1. **Do you have an aid-for-trade strategy and what are the key elements in this strategy?**

During 2007 the Swedish International Development Cooperation Agency (Sida) described their strategy on how to work with Aid-for-Trade, in a plan for trade-related development cooperation. Sida’s trade-related development cooperation will be designed so that it contributes to the implementation of the Aid-for-Trade recommendations. The *Plan for Sida’s Trade-Related Development Cooperation* is a contribution to comply with those recommendations, which urge donors to improve their trade-related development cooperation in various ways, one of which is by better integrating trade into their activities. The *Plan for Sida’s Trade-Related Development Cooperation* is based on the demands and needs of partner countries and Sweden’s comparative advantages and outlines that following the recommendations Sida should (i) help increase partner countries’ ability to identify their needs and integrate trade into their national development plans; (ii) contribute to needs identification at regional level and cooperate with regional actors to meet these needs; (iii) work actively with industry in partner countries and (iv) actively contribute to donor harmonization at bilateral, regional and global level.

In addition to Sida’s plan, the Swedish Ministry for Foreign Affairs is developing a strategy on how to support the implementation of the Aid-for-Trade recommendations. One key element will be participation in international processes concerning trade related aid, such as the shaping of a joint EU Aid-for-Trade strategy, but also in processes like the Integrated Framework. Another important element will be enhanced dialogue with other donors and Swedish agencies, such as the National Board of Trade.

2. **How has this strategy evolved since the December 2005 WTO Ministerial Conference?**

Since the Hong Kong Ministerial Conference of 2005 the Swedish strategy for Aid-for-Trade has, alongside national policy guidelines, been directed mainly by the Aid-for-Trade recommendations, but also the EU Council conclusions on Aid-for-Trade from 2006.

3. **How does this strategy address regional aid-for-trade challenges?**

Due to the nature of international trade, many solutions are best approached at the regional level. Sida will work actively to respond to needs and demands for trade-related support at regional level. Sida’s trade-support activities at the regional level aim at supporting regional integration and promote regional cooperation and capacity building in trade-related matters of regional interest, for example, training officials on how to meet the standards in common export markets. The existence of several regional trade agreements with overlapping membership constitutes a challenge and Sida must ensure its efforts are not duplicated when allocated to regional agreements.
HOW MUCH AID-FOR-TRADE DO YOU PROVIDE?

SCOPE

4. How do you define aid-for-trade (i.e. which types of programme and project do you consider trade-related)?

In line with the recommendations outlined by the Aid-for-Trade Task Force in 2006, Sweden believes that programmes and projects should be considered Aid-for-Trade if these activities have been identified as trade-related development priorities in the recipient country’s national development strategies. Sweden also recognizes the importance of clear benchmarks and cursors, and until there is an international consensus on how to report on Aid-for-Trade, the Swedish approach to defining and reporting on Aid-for-Trade is limited to the definition of Sida’s trade support, see below.

The definition of Sida’s trade support, as outlined in Sida’s Policy for Trade-Related Development Cooperation falls into two basic categories: trade policy and regulations and trade development. Both categories as defined by OECD. Put simply, trade-related development cooperation is contributions designed to solve the problems and harvest the potential generated when goods and services across national borders (although the relevance of the contribution on domestic and international trade respectively is hard to differentiate). This does not, however, mean that Sida should work on these contributions in isolation. If international trade is to result in economic growth and poverty reduction, contributions are needed in a number of different areas in which Sida works, and which are not usually called trade-related. It is not always the case that contributions that are defined as trade-related are those that best contribute to poverty-reducing international trade. This broad view is a precondition of effective trade-related development cooperation and will form the point of departure of Sida’s work with international trade, as has been done in the areas of energy and transport, for example. See also answer on question 6.

METHODOLOGY

5. How do you allocate the aid-for-trade share in individual projects and programmes?

The Cooperation strategies form the basis for the bilateral and regional development cooperation. It is of central concern for the work with trade-related assistance that all trade-related areas are considered in the analysis conducted when Sweden outlines the cooperation strategies. However, Sweden has not earmarked contributions as specifically “Aid-for-Trade”. The Swedish trade-support allocations are financed via the development cooperation grant.

COMMITMENTS

6. According to your aid-for-trade definition, what were your commitments by category for the period 2002-2005 and in particular for 2005?

Below is a table of Sweden’s commitments for the period 2002-2005. The first two rows include commitments in the categories of in the Sida definition of trade-support, while the last three rows include additional aid-for-trade categories as defined by the WTO Task Force.

Moreover, the Swedish Ministry for Foreign Affairs yearly contributes to the WTO fund for technical assistance (WTO DDA GTF). In 2007 the contribution amounted to €1 600 000 making Sweden the largest single donor to this fund.
PLEDGES

7. Describe any aid-for-trade pledges you have made at or since the December 2005 WTO Ministerial Conference.

Being part of the EU, Sweden will contribute to the joint EU commitment to increase EU’s trade related assistance to €2 billion/year by 2010.

8. What is your medium-term (beyond 3 years) financial plan for aid-for-trade?

Before the concept of Aid-for-Trade is clearly defined, Sweden cannot give any specific numbers concerning our medium term financial plan. However, The Swedish Government has made trade-related development cooperation a priority and the budget has been doubled since last year (2006) from SEK 135 million to at least SEK 270 million (2007) and Sweden will continue to attach importance to Aid-for-Trade issues.

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

MAINSTREAMING

9. How do you ensure that aid-for-trade is effectively integrated in your overall development strategy and programming both at headquarters and in-country?

The Swedish Government has made trade-related development cooperation a priority. On May 31, 2007, Sida submitted the Plan for Sida’s Trade-Related Development Cooperation to the Government, setting out how Sida’s work will help ensure that international trade benefits the poor. This plan is not a new guiding document: it is a description of how Sida will implement already existing international agreements, guiding documents and guidelines for trade-related development cooperation, of which the following are particularly notable:

- Sweden’s Policy for Global Development (PGD), which establishes the overall objective of Swedish development cooperation.

- Sida’s letter of appropriations, in which the Government sets out Sida’s annual assignment in trade-related development cooperation.

- Cooperation strategies, in which the Government sets out the orientation of development cooperation with a country or region.
Sida’s Policy for Trade-related Development Cooperation, which sets out the basic goals and principles for Sida’s work on trade-related development cooperation, with the overall Swedish objective for development cooperation as point of departure.

The Paris Declaration, in which the donor community and the partner countries make concrete undertakings to achieve greater effectiveness in development cooperation.

Turning to the in-country. Since the plan means that Sida will integrate trade issues into regional and bilateral development cooperation to a greater extent than today, allocation of administrative resources for trade-related development cooperation involves also the field (in-country representation).

10. Have you recently strengthened your in-house aid-for-trade expertise and how is this expertise deployed to link policies with operations?

For 2007, Sida has already undertaken a number of measures to build capacity in trade-related issues:

- The trade group at Sida’s Department for Infrastructure and Economic Cooperation has been strengthened.
- Sida has entered into framework contracts with a number of consultants with expertise in trade and development.
- Sida has entered into inter-agency agreements with the National Board of Trade and the Swedish Energy Agency, and has initiated discussions with Swedish Customs and the Board of Agriculture on similar agreements.
- Sida’s Resource Centre for Rural Development in Sub-Saharan Africa (RRD) has recruited a local officer with trade expertise.
- A review of regional field representation in Africa has been initiated.

Additionally the Swedish National Board of Trade has strengthened their in-house expertise on trade and development. A few years ago a new position, with focus on trade and development, was established at the Swedish Ministry for Foreign Affairs.

OWNERSHIP

Refers to developing countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.

11. What approach do you follow in your country assistance plan, when national development strategies lack a strong trade development component?

Sida’s trade-related development cooperation will be based on the demands and needs of the developing countries. Demands can be expressed by public institutions as well as industry and civil society. Needs refer to contributions required to create the conditions that will enable poor people to improve their lives. It is not uncommon that demands and needs differ, particularly because poor people often lack a voice. This requires that Sida makes an overall appraisal of demands and needs in our analysis. Official documents and processes, such as Poverty Reduction Strategies (PRS), the Integrated Framework for Trade-Related Technical Assistance to the Least-Developed Countries (IF), formal donor meetings and trade negotiation rounds must all be used to identify demands, which are then to be supplemented with an assessment of the needs of the poor.
12. **How do you encourage and support policy dialogues on aid-for-trade among key stakeholders in partner countries?**

The ability to formulate, negotiate and implement a trade policy that contributes to economic growth and poverty reduction requires analytical capacity and functioning democratic processes which balance various interests in society. It is particularly important that international trade and its links to economic growth and poverty reduction are seen in a broader perspective and that trade policy is implemented as part of a country’s broader agenda to reduce poverty.

Sida will therefore support contributions that aim to:

- contribute to the long-term development of local capacity to analyze, formulate, negotiate and implement trade policy that contributes to economic growth and poverty reduction;
- contribute to making international trade part of the broader development agenda in Sweden’s partner countries, integrated into the countries’ own poverty reduction strategies;
- contribute to allowing various social stakeholders – not least the private sector and actors in civil society – to have a voice when trade policy is being formulated;
- contribute to the production, dissemination and application of new, forward-looking research findings on international trade and development.

**ALIGNMENT**

Refers to donors basing their overall support on partner countries' national development strategies, institutions and procedures.

13. **Are you using the partner countries’ policy planning and budgeting framework as the basis for the provision of your aid-for-trade programmes?**

Since Swedish development cooperation departs from the partner country’s priorities as identified in the PRS, the partner countries’ policy planning and budgeting framework is taken into consideration. This applies to Swedish trade support as well. Some trade-related activities, mostly in the area of trade development, are directly linked to the private sector and are therefore not based on the state’s policies in the same degree.

**HARMONISATION**

Refers to donors, actions being more harmonised, transparent and collectively effective.

14. **Do you coordinate aid-for-trade analyses and programming with other donors at the country level, given that its scope often exceeds the capacity of any single donor?**

In accordance with the Paris Declaration and the Aid-for-Trade recommendations, Sida will actively contribute to strengthening partner countries’ capacity to coordinate trade-related contributions. Sida will also work with other donors to achieve an effective division of labor in which the donors complement each other. Experience shows that Sida can improve in this respect.

At country level, there are often existing structures for donor coordination. Sida will work to ensure that these structures are used effectively also for trade-related development cooperation, and to ensure that ownership of coordination lies with the partner countries. Where Sida has sufficient
capacity and trade-related development cooperation is a clear Swedish priority, Sida will consider the possibility of assuming a leading role among donors, for example within the framework of the IF process.

15. Are you increasing the amount of aid-for-trade for regional and/or multilateral programmes? (If you are a regional or multilateral agency, are you managing an increasing amount of aid-for-trade?)

Sida will increase the target for regional programmes for trade-support. In the event of a successful enhancement of the IF, Sida’s amount of aid-for-trade for multilateral programmes is likely to increase.

MANAGEMENT FOR RESULTS

Refers to both donors and partner countries managing resources and improving decision making for results.

16. What objectives and timeframes do you set for your aid-for-trade strategy and programmes? How do you measure success?

As for development cooperation as a whole, Sida will be aiming for bigger trade-related contributions with longer contract periods. Smaller contributions with short contract periods are to be avoided where possible. The guideline for the size of contributions and contract periods should be a contract period of at least 3 years, and a total agreed sum of at least SEK 5 million. Smaller and shorter contributions than this are primarily to be limited to project and programme developing activities, such as preliminary studies or pilot support to organizations/initiatives to test their capacity.

Success is measured through result-oriented outcome and long-term impact, but also on the implementation process itself.

17. What evaluation methodologies do you apply to your aid-for-trade projects and programmes?

Sida encourages the use of the Logical Framework Approach (LFA) or similar approaches as tools for designing change processes, monitoring progress and evaluating impact. LFA has been used and tested for a long period and has proved valuable in promoting a common approach among stakeholders. It also contributes to creating clarity in development efforts by arranging change processes in a logical structure that facilitates assessments of the relationship between inputs, outputs, outcome/impact and objectives. It provides a structure to ensure that stakeholders are consulted and relevant information made available so that stakeholders and other decision-makers can take informed decisions. Basic assumptions are regularly reviewed which frequently reveals weaknesses in the original analysis or underlines changing circumstances that should be used for adaptation and updating of the programme/project.

The Swedish Ministry for Foreign Affairs will have their trade-related assistance reviewed during the second half of 2007.

18. Do you cooperate with partner countries, other donors and stakeholders in joint monitoring and evaluation of aid-for-trade projects and programmes?

Together with other IF-stakeholders, Sweden is actively participating in developing a rigid framework for monitoring and evaluation in the Enhanced Integrated Framework.
DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.

19. Do you engage with partner countries, regional organisations, other donors and stakeholders in reviewing progress towards the fulfilment of your aid-for-trade policy and programme commitments?

Sweden actively participates in various forums in reviewing progress towards the fulfillment of the Aid-for-Trade initiative. In the donor constituency, the OECD/DAC CRS-database and the common EU Aid-for-Trade Strategy are two strands of engagements. Furthermore, Sweden is continuously having a dialogue on Aid-for-Trade policy with partner countries, through our embassies and Sida personnel located in the field.