

## Explanatory note

The aid-for-trade country profiles provide factual information aid-for-trade financing flows, trade costs, trade performance and key development indicators at the country level. The aim is to compare a performance in these four categories for the year 2020 as compared to 2006, the year of the inception of the aid-for-trade initiative, and against country group benchmarks for these selected indicators. The aim of the country profiles is to stimulate debate on aid-for-trade effectiveness.

The country profiles are structured according to the results framework used in project-based development interventions. The results framework describes the sequence of development interventions based on four main elements: (i) inputs and activities produce (ii) direct outputs, which in turn lead to (iii) intermediate outcomes that contribute to (iv) long-term development impacts.

The country profiles transpose the idea behind this project-based analytical tool to the macro level and trace a sequence of aid-for-trade interventions to achieve trade and development objectives: Much of Aid for Trade is aimed at reducing trade costs. Lower trade costs increase connectivity and lead to better trade performance in terms of growth and diversification. Better trade performance can help improve long-term development indicators, notably through employment creation and poverty alleviation. The country profiles therefore present indicators in four sections: A. Development Finance; B. Trade Costs; C. Trade Performance; and D. Development Indicators.

The country profiles do not posit a causal link and do not attempt to test or estimate the causal impact of aid for trade at the macro level. Instead, they give a dynamic perspective on a country's development. In this sense, the sequence traced is one of contribution, not attribution. Where such contribution can be discerned, the country profiles provide ground for further in-depth, country-based research.

Most indicators in the country profiles provide a comparison between 2006 and 2019 or 2020. However, the year coverage is adapted to data availability at the level of both indicators and countries.

Country profiles are included for 53 developing countries. These are all WTO Members who responded to the joint OECD-WTO monitoring and evaluation exercise.

### A. Development Finance

Development finance constitutes a vital source of external financing for many developing countries as it comprises inflows of foreign direct investment (FDI), remittances, official development assistance (ODA), and other official flows (OOF). Development finance is used to finance capital investment as well as private and public consumption, which thereby forms the basis for economic growth and development.

This section illustrates how aid-for-trade flows have developed over time and how important they are compared to other flows of development finance. Furthermore, the section shows trends in aid-for-trade disbursements over time, at the aggregate level and at the level of sectors and donors. The section also highlights aid-for-trade disbursements towards select Sustainable Development Goals (SDGs).

Development finance flows are presented for the years 2006 and 2020. In addition, average year-on-year change in development finance over the given time period is presented.

*Indicators and sources:*

Official development assistance (ODA) constitutes grants and loans provided by the official sector, with the main objective to promote economic development and welfare of developing countries. ODA is

concessional in character with a grant element of at least 25 percent (calculated at a discount rate of 10 percent). Aid-for-trade flows are a subset of ODA. They fall under the following four categories: (i) trade policy and regulations, (ii) economic infrastructure, (iii) building productive capacity and (iv) trade-related adjustment. ODA and aid-for-trade flows are reported as gross disbursements. Source: OECD, DAC-CRS Aid Activities Database.

Foreign Direct Investment (FDI) is defined as an investment involving a long-term relationship and reflecting a lasting interest in and control by a resident entity in one economy (foreign direct investor or parent enterprise) of an enterprise resident in a different economy (foreign affiliate). FDI inflows measure the net capital (equity capital, reinvested earnings and intra-company loans) provided by a foreign direct investor to a foreign affiliate. Source: UNCTAD, UNCTADstat.

Remittances comprise personal transfers and compensation of employees. Personal transfers consist of transfers in cash or in kind received by resident households from non-resident households. Compensation of employees refers to the income of border, seasonal, and other short-term workers who are employed in an economy where they are not resident and of residents employed by non-resident entities. Source: World Bank, World Development Indicators.

Other official flows (OOF) are transactions by the official sector which do not meet the conditions for eligibility as ODA, either because they are not primarily aimed at development, or because they have a grant element of less than 25 percent. Trade-related OOF are a subset of OOF that fall under the same four categories as aid-for-trade flows: (i) trade policy and regulations, (ii) economic infrastructure, (iii) building productive capacity and (iv) trade-related adjustment. OOF and trade-related OOF flows are reported as gross disbursements. Source: OECD, DAC-CRS Aid Activities Database.

Top three aid-for-trade priorities are based on a ranking of aid-for-trade categories given by countries in self-assessment questionnaires. Source: OECD/WTO Partner Country Questionnaire.

Aid-for-trade resources allocated to specific Sustainable Development Goals (SDGs) is an estimate of aid for trade in support of country-level SDG pursuits. Disbursement values are derived through a machine-learning algorithm, run by the OECD on the CRS Database. The six SDGs encapsulated in each country profile highlight goals relevant to the Aid-for-Trade work programme or specified in the WTO-OECD Monitoring and Evaluation (M&E) questionnaire. Figures illustrate the disbursement value for each SDG, as a percentage of total country-level aid for trade funding tracked for all SDGs in 2019. Source: OECD, The SDG Financing Lab.

## B. Trade Costs

One of the main objectives of aid-for-trade projects is to reduce trade costs. The trade costs section covers indicators that allow assessing how a country's infrastructure and policy-related trade costs have evolved over time.

*Indicators and sources:*

Tariffs: Applied import tariffs measure most-favoured-nation (MFN) duties calculated either as simple average or as weighted average using import flows at the Harmonized System (HS) six-digit level as weights. The bound tariffs are based on concessions on goods that a WTO Member made in trade negotiations, or negotiated during its accession to the WTO and constitute the legal maximum tariffs. The export tariff faced measures the weighted average tariff faced by the country in its top five export markets, accounting for preferences. The share of duty-free exports measures the share of exports reaching these top export markets for agricultural and non-agricultural products duty-free. Source: WTO, World Tariff Profiles; WTO Secretariat.

Information and Communication Technology (ICT) connectivity (% of inhabitants): Coverage by at least a 3G mobile network shows the percentage of inhabitants that are within range of at least a 3G mobile-cellular signal, irrespective of whether or not they are subscribers. Mobile-cellular, active mobile broadband and fixed broadband subscriptions refer to the percentage of inhabitants with respective subscriptions. Internet users refer to the percentage of the population using the internet based on results from national household surveys. Source: ITU, World Telecommunication/ICT Indicators.

Affordability of connectivity (% of GNI per capita): The price baskets are based on monthly minimum usage of (i) 1.5 GB for the data-only mobile-broadband basket; (ii) 5GB for the fixed-broadband basket; and (iii) 140 minutes, 70 SMS and 1.5 GB for the high-usage bundle. These price baskets refer to the price of a monthly subscription to an entry level plan and are calculated as a percentage of a country's average monthly Gross National Income (GNI) per capita. Source: ITU, World Telecommunication/ICT Indicators.

Trade costs (%): These indicators capture a country's total, intra-regional and extra-regional ad-valorem trade costs, relative to those involved in trading goods domestically. The trade costs measures are calculated as 3-year moving simple averages of bilateral ad valorem trade costs across all trading partners. The number of partners used in the calculation of average trade costs differs across countries depending on data availability. Therefore, the measure is informative regarding a country's evolution of trade costs over time but comparisons between countries should be avoided. The database and the bilateral trade cost measure are described in Arvis et al. (2016). To calculate intra- and extra-regional trade costs, trading partners were grouped into four broad regions: Africa, America, Asia, and Europe. Source: Author's calculations based on the ESCAP/World Bank Trade Cost Database, updated in July 2021.

Shipping connectivity: The liner shipping connectivity index (LSCI) indicates a country's integration level into global liner shipping networks. The LSCI is an index set at 100 for the maximum value of country connectivity in the first quarter of 2006. The LSCI was generated from six components: (i) The number of scheduled ship calls per week in the country; (ii) Deployed annual capacity in Twenty-Foot-equivalent Units (TEU); (iii) The number of regular liner shipping services from and to the country; (iv) The number of liner shipping companies that provide services from and to the country; (v) The average size in TEU of the ships deployed by the scheduled service with the largest average vessel size; (vi) The number of other countries that are connected to the country through direct liner shipping services. Source: UNCTAD, Liner shipping connectivity index.

Trade facilitation indicators (0-2): The trade facilitation indicators are composite indicators that measure various dimensions of trade facilitation, most of them closely related to the WTO Trade Facilitation Agreement, on a range from 0 (lowest) to 2 (best). The country profiles show the following six indicators (out of a total of eleven) for which data coverage is best: (i) Information availability (publication of trade information; enquiry points); (ii) Advance rulings (prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation; the rules and process applied to such statements); (iii) Appeal procedures (the possibility and modalities to appeal administrative decisions by border agencies); (iv) Automation (electronic exchange of data; automated border procedures; use of risk management); (v) Procedures (streamlining of border controls; single windows; post-clearance audits; authorised economic operators); (vi) Governance and impartiality (customs structures and functions; accountability; ethics policy). The country groups used as benchmarks are least developed countries (LDCs), lower middle-income countries (LMICs), upper middle-income countries (UMICs) and high-income countries (HICs) based on the current United Nation's list of LDCs and the World Bank's income group classification for 2020. The country groups are non-overlapping, which means that LDCs are not included in income groups. Source: OECD, Trade Facilitation Indicators, preliminary version as of May 2022.

Trade facilitation agreement (TFA): The information on the current rate of implementation of TFA commitments is based on notifications by developing countries and LDCs who have committed to set their own timetable for implementation in three categories: Category A: Developing Members implemented the

measure by 22/02/2017 and LDCs by 22/02/2018; Category B: Members need additional time to implement the measure; Category C: Members need additional time and capacity-building support to implement the measure. Obligations for an individual member only commence once the member completes the TFA ratification process. Source: WTO, Trade Facilitation Agreement Database, data as of May 2022.

## C. Trade Performance

Aid-for-trade interventions aim at improving the trade performance of firms and countries by addressing national supply-side constraints to either lower trade costs or improve the productive capacity of firms. This section covers indicators that allow assessing the trade performance of countries in terms of value, growth, structure, and diversification.

*Indicators and sources:*

Trade flows (million current USD) provide exports and imports of goods and commercial services as measured by balance of payment statistics according to the principles of the sixth edition of the Balance of Payments Manual (BPM6). Balance-of-payment statistics cover transactions between residents of a country and non-residents involving a change of ownership. Source: WTO Secretariat.

Product and market diversification: The number of exported and imported products and the number of export and import markets provide simple measures of product and market diversification, respectively. The maximum number of markets is 237, while the maximum number of products, defined at the Harmonized System (HS) 2002 4-digit level, is 1,245. Annual trade flows below USD 10,000 are excluded. Source: Author's calculations based on UN Comtrade data.

Trade to GDP ratio is estimated as an economy's total trade of goods and commercial services (sum of exports and imports, balance of payments basis) divided by its GDP. Source: WTO Secretariat.

Commercial services as % of total exports (imports) refers to the share of commercial services in total exports (imports) of commercial services and goods. Trade flows are measured by balance-of-payments statistics according to the principles of BPM6. Source: WTO Secretariat.

ICT services as % of commercial services exports (imports) refers to the share of telecommunication, computer, and information services in total exports (imports) of commercial services. Trade flows are measured by balance-of-payments statistics according to the principles of BPM6. Source: WTO Secretariat.

Non-fuel intermediates as % of goods exports (imports) refer to the share of non-fuel intermediate goods in merchandise exports (imports) as measured by customs statistics. Intermediates are classified according to the UN Broad Economic Categories (BEC) classification. Fuel products are not classified as intermediates but are included in total merchandise exports. Source: UN Comtrade.

Food and live animals as % of goods exports (imports) refers to the share of food and live animals according to section 0 of the Standard International Trade Classification (SITC, Revision 3) in total exports (imports). It includes animals, meat, dairy products, birds' eggs, fish, cereals, vegetables, fruits, sugars, coffee, tea, and other edible products and preparations. Source: UN Comtrade.

Structure of merchandise trade provides a breakdown of merchandise exports and imports by main commodity groups according to the WTO International Trade Statistics (ITS) definitions: agricultural products refer to food (SITC Rev. 3 sections 0, 1, 4 and division 22) and raw materials (SITC Rev. 3 divisions 21, 23, 24, 25 and 26). Fuels and mining products include ores and other minerals, fuels and non-ferrous metals. Manufactures refer to iron and steel, chemicals, other semi-manufactures, machinery and transport equipment, textiles, clothing and other consumer goods. Shares sum up to 100 percent since trade flows that are not classified in any of those product groups, such as non-monetary gold, are not considered in the calculation. Source: WTO Secretariat.

Structure of services trade shows the shares of travel services, transport services, goods-related services and other commercial services in total commercial services exports and imports. Goods-related services, inter alia, include manufacturing activities on a contract basis such as processing, assembly, labelling and packing. Other commercial services, inter alia, include communication, construction, insurance, financial, computer and information services. Services trade is measured by balance-of-payments statistics according to the principles of BPM6. Source: WTO Secretariat.

Top 5 markets for merchandise exports and imports (%) indicate a country's top five export and import markets. Trade shares with EU member states are shown at the national level according to the national concept, which can deviate from data harmonized according to the community concept. Unspecified origins or destinations (areas n.e.s., bunkers and free zones) are not shown if they are among the top 5 markets. Source: UN Comtrade.

Top 5 products for merchandise exports and imports (%) refer to the percentage shares of a country's top five export and import products as recorded by customs-based statistics. Products are measured in terms of the Standard International Trade Classification (SITC, Revision 3). Source: UN Comtrade.

## D. Development Indicators

Aid for trade eventually aims to achieve long-term development impacts through increased participation of countries in international trade. This section describes trends in development indicators related to human, environment, and economic development.

### *Indicators and sources:*

Human Development Index (HDI) summarises the three basic development dimensions: health, education, and income. The HDI is the geometric mean of normalized indices for each of the three dimensions, ranging from zero (minimum level of development) to one (maximum level of development). Source: United Nations Development Programme (UNDP), Human Development Index.

Poverty gap at USD 3.20 a day (PPP, % of poverty line) refers to the mean shortfall in income from the poverty line, set at USD 3.20 a day in purchasing power parity (PPP) terms, counting the non-poor as having zero shortfall. The indicator is expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence. Source: World Bank, World Development Indicators.

Unemployment (% of total labour force) refers to the share of the labour force that is without work but available for and seeking employment. The unemployment rates are harmonized estimates of the International Labour Organization (ILO), allowing comparisons across countries and over time. Source: ILO and World Bank, World Development Indicators

ODA (% of gross national income): The share of net ODA in gross national income (GNI) indicates to what extent a country is dependent on development assistance. Source: OECD, DAC-CRS Aid Activities Database.

Import duties collected (% of tax revenue) indicates to what extent a country is dependent on import duties in order to finance its government budget. Source: World Bank, World Development Indicators.

Total debt service (% of total exports): Total debt service is the sum of principal repayments and interest paid on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the International Monetary Fund (IMF). Both public and private external debt are included. The share of total debt service to total exports helps assess the sustainability of a country's debt service obligations, in particular regarding a country's ability to obtain foreign exchange through exports. Source: World Bank, World Development Indicators.

CO<sub>2</sub> emissions (metric tons per capita): Carbon dioxide (CO<sub>2</sub>) emissions are a by-product stemming from the burning of fossil fuels and the manufacture of cement. This includes CO<sub>2</sub> produced during consumption of solid, liquid, and gas fuels and gas flaring. Indicated values represent country level emission intensity on a per capita basis. Source: World Bank, World Development Indicators

GNI per capita, PPP (constant 2017 international USD) refers to the gross national income, converted to USD in 2017 purchasing power parity rates, and divided by the midyear population. The illustrated figure highlights the gender divide in income generation for the year 2019. Source: UNDP, Gender Development Index.

Labour force participation rate (%) is the proportion of the population aged 15 and older that is economically active, either by working or looking for work. The illustrated indicator highlights the differences in a country's male and female labour force participation rates. Source: ILO, World Bank, World Development Indicators

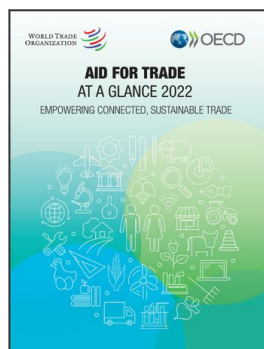
Economic structure: The development of a country's economic structure is captured by the shares of agriculture, industry, and services in gross domestic product (GDP) in 2006 and 2020. Source: World Bank, World Development Indicators.

Renewable energy capacity is measured as the maximum net generating capacity of power plants and other installations that use renewable energy sources to produce electricity. The share of total capacity denotes to the percentage of the country's total electricity capacity that is served by renewable sources. Source: International Renewable Energy Agency----

#### References:

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