

## Executive Summary

The Aid-for-Trade Initiative has galvanised broad based engagement from the international donor community to help developing countries, and in particular the least developed, overcome the structural and capacity constraints that undermine their ability to maximise the benefits from trade opportunities. Successive Global Reviews of Aid for Trade have presented clear evidence that the Initiative has resulted in better integrating and prioritising trade in development strategies and in increasing aid commitments to tackle the bottlenecks that undermine the ability of local producers to access regional and global markets. At a time when aid budgets are under pressure, there is however a need to strengthen accountability and demonstrate better that the substantial resources mobilised are well spent and improve the livelihood of men and women in developing countries.

This study presents a tool to help design logical frameworks for results-based management of aid for trade. It is based on a menu of trade-related targets, as well as indicators to measure their performance. The tool addresses a simple question: What are donors and partner countries trying to achieve? Then it distinguishes three different levels of possible objectives (i.e. direct, intermediate and final). Trade is treated as an intermediate objective, serving as a transmission mechanism, with an increase in the value for trade (measured in terms of jobs, income, socio-economic upgrading, etc.) as the final objective. The tool is flexible enough to allow for the prioritisation of different projects objectives in accordance with the trade development strategies of partner country or donor. Beyond its monitoring and evaluation function, the tool allows for a better understanding of the complex trade related transaction mechanics and a better awareness of the aid-for-trade programmes to achieve such objectives.

The tool and the logical framework are based on the findings of six case studies that were undertaken by local consultants in Bangladesh, Colombia, Ghana, Rwanda, Solomon Islands and Vietnam. The six country case studies took up three questions: Have trade objectives been integrated into the development strategy and planning processes? Are indicators of aid for trade outcomes comprehensive in capturing results, and consistent with the desired impacts of improving growth and reducing poverty? Do the monitoring and evaluation systems provide policy makers with the feedback to take evidence-based decision about the implementation of the trade development strategy, including the role of aid-for-trade programmes?

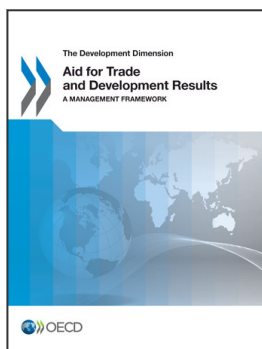
The six cases studies provide a comprehensive overview of the challenges involved in introducing a tool for managing results in an agenda that covers a broad area of interventions that are aimed at building trade-related supply side capacities. All studies show that trade has been mainstreamed in national development strategies, although with different levels of detail and operationalisation. The case studies also find that national systems are in place to monitor progress towards development goals. In some cases and especially when the sector is evidently linked to trade, the monitoring and evaluation systems also include trade-related objectives and indicators to measure performance. The studies also show that a comprehensive monitoring system that covers several levels of government provides better feedback. Introducing such management systems more broadly requires considerable investments in human and institutional capacity building. This is especially the case at the local level where the concept of managing for results is

not well understood. Once these investments have been made, these management systems do provide powerful tools to ensure that aid does contribute to meeting ambitious development objectives. As stressed in the Paris Declaration on Aid Effectiveness and outcome documents of subsequent high level meetings such as in Accra and Busan, the ultimate objective is to ensure that aid and other forms of development finance are fully integrated in national management schemes that ensure transparency and accountability.

All case studies show that that a greater focus on results should not lead to a proliferation of individual donors defining and measuring performance which is disconnected from local systems. On the contrary, the results frameworks should be based on country systems. Only such frameworks will allow for the tracking of progress and, at the same time, fulfil mutual accountability requirements. Such an approach will help advancing the aid effectiveness principles. More specifically, country-based approaches for managing aid to achieve trade and development results will increase transparency and objectivity of decision making, promote alignment of donors with partner country's trade-related objectives and targets, reduce parallel results reporting processes, increase mutual accountability and allow for country comparisons.

In particular, the case studies highlight the following lessons for the aid for trade community when introducing results frameworks:

- First, many partner countries have put in place mechanisms to monitor and evaluate the results of aid programmes and donors would do well to build on these systems rather than trying to invent new ones.
- Second, managing aid for trade and development results works best in countries where the political leaders work cohesively towards common objectives. This requires internal consensus on policy objectives and leadership through multiple levels of public administration.
- Third, a major reason why in some case study countries managing aid for trade and development results works well is that it adapts annually, learns from prior years' inadequacies and successes, and modifies the next year's programmes accordingly.
- Fourth, the framework should promote accountability through various levels of government – whether through the external reviews, the sector working groups, or the top-level political leadership. In any case, the accountability should involve a national dialogue with the stakeholders.
- Finally, the co-operation of donors in working with the government – through abiding by the division of labour, providing information to the relevant ministries on their projects, and participating in the sector working groups – contributes to a genuine partnership. Of particular importance is the willingness of donors to work within the framework of the Paris Principles on Aid Effectiveness.



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