UNITED KINGDOM

WHAT IS YOUR AID FOR TRADE STRATEGY?

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

Our current aid for trade strategy is being updated. It will be aligned with the new EU aid for trade strategy. It will set out UK aid for trade as a coherent, strategic framework within which our new policies on growth, infrastructure and private sector development are the main pillars of our support.

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

Former UK Prime Minister Tony Blair announced our aid for trade expenditure £100m target in November 2005. To enable us to monitor our progress effectively and transparently, we have begun to report disbursements rather than commitments. We have focused on ensuring that quality WTO aid for trade recommendations were produced in 2006 and effectively implemented especially concerning the enhancement of the Integrated Framework, the development of the EU Aid for Trade Strategy and the new OECD/WTO monitoring and review system.

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

The strategy recognises that the regional perspective is critical, especially in sub-Saharan Africa, and that donors and partner countries must adjust the scope of their planning and programming in order to effectively address the challenges, especially those around regional public goods such as infrastructure.

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)?

The definition of aid for trade has developed so that it is now broader than the 2001 definition, which included the WTO categories ‘trade policy and regulations’ (TPR), trade development’, ‘trade related infrastructure’ and ‘trust funds’.

We accept the new definition contained in the 2006 WTO recommendations and translated in 2007 into OECD’s new monitoring system. This includes : trade policy and regulations, productive capacity (including trade development which OECD can track as a discrete element), trade related infrastructure and trade related adjustment.

For the purpose of accounting for our £100m commitment, we include all bi-lateral expenditure that is focused on trade, investment and private sector development. This is our proxy for the WTO defined categories of 'trade policy and regulations' and 'trade development'. OECD collects data on trust funds directly from the trust fund managers e.g. WTO, UNCTAD.

In September 2006 we announced a forecast of our aid for trade expenditure of $750m by 2010. This includes the £100m plus trade related infrastructure: transport, communication and energy, and, related contributions to multi-lateral agencies.

METHODOLOGY

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

We don't allocate aid for trade shares, however we can measure our aid for trade funding. Our programme activities are coded by input sector code. We have not created a new 'aid for trade' category. We see aid for trade as a framework rather than a new sector or discrete new programme. Our input sector codes are currently being aligned with the OECD's CRS system of coding and we will be able to count aid for trade directly against the OECD aid for trade CRS codes.

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?

From 2005, we moved from reporting commitments to reporting actual expenditure, because this gives a more representative sense of our actual performance and because we can give a high level of accuracy. Against the 2005 WTO/OECD definition (TPR and Trade Development) our actual expenditure performance was as follows:

GBP millions

2001	36.7
2002	41.6
2003	41.3
2004	49.8
2005	50.9
2006	56.9

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

To increase our bi-lateral trade related assistance to £100m a year by 2010 (see section 4 for scope).

In September 2005, we also announced a forecast of $750m a year by 2010 against the trade policy/regulations, trade development and trade infrastructure categories. This forecast includes our multi-lateral contributions.

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

We do not have targets beyond 2010.

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 head quarters and in-country?*

Guidance for our country assistance planning requires that growth analyses and analyses of the prospects for inclusive sustainable growth are included, together with consideration of regional and global factors such as trade and climate change. Final direction of our plans and ultimately our programming depends on country level dialogue, our comparative advantage and any agreed division of labour.

The new policies we are developing on growth and private sector development are expected to give trade a much higher profile in our efforts to promote development and the sustainable achievement of the MDGs.

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

In July 2007, a new Trade Policy Unit was formed in the UK, bringing together the trade teams formerly located in DFID and the Department for Business, Enterprise and Regulatory Reform (ex-DTI). This has brought the UK's work on AfT alongside the UK's work on the DDA, EPAs and RTAs, which we believe will bring benefits. Previously DFID had strengthened its trade team by recruiting staff with social development, private sector development and programme delivery skills and knowledge, and is benefiting from increased support from our statistical and evaluation departments, to better mainstream trade into our growth policies. Since 2005/6 we have 3 regional trade advisers located in Southern Africa, Eastern Africa and Western Africa, and collaborate with other multidisciplinary policy teams in DFID working on growth, private sector development and infrastructure.

1 For your information, the WTO Task Force defined aid-for-trade in the following way: "Projects and programmes should be considered as aid-for-trade if these activities have been identified as trade-development priorities in the recipient country's national development strategies". The Task Force underlined that clear and agreed benchmarks are necessary for global monitoring of Aid-for-Trade efforts. To this end, it identified the following categories: [a] trade policy and regulations (incl. trade facilitation); [b] trade development; [c] trade-related infrastructure; [d] building productive capacity; [e] trade-related adjustment; and [f] other trade-related needs.

2 In order to facilitate your data reporting, we have attached in the Annex a description of the Creditor Reporting System (CRS) categories, along with a profile of your data for 2002 to 2005, that proxy the WTO Task Force aid-for-trade definition (set out in the preceding footnote). The request for data for 2006 on the same basis was issued in May 2007.

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?

Our country plans are aligned with country led development plans and priorities which may or may not focus on trade. Evidence shows that trade and growth have been marginalised in national poverty reduction strategies. Our new strategy emphasises the need for donors and partners to pay much more attention to integrating trade and growth into development plans. We also have a number of bi-lateral programmes which support policy dialogue and we fund these through SWAPs and basket funds.

12. How do you encourage and support policy dialogues on aid-for-trade among key stakeholders in partner countries?

In LDCs we provide support through the Enhanced Integrated Framework. As above, we also support broad policy dialogue at the country level.

At the country level we would normally expect the multi-laterals such as the EC and the World Bank, who have a comparative advantage, to take the lead on demand led trade and growth-specific policy discussions. However, sometimes the UK or other bi-laterals take the lead.

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?

Yes, our country programmes are aligned with partner country plans and budgets. Our preferred funding mechanism is budget support where conditions are favourable. We champion the Paris Declaration aid effectiveness principles and apply these to our programming.

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?

We work with and through other donors as a matter of course.

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?)

We are committed to increasing our spending on aid for trade to £100m by 2010 in response to increased demands.

In April 2007, the then Chancellor, Gordon Brown announced at the meeting of the G7 ministers in Washington that the UK will contribute up to 20% or as much as £38 million over 5 years ($74 million) towards the multilateral fund for the Enhanced Integrated Framework (EIF) for Trade Related Technical Assistance to Least Developed countries.

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?

The main objective of our new strategy is to provide clarity on the UK Government's position on Aid for Trade, without duplicating complementary institutional policy and strategy papers and international strategies for the delivery of Aid for Trade.

Our broad objective in respect of our programmes is to bring growth and trade to the centre of our thinking on sustainable development. New policies on growth and private sector development will set out our specific objectives, indicators of success, and monitoring arrangement.

One important indicator of success will be an increase of our aid for trade in line with stronger country led demand and our pledge to increase our bilateral assistance to £100m a year by 2010.

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

Evaluation methodologies are decided on a project by project basis for all our projects not just those that fit the aid for trade framework.

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

Yes, wherever possible and in general across our programmes including aid for trade activities.

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?

The first opportunity will be the Global Aid for Trade Review this November.