E c o n o m i c C o m m i s s i o n f o r A f r i c a

What Does the South Expect from Aid For Trade : An African Perspective

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Workshop on Aid for Trade
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Outline

- Why AfT is important to African Countries
- Africa’s Aid for Trade Priorities (conclusions of African Review)
- Related ongoing initiatives
- Challenges to preparing Action Plans and implementing AFT
- AFT Reality on the Ground : AfT Supply to Least Developed Countries (An African Perspective)

AfT pivotal to Africa's development

Why AfT is important to African Countries?

- To fully benefit from International Trade Reforms (WTO negotiations, EPAs with EC, etc)
- To address the continent's major trade constraints (high trade costs, weak trade-related institutions, poor infrastructure, uncompetitive productive capacities, export concentration, commodity-export dependency, etc)
- To contribute to the MDGs (reports show that many African LDCs are lagging behind)

Africa Review Meeting on Aid for Trade

- Review meeting organised, 1-2 Oct. 2007 in Dar-es-Salaam
- Organised by ECA, WTO, AfDB
- Attended by Ministers of Finance, Trade, Donors, Private Sector
- Objectives of meeting

✓ Identify key priorities for trade capacity building

✓ Emphasize importance of comprehensive trade strategies

✓ Secure political commitment on the ways forward

Africa's Aid for Trade Priorities

- Strengthen Export Productive capacities (quality and quantity)
  - ✓ Meeting international trade standards
  - ✓ Meet supply needs of demanding market
  - ✓ Insufficient production infrastructure, Business support services, SME development, agricultural development, agricultural water resources
  - ✓ Human, institutional and machinery/infrastructure dimensions
- Enhance Economic Infrastructure
  - ✓ Roads; Railways; Ports;Telecommunication; ITC

Africa’s Aid for Trade Priorities (con’t)

- Trade Facilitation (improve efficiency of trade processes and procedures)

1. High transport costs
2. Complicated customs procedures
3. Inadequate usage of information and communication technology
4. Payments, insurance and other financial requirements

- RECs capacity
- Involvement and development of the private sector

Existing Trade Related Initiatives

- NEPAD Infrastructure Programme
- Sub-Saharan African Transport Policy Programme (SSATP)
- Almaty Programme of Action (APoA)
- RECs Infrastructure and Transport Facilitation Programmes
- Corridor Management Initiatives
- Integrated Framework
- Trade Facilitation Needs Assessments (Undertaken by UNCTAD)

Challenges to preparing Action Plans and implementing AFT

- Broad Scope of AFT
- Wide range of stakeholders (sectors) at different stages of identifying and meeting needs
- Main challenge of transport sector is resource mobilisation to implement existing plans
- Activities mostly implemented at national level while regional planning is emphasised
- Monitoring and evaluation challenge
- Main problem not lack of knowledge of trade related needs but coordination among sectors

AfT Supply to Least Developed Countries: An African Perspective

Stephen Karingi

Chief Trade and International Negotiations (ECA)

33 out 49 LDCs are in Africa

Angola	Ethiopia [1]	Niger [1]
Benin	Gambia	Rwanda [1]
Burkina Faso [1]	Guinea	Sao Tome & Principe [2]
Burundi [1]	Guinea-Bissau [2]	Senegal
Central African Republic [1]	Lesotho [1]	Sierra Leone
Chad [1]	Liberia	Somalia
Comoros [2]	Madagascar	Sudan
Congo, Dem. Republic of	Malawi [1]	Togo
Djibouti	Mali [1]	Uganda [1]
Equatorial Guinea	Mauritania	Tanzania
Eritrea	Mozambique	Zambia [1]

1 Land-locked Developing Countries

2 Small Island Developing States

AfT Supply To African LDCs: a positive trend

AfT flows, commitments current prices (US$ millions)

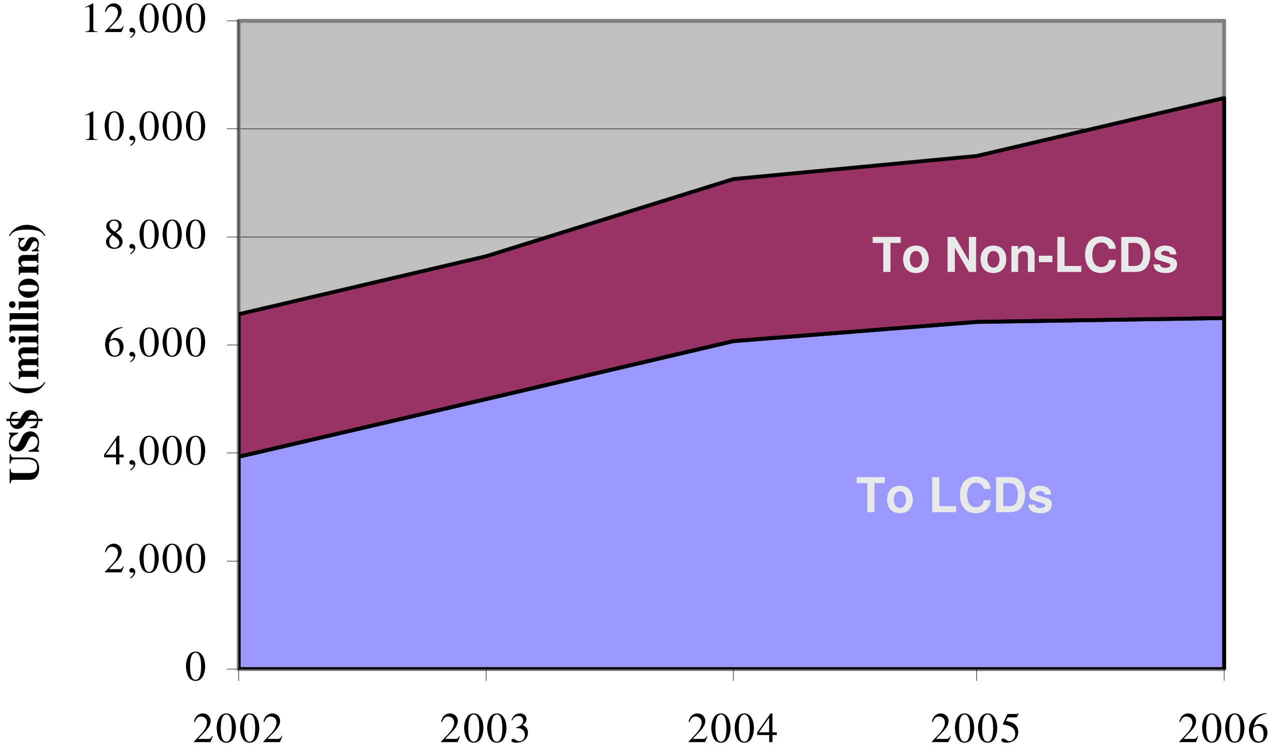
	2002	2003	2004	2005	2006
Total AfT to LDCs:	3,931	4,976	6,091	6,453	6,479
Total AfT to non-LDCs:	2,608	2,653	2,946	3,081	4,080
Africa's Total AfT flow:	6,540	7,630	9,037	9,535	10,560
AfT to LDCs growth rates(%):	-	26.58	22.40	5.94	0.40
Share AfT to LDCs on Total AfT(%):	60	65	67	68	61

AfT Supply to African LDCs: a positive trend

- AfT funds to Africa reached US$ 10.5bn in 2006, over US$ 6.4bn to LDCs
- Share of AfT to LDCs on Africa's AfT is constantly over 60%, and share of population approx 50% of total
- 2002-2006 Average growth rate of AfT to LDCs was 13.8%
- Atten: slowdown in 2005 and 2006 with AfT growth rates to LDCs of just 5.9% and 0.4%, well below the five years average

AfT Supply to African LDCs: 2002-2006

Figure 1: Share of AfT to LDCs in Africa



AfT to African LDCs is not to the detriment of other African developing countries

AfT Supply to African LDCs: 2002-2006

2002-2006 Aggregate flows, current prices (US$ millions)

African selected LDCs	Economic Infrastructure	Building Productive Capacities	Trade Policy and Regulations	Trade-related adjustments
Ethiopia	1,617	776	6	809
Tanzania	636	738	9	3,018
Zambia	291	575	3	474
Mauritania	272	232	0	7
Congo, Dem Rep	227	285	0	770
Sierra Leone	164	92	0	240
Total AfT to LDCs by WTO Category	8,305	6,814	242	12,571

AfT Supply to African LDCs: 2002-2006

- 2002-2006 Total AfT to African LDCs: **US$ 28bn**
- Trade-related adjustment accounts for US$ 12.5bn, 45% share on total AfT received, however a trade-related interpretation of the above WTO category is challenging (proxy used is General Budget Support of CRS of OECD, very, very broad)

- Economic Infrastructure accounts for roughly over US$ 8.3bn, share of approx. 30% of total AfT received. Up-grade and maintenance of infrastructure is a priority concern for African LDCs (although some infrastructure projects accounted in the WTO category may not be strictly linked to trade issues, however good proxy)

AfT Supply to African LDCs: 2002-2006

- Building Productive Capacities accounted for a total amount of roughly US$ 6.8bn with a share of 24% (not surprisingly a large bulk of such projects are related to the agricultural sector)

- Trade Policy & Regulations programs, such as training and trade facilitation account for a negligible amount of US$ 242ml

AfT Supply to African LDCs: 2006 Major projects

- Economic Infrastructure

- Road Transport	US$ 1.1bn
- Power Generation/non renewable resources	US$ 146ml
- Transport Policy and Admin. Management	US$ 146ml
- Energy Policy & Admin. Management	US$ 63ml
- Rail Transport	US$ 53ml

Ethiopia, Madagascar, Mozambique and Tanzania are the African LDCs putting the most effort in the economic infrastructure (many economic infrastructure projects are important to foster regional integration processes)

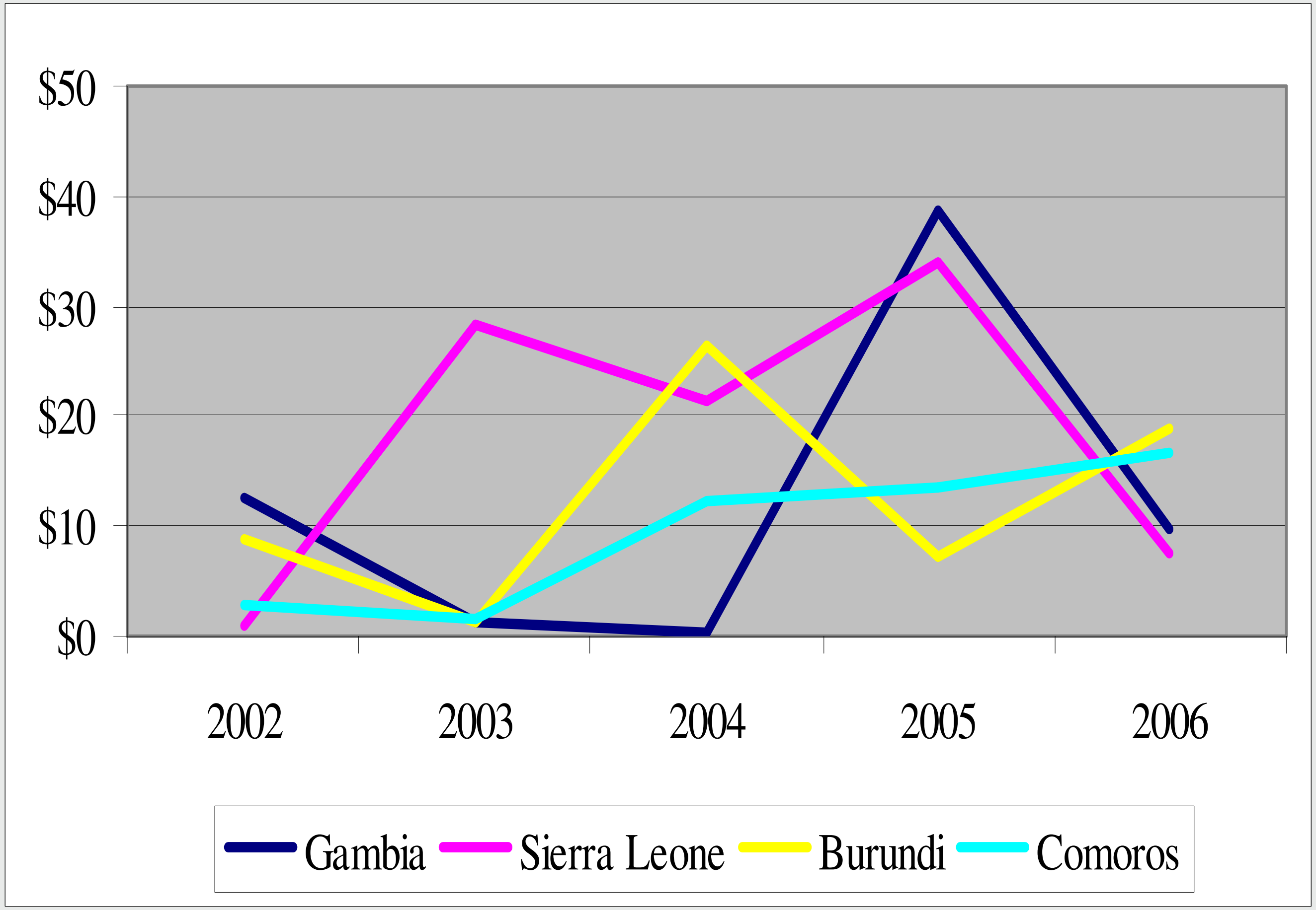
AfT Supply to African LDCs: 2006 Major projects

- Building Productive Capacities:

- Agricultural Policy & Admin. Management	US$ 322ml
- Agricultural Development	US$ 262ml
- SME Development	US$ 148ml
- Agricultural Water Resources	US$ 98ml
- Industrial Crops/Export Crops	US$ 66ml
- Food Crop Production	US$ 59ml
- Livestock	US$ 56ml
- Agricultural Extensions	US$ 54ml
- Agricultural Research	US$ 49ml

AfT Supply to African LDCs: Volatility Issue

4 LDCs with high volatility of AfT:



5 years may be not provide strong trend results, but at least at the cyclical level lessons may be drawn

AfT to Africa:
Problems in Monitoring

- Proxies for AfT categories need further re-thinking and development to better address to reality of AfT flows
- Country and regional level case studies and microeconomic analyses on projects and programs are needed to complement macro data and contribute to better evaluations

Thanks!

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Please visit the African Trade Policy Centre (ATPC) website: http://www.uneca.org/atpc2