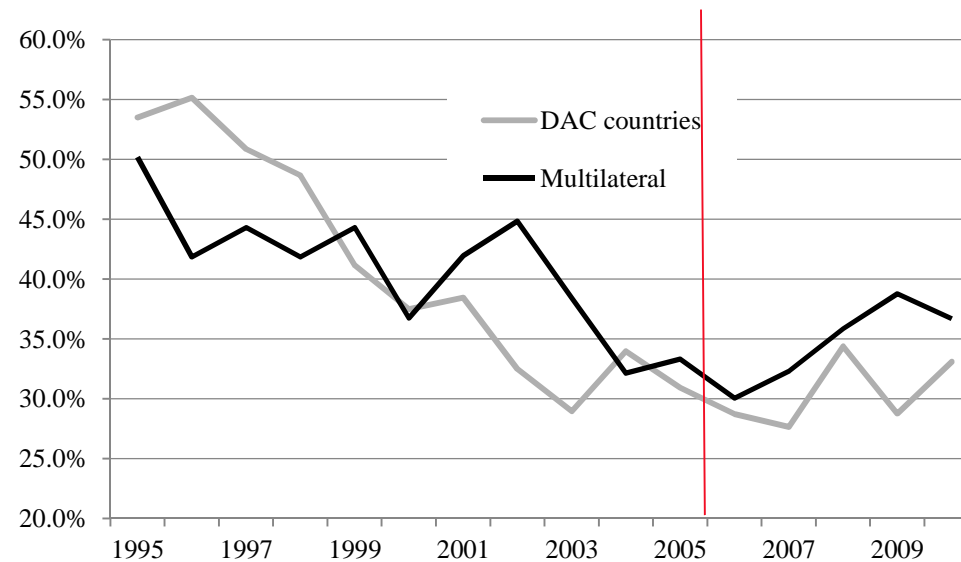
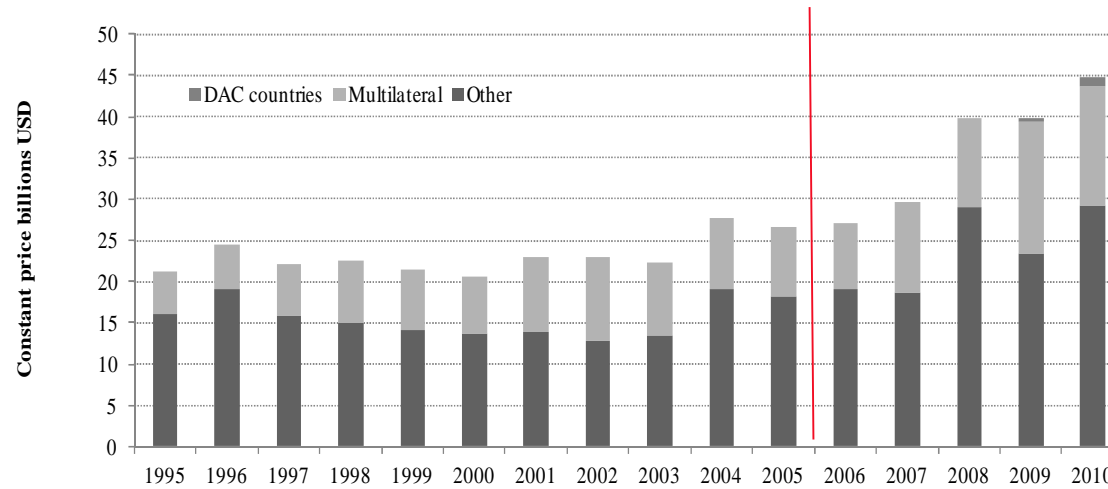


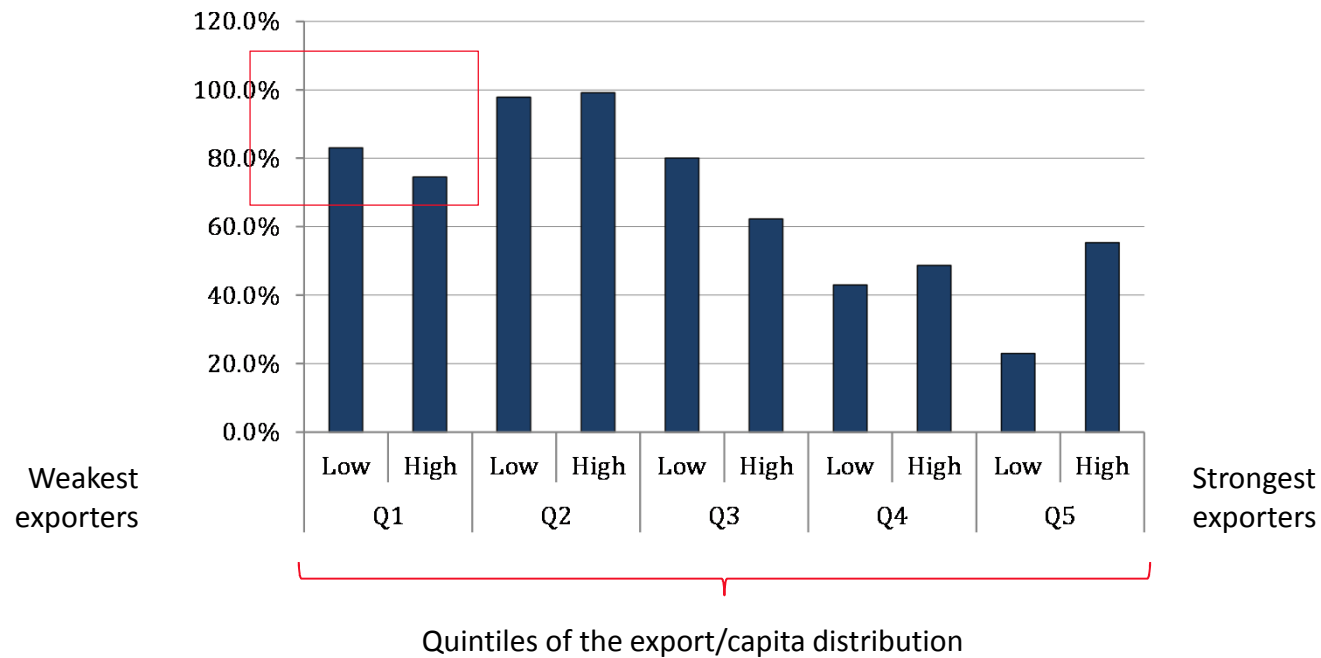
The AFT initiative has been successful in halting the downward trend in the share of AFT in ODA...



...and mobilizing additional resources.



- Split countries by the median in terms of 2000-2005 AFT receipts (per dollar of export)
- Check if high-receivers' exports grew more over subsequent 5-year period (2005-10)



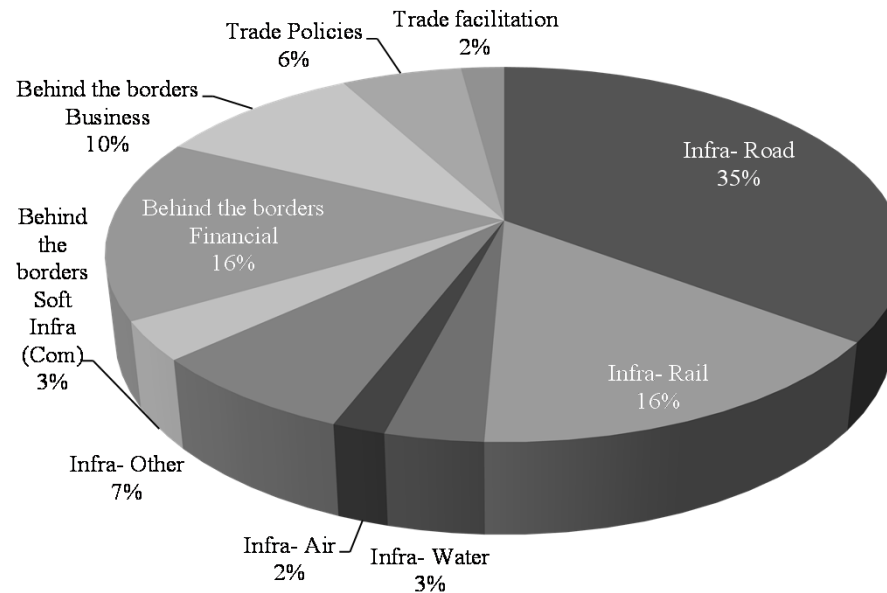
Some results

- **Vijil and Wagner (2010)**: Aid to infrastructure has a significant effect on index of infrastructure quality
- **Cali and te Velde (2011)**: Aid to infrastructure has a significant effect on export performance in some specifications, not robust; aid to productive capacity never significant
- **Brenton and von Uexkuhl (2009)**: Aid to productive sectors insignificant once instrumented.
- **Ferro, Portugal and Wilson (2011)**: Aid to upstream services (banking) significantly improves export performance of downstream manuf. sectors

Common issues and messages

- Identification difficult in spite of creative instrumentation strategies; many confounding influences
- If anything, aid to infrastructure seems to do something, sectorally-targeted aid not

A good chunk of AFT goes to infrastructure: Good news since our survey suggests that the infrastructure—trade costs—trade performance causal chain seems well identified



Early literature (Keasing & Singer 1991) : EPAs are a waste

- Underfunded
- Bad management
- Wrong flanking policies

New literature, cross-country (Lederman et al. 2006)

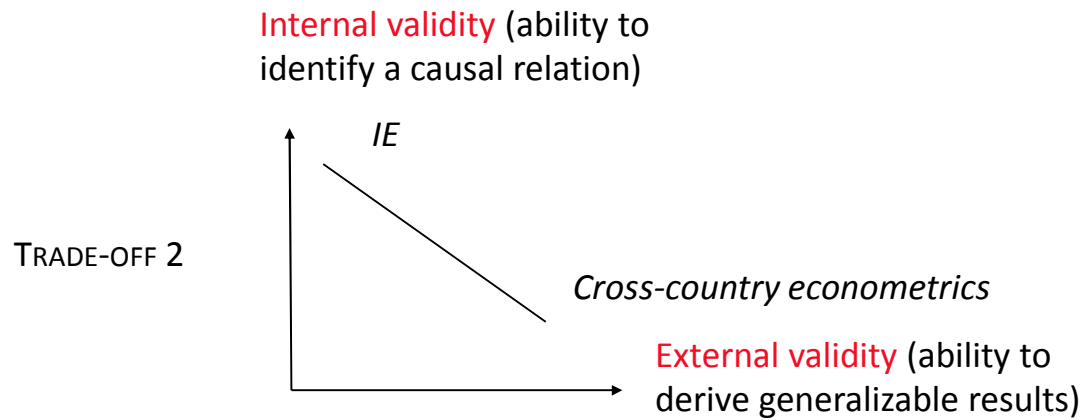
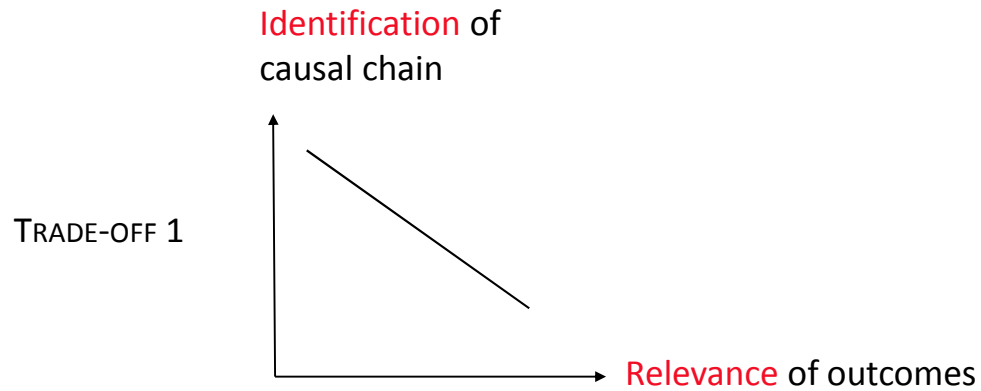
- Cross-country evidence suggests they do make a difference
- Marginal effect of a dollar of budget very large

IE literature (firm level)

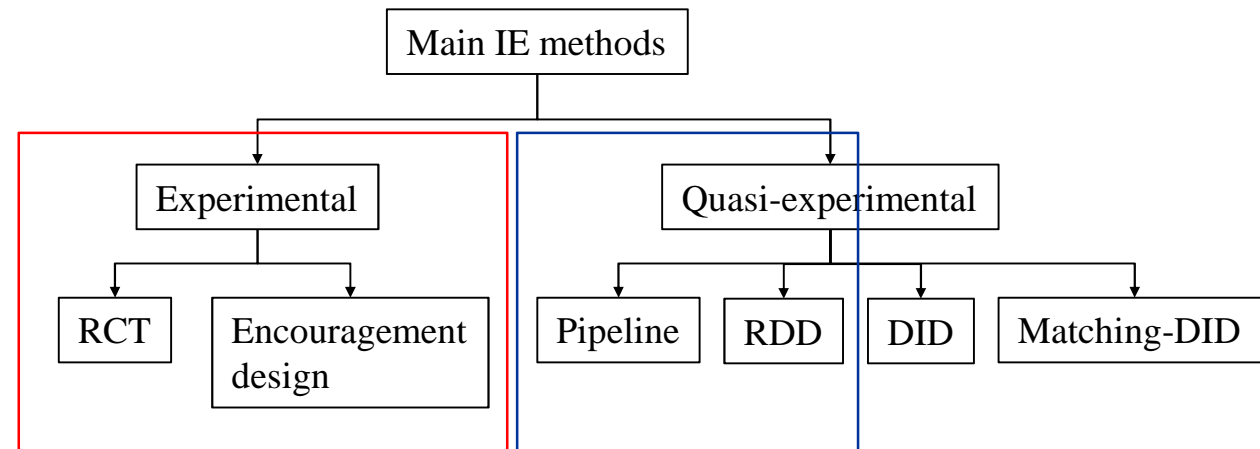
- EPAs make a difference at the firm's extensive margin (destinations)
- Little difference on the decision to export
- Marginal effect of a dollar much smaller (not strictly comparable)

In sum

- More information on outcomes at the firm level (XM vs. IM, etc.)
- Possibly more information on what treatment arm does the trick
- Fewer confounding influences



- IE is not about randomization *per se*—it is about
 - Collecting data before and after a policy experiment
 - Using a control group to filter out confounding influences
- Wide choice of approaches to adapt to context in terms of data and issues



REQUIRE DELIBERATE PROJECT DESIGN

*REQUIRE CERTAIN
PROJECT
CHARACTERISTICS*

Lots of scope to adapting IE methods to the particular context of trade interventions

	Evaluation built into program design	Evaluation not built into program design
Targeted (typically trade competitiveness-related e.g., matching grants for producers for technology upgrading or export business plans; export credit guarantees for producers)	RCT is feasible; Quasi-experimental methods are a possible alternative	RCT is infeasible; Quasi-experimental methods are feasible
Non-targeted (typically trade facilitation-related: e.g., customs reform, port improvements; but also some trade competitiveness -related: support for producer organizations or other institutional reforms)	RCT is typically infeasible; Quasi-experimental methods are more appropriate; Some methods of targeting can be introduced (phase-in, staggered implementation)	All IE methods are difficult; before-after comparisons may be only alternative

Example: Modernization of border posts

- One border post a bad counterfactual for others
- But look at similar *transactions* across border posts

Project managers have little incentive to set up IE

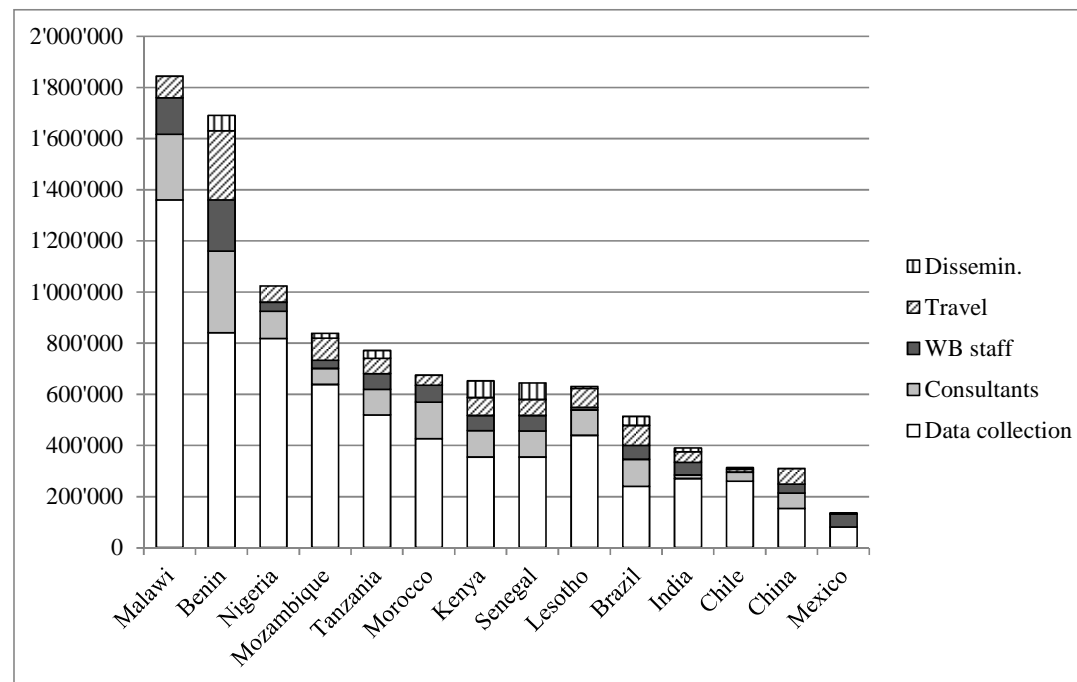
- Slow down project roll-out
- Divert managerial attention
- Portent of bad news

An incentive-compatible set-up?

- Decouple IE from individual performance evaluation—but time-inconsistency problem
- Decision to conduct IE to be taken upstream of project management

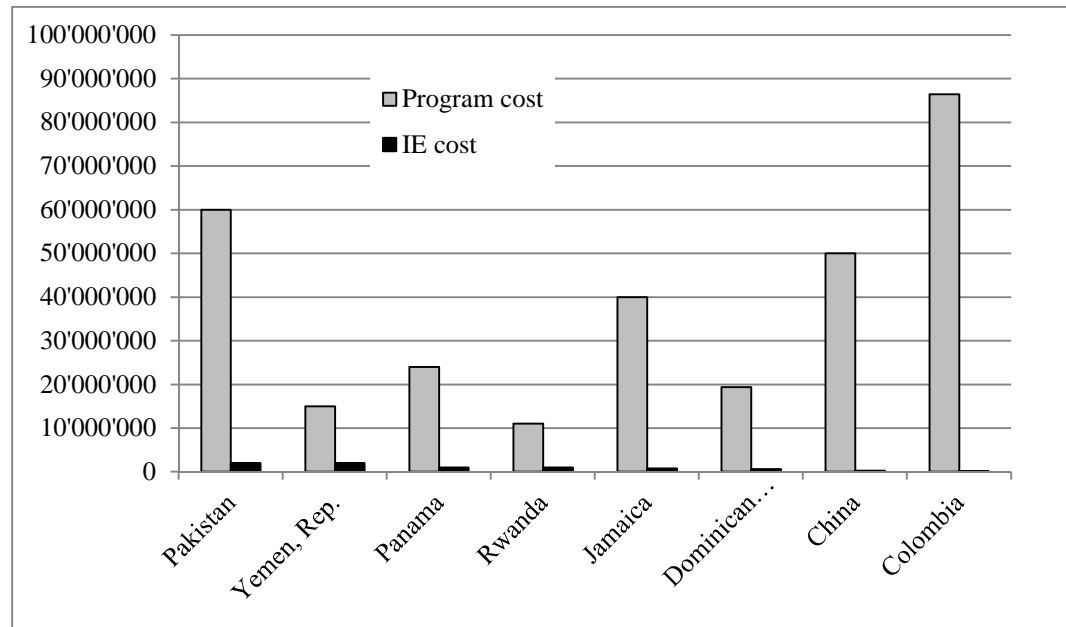
IEs are extremely expensive

- Data collection
- Fat?



Source: Gertler et al. (2011)

But it remains limited in comparison to the size of the typical projects being evaluated (health, education, anti-poverty programs)



Source: Gertler et al. (2011)

We can't be as profligate in trade, because we deal with smaller money:

Annual all-donor commitments, by country and area, million US dollars

	Mean	Median
Transport & storage	110.3	28.3
Energy	84.7	16.2
Agriculture	49.1	17.0
Banking & FS	15.3	2.9
Business services	11.9	4.1
Industry	11.7	3.6
Forestry	7.3	0.8
Mineral resources	6.9	0.4
Trade policy & regulations	3.7	0.7
Fishing	2.6	0.4
Communication	2.6	0.6
Tourism	1.4	0.2

Source: Authors' calculations using OECD CRS

Some suggestions to go forward

Design

- Avoid dogmaticism
- QE not the gold standard, but better than current practice
- Need to make routine practice to
 - Collect baseline data
 - Leave some entities untreated as controls

Incentives

- An independent, multi-donor IE center for AFT?
- Need for government buy-in

Resources

- Endow IE center with substantial resources
- Work on cutting costs—use existing stats
- Work with government on data-sharing for firm-level data, which implies buy-in