

ASIAN DEVELOPMENT BANK

HOW DO YOU SUPPORT AID-FOR-TRADE?

1. Do you provide support for the aid-for-trade initiative?

Well before the Aid for Trade (AfT) initiative, ADB was actively involved in various trade-related activities at country and regional levels in the Asia and the Pacific region. Trade-related activities include among others, regional and national infrastructure with cross-border impact; trade facilitation and customs modernization; export promotion and diversification; enhancing production capacity including SME trade and finance; and policy and institutional support for trade regimes.

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

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

In June 2006, ADB President Kuroda along with Presidents of other regional development banks has expressed strong support for the AfT. This has set the tone for a more systematic incorporation of AfT in ADB's ongoing and future operations. An internal review paper which will take stock of past AfT-like activities has been prepared. This has also examined operations and resource implications for ADB in case additional resources for AfT are made available.

The AfT initiative does not entail any dramatic departure from ADB's current medium term strategy. Operational involvement in trade related activities in DMCs is already incorporated in the forward-looking Country Strategy Programs (CSP)¹ and Regional Cooperation Strategy Programs (RCSP).²

The RCSPs include cooperation programs involving trade-related projects and are guided by ADB's Regional Cooperation and Integration (RCI) Strategy (RCI Strategy comprises, Pillar I-Infrastructure, Pillar II-Trade and Investment, Pillar 3-Finance, and Pillar 4- Regional Public Goods) which was adopted in July 2006. Currently, infrastructure, trade and other projects with AfT implications may be allocated under the Regional Cooperation Fund.

1. Now Country Partnership Strategies (CPS).
2. Now Regional Cooperation Strategies (RCS).

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)?

ADB uses the same criteria for identifying the six categories of AfT activities as those outlined in the WTO Task Force Report on AfT. A major consideration is whether the concerned loan or technical assistance contributes directly to improving the external trade situation of the beneficiary country. In general, these are the projects with regional cooperation identified as a strategic development theme. Projects which benefit mostly the domestic economy are not included.

METHODOLOGY

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

There is no AfT share in a project. A project is either an AfT or not an AfT activity depending on its performance on the criteria for AfT projects.

COMMITMENTS

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

Data in the past (i.e. data reported in the OECD-DAC for 2002-2005) was based on narrow definition of aid for trade in terms of benefiting directly actual exports and imports. Structural adjustment, productive sectoral capacity enhancement and infrastructure development were not reckoned as aid for trade in that computation. New information on forward looking estimates of AfT using the Task Force definition of AfT and based on CSPs and RCSPs (forward-looking programs) are provided by the Review Paper.

FINANCING

7. Describe any aid-for-trade programmes you have initiated since the December 2005 WTO Ministerial Conference.

In 2006, ADB began to work with WTO and other MDBs on the AfT initiative and now part of WTO AfT Roadmap for 2007 including membership to the WTO AfT Advisory Group and Technical Working Group on global monitoring of AfT flows and co-hosting of the Regional AfT Review in Asia and the Pacific.

AfT activities including the conduct of the Review Paper on AfT, and coordination with WTO, World Bank and OECD are being operationalized under the RCI strategy of ADB adopted in July 2006. An informal board seminar was conducted to provide a briefing on AfT and the possible role of ADB. A small-scale technical assistance has been provided to support the AfT initiative in the region.

8. What is your financial plan for aid-for-trade?

There is no financial plan specifically for AfT. The Review Paper has looked into the scope for increasing ADB involvement in AfT if additional ODA funds are provided by donors to ADB.

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

MAINSTREAMING

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

The RCI strategy provides strategic direction on AfT activities. Pillar 1 provides enabling hardware and software for cross-border infrastructure and related services like trade facilitation and customs modernization. Pillar 2 (on trade and investment) provides technical assistance on trade capacity building and knowledge management activities such as FTA training, FTA database and various researches.

AfT activities are effectively integrated through the RCSPs for regional cooperation projects and CSPs for national projects, both for loans and TA.

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

The Review Paper has looked into the needs of strengthening AfT expertise within ADB. Actual strengthening of the expertise will not be a cost free exercise. If additional funding becomes available to ADB to support AfT the additional cost involved can be better justified.

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?

The operational focus of ADB is fighting poverty in the region. AfT activities are a part of this overall thrust of the programs and strategies agreed with the assisted countries. In the RCI strategy AfT is specifically incorporated under Pillar 2. Policy dialogue on AfT is included as part of the road maps and action plans agreed with the countries concerned in the various sectors and are monitored during CSP implementation.

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

ADB maintains strong partnership with other stakeholders and institutions involved in trade policy. It participates in the poverty reduction strategy papers (PRSP) exercises and coordinates its CSPs and RCSPs with the other donors, particularly the World Bank. As the lead agency in GMS program it has encouraged resource mobilization for AfT activities in infrastructure projects. ADB is involved in facilitating other bilateral and regional forums through its sub-regional programs (e.g., CAREC and ASEAN) and working groups to discuss priorities and share best practices experiences. Sharing of lessons learned from successful Asian countries (e.g., Asian NIEs, PRC and India) for others in the region (especially LDCs and small states) is an important function of ADB.

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?

The CSPs and RCSPs are aligned with national plans, budgets, expenditure frameworks and public investment programs. Recipient countries will be more convinced of mainstreaming trade in their development strategies if they are provided with additional assistance for AfT.

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?

ADB is working closely with World Bank and other agencies to ensure effective coordination and assessment of AfT activities.

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?)

There is no amount set aside for aid for trade in ADB's lending or TA. However the share of AfT in ADB's lending and TA is expected to increase over time to reflect the higher priority to AfT activities in future CSPs and RCSPs.

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?

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

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

The review report has addressed some of these issues. The first step in any accountability mechanism is to set the benchmarks against which performance should be judged. This will require an agreed approach among all stakeholders to avoid confusing the recipient countries on the expected delivery of results.

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 mechanisms for this exercise as well as those involved in questions 16-18, are best worked out on a multilateral basis. ADB looks forward to discussions on the subject in the meetings of the Working Groups on Aft.