

PARTNER COUNTRY QUESTIONNAIRE ON AID FOR TRADE

- We advise you to read the Explanatory Notes starting on page 10 before answering the questionnaire.
- When completed, this form should be returned by 20 February 2009 via e-mail to aft.monitoring@oecd.org and aft.monitoring@wto.org.
- The questionnaire can be downloaded from the OECD website at <http://www.oecd.org/dac/trade/aft> or from the WTO Members' website at <http://members.wto.org/members/>.
- All the boxes in this form are expandable.

1 IS YOUR TRADE STRATEGY MAINSTREAMED?

Q1.1 Does your country have a national development plan or strategy?

Yes

No

If YES, does this development plan include trade as a lever for growth and poverty reduction? (*please tick the most accurate description below*)

Trade is a key priority and the plan includes well developed trade-related priorities and implementation actions (*please attach*).

Trade is mentioned but the plan does not include operational objectives and action plans.

No.

Other, please describe: Trade is key priority in the national development strategy. "Mahinda Chintana- The Ten Year Development Framework 2006-2016" (<http://www.treasury.gov.lk/docs/MahindaChintanaTenYearDevelopmentPlan>) has identified number of trade related areas as key priorities. However, the operational objectives and action plans are given in other documents, such as sectoral strategies and/or the budget related documents. These include, inter alia, the Action Plans of the Department of Commerce, the Sri Lanka Export Development Board (SLEDB), the Board of Investment of Sri Lanka (BOI), Tea Board and Joint Apparel Association Forum (JAAF).

If your Government does NOT have an articulated national development plan or strategy, or if trade is not strongly present in it, are there other separate strategies/plans addressing trade-related objectives? (*feel free to tick more than one box*)

- Government priority areas are not systematically subject to a documented strategy.
- In the annual government budget.
- In various sectoral strategies (e.g. one per relevant ministry, or per sector). Please describe and attach:
- In one single trade development/competitiveness strategy document encompassing all trade-related priorities across different government departments (*please attach*).
- Other, please describe: N/A

For Least-Developed Countries participating in the Enhanced Integrated Framework (EIF), former Integrated Framework (IF):

Do the Diagnostic Trade Integration Study (DTIS) and Action Matrix reflect your Government trade strategy? (please tick the most accurate description below)

- The DTIS and accompanying action matrix reflect well my country's trade-related needs and my Government's priorities.
- The DTIS and accompanying action matrix partly reflect my Government's analysis of trade needs and priority areas.
- The DTIS and accompanying action matrix are not (or are no longer) a good indication of my country's trade-related needs and priorities.
- The DTIS and accompanying action matrix are not currently a good indication of my country's trade-related needs/priorities, but they are in the process of being updated.
- Other, please describe:

Q1.2 What are your Government's priority areas of intervention to improve your country's capacity to benefit from trade expansion and integration into the world economy?

(Below are listed the most common areas grouped according to broad aid category – please rank the top 3 priority areas among the 12 listed)

Trade Policy and Regulations	1 Trade Policy Analysis, Negotiation and Implementation	Economic Infrastructure	Network infrastructure (power, water, telecom)
	WTO Accession costs		Other transport
	Trade Facilitation		Cross-border Infrastructure

Building Productive Capacity	3 Competitiveness	Other	Adjustment costs
	Value Chains		Regional Integration
	2 Export Diversification		Other, please describe:

Q1.3 Does your Government have an operational strategy (with action plans, timelines and budgets) for its priority areas?

Priority 1: Trade policy analysis, negotiation and implementation Yes Being formulated No

If Yes or Being formulated, please describe Sri Lanka is actively involved in trade negotiations at bilateral, regional and multilateral levels in order to improve the countries capacity to benefit from the world economy. The major challenge faced by Sri Lanka, at present, is the absence of a level playing field, in two main (developed country) markets, vis-à-vis the countries at similar or higher level of development. As a result Sri Lanka has to engage with them at bilateral and multilateral level to obtain a better level of market access.

The bilateral and regional level negotiations are important tools in market diversification. This involves negotiation with very large developing countries.

The Department of Commerce is the lead agency in these negotiations, along with other relevant government agencies and other stakeholders. Though the Department's Action plan covers work programme, given the nature of the negotiations, it is difficult to fix timelines. The budgetary allocations do not include sufficient funds for capacity building.

Due to the challenges involved in negotiating complex agreements, with large resource rich countries, there is a strong need for capacity building in the public and private sector agencies. The availability of external assistance in this area has been limited and when available has been mainly donor driven. The additional aid is required to improve the research and analytical skills of the parties involved (including those from the private sector) in the trade policy analysis, negotiations and implementation.

Priority 2: Export diversification Yes Being formulated No

If Yes or Being formulated, please describe The SLEDB, in its export diversification efforts has included Product Development and Market Diversification strategies in the 5 year Corporate Plan. Accordingly, supply and product development and market promotional programmes have been included in the Action Plan-2009 of the SLEDB for existing, new and emerging markets with timelines and budgets. Similar action plans are available for the Tea industry from the Tea Board and Apparel Sector from the the JAAF. However these plans do not include projects funded by external assistance due to non availability of such assistance.

Priority 3: Competitiveness Yes Being formulated No

If Yes or Being formulated, please describe The Board of Investment (BOI) had conducted a study on increasing the competitiveness of Sri Lanka based on the guidelines provided in " The Doing Business Report" by the World Bank, which ranks economies based on 10 indicators to measure the efficiency of business regulation.

The short-term reforms derived from this study suggest mainly administrative reforms without major legal changes and revenue losses. In order to take measures to reach the desired targets, with respect to each indicator identified in the study the relevant line ministries/agencies responsible in performing the task are also identified.

Recognising the importance of the research findings the Presidential Secretariat has taken the initiatives to improve the competitiveness of Sri Lanka by improving the selected indicators. The BOI has taken the lead role in this exercise in coordinating the process with other relevant line agencies to improve the business environment across the country which is in progress now.

In addition to the above the Ministry of Industrial development has initiated a Regional Industrial Estates Development Programme. This increases the competitiveness of the backward regions in the island and directly contributes towards reduction of poverty. It also transfers the benefits of globalization to the rural poor, as some of these industries are export oriented. The ministry is also in the process of establishing 300 factories outside Metro- Colombo area with the similar objectives. These projects are funded by the Ministry and/or by the local entrepreneurs. Some of these projects could clearly illustrate how the exports could contribute towards poverty alleviation in most backward regions of the island. However, full potential of such projects may not be achieved due to funding constraints. As at present, these initiatives do not receive any foreign assistance.

Q1.4 Are the financing needs of these trade-related priorities included in your national dialogue with donors?

Yes No Not sure

If YES, which structures do you use to discuss the financing needs of your trade-related priorities with your donors? (feel free to tick more than one box)

PRSP/CAS Bilateral dialogues Regional-wide dialogues Other, please describe:

Please describe the type of dialogue or alternative method, its level, its frequency, and its specificity to trade matters:

TRTA is discussed at the Joint Commission Meeting (biannual) with the EU and at TIFA meetings (annual) with the United States. Meetings have direct focus on trade. However, such dialogues have been limited to these two donors. Some of the assistance, received reflects "donor's priorities",

If NO, do you have plans to include trade-related priorities in your dialogue with donors in the next two to three years?

Yes No Not sure

- End of Section 1 -

Please feel free to provide additional information about your trade strategy

2 HOW IS YOUR TRADE STRATEGY FINANCED?

Q2.1 Does the attached CRS¹ profile accurately quantify the Aid for Trade you received in 2006 and 2007?

Yes
 No
 Not sure/ NA

If NO, please provide details of the Aid for Trade you received in 2006 and 2007.

[Please describe with figures, and include any activities that may fall under 'other trade-related needs']

The information available at the Department of External Resources and given below does not differentiate between Aid for Trade and other development aid in areas of Economic infrastructure and Building Productive capacity. However, these differ from the information given in the CRS.

	2006 USD mn	2007 USD mn
Economic Infrastructure		
Transport	487.5	640.9
Communications	0.3	
Energy	156.9	
Building Productive Capacity		
Banking and Financial Services	156.68	5.33
Agriculture	4.62	36.49
Fishing	2.60	4.00
Industry		147.52
Tourism	2.72	1.46
TOTAL	811.32	835.7

- End of Section 2 -

Please feel free to provide any additional information on aid-for-trade flows

The information available reagrtd to aid in the area of trade policy also does not tally with the information provided in the OECD data base. For example, there is no direct relationship between the information furnished in the Schedule with that of the information available at the Sri Lanka Customs Human Resources Division (HRD). For instance, the Schedule refers to the programme under Customs Technical Corporation for Trade facilitation in April 2004, whereas the HRD information does not refer to a training course for Trade

¹ The CRS profile summarises the commitments and disbursements reported by donors to the OECD Creditor Reporting System on the aid categories most closely associated with Aid for Trade as defined by the WTO Task Force, specifically support for trade policy and regulations, trade development, trade-related infrastructure, building productive capacity and trade-related adjustment (available from 2008 only).

facilitation during year 2004. But, HRD information refers to 7 training programmes during year 2004 under different subject matters funded by Japan Customs Technical Corporation programme (JCTCP). This information also refer to 1 other training programme conducted during 2004, but funded by CCF/Japan Customs Corporation Programme. The information available at the HRD in respect of years 2005, 2006 also refer to funding by Japan international Corporation Agency (JICA). The information available with the HRD only refers to 2 instances where Korea International Corporation Agency (KOICA) and Korea Customs Service have funded for training in year 2008. There is substantial differences in the assistance received by the Sri Lanka Customs from Japan and the information given in the OECD website.

The external assistance received for Trade Policy and negotiations and Trade diversification was limited 2006-07 period largely to what was available from the WTO and the EC. This has reduced further in 2008.]

3 HOW DO YOU IMPLEMENT YOUR TRADE STRATEGY?

Ownership

Q3.1 Who is responsible for overseeing and coordinating the implementation of your trade strategies including activities funded by ODA?

- A national committee is responsible for coordination and implementation.
- The Trade Department has a coordinating role but implementation is overseen by each relevant department separately.
- The national aid agency has the main coordinating role but implementation is overseen by each relevant department separately.
- There is no central coordination department. Each relevant department is separately responsible for implementation.
- Other, please describe:
The National Council for Economic Development (NCED) is responsible for implementation of the national development plan.
However, all activities regard to trade policy and negotiations are coordinated by the Department of Commerce. The export Promotion is coordinated by the Export Development Board and other promotional board. Tea and Apparel Sector activities are coordinated by the Tea Board and the JAAF. The external assistance are coordinated by the Department of External Resources.

If you have (or are in the process of establishing) a national committee, please describe its main functions, its membership (e.g. ministries, private sector), frequency of its meetings and to whom the committee reports. [Please describe and exemplify below.]

Trade strategies are coordinated by committees on bilateral, regional and multilateral trade which are established by the Department of Commerce. On trade policy and trade negotiations, meetings are arranged as and when required with all the stakeholders, by the Department of Commerce. The focus and frequency of these meetings differ. When a negotiation is at a critical stage the meetings

becomes more frequent, and held at least weekly. The core members of these committees include representatives from relevant government ministries involved in the negotiations, other government agencies and private sector organizations. These committees report to the Hon Minister of International Trade through the Secretary.

An Adhoc Committee has been established in the Department of Commerce to evaluate and study matters related to Aid for Trade. Given the extremely limited amount of Aid for Trade received by Sri Lanka, it does not warrant establishment of a national committee.

Q3.2 Do you engage in dialogue with the private sector and other key domestic stakeholders about the formulation and implementation of your trade strategy?

Nearly always Regularly Rarely Not sure/ NA

If you do, please describe your main stakeholders and the focus and frequency of your dialogue.

[Please describe and exemplify below.]

The stakeholders include, inter alia, representatives from relevant government ministries involved in the negotiations (Foreign Affairs, Finance, Industries, Agriculture), other Agencies (Board of Investment, Export Development Board, Tea Board), private sector organizations (Chamber and Industry associations). In most agencies, the same (group of) officers deal with issues related to trade negotiations. As a result core group of officers, has been established to deal with the trade policy/ negotiations.

Meetings are arranged as and when required by the Department of Commerce. The focus and frequency of these meetings differ. When a negotiation is at a critical stage the meetings becomes more frequent and held at least weekly

For Least-Developed Countries participating in the Enhanced Integrated Framework (EIF):

Q3.3 Is your EIF focal point and committee responsible for overseeing and coordinating all your trade agenda?

Yes No Not sure/ NA

If no, please describe the different arrangements:

N/A

Working with external partners: harmonisation and alignment

Q3.4 In your Aid for Trade programs, how often do donors co-ordinate and align through:

	Regularly	Sometimes	Rarely or Never	Not Sure
Joint needs assessments	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Co-financing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sector-wide approaches	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Joint Implementation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint Monitoring and Evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Other, please describe: The European Union-Sri Lanka Trade Development Project which was the only significant Aid for Trade project (other than WTO provided TRTA) in the recent past This had a sustained and regular joint needs assessment and implementation from the commencement of the project (June 2005)up to its effective conclusion (January 2008). The co-ordination concept was a key point of the project's implementation. Regular monitoring and evaluation of the project was carried out by two independent agencies appointed by the donor as well as by the Project Steering Committee comprising the national stakeholders and international partners. The incorporation of two industrial sectors as gems and apparel complimented the overall goal of the project in assisting Sri Lanka towards greater integration into the global trading system through the provision of increased export opportunities.

Monitoring and evaluation

Q3.5 Do you monitor or evaluate your donor supported trade-related programmes?

Nearly always Regularly Rarely or Never Not Sure

If you monitor and evaluate your donor supported trade-related programmes, do you use:

	Regularly	Sometimes	Rarely or Never	Not Sure
Donors' monitoring and evaluation results	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Joint monitoring and evaluation arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Own monitoring and evaluation arrangements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Own monitoring but joint/donor evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you use nearly always or frequently your own monitoring and/or evaluation arrangements, can you please provide examples of your methodology and results? [Please describe and exemplify below.]

Mutual Accountability

Q3.6 Have you established mechanisms/procedures to discuss with the relevant donors the outcome and impact of your trade-related programmes?

Yes No Not sure/ NA

If yes, please can you describe and exemplify them?

N/A

Priorities for improvement

Q3.7 What are your government's priorities to improve the implementation and effectiveness of the aid for trade it receives? Please rank the top three in order of importance.

- | | |
|---|-------------------------------------|
| Greater say in the design of aid for trade interventions: | <input checked="" type="checkbox"/> |
| Stronger donor focus on capacity development: | <input type="checkbox"/> |
| Better predictability of aid for trade funding: | <input type="checkbox"/> |
| More extensive use of Budget Support
(or Trade Sectoral Wide Approaches) | <input checked="" type="checkbox"/> |
| More regular joint-donor implementation actions | <input type="checkbox"/> |
| More harmonised reporting requirements | <input checked="" type="checkbox"/> |
| More frequent joint donor-partner implementation efforts | <input type="checkbox"/> |
| More systematic use of joint donor-partner monitoring
and evaluation | <input type="checkbox"/> |
| Other, please describe: [] | <input type="checkbox"/> |

Please, describe in detail the improvements needed in your top priority area

Sharing Knowledge

Q3.8 Please identify and rank three areas of interventions (see Question 1.2 for a list of examples) where aid for trade has been most effective at raising trade capacity in your country.

(Please explain your choice)

Area 1 Trade Negotiations- The GATT/WTO Trade policy courses, including the RTPCs, have been the only regular TRTA available on consistent manner, to train trade policy officials. These along with TRTA received on ad hoc manner from Japan, The EC and the USA has been used to develop a small group of trade negotiators, over the years. This was an effective intervention, but was constrained by the inherent limitations of the WTO TRTA (limited focus on development aspects, stronger focus on rules, which results in training officials who are rule takers than rule makers

The assistance under the EU- Sri Lanka Trade Development project was used to strengthen the capacity of the private sector stakeholders in the area of trade negotiations and agreements. These were useful to increase their capacity to deal with the opportunities and the challenges emanating from these agreements. As a result of the training their participation at the meetings became more productive).

Area 2 Export Diversification under the EU-Sri Lanka Trade Development Project:

(The main objective in the area of trade promotion of the project was to enhance export potential in the Garments, Gem and Jewellery sectors.

Post project evaluation suggests that improvement in trade capacity in these two areas has been identified as requiring further continued support and development to attain a sustainable level. The emphasis of the project to enhance export potential in major areas as garments and existing sector as gems and jewellery has resulted in more successful outcomes in market diversification than product diversification.

Area 3 Competitiveness-The Competitiveness Program (TCP), a United States Agency for International Development (USAID) initiative (2001-04) which brought together eight industry clusters namely ceramics, coir, gems and jewellery, ICT, rubber, spices, tea and tourism in Sri Lanka. Special working groups or 'clusters', replicating the 'value chain' of that industry has been formulated and significant contribution to the respective sectors have been made. All clusters have worked with the government on practical policies to promote competitiveness together with academic centres and now the project has been completed. However, continuous follow up work is much needed to get the maximum benefit of these clusters and there is the need for support from a funding agency ensuring the sustainability of these cluster initiatives and to follow a Clustered City Development (CCD) approach for the country.

In addition to the above, there has been limited amount of technical assistance through UNIDO, to Ministry of Industries. In the area of competitiveness these assistance have included Cleaner Production project and strengthening international certification capacity, particularly Social Accountability Standards (SA 8000) and Food Safety (HACCP/ISO 2000) Standard.

Q3.9 Are there any particular examples of your aid-for-trade processes, programmes or projects that have obtained good results that you think could contribute to the development of good practices?

[If so, please describe them below and attach any relevant documents.]

- End of Section 3 -

Please feel free to provide additional information on the implementation of your donor supported trade-related programmes and projects, *i.e.* aid for trade.

Aid for the development of Sri Lanka Customs Website : Automated Data Processing Division of Sri Lanka Customs developed its own website and regularly updated it with very useful information for the users. An external donor developed this web site further with the assistance of a local IT company outsourced by them, and provided with some additional features, such as the Tariff Calculator and Customs Regulation Data Base. This was in use for a period of about six months on a software developed by the IT company, provided on a temporary basis. Subsequently, the IT company, after the expiry of the temporary period, claimed licence fee from Sri Lanka customs for the provision of software. As there was no agreement on this they did not facilitate updating of the website. The updating could be done by the Data processing Division of the Customs if the codes were transferred to them at the end of the project. The additional facility is presently non-functional due to above reason. As a result the website, at present, does not provide the expected result and the sustainability of the very project is at risk. Similarly "Fast Path Program" conducted by the same donor in 2006-2007 remains only as a Research and Analysis Programs with final recommendations to overcome several constraints but has been not implemented due to; •Non-availability of funds, •Poor infrastructure, •Capacity building limitation, •Lack of coordination, •Management constraints. These illustrate the need to address the sustainability of a projects, beyond donor assisted periods, in the aid for trade programs with close coordination with the recipient. In the case of Customs Web Site the ownership of the software program should have been passed on to Sri Lanka Customs. The "Fast Path Program", should have addressed the inherent constraints in the organization and recommended solutions that could be achieved with available resources.

4 ADDRESSING TRADE CAPACITY CONSTRAINTS AT THE REGIONAL LEVEL

Q4.1 Do your trade strategies specifically address regional trade capacity challenges?

Yes No Not sure/ NA

If YES, please describe them:

Sri Lanka has always considered region wide trade agreements are required to address the challenges faced by Sri Lanka, particularly those resulting from globalization. She has been a founder member of the Asia Pacific Trade Agreements (APTA), previously Bangkok Agreement and South Asian Free Trade Agreement (SAFTA).

Q4.2 Do you participate in regional dialogues, programmes or activities aimed at promoting regional integration?

Yes No Not sure/ NA

If YES, can you tell us in how many of these you participate in and describe the most important ones to you? [Please describe below.]

Sri Lanka has been actively engaged in regional intergration arrangement. The most important arrangements are APTA and SAFTA. However, as these two arrangements have not delivered anticipated results due to certain inherent constraints, Sri Lanka has also concluded bilateral free trade arrangements with India and Pakistan.

Q4.3 Do you know if these regional dialogues, programs, and/or institutions receive aid for trade?

Yes, they do No, they don't I don't know/ NA

If YES, are you an active participant in the regional dialogues, programs and/or institutions?

Yes No Not sure/ NA

Q4.4 Do you participate in or benefit from aid-for-trade programmes implemented at the regional level?

Yes No Not sure/ NA

If YES, please describe the main benefits. [Please describe and quantify whenever possible.]

There are very few regional level TRTA projects. These include .The SAARC Trade Information Project under GTZ and 3 ADB funded projects; SAARC Preferential Rules of Origin (Sub-Regional Workshop), Regional Study on potential for Trade in Services under SAFTA and SAARC Regional Multimodal Transport Study (SRMTS). The benefits from such projects are not clear at this stage

- End of Section 4 -

Please feel free to provide any additional information concerning the regional dimension of your trade strategies:

-- Thank you --