. Working with partner agencies, a number of national and sub-regional Aid-for-Trade reviews are being held in 2009 with these themes in mind. In the Africa region, a sub-regional review of Aid for Trade is being held as part of the North-South Corridor Conference on 6 and 7 April in Lusaka, Zambia. Discussions are on-going on further regional events in Central and West Africa in 2009.<sup>2</sup>

6. On 6 and 7 July 2009, the Second Global Review of Aid for Trade will be held at the WTO Headquarters in Geneva, Switzerland. The Review will evaluate progress made since the First

<sup>1</sup> WT/AFT/1.

<sup>2</sup> A full list of planned national and sub-regional reviews is given in the 2009 Aid-for-Trade Roadmap (WT/COMTD/AFT/W/11/Rev.1).

Review in 2007 and scrutinize how Aid for Trade is being operationalized on the ground. Progress in securing additional financing will be discussed and views exchanged on how aid flows can be maintained against the backdrop of a worsening global economic outlook. The impact of the financial crisis on the real economy, together with declining commodity prices, drying up of trade finance and the inability to conclude the Doha Development Agenda, risk jeopardizing the contribution of trade to economic growth and poverty reduction in developing countries. A shortfall in financial flows to developing countries is a real possibility and developed country demand for the commodities on which much of their recent growth was based is declining. Combined with a dependency on tariff revenues, these developments will render budgets vulnerable to potential reductions in trade flows. In this less hospitable environment, aid for trade is even more critical to:

- unlock the growth potential of low income countries hindered by insufficient supply capacity or specific constraints;
- reduce trading costs within regional and global markets stimulate the supply-side response of low-income countries.

Central to this process is the examination of the conclusions emanating from the framework which has been put in place to monitor Aid for Trade – a key objective of the Aid for Trade Roadmap for 2009.

**AFRICAN REGIONAL REVIEW OF AID FOR TRADE (OCTOBER 2007): RECOMMENDATIONS FOR EAST AND SOUTHERN AFRICA<sup>3</sup>**

Regional integration is a key policy objective in East and Southern Africa assisted by strong and expanding cooperation among the three key regional economic commissions (RECs) – COMESA, SADC and the EAC. The RECs have comprehensive programmes in place to address key trade capacity challenges in the region, i.e., trade policy capacity building, trade facilitation, connectivity infrastructure, and adjustment assistance. The main challenge is to mobilize adequate resources to implement these programmes.

Another key point is the importance of comprehensive approaches to trade capacity building. An impressive model for other regional capacity building projects is the North-South Corridor Initiative, which has been approved by the COMESA-SADC-EAC Task Force and is now entering a pilot project phase. The programme brings together all the ongoing initiatives taking place along the North-South corridor, Africa's busiest in terms of freight volumes, under one umbrella, to ensure that reforms to customs, border management, infrastructure, and transport regulation are mutually reinforcing and properly sequenced. The aim is to maximize synergies and to ensure that improvements in one area are not nullified by bottlenecks in another.

Above all there is a need to mainstream trade in national – as well as regional – strategies, and to better synchronize national and regional programmes. The private sector, in particular, has to be a key partner in priority setting and programme design because ultimately it was exporters, not governments, who pay the price for customs delays, unreliable supply chains, or inadequate infrastructure. The relatively small size of domestic markets means that export growth, regionally as well as globally, is essential to East and Southern Africa's development. The fact that so many countries in the region are landlocked also means that efforts to reduce the cost of cross-border trade – through trade facilitation and transport infrastructure, as well as regional integration – are essential. These are the priority areas where Aid for Trade could deliver the biggest return on investment and provide a needed catalyst for attracting private financing.

### **III. MONITORING AND EVALUATION**

7. A big challenge the development community faces in relation to aid for trade is to improve its effectiveness. As highlighted by OECD studies, little robust research has been undertaken about the impact and effectiveness of Aid-for-Trade programmes. In part this is due to the absence of monitoring and evaluation frameworks. To enhance the credibility of Aid for Trade and to ensure that

---

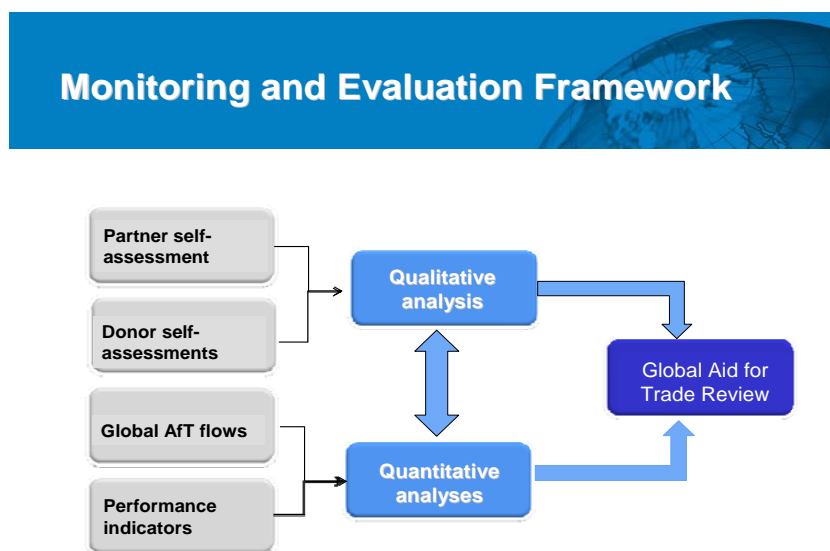
<sup>3</sup> The full report and recommendations of the African Regional review of Aid-for-Trade are available at: [http://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/africa\\_e.pdf](http://www.wto.org/english/tratop_e/devel_e/a4t_e/africa_e.pdf)

locally identified needs – whether financial or performance related – are properly addressed, the Aid-for-Trade Task Force recommended to establish two accountability mechanisms:

- at the local level, to foster genuine local ownership and ensure that trade needs are adequately addressed and integrated into national development strategies; and
- at the global level, to increase transparency about what is happening, what is not and where improvements are required.

8. Against this background, the OECD and the WTO have set up an aid for trade monitoring framework. The objective of the monitoring framework is to promote dialogue and encourage all key actors to honour commitments, meet local needs, improve effectiveness, and reinforce mutual accountability. The value of the new monitoring system lies in creating incentives, through enhanced transparency, scrutiny and dialogue (*i.e.* putting a ‘spotlight’ on progress), to foster synergies between trade and other economic policy areas in developing countries. This, in turn, should improve the coherence of aid for trade with overall aid strategies and donor agencies – essential components of an effective aid-for-trade partnership between donors and partner countries as embodied in the Paris Declaration on Aid Effectiveness. In short, the focus on local accountability will provide incentives to strengthen local ownership and management for results. The global periodic review of aid for trade, on the other hand, will ensure that donor and partner countries’ efforts are focused on the needs identified through local accountability mechanism.

**Figure 1: Monitoring and Evaluation Framework**



9. As illustrated in Figure 1, above, the Monitoring and Evaluation framework for Aid for Trade operates at four levels:

- global analysis of Aid-for-Trade flows (using data extracted from the OECD Creditor Reporting Database or CRS) to assess where resources are being delivered, to identify where gaps lie, to highlight where improvements should be made, and to increase transparency on pledges and disbursements;
- evaluations of national, regional and multilateral donors' Aid-for-Trade activities (based on donor self-assessments), to ensure the dissemination of best practices across countries, to identify areas for improvement, and to increase transparency on pledges, commitments and disbursements;

- country-based monitoring and evaluation (based on partner-country (recipient) self-assessments) to provide a more focused, country-specific perspective on whether trade is being mainstreamed into national development policy, trade needs are being met, financial resources are being provided, and Aid for Trade is effective on the ground; and
- the use of indicators to track the use and effectiveness of Aid for Trade, in particular against priority areas identified by recipients in their self-assessment questionnaires.

10. At the First Global Review in November 2007, the OECD and WTO published a joint report entitled "Aid-for-Trade At-a-Glance 2007: 1<sup>st</sup> Global Review" which surveyed trends and developments in aid flows in the period 2002-2005. The report provided a benchmark against which future assistance could be measured in categories most closely related to Aid for Trade. In preparation for the Second Global Review, the OECD and WTO will publish a 2009 report on Aid for Trade.

**Table 1: Aid-for-Trade Commitments (in constant 2006 USD millions)**

	<b>2002-2005 baseline</b>	<b>2006</b>	<b>2007</b>	<b>Increase <i>vis-à-vis</i> baseline</b>
Trade related infrastructure	11,307	12,523	13,666	20.9%
Building productive capacity	9,135	9,957	11,053	21%
Trade policy and regulations	659	1,046	685	3.8%
Trade-related adjustment	-	-	17.7	-
Aid for Trade total	21,101	23,526	25,422	20.5%

Source: OECD Creditor Reporting System

11. Table 1, above, lists data reported to the OECD CRS on Global Aid-for-Trade commitments between 2002-2007. The statistics show that Aid for Trade grew in real terms by approximately 20 per cent in 2007 compared to the 2002 – 2005 baseline. Furthermore, from Figure 2, below, it is clear that an increasing volume of aid resources is directed to infrastructure projects in sub-Saharan Africa.

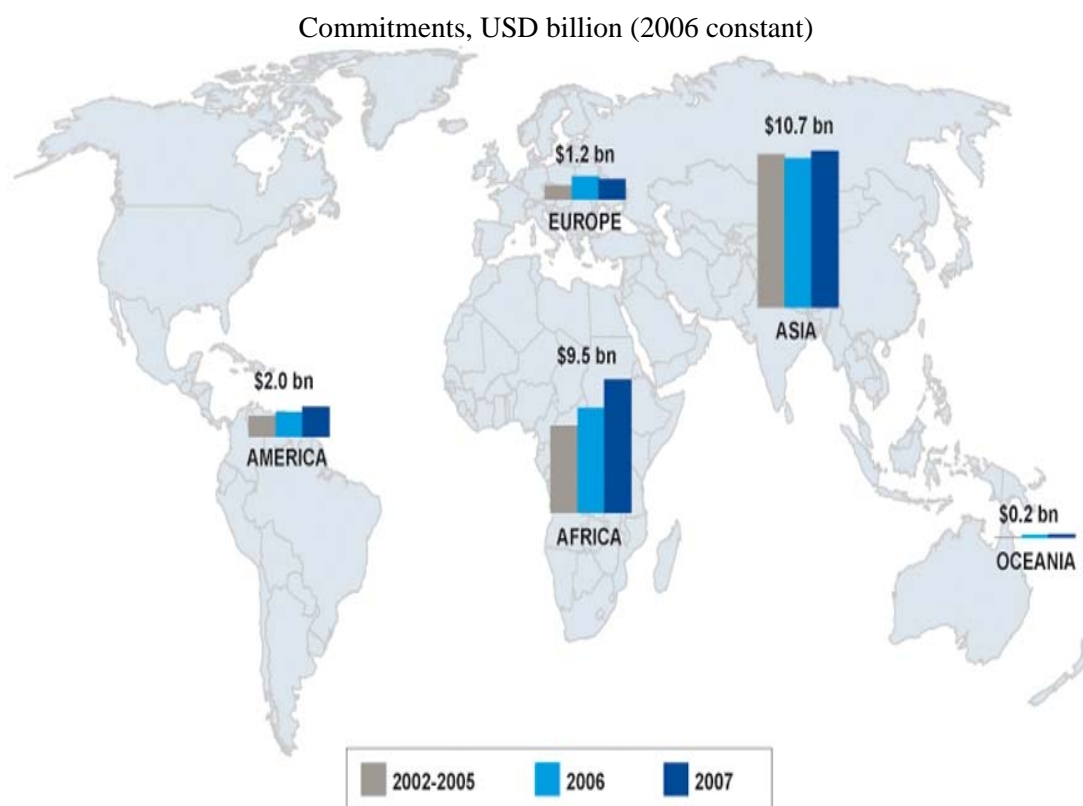
12. Due to the time needed for in-depth reporting on aid flows, the OECD CRS database does not capture any impact that the current financial crisis may have had on Aid-for-Trade flows in 2009. The impact of the current worsening global economic outlook will be a central issue for discussion at the Second Global Review of Aid-for-Trade on 6 and 7 July 2009.

13. In December 2008, the WTO and OECD circulated self-assessment questionnaires to donors and partner countries. Significant changes were made to the questionnaire to make it more user-friendly. By 6 March 2009 deadline, a total of 83 replies had been received from partner countries (with 29 received from Africa, including from 26 LDCs) and 50 replies from donors (both bilateral and multilateral). In addition, three countries had completed a questionnaire on South-South co-operation.

14. A Symposium on Monitoring and Evaluation of Aid-for-Trade was held on 15 and 16 September 2008 to help identify and assess suitable Aid-for-Trade indicators. Work is on-going on the design of Aid-for-Trade indicators. Responses to the Aft partner-country self-assessment questionnaires will be used to help focus indicators on partner countries' priorities for Aid for Trade.

Work on indicators will be presented as part of the joint OECD/WTO Aid-for-Trade At-a-Glance publication.

**Figure 2: Global distribution of Aid-for-Trade 2002-2007**



Source: OECD Creditor Reporting System

#### IV. AID FOR TRADE AND THE NORTH-SOUTH CORRIDOR

##### A. AID-FOR-TRADE ASSISTANCE (2002-2007)

15. Tables 2 and 3, below, present data on Aid-for-Trade flows to the North-South Corridor countries, as reported to the OECD CRS database. Table 2 provides data on aggregate flows of Aid for Trade. Total Aid for Trade provided to the North-South Corridor countries grew from an average of USD 903.6 million between 2002-2005 to USD 1 019.5 million in 2007 – an increase of USD 115.9 million, or 12.8%. There was considerable variation in the value of Aid for Trade received by countries. Aid-for-Trade commitments in 2007 totalling USD 8.6 million to Botswana were reported, compared with USD 365.9 million for Mozambique. Aid for Trade as a percentage of total aid received also varied considerably with 3.5 per cent being dedicated to Aid for Trade in Botswana and 27 per cent in Mozambique. These shares are commensurate with global shares for the different income groups.

**Table 2: Aid- for-Trade Flows to North-South Corridor Countries**

	Commitments in USD millions		Disbursements in USD millions	Aid for Trade as percentage of total sector allocable aid
	2002-2005	2007	2007	2007
Botswana	14.2	8.5	12.5	3.5
DRC	108.4	140.1	51.6	14.1
Malawi	90.7	76.5	63.6	18.2
Mozambique	284.2	365.3	187.4	26.9
South Africa	115.3	102.9	48.5	10.7
Tanzania	324.2	398.1	179.4	25.5
Zambia	178.8	160.8	70.4	24.9
Zimbabwe	9.3	29.1	15.9	14.34

Source: OECD Creditor Reporting System

16. Table 3 highlights that more aid resources are being committed to investment in economic infrastructure. Assistance rose from an average of USD 390.5 million in 2002-3005, to USD650 million in 2007 – an increase of 66 per cent. However, the figures for assistance on economic infrastructure show the same variation as overall figures for Aid for Trade, ranging from USD0.4 million in Botswana in 2007, to USD252.5 million in Mozambique. Again, these shares of economic infrastructure in total aid for trade are commensurate with global shares for the different income groups. Indicating that the poorer developing countries have greater infrastructure needs.

**Table 3: Aid for Economic Infrastructure along the North-South Corridor**

	Commitments in USD millions		Disbursements in USD millions	Economic Infrastructure commitments as percentage of total Aid for Trade
	2002-2005	2007	2007	2007
Botswana	5.4	0.4	0.37	4.7
DRC	53.9	117.2	29.1	83.7
Malawi	32.3	28.7	13.6	37.5
Mozambique	169.6	252.5	110.5	69.1
South Africa	14.7	3.6	4.7	3.5
Tanzania	151.9	298.4	104.2	75
Zambia	66.7	123.8	16.7	77
Zimbabwe	0.9	0.5	0.7	1.7

Source: OECD Creditor Reporting System

17. Table 4, below, shows that on average for 2006-2007, Mozambique and Tanzania were ranked as the 16<sup>th</sup> and 17<sup>th</sup> largest recipients of AfT globally (for 2007 alone, Tanzania ranked 14<sup>th</sup> and Mozambique 16<sup>th</sup>).

**Table 4: Top 25 Recipients of Aid for Trade (2006-2007 average)**

Commitments, USD million (2006 constant)

	<b>Income Group</b>	<b>2002-2005 average</b>	<b>2006-2007 average</b>	<b>Share of Total AfT</b>	<b>Share of AfT in Total Sector Allocable ODA</b>	<b>ODA/GNI (2007)</b>
India	OLIC	1,352.3	1,743.2	7.1	35.9	0.11
Iraq	LMIC	1,979.2	1,586.4	6.5	37.8	..
Viet Nam	OLC	1,371.9	1,414.0	5.8	56.0	3.58
Afghanistan	LDC	665.0	1,254.7	5.1	40.4	33.86
Indonesia	LMIC	986.9	793.5	3.2	34.4	0.19
Ethiopia	LDC	485.1	734.5	3.0	32.1	12.48
Egypt	LMIC	518.5	585.6	2.4	49.2	0.84
Bangladesh	LDC	642.1	557.8	2.3	29.7	2.06
Kenya	OLIC	300.0	514.5	2.1	31.3	4.31
China	LMIC	695.4	438.2	1.8	17.7	0.04
Ghana	OLIC	235.6	437.1	1.8	40.2	7.59
Uganda	LDC	221.2	373.1	1.5	34.4	15.72
Mali	LDC	159.5	366.5	1.5	45.6	15.43
Pakistan	OLIC	345.8	365.3	1.5	24.6	1.51
Morocco	LMIC	280.6	349.2	1.4	30.0	1.51
Mozambique	LDC	284.2	341.1	1.4	29.1	26.33
Tanzania	LDC	324.2	305.6	1.2	23.4	17.43
Sri Lanka	LMIC	410.9	283.4	1.2	46.9	1.84
Serbia	LMIC	372.4	242.0	1.0	27.8	2.04
Turkey	LMIC	404.7	214.5	0.9	22.8	0.12
Zambia	LDC	178.8	206.4	0.8	27.3	10.20
Georgia	LMIC	82.3	206.2	0.8	52.9	3.68
Nepal	LDC	144.1	200.8	0.8	38.1	5.83
Cameroon	OLIC	88.0	198.4	0.8	36.4	9.40
El Salvador	LMIC	27.0	196.8	0.8	54.9	0.45
<b>TOTAL</b>			13712.0	56.0		

Source: OECD Creditor Reporting System

**B. MONITORING AID FOR TRADE FOR NORTH-SOUTH CORRIDOR COUNTRIES**

18. Four of the North-South Corridor countries replied to the joint WTO/OECD partner-country self-assessment questionnaire (Botswana, Malawi, Tanzania, Zambia). All four respondents indicated that trade is a key priority in their respective national development plans. Malawi and Zambia also stated that the national development plan includes well-developed trade-related priorities and implementation actions. These responses would suggest that progress is being made in mainstreaming trade into national development plans – a key recommendation of the Aid-for-Trade Task Force.

19. The WTO/OECD self-assessment questionnaire requested partner countries to identify priority areas of intervention to improve capacity to benefit from trade expansion and integration into the world economy. Partner countries were asked to identify three priority areas among 12 different options under the broad headings for trade policy and regulation, economic infrastructure, building productive capacity and other priorities. Table 5, below, outlines the top three priority areas listed by the four respondents to the questionnaire.

**Table 5: Aid-for-Trade Priority Areas for Botswana, Malawi, Tanzania and Zambia**

	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
Botswana	Export diversification	Regional integration	Trade facilitation
Malawi	Transport infrastructure	Network infrastructure	Export diversification
Tanzania	Trade Policy Analysis	Competitiveness	Network Infrastructure
Zambia	Network Infrastructure	Cross-border Infrastructure	Export Diversification

Source: WTO/OECD Self-Assessment Replies

20. The WTO/OECD partner-country self-assessment questionnaire examines how trade capacity constraints are addressed at regional level through national trade strategies. All four respondents noted that they participated in regional integration processes. In Zambia's reply, special mention was made of implementation of the North-South Corridor Conference.

21. Examples of Aid-for-Trade processes, programmes or projects which constituted good practice were given by Malawi, Tanzania and Zambia. Malawi referred to the Integrated Framework project to help the Malawi Bureau of Standards as an example of good practice. Malawi also stated that trade facilitation, transport infrastructure projects and trade policy analysis projects had all been effective in raising capacity in Malawi. Tanzania singled out the DANIDA-Business Sector Programme Support project as an example of good practice<sup>4</sup>. Tanzania identified trade policy analysis projects and a business environment strengthening programme as being effective at raising capacity.<sup>5</sup>

22. Zambia noted that an effective private sector development reform programme (PSDRP) had been implemented as part of its Fifth National Development Plan.<sup>6</sup> Zambia also identified three areas in which support had been effective in raising trade capacity:

- export diversification assistance provided by the European Union under European Development Fund (EDF) 7 and EDF 8 has enabled Zambia to develop capacity in the horticulture and floriculture sector<sup>7</sup>;
- trade facilitation interventions by the US funded Threshold Project has contributed to significant reductions in the number of days required to start a business and to register a company (from 33 to 1 day)<sup>8</sup>; and
- support provided under the Chirundu One Stop Border Post Pilot Initiative by COMESA and supporting donors has led to upgrades in infrastructure should reduce exit and entry timeframes so reducing the cost of importing and exporting.<sup>9</sup>

23. Partner countries were also requested to identify priority areas in which the implementation of and effectiveness of Aid for Trade received could be improved. Table 6 below gives an overview of the responses. From the table, it is clear that a greater say in the design of Aid-for-Trade

---

<sup>4</sup> For more information see: <http://www.ambdaressalaam.um.dk/en/menu/AboutUs/News/SupportToBusinessSectorInTanzaniaApprovedByBoardOfDanida.htm>

<sup>5</sup> For more information see: <http://www.best-ac.org/index.html>.

<sup>6</sup> For more information see: <http://pcu.zambia.bz/pcu/?find=search>.

<sup>7</sup> For more information see: [http://ec.europa.eu/europeaid/where/acp/country-cooperation/zambia/zambia\\_en.htm](http://ec.europa.eu/europeaid/where/acp/country-cooperation/zambia/zambia_en.htm).

<sup>8</sup> For more information see: [http://www.usaid.gov/zm/fact\\_sheets/mca.pdf](http://www.usaid.gov/zm/fact_sheets/mca.pdf).

<sup>9</sup> For more information see: [http://www.rtfp.org/media/chirundu\\_one\\_stop\\_border\\_aug\\_07.pdf](http://www.rtfp.org/media/chirundu_one_stop_border_aug_07.pdf).

interventions, stronger donor focus on local capacity development and better predictability of Aid-for-Trade funding are the main priorities for the four respondent countries.

**Table 6: Priority Areas to improve implementation and effectiveness of Aid for Trade received.**

	<b>Botswana</b>	<b>Malawi</b>	<b>Tanzania</b>	<b>Zambia</b>
Greater say in design of AfT		X	X	X
Stronger donor focus on local capacity development	X	X		X
Better predictability of AfT funding		X	X	X
More extensive use of Budget Support		X		
More regular joint-donor implementation actions			X	
More harmonized reporting requirements				
More frequent joint donor-partner implementation efforts	X			
More systematic use of joint donor-partner monitoring/evaluation	X			

Source: WTO/OECD Self-Assessment Replies

24. For countries which have replied to the partner-country self-assessment questionnaire, indicators on Aid for Trade will be presented as part of the joint OECD/WTO Aid-for-Trade At-a-Glance publication. The indicators will be tailored to reflect each country's own priorities.

25. Another instrument that can be used to evaluate Aid for Trade is the Trade Policy Review Mechanism. One of the conclusions of the Aid-for-Trade Task Force in July 2006 was that an assessment of Aid for Trade should be included in the WTO Trade Policy Reviews. In 2009, Trade Policy Reviews are planned for Zambia on 27 and 29 July and for the Southern African Customs Union (SACU) 22 and 24 September.<sup>10</sup> In 2010, a Trade Policy review will also be held for Malawi.

## **V. AID FOR TRADE PROVIDED BY WTO**

26. The WTO is not a financing agency, nor does it have any ambition to become one, but, in addition to its monitoring and advocacy role for Aid for Trade, the WTO provides limited assistance in the area of trade policy and regulation through its Institute for Training and Technical Co-operation (ITTC), Trade Facilitation Technical Assistance for National Self Assessments of Needs and Priorities and the Standards and Trade Development Facility.

<sup>10</sup> The Members of the Southern African Customs Union are: Botswana, Lesotho, Namibia, South Africa and Swaziland.

27. The Integrated Framework (IF) for Trade-Related Technical Assistance to LDCs is a process that supports LDC governments in trade capacity building and integrating trade issues into overall national development strategies. It is a concrete example of Aid for Trade in action in LDCs. The WTO was one of six multilateral organizations which established the IF in 1997. WTO continues to play an active role in the now Enhanced Integrated Framework.<sup>11</sup>

A. ITTC TRAINING FOR NORTH-SOUTH CORRIDOR COUNTRIES<sup>12</sup>

28. The WTO Secretariat provided training across the breadth of the WTO's work programme, including aspects related to the on-going Doha Development Agenda negotiations. Technical assistance is tailored to the specific demands of beneficiary countries. Assessments are also undertaken to which subjects may contribute most to the strengthening of institutional and human capacity in trade-related matters in the recipient countries. Training delivered by the WTO thus differs from country to country.

29. The North-South Corridor countries have all benefited from WTO training activities. Most of the requests since 2007 have concentrated on the Doha Development Agenda negotiating subjects, especially in the areas of Agriculture, Non-Agricultural Market Access (NAMA), Services and Trade Facilitation. Officials have also benefited from well-established training delivered through regular trade policy courses held either in Geneva or in the regions. For the African region, two regional trade policy courses are organised each year - one for the benefit of English-speaking countries and the other for French-speaking countries.

30. Table 7 summarizes training provided to the North-South Corridor countries. The figures under each subject for a country represent the number of times the country has benefited from this subject in the period since 2007.

---

<sup>11</sup> [IF Executive Secretariat](#).

<sup>12</sup> For more information see [http://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/ittc\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/teccop_e/ittc_e.htm).



## B. TRADE FACILITATION

31. The WTO Secretariat, in cooperation with partner organizations and national governments, is providing technical assistance to help WTO Member and Observer countries to conduct a self assessment of needs and priorities in the trade facilitation negotiations.<sup>13</sup> The aim of this programme is to assist developing and least- developed countries to negotiate more effectively through enhanced understanding of the technical assistance and capacity building needs for implementation of the proposed measures.

32. This technical assistance is funded through a special trust fund and is provided upon request. With the exception of South Africa, the countries in the North-South Corridor have conducted, or are currently scheduled to conduct, a needs assessment. The status of each country is shown in Table 8, below.

**Table 8: Status of trade facilitation evaluations of North-South Corridor Countries**

Botswana	To be completed in 2009
Democratic Republic of the Congo	14-18 April 2008
Malawi	17-21 November 2008
Mozambique	6-10 October 2008
South Africa	No request has been made for technical assistance
Tanzania	29 October– 2 November 2007
Zambia	25 February - 2 March 2007 – Pilot project for the Needs Assessment Programme
Zimbabwe	To be completed in 2009

## C. STANDARDS AND TRADE DEVELOPMENT FACILITY

33. The Standards and Trade Development Facility (STDF) is a global programme of the United Nations Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organization (WTO), to assist developing countries, and in particular LDCs, in enhancing their expertise and capacity to analyze and implement international SPS standards.<sup>14</sup>

34. As part of its coordination role, the STDF organized a workshop on the supply of and demand for sanitary and phytosanitary (SPS) assistance in Kenya, Tanzania and Uganda on the margins of the Regional Review of Aid for Trade held in Dar es Salaam in September 2007. This workshop was followed by a targeted event in May 2008 in Kampala which was successful in raising the awareness of SPS as a supply-side constraint, in identifying SPS priority needs at national and regional levels, and in further mobilizing resources to address those needs. Complementing this work, the STDF presented an overview paper on SPS needs and assistance in eight LDCs, including Mozambique, at the LDC Ministerial Conference on Aid for Trade in November 2008, jointly organized by the WTO, the United Nations Industrial Development Organization (UNIDO) and the Government of Cambodia.

35. In 2006-07, the STDF assisted Malawi and Zambia in developing projects to address post-harvest contamination problems in their paprika and groundnut sectors – based on the findings of their Diagnostic Trade Integration Studies (DTIS) (EIF). Both projects are currently being implemented by UNIDO with funding from the Norwegian Agency for Development cooperation (NORAD). The STDF also funds the establishment of a regional Centre of Phytosanitary Excellence in Nairobi to improve pest risk analysis and for training purposes. In Tanzania, the STDF supports the creation of

<sup>13</sup> For more information see: [http://www.wto.org/english/tratop\\_e/tradfa\\_e/assess\\_factsheet\\_e.htm](http://www.wto.org/english/tratop_e/tradfa_e/assess_factsheet_e.htm).

<sup>14</sup> For more information see: [www.standardsfacility.org](http://www.standardsfacility.org).

the Horticulture Development Council and recently approved funding to strengthen the institutional and legal SPS framework, including improved coordination among the key actors involved in food safety, animal and plant health. Finally, in Mozambique, FAO will soon start the implementation of an STDF-funded project aimed at establishing pest-free areas for Lethal Yellowing Disease in coconuts.

## **VI. CONCLUSIONS**

36. This paper provides a background briefing on Aid for Trade for participants at the North-South Corridor Conference and sub-regional review of Aid for Trade. It focuses on the eight countries which constitute the North-South Corridor.

37. Total Aid for Trade provided to the North-South Corridor countries grew from an average of USD1125.1 million between 2002-2005, to USD1,281.3 million in 2007 – an increase of USD156.2 million, or 13.9 per cent. Within the overall Aid-for-Trade envelope, assistance for economic infrastructure rose from an average of USD495.4 million in 2002-2005, to USD829 million in 2007 – an increase of 67.5 per cent. However, the combined figures for all eight North-South Corridor countries mask stark differences between the total Aid for Trade that individual countries have received, ranging from USD8.5 million (in commitments) for Botswana, to USD398.1 million (in commitments) for Tanzania in 2007.

38. Progress in securing additional financing to improve trade performance is overshadowed by the worsening global economic outlook. A shortfall in financial flows to developing countries cannot be discounted and the demand for the commodities on which much of their recent growth was based is projected to decline. Combined with a dependency on tariff revenues, these developments will render budgets vulnerable to potential reductions in trade flows. In this less hospitable environment, aid for trade is even more critical to stimulate the supply-side response of low-income countries and assist the region diversify its export product and service base.

39. The replies of the four North-South Corridor countries which responded to the joint WTO/OECD partner-country self-assessment questionnaire (Botswana, Malawi, Tanzania and Zambia) are instructive in establishing priority areas for future Aid-for-Trade assistance, as well as for monitoring the initiative at the country and regional level and identifying good practice in Aid for Trade.

40. The High Level meeting in Lusaka on 5-6 April 2009 should give a strong impetus to move from commitment to action on the North-South Corridor. Moving from commitment to action is a key objective for the Aid for Trade initiative in 2009. Conclusions arising from the North South Corridor Aid for Trade meeting will feature prominently at the Second Global Review of Aid for Trade to be held on 6-7 July 2009.