

EXECUTIVE SUMMARY

The 2019 aid-for-trade monitoring and evaluation exercise shows that economic diversification and empowerment are core objectives of the trade and development strategies and policies of WTO Members and observers. Many of the 133 respondents to the exercise highlight how economic diversification is a gateway for economic empowerment. What also emerges from the replies is that the link between diversification and empowerment runs in the opposite direction too. Empowerment through skills and training is essential for economic diversification, particularly when it enables youth, women and micro, small and medium sized enterprises (MSMEs) to engage in international trade. Progress is cited in the responses, but it is not uniform, with least-developed, landlocked, and Small Island Developing States facing particular challenges. This is also the case in fragile and conflict affected states. For these countries and others, economic

There is widespread agreement that women's economic empowerment is one of the key drivers of sustainable development. Donors have been increasing their attention to gender dimensions in aid for trade. Activities include technical studies or project design that specifically focus on incorporating a gender dimensions in the particular area or activity. However, short-term donor programmes may prove insufficient to bring about meaningful policy changes or to sustain women's economic activities. One approach could include encouraging more awareness raising and training to design gender sensitive investments. This guidance would address two SDGs – Goal 5 which focuses on unpaid care and domestic work through the provision of public services and infrastructure and Goal 8 which promotes women to be engaged in productive employment.

Many least developed countries have made substantial development progress over the last thirty years. Five countries have transitioned out of LDCs status since 1971 when the category was established, while Vanuatu and Angola are scheduled to do so in 2020-2021. Ten additional countries are at different stages of meeting the graduation thresholds, which points to a heightened pace in recent years. However, 35 LDCs are yet to reach any of the graduation criteria. Progress towards graduation from LDC status requires triggering and sustaining a process of structural transformation to generate economic growth that is both pro-poor and environmentally sustainable.

Since the start of the Aid for Trade Initiative in 2006, donors have disbursed USD 409 billion in official development assistance to help developing countries build trade capacities. In addition, USD 346 billion in low concessional loans was disbursed. Almost another USD 100 billion in both type of flows is committed in 2017. South-South providers contributed USD 9 billion according to OECD estimates. Empirical studies and programme evaluations find that this support is helping developing countries improve their competitiveness, expand and diversify their trade, attract foreign direct investment, and create employment.

While economic diversification is essentially a nationally driven process, the international community can offer assistance in creating an enabling environment for the trade integration of developing countries and helping tackling supply-side constraints. To promote empowerment, aid programmes need to focus more explicitly on helping developing countries create more opportunities for women and youth. Youth employment or entrepreneurship can be harnessed by addressing firm level market failures and improving the business ecosystem. Women's empowerment should receive more attention, particularly in sectors such as transport, energy, banking and financial services, as well as mining and industry. In this context, the development of concrete guidance on how to plan, monitor and evaluate donor activities in contributing to women's economic empowerment through aid for trade will be useful. ■