

OECD, Aid for Trade: Making it Effective, Organisation for Economic Co-operation and Development, Paris, 2006.pp.94. ISBN 92-64-02693-2

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Aid has been a tool for development for quite sometime. In spite of its existence, most of the developing world development has been lagging behind and debates surrounding its effectiveness of aid. The title of the text makes its objective well intended, as it seeks to examine how to make aid for trade effective, as one of the dimension to achieving development.

Chapter one traces the origins of the concept of aid for trade, beginning with the Uruguay Round agreements. While highlighting the challenges that were met in the process, they realized the goal. It also analyzed the response of the international community to the objective: citing the institutions that have played a crucial role in designing programs for the realization of the objective; particularly, the adoption of Integrated Framework for Trade Related Technical Assistance to the Least Developed countries.

Chapter two dealt with a range of issues that covered the aid for trade. The issues are related to improving export competitiveness, which is centered around the regulatory framework, infrastructure, research and development, trade facilitation, trade development, and trade policy. Also, it examined issues of costs related to adjustment to which Trade Integration Mechanism was put in place to “bring support to countries that might experience balance of payment shortfalls resulting from multilateral trade liberalization” (p. 31). The chapter concluded that to provide the main thematic areas to which aid for trade is to be directed, namely trade policy and regulation, trade related infrastructure, and building productive capacity.

Chapter three analyzed trends in donor support in various categories of aid for trade. The chapter offered a detailed statistics on the flow and distribution of aid. In essence, concluding that “aid for trade requires less financing by grants than other sectors, such as education and health” (p. 41).

Chapter four analyzed the challenges in increasing aid and suggested ways of circumventing the challenges.

Chapter five dwelt on issues of aid effectiveness, identifying issues in making aid effective within the frame work of Paris Declaration, noting key issues relating to ownership, alignment, harmonization, managing for results, and mutual accountability. It also provided results from evaluation of trade related technical assistance and capacity building programs to which key success and challenges were noted.

Chapter six analyzed the prospects for improving trade capacity programs. The key issues were identified, pertaining to improving dialogue among stakeholders in the formulation and implementation of trade policy, mainstreaming trade policies and making aid for trade effective. Relevant case studies were provided. Of importance, the chapter noted that in attempting to reform, there are a number of problems that may emerge. The key point being that, “Trade reforms have a great potential of undermining the economic power of political elites and other vested interests” (p. 65).

In chapter seven issues in aid for trade effectiveness were analyzed. These issues relate to local accountability and global review mechanisms. Key factors in enhancing success in aid for trade were espoused.

The text is valuable to development practitioners and researches involved in development cooperation and international trade, both from developing and developed world. It is a rather simple text to follow with good illustrations and valuable statistics.