



Findings of the 2022 Aid for Trade Monitoring and Evaluation Exercise

Aid for Trade Priorities

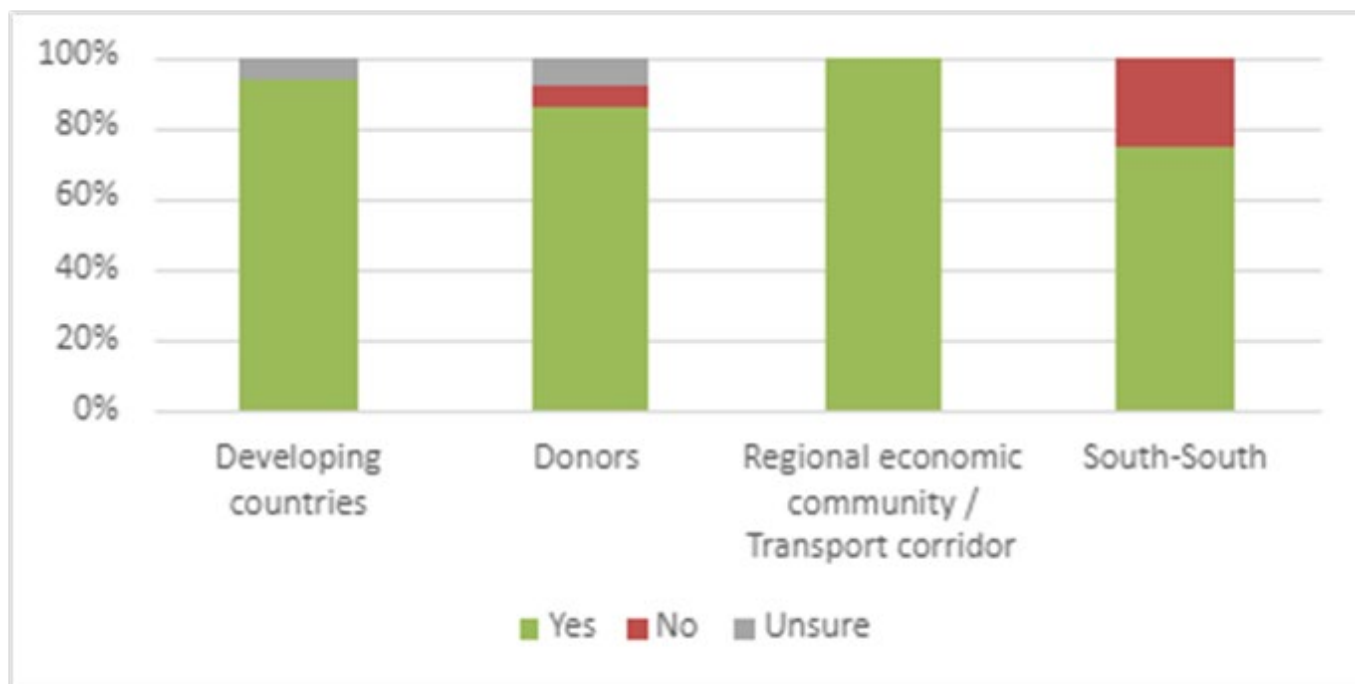
31 May 2022

Aid for Trade following COVID-19 pandemic

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- COVID-19 pandemic has not led to a retreat from trade as a development priority
- M&E respondents say that their development strategies include trade priorities
 - 94% of developing countries (50/53)
 - 93% of LDCs (25/27)
 - 86% of donors (31/36)

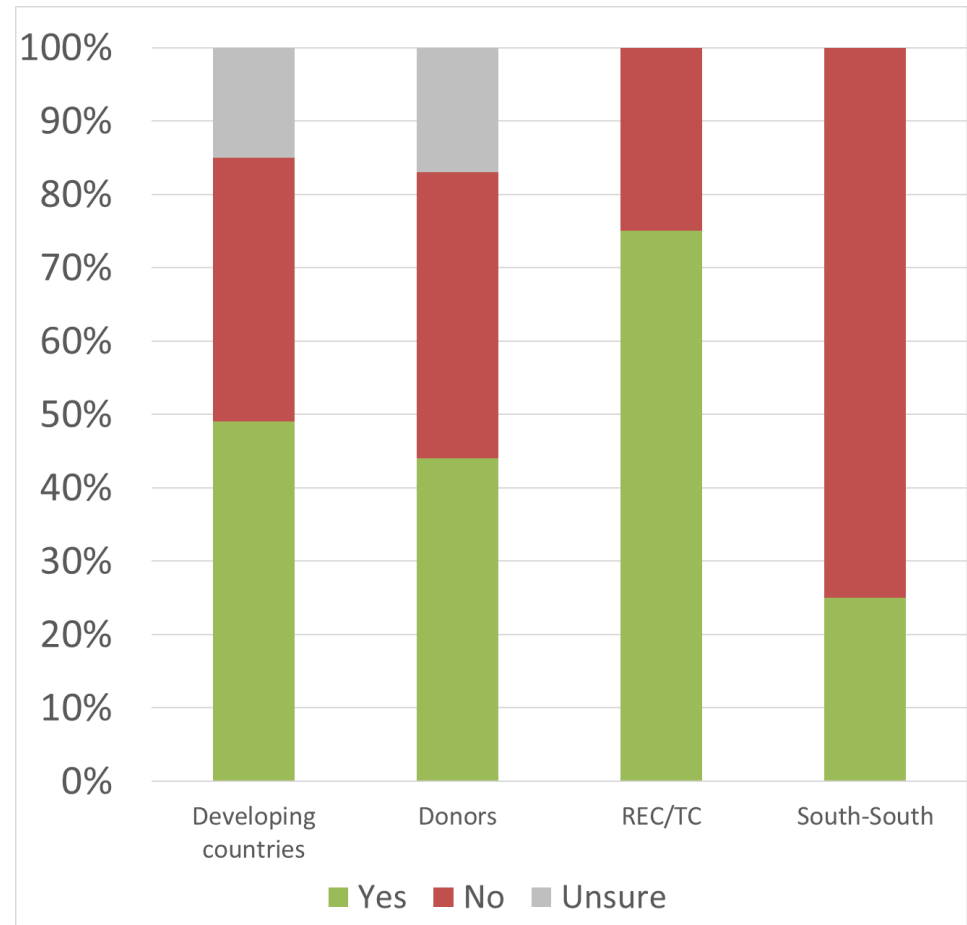
Are trade priorities included in your development strategy?



COVID-19's influence on trade priorities

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- COVID-19 economic impact major driver of changes in Aid-for-Trade priorities.
- Many developing countries and donors have enacted strategies for post COVID-19 economic recovery
- Mauritius, St Lucia...
- AsDB, IsDB, EU, US...



Aid for Trade stakeholders have framed their trade priorities in different ways :

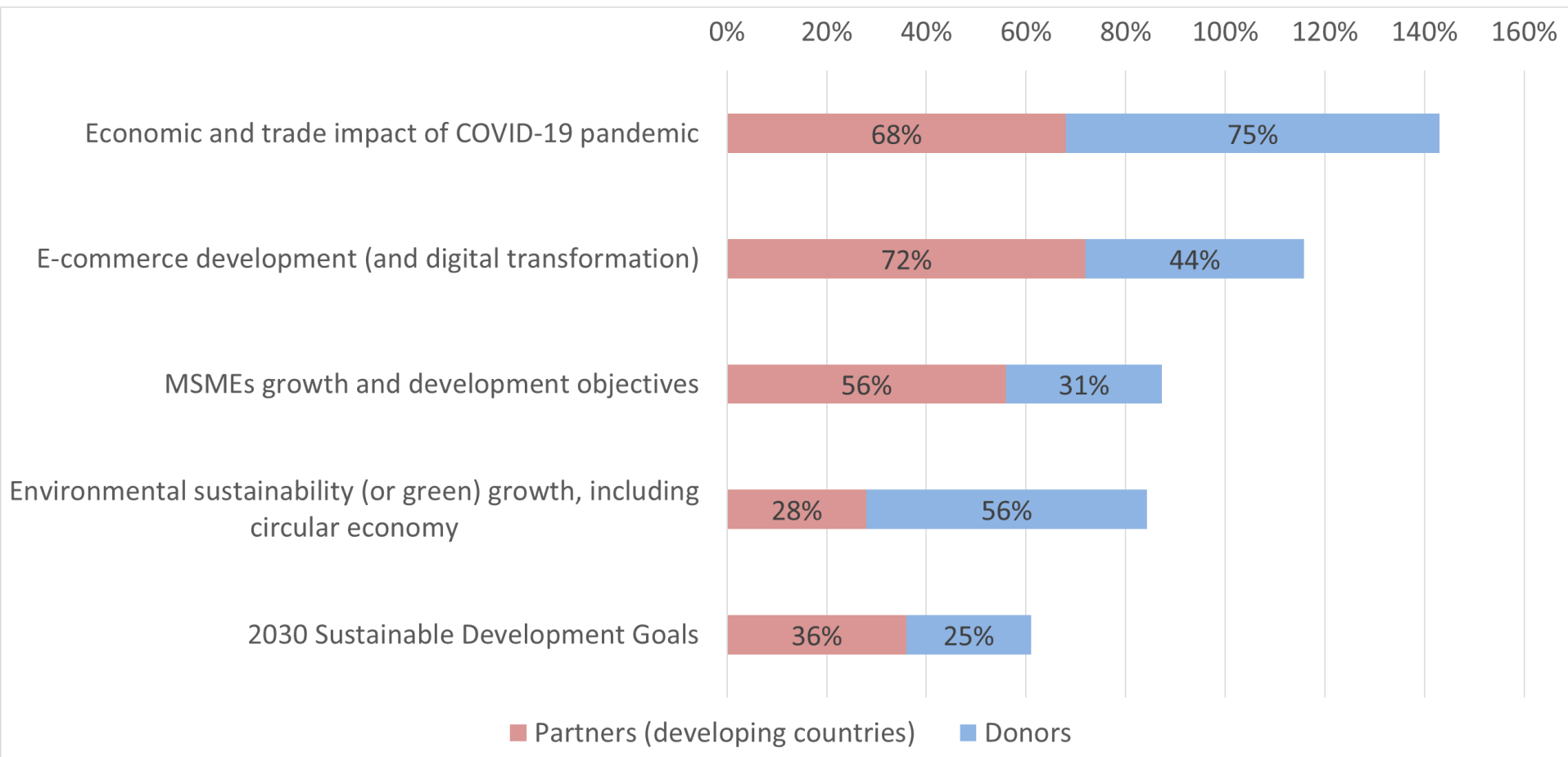
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- Some of the trade priorities are expressed in **general terms**:
- Other trade priorities seek to improve the **trade performance of a particular category of firms or sector(s)**
- Some other trade priorities are framed in **specific terms, sometimes with numerical targets**
- Other priorities are expressed in terms of **normative values, notably by donors**
- Various respondents framed priorities in **women's economic empowerment context**



Source: Reuters

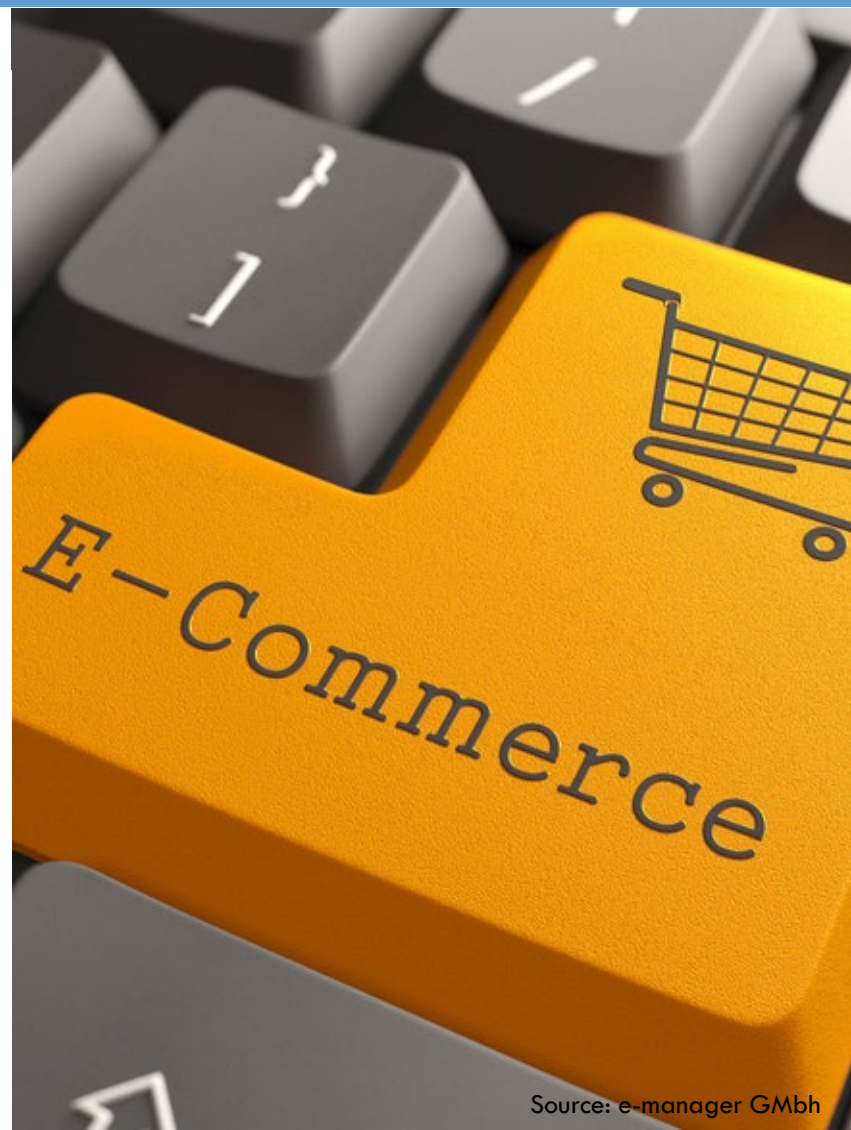
Top 5 drivers of changes in Aid-for-Trade policies



Driver of changes in Aid-for-Trade policies (1)

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- **E-commerce and digital transformation**
- Most frequently cited driver of changes to Aid-for-Trade priorities since 2019
- E-commerce became more important with COVID-19 - Mali
- COVID-19 restrictions encouraged prioritization of e-commerce- Madagascar
- Others placed greater emphasis on digitization - Moldova, Philippines
- Intention to develop e-commerce strategy – Zambia
- Ambition to become a regional reference in digital technologies - Togo
- *“Digitisation is creating new trade opportunities by giving access to remote and foreign markets [...], by lowering trade costs, and expanding the variety of goods that can be traded” - World Bank*



Driver of changes in Aid-for-Trade policies (2)

- **MSME growth and development**
- Other driver of change in aid-for-trade priorities in the context of the COVID-19 pandemic
- MSMEs account for 90% of all firms and 70% of employment (UNCTAD)
- These have been hit hard by the pandemic

- Pakistan seeks to revitalize MSMEs with digital to counter adverse impact of the pandemic
- Need to improve ICT literacy of MSMEs to empower them to use it effectively- Samoa
- MSMEs are a priority in the updated development strategies - The Gambia, Peru
- MSMEs, women and youth in rural and urban areas contribution to trade is huge and an Aft priority- Togo



Source: Think Remote

Driver of changes in Aid-for-Trade policies (3)



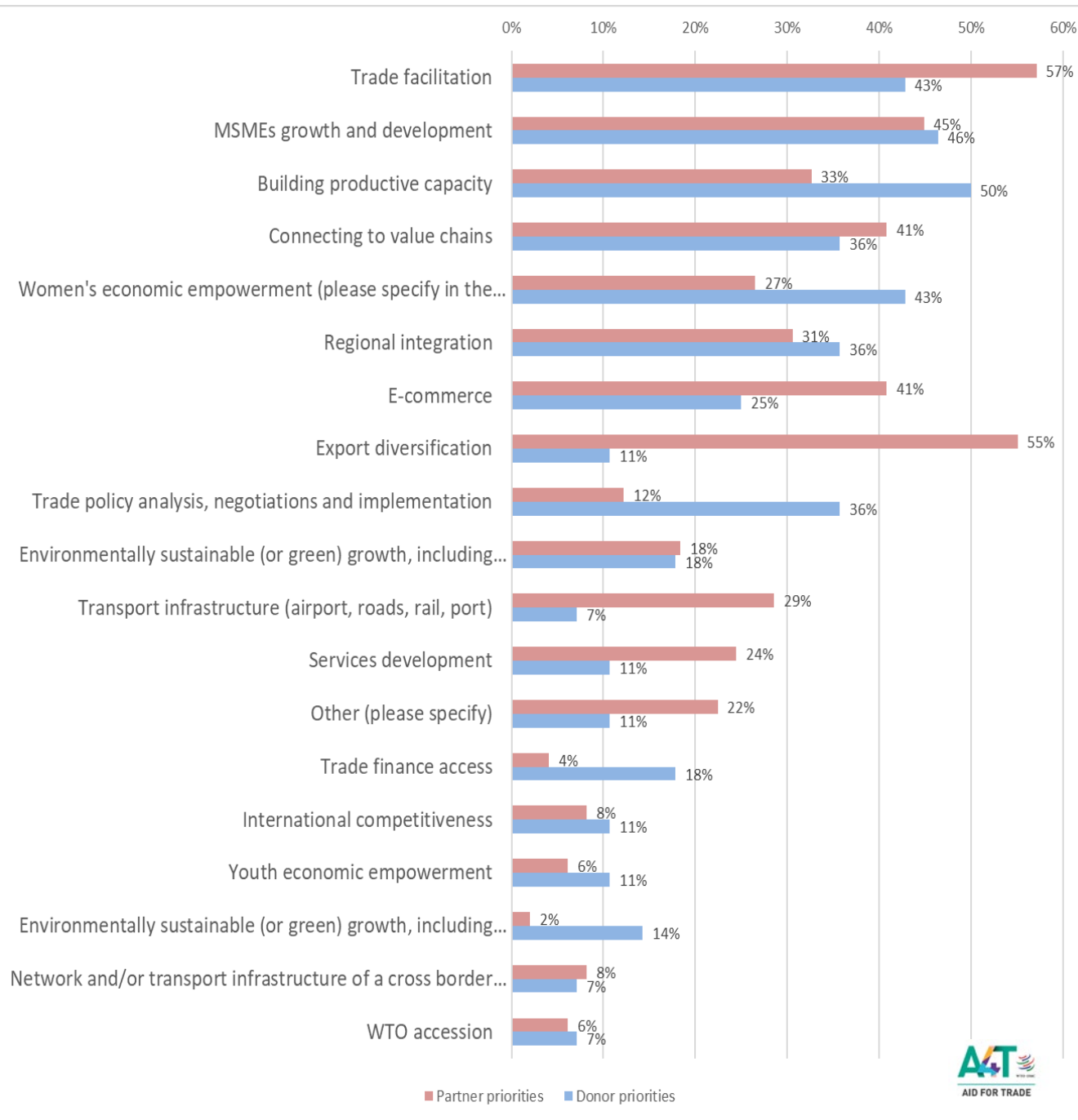
Source: abnetau

- **Environmental sustainability** is another driver of change
- Notably, although not exclusively, among donors (2nd on their list of drivers of change)
- World Bank aims to build back better (green, resilient, inclusive dev. strategy)
- Greater emphasis on sustainability and environmental commitments has impacted strategies -Colombia, Guatemala
- Many changes to development strategies induced by climate change and natural disasters - Vanuatu
- Similarly, Comoros Emerging Plan seeks development that is resilient to climate change and natural disasters
- Some countries specific priorities were also cited such as post graduation challenges for Bangladesh

Aid-for-Trade Priorities

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- Continuing importance of trade facilitation
- Because of measures curb spread of COVID
- High for LLDCs
- Trade facilitation also has a gender component



Trade connectivity



Source :TradeMark Africa

- **Promoting international competitiveness, building productive capacities and connecting to global value chains rank highly**
- For donors and developing countries (particularly LDCs and LLDCs).
- GVCs are important drivers of economic prosperity and poverty reduction but COVID pandemic disrupted them
- Regional integration came out strongly as a driver of change and priority: (e.g AfCFTA for Mali, Madagascar but also for donors)
- In the Pacific, the Pacific Agreement on Closer Economic Relations receives valuable support from Australia
- AsDB calls for wider and deeper trade integration

Aid for Trade remains important overall

- 71% (38/53) developing countries believe Aid for Trade has become more important mainly on account of COVID-19
- Donors view addressing COVID 19 impacts and recovery as an on-going rationale for Aid for Trade
- Aid for Trade is important for addressing global warming and climate change effects
- Aid for Trade is important for TFA implementation
- Aid for trade can reduce aid fragmentation and improve donor coherence

END

For more information
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