

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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?

A primary objective of the EBRD is to support market-based institutions and the private sector in the formerly centrally planned economies of Central and Eastern Europe, the Commonwealth of Independent States (CIS) and Mongolia (transition economies). While many projects supported by EBRD promote trade, the Bank does not have a specific aid-for-trade strategy.

However, the EBRD has a dedicated trade financing programme (*Trade Facilitation Programme – TFP*) designed to overcome counter-party risks in trade credits. The programme was launched in 1999. To date, EBRD has supported 6,345 transactions for EUR 3.7 billion under the TFP. 108 Issuing Banks in 19 countries and more than 640 Confirming Banks in 77 countries are accredited under the programme. The total EBRD commitment ceiling is EUR 800 million.

The EBRD also supports investments in cross-border transport infrastructure (including roads, railways, airlines, logistics companies and associated equipment), as well as in regional power pools. Over the period 1991-present, EBRD supported 143 transactions in cross-border transport and storage for EUR 4.7 billion, and EUR 715 million for regional power projects.

Finally, the EBRD contributes to policy dialogue and provides technical assistance, where appropriate, on issues that have a direct bearing on international trade. The Bank has not, so far, recorded these activities systematically under the “aid for trade” heading. Recent examples include EBRD participation in the Central Asia Regional Economic Cooperation (CAREC, involving Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan where are EBRD’s member countries, in addition to Afghanistan and China), advisory work on establishing a regional financial centre in Kazakhstan, policy dialogue on agricultural export restrictions in Ukraine, and the establishment of a regional power pool in South-Eastern Europe.

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

The Hong Kong Ministerial Declaration, which in its emphasis on the broader conditions for cross-border integration is consistent with the EBRD’s understanding of priorities for the transition region, gave further impetus to the EBRD’s work to support regional integration.

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

Trade in the transition region continues to be burdened by perceived risks in trade finance, which relate partly to the short track record of local banks. EBRD’s Trade Finance Programme addresses this issue by working with selected banks at both ends of transactions and reducing the risk of trade

finance instruments. In infrastructure, the key challenge in the region remains that the capital stock needs to adjust to the demands of modern market economies, including in terms of the quality, direction and interconnection of transport networks.

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)?*

EBRD does not, so far, have its own definition of aid-for-trade. An “EBRD specific” concept might relate to the lowering of transaction costs and risks for commercial transactions across borders.

METHODOLOGY

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

We propose to include only projects that can be fully allocated to aid-for-trade, such as the TFP and cross-border infrastructure.

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?*

Trade Finance Programme

2002-2005: EUR 1.89 billion; 2005: EUR 549 million

Cross-Border Transport and Storage

2002-2005: EUR 1.97 billion; 2005: EUR 650 million

Regional Energy Supply and Generation

2002-2005: EUR 445 million; 2005: EUR 291 million

Business Support Services and Institutions

[tbd – we are not currently able to make that determination]

PLEDGES

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

EBRD has not made any specific pledges on aid-for-trade.

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

EBRD does not currently have a “plan” for aid-for-trade, but it has business projections. Demand for the TFP is market-driven and may increase or decline depending on market circumstances. Nevertheless, we would expect the level of commitments under this programme to remain broadly unchanged as new bank partners join while others “graduate”. Investment in cross-border

infrastructure is projected to continue rising in the coming years.

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?

EBRD aid-for-trade activities are driven by market demand on a project by project basis. Beyond financial projections, these activities are not “programmed”. Country strategies, which are updated each year, spell out priorities and indicative project pipelines, and are fully coordinated between the resident offices and headquarters.

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

N/A (see answers above).

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 EBRD works at the project level, not at the level of national development strategies. 95% of project counterparts in 2007 have been in the private sector. Nevertheless, EBRD support for cross-border transport and certain other infrastructure is the result of an ongoing dialogue with and request from the authorities, and tends to be closely coordinated with other IFIs.

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

EBRD is not generally involved in policy dialogue on aid-for-trade.

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?

N/A

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?

Several of EBRD's investment projects and policy work are implemented jointly with other IFIs and donors. This is almost invariably true for large cross-border road projects (but less on projects with airports, ports and the power sector). Coordination on projects is driven by financing needs in each individual case.

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?)

As a project finance institution, EBRD does not provide funding for regional and multilateral "programmes".

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?

See answers to earlier questions. The EBRD does not have an aid-for-trade "strategy" per se.

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

N/A

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

In the absence of a specific aid-for-trade strategy, monitoring and evaluation are conducted in accordance with the EBRD's general procedures. The project context dictates the need for and the form of coordination with other financiers and stakeholders.

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?

N/A