



DONOR QUESTIONNAIRE ON AID FOR TRADE

1 WHAT IS YOUR AID FOR TRADE STRATEGY?

Q1.1 Do you have an operational Aid for Trade strategy? Does it have a “pro-poor” focus? What are its key objectives and delivery/implementation modes? (Please break down by types of aid: "multilateral contributions" / "trust funds" / "budget support" / "other bilateral")

Please describe and exemplify. If applicable, feel free to refer to your 2007 response.

Effective Aid for Trade must not exist in a silo but be integrated into national development plans. The United States has taken the same approach. The U.S. Aid for Trade strategy is integrated within our overall development assistance framework. In the Strategic Framework for Foreign Assistance, economic growth is one of five pillars, and support for trade – or aid for trade/trade capacity building (TCB) – is one of the economic growth priority objectives. Alongside the Strategic Framework, the U.S. Agency for International Development (USAID) developed a strategy--Economic Growth Strategy, Securing the Future: A Strategy for Economic Growth (April 2008)--to guide the agency’s work to help developing countries achieve rapid, sustained and broad-based economic growth by: developing well-functioning markets; enhancing access to productive activities; and strengthening international framework of policies, institutions and public goods, including trade. This new strategy builds on the U.S. TCB strategy developed in 2003, and is inherently pro-poor in focus, as trade expansion is essential for the smallest and poorest developing countries to access markets of sufficient size and demand to support rapid expansion of production, employment, and incomes. U.S. TCB assistance focuses on country-based bilateral and regional programs, thereby ensuring that programs are flexible and can respond in a timely way to local needs and opportunities. U.S. multilateral contributions to international financial institutions are not earmarked for Aid for Trade. The Millennium Challenge Corporation (MCC) relies upon countries that are eligible for its assistance to put forward their own proposals for “reducing poverty through growth.” MCC evaluates proposals based on their economic rate of return, their effect on the poor, and their feasibility. This ensures that MCC-financed programs enhance economic growth in a way that delivers tangible benefits for the poor.]

Q1.2 If your Aid for Trade Strategy has evolved since 2007, please describe the changes and/or new focuses.

Please describe and exemplify.

The Economic Growth Strategy reiterates that international trade is a key driver for economic growth in developing countries. Trade capacity-building programs complement and cut across many other categories of assistance, and help countries to participate in the global trading system. Training and technical assistance programs assist countries to analyze and participate in international trade negotiations, implement commitments made in trade agreements, facilitate the efficient import and export of goods and services, and build the supply-side capacity needed to participate in the global trading system. Trade enhances the competitive forces that drive productivity change and growth.

Q1.3 Have you articulated a set of best practices in the design and/or delivery of Aid for Trade?

Yes

No

Not sure/Not applicable

If yes, what form does this best practice guidance take?

Please describe and exemplify.

USAID is currently undertaking a broad review of Aid for Trade projects that will help identify best practices. In addition, USAID, as part of the African Global Competitiveness Initiative (AGCI), is developing a series of Best Practices in Aid for Trade, including their first guide, Best Practices in African Enterprise Development.

2 HOW MUCH AID FOR TRADE DO YOU PROVIDE?

For CRS Reporting Donors

Q2.1 Does the attached CRS profile accurately reflect the volume of your Aid for Trade?

Yes

No

If no, please provide further details of your Aid for Trade activities for 2006 and 2007.

Please add any data that are missing in their appropriate CRS categories, including those activities that should be considered as Aid for Trade under the category of "Other Trade-related Needs" and describe, if applicable, the method used to identify trade-related activities in the relevant CRS categories. Please also provide any activities that may fall under the new category of "Trade-related Adjustment" for 2006.

Since 1999, the United States independently tracks its Trade Capacity Building activities. Domestically, Aid for Trade programs are referred to as trade capacity building programs, including trade-related infrastructure projects. For example, the CRS is not able to isolate trade-related infrastructure projects but counts all infrastructure projects. The U.S. TCB survey counts only trade-related infrastructure projects. In 2008, U.S. Aid for Trade (TCB) spending reached \$2.24 billion, a 59-percent increase over 2007. U.S. Aid for Trade spending reached \$1.4 billion in 2007 and 2006. Information on countries, categories, and participating U.S. Government agencies can be found at <http://qesdb.usaid.gov/tcb/index.html>.

For non-CRS Reporting Donors

**Q2.1 How much Aid for Trade did you provide in each of 2006 and 2007?
Please also indicate the volume as percentage share of your total ODA.**

Please use the WTO Task Force definition and include estimates of the value of in-kind Aid for Trade such as technical cooperation programmes.

For All Donor Agencies

Q2.2 Do you have indicative forward spending plans that include estimates on Aid for Trade?

Yes

No

Not sure/Not applicable

If yes, please provide details of your indicative forward Aid for Trade spending plan.

Please delineate the plan per Aid for Trade category.

The United States uses a mix of funding and planning vehicles for foreign assistance, as directed by the U.S. Congress. Planning and spending are intended to be responsive to partner country needs. During the annual budget process agencies begin to allocate resources to specific sector programs, such as Aid for Trade. Final allocations are not made until the Congress acts on the President's Budget and appropriations levels are known and enacted in law.

MCC and its partner country agree on budgets for the full MCA program of up to five years in their "compact" (grant agreement), which lays out objectives, program elements and targets for program success. MCC funds this multi-year program in its entirety from the outset so that there is no question of funding availability. For threshold programs which are normally two years in length, the threshold agreement contains program details and funding plans for the entire length of the program. Again, MCC funds are set aside up front to ensure aid predictability. In both cases, MCC calculates overall program funding of Aid for Trade as the agreements enter into force which triggers fund obligation. MCC's Aid for Trade activities are imbedded within the various activities that make up an MCA program and MCC partner countries provide rolling estimates of annual forward spending but do not break out Aid for Trade on an annual basis.

For Donors who had made Aid for Trade pledges

Q2.3 Please describe how you are meeting your pledges? And how much progress in delivering your final pledges do you expect to have made in 2008 and 2009?

Please provide details and evidence in accordance with your accountability mechanism.

The United States announced at the December 2005 WTO Ministerial Conference that it would double its contributions to global Aid for Trade, from \$1.3 billion in 2005 to \$2.7 billion in grants by 2010. In 2008, U.S. Aid for Trade reached \$2.24 billion, a 59-percent increase over 2007. This increase is consistent with the priority the United States has given to providing developing countries with the tools necessary to benefit from the global trading system. To implement this commitment, the United States expects developing country partners to prioritize trade in their national development plans.

For Multilateral Donors

Q2.4 Please describe how funding for your Aid for Trade activities is evolving
[e.g. share of activities funded from your agency's core (regular budget) vs. non-core (earmarked) resources, including multi-donor funds; likely trends in these categories].

Please describe.

Please feel free to provide any other relevant information in relation to the volume of your Aid for Trade.

3 IMPLEMENTATION: HOW ARE YOU DELIVERING AID FOR TRADE?

Mainstreaming and Ownership

Q3.1 What measures have you undertaken to mainstream Aid for Trade in your overall assistance strategy?

Please describe and exemplify.

The United States continues its efforts to improve the efficiency and coherence of all development assistance, including aid for trade assistance. The Office of the Director of Foreign Assistance, located within the United States Department of State, developed an improved system for coordinating assistance planning and matching funding allocations with its development objectives. The Director of Foreign Assistance, who serves concurrently as the Administrator of USAID, consults closely with the United States Trade Representative and senior representatives of other trade and development agencies to prepare the president’s annual foreign assistance budget proposal to Congress.

Aid for Trade projects are integral part of Millennium Challenge Corporation programs. MCC partner countries determine their priorities and are responsible for developing their own programs. Aid for Trade is reflected in MCA programs when partner countries place a priority on Aid for Trade.

In addition, interagency working groups within the U.S. Government help improve the effectiveness and coherence of U.S. TCB activities. Coordination of these groups is led by the Office of the United States Trade Representative. Resources and technical expertise drawn from government agencies – including USAID; MCC; the U.S. Trade and Development Agency; the Departments of Agriculture, Commerce, Energy, Homeland Security, Interior, Justice, Labor, State, and Transportation; the Environmental Protection Agency; the Patent and Trademark Office; the Food and Drug Administration; the Federal Trade Commission; the U.S. Export-Import Bank; and the Overseas Private Investment Corporation – strengthen these TCB activities.

Q3.2 In how many of the partner countries you support, are Aid for Trade concerns an important part of your policy dialogue with them (based on your best estimate)?

- | | | | | |
|--|-------------------------------------|--|------------------------------------|--|
| <input type="checkbox"/> less than 25% | <input type="checkbox"/> 25% to 50% | <input checked="" type="checkbox"/> 50% to 75% | <input type="checkbox"/> above 75% | <input type="checkbox"/> Not sure / Not applicable |
|--|-------------------------------------|--|------------------------------------|--|

Q3.3 How many of your country assistance strategies contain trade or Aid for Trade elements (based on your best estimate)?

- | | | | | |
|--|-------------------------------------|--|------------------------------------|--|
| <input type="checkbox"/> less than 25% | <input type="checkbox"/> 25% to 50% | <input checked="" type="checkbox"/> 50% to 75% | <input type="checkbox"/> above 75% | <input type="checkbox"/> Not sure / Not applicable |
|--|-------------------------------------|--|------------------------------------|--|

Q3.4 Has demand for Aid for Trade increased from partner countries since 2005?

- | | | | | |
|--|------------------------------------|--|-----------------------------------|--|
| <input type="checkbox"/> Significantly increased | <input type="checkbox"/> Increased | <input checked="" type="checkbox"/> Little / no change | <input type="checkbox"/> Declined | <input type="checkbox"/> Not sure / Not applicable |
|--|------------------------------------|--|-----------------------------------|--|

If increased, from which countries / regions, and for which Aid for Trade categories / sectors?

Please describe and exemplify.

Note.--U.S. Government agencies interact with partner countries on different sectors and in different ways. USAID, for example, works with a particular partner country or regional group in those development sectors prioritized by that country or group. MCC, on the other hand, works bilaterally with MCC eligible countries primarily in the economic growth sector. Recently, USAID has not experienced a noticeable change in demand for TCB, and continues to encourage those partner countries that seek to prioritize aid for trade to mainstream trade into their development plans and raise trade-related assistance needs when determining priorities with their capital-based USAID mission. At the same time, MCC partner countries consistently prioritized Aid for

Trade in their proposals and over half of all the funds MCC has obligated from 2005-2008 qualify as Aid for Trade.

If increased, what steps have you taken to strengthen your capacity to respond to increasing demand for Aid for Trade from partner countries? Tick the box of all that apply:

<input checked="" type="checkbox"/>	Increased aid resources
<input checked="" type="checkbox"/>	Strengthened in-house trade expertise
<input checked="" type="checkbox"/>	Improved training, tool-kits and/or guidelines for Aid for Trade programming
<input checked="" type="checkbox"/>	Increased awareness among policy-makers and practitioners at the HQ and the field
<input checked="" type="checkbox"/>	Strengthened political commitment
<input type="checkbox"/>	Increased coordination among donors (e.g. joint assessment, joint delivery, etc.)
<input type="checkbox"/>	<i>Please feel free to add other steps you have taken</i>

Please feel free to provide any other relevant information in relation to mainstreaming and ownership.

Working with Others: Harmonisation and Alignment

Q3.5 In how many of the partner countries you support, have you contributed to the following joint donor initiatives?

	< 10%	10-30%	> 30%
Joint needs assessment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint Aid for Trade strategy formulation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint Aid for Trade programme	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint monitoring and evaluation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delegated cooperation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3.6 Do you have a specific approach to South-South and/or trilateral cooperation in Aid for Trade?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not sure/Not applicable
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If yes, what are its key elements or particular focuses?

Please describe and exemplify.

The United States has taken region-specific steps to increase the effectiveness of its trade capacity building assistance. Countries eligible for Millennium Challenge Corporation compact assistance are responsible for developing their own programs and for procuring goods and services to implement them. This has opened numerous opportunities for South-South cooperation – both official and private sector - funded by MCC. USAID’s African Global Competitiveness Initiative (AGCI) aims to build Sub-Saharan Africa’s capacity for trade and competitiveness. Through AGCI, the United States collaborates with host-country governments, regional organizations, and private sector partners to promote a range of activities focused on advancing economic growth and trade. The AGCI coordinates the resources of the USG to build capacity and stimulate investment in Africa. Areas of emphasis include private sector development; information and communication technologies dissemination; export diversification; financial sector strengthening; infrastructure investment facilitation; and international quality standards and inspection requirements compliance.

Q3.7 How much of your Aid for Trade is aligned with your partners' country systems (based on your best estimate)?

- | | | | | |
|--|-------------------------------------|-------------------------------------|------------------------------------|---|
| <input type="checkbox"/> less than 25% | <input type="checkbox"/> 25% to 50% | <input type="checkbox"/> 50% to 75% | <input type="checkbox"/> above 75% | <input checked="" type="checkbox"/> Not sure / Not applicable |
|--|-------------------------------------|-------------------------------------|------------------------------------|---|

Please feel free to provide any other relevant information in relation to harmonisation and alignment.

4 MONITORING RESULTS, EVALUATION AND MUTUAL ACCOUNTABILITY

Q4.1 Does your Strategy include specific monitoring and evaluation guidelines for Aid for Trade programmes?

- Specific to Aid for Trade Generic guidelines

If you do have specific guidelines, please provide the details of your Aid for Trade M&E framework. How often do you review progress towards your strategy objectives? Who do you report to?

Please describe and exemplify.

MCC monitors and evaluates Aid for Trade in the same manner as all of its funded development programs. This consists of rigorous benefit-cost analysis of proposed programs, and this quantitative pre-investment analyses directly informs the construction of a monitoring and evaluation plan with both output and outcome targets. Baseline surveys are conducted for every project, unless adequate data is already available, and implementation assessments will be completed for every project, comparing actual performance against targets linked back to the benefit-cost analysis. In addition, MCC is funding rigorous and independent impact evaluations on approximately 15% of all its programs, including many of those classified as Aid for Trade, to determine the effectiveness of specific interventions.

Because Aid for Trade is a collection of program activities of different types, the challenge in monitoring progress is to find an efficient and effective way to look across these different activities. USAID is in the

process of implementing a Cluster Evaluation Methodology in order to develop a simple and effective Aid for Trade evaluation framework. Primary goals of cluster evaluations include:

- Determining how well the collective cluster of projects has succeeded in achieving the funding objectives (objectives-oriented evaluation);
- Translating individual project findings into broad recommendations about the program/area under which the cluster is funded (utilitarian evaluation); and
- Developing consensus among a group of practitioners and stakeholders about what works (participatory evaluation).

Q4.2 Do you regularly monitor the potential trade impact of your aid projects / programmes?

Yes No Not sure/Not applicable

If yes, please describe how.

Please describe and exemplify.

Q4.3 Do you have plans to improve the evaluation of your Aid for Trade programmes?

Please describe and exemplify.

MCC’s Impact Evaluation Practice group has recently drafted a strategy document to guide future decisions regarding impact evaluation, and this should help enhance the focus of its research strategy. MCC has taken the additional institutional step of creating a separate budget for impact evaluation, managed by the Chief Economist and outside the management of program implementation. This structural arrangement ensures the transparency and independence of MCC’s evaluation process.

As described in Q4.1, USAID is in the midst of a project to improve monitoring and evaluation of aid for trade in its projects.

Q4.4 Have you carried out or do you plan to carry out an impact assessment of your Aid for Trade programmes?

Yes: *please indicate when:* No Not sure/Not applicable

Q4.5 Do you involve partner country stakeholders in developing measurable objectives/indicators to assess the quality of your Aid for Trade programmes?

Yes No Not sure/Not applicable

If yes, please describe the indicators used.

Please describe and exemplify.

One of the cornerstones of the U.S. aid for trade strategy is that TCB works most effectively when developing country partner governments and civil society prioritize trade as part of development. If those efforts require strengthening in a particular country, the US makes available assistance activities for countries to analyze trade development challenges and assess their own capacity needs. USAID's field and regional missions afford a local presence that allows USAID officials to engage with capital-based officials and other key stakeholders on a country’s development and aid for trade priorities. Countries eligible to receive Millennium Challenge Account (MCA) assistance identify the greatest barriers to their own development and – in consultation with government, civil society, private sector, and others – develop their own MCA program proposal. MCC evaluates the proposal based on its contribution to growth and poverty reduction and works with partner countries to help them fully develop the program. The country itself then implements the program. MCC and its partner countries commit to measuring implementation performance of MCA programs and evaluating

their impacts. MCA program requirements include indicators at the output and outcome (i.e., impact) level, along with baselines and targets to monitor the progress of the program (which includes assessing the quality of the program’s Aid for Trade components) and are developed as part of the program design process that is led by country counterparts. Progress is tracked quarterly throughout Compact implementation to ensure that results are being met. MCA partner countries are responsible for regular quarterly and annual reporting. MCC makes substantial funding available for monitoring and evaluation, both in Compact funding to partner countries and in administrative costs and contracts to partner research institution, including enhancing the capacity of national statistics agencies.

Q4.6 Have you undertaken joint evaluations of your Aid for Trade with your partner country stakeholders?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Not sure/Not applicable
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If yes, please describe when and the results of the evaluation.

Please describe and exemplify.

Comment: MCC has not yet had a Compact finish implementation, so no end-of-Compact assessments have been done to date. The rigorous independent evaluations are conducted by third party research firms and consortia that often include local firms and statistic agencies, but by definition exclude stakeholders from participation in the conduct of the evaluation. In most cases, of course, the experiences of country stakeholders will be a fundamental feature of the evaluation.

Please feel free to provide any other relevant information in relation to monitoring, evaluation and mutual accountability.

5 REGIONAL DIMENSION

Q5.1 How important is the regional dimension in your Aid for Trade strategy?

<input type="checkbox"/> Essential element	<input checked="" type="checkbox"/> Important element	<input type="checkbox"/> Minor element	<input type="checkbox"/> Not present	<input type="checkbox"/> Not sure / Not applicable
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If essential or important, please describe how your Aid for Trade strategy addresses regional challenges.

Please describe and exemplify.

The United States Government uses the most appropriate institutions and mechanisms to address region-specific needs and challenges. In our experience, a combination of bilateral and regional assistance can yield significant results. Success is highly dependent on local commitment and intense collaboration with our developing country partners. For example, the U.S. Government created Hubs for Global Competitiveness to support trade capacity building in Sub-Saharan Africa. USAID supports four hubs in located in Gaborone, Botswana; Accra, Ghana; Nairobi, Kenya; and Dakar, Senegal. In addition to assistance provided by these hubs, assistance comes from USAID headquarters, through USAID bilateral missions and by other U.S. government agencies. The Hubs respond to region-specific needs and serve as a central point for information and technical assistance on trade, investment, and business activities in the region, including training opportunities. Though MCC programs are country based our partner countries are free to propose regional elements and many have included elements from regional strategies in their programs.

Q5.2 Which of the following factors are important for determining whether or not to support particular regions or regional programmes? Please list in the order of importance.

<input checked="" type="checkbox"/>	Relevance to ongoing regional trade agreements / negotiations
<input checked="" type="checkbox"/>	Regional proximity / support to neighbouring regional economic integration processes
<input type="checkbox"/>	Cultural, linguistic or historical ties with the region
<input checked="" type="checkbox"/>	Existence of a viable counterpart at regional level
<input checked="" type="checkbox"/>	Request for assistance from a regional body
<input type="checkbox"/>	Availability of a clearly defined regional development strategy
<input type="checkbox"/>	Geographical concentration of donor activities
<input type="checkbox"/>	<i>Other, please describe</i>

Q5.3 By how much has the volume of your regional Aid for Trade increased since 2005?

<input type="checkbox"/> Declined	<input type="checkbox"/> By less than 5%	<input type="checkbox"/> By 5 to 15%	<input type="checkbox"/> By 15 to 30%	<input type="checkbox"/> More than 30%
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Q5.4 In which assistance categories are you particularly active at regional level?

	Frequently	Occasionally	Rarely	Not sure / Not applicable
Training (trade negotiations/WTO rules)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade facilitation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development of cross-border infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capacity building of regional organisations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Other, please describe and exemplify</i>				

Q5.5 What are the most important challenges in implementing regional Aid for Trade? Please list in the order of importance.

<input checked="" type="checkbox"/>	Lack of (or weak) articulated demands for regional Aid for Trade
<input checked="" type="checkbox"/>	Lack of coherence between national and regional priorities
<input type="checkbox"/>	Lack of credible lending authorities at regional level
<input checked="" type="checkbox"/>	Lack of effective coordination at regional level
<input type="checkbox"/>	Difficulties of monitoring and evaluating results at regional level
<input type="checkbox"/>	Lack of credible mutual accountability mechanisms at regional level
<input type="checkbox"/>	<i>Other, please describe and exemplify</i>

Q5.6 Has the demand for regional Aid for Trade increased since 2005?

<input type="checkbox"/> Significantly increased	<input type="checkbox"/> Increased	<input type="checkbox"/> Little / no change	<input type="checkbox"/> Declined	<input checked="" type="checkbox"/> Not sure / Not applicable
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If yes, in which regions and for which activities has it increased the most?

Please describe and exemplify.

Please feel free to provide any other relevant information in relation to regional Aid for Trade.

U.S. Aid for Trade is delivered by numerous agencies using a wide variety of mechanisms. While the MCC primarily focuses on country-level programs, other agencies including USAID can, and do, provide both bilateral and regional support. USAID sponsors trade hubs in Africa to help take advantage of the African Growth and Opportunity Act; helps implement the Free Trade Agreement between the United States and Central America and the Dominican Republic; and promotes regional market integration for ASEAN countries. Bilateral programs also feed into these regional objectives. The resources available for these types of activities are programmed through both regional and bilateral mechanisms, making it difficult to determine the full extent of U.S. support for regional activities as requested in question 5.3.