

# FAO

## 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?

FAO does not currently have a strategy which pertains explicitly to aid-for-trade – this is being discussed. A considerable share of FAO’s work programmes, notably the field programme, address supply-side constraints. From FAO’s viewpoint, for an initiative like aid-for-trade to be effective, it is desirable to focus resources first on the most binding constraints to productivity and competitiveness. Based on specialized knowledge and experience of the agricultural sector, and the comparative advantage of the Organization, FAO considers the following five areas as requiring priority attention under the aid-for-trade initiative for the agricultural sector:

- 1) Transfer and utilization of agricultural technology.
- 2) Developing rural infrastructures.
- 3) Water management.
- 4) Technical standards of products (notably related to sanitary and phytosanitary measures).
- 5) Trade negotiations and trade policy analysis, including regional trade.

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

There has been no particular change in FAO’s activities related to the five priority areas mentioned above since the December 2005 WTO Ministerial Conference.

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

The above-noted priority areas address issues at the regional levels also. Examples include trans-boundary diseases, foot-and-mouth disease that often impacts on a larger region, bilateral and regional trade agreements and implementation. FAO implements the Regional Special Programme for Food Security, which also addresses trade issues at the regional level. FAO has regional and sub-regional offices which facilitate the delivery of such programmes.

## 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)?

Other than the points noted above which broadly define the aid-for-trade related work, there is no other explicit definition – in-house discussion and analysis is progressing towards further delineation

of aid-for-trade in agriculture. As said above, for many developing countries, notably the least developed countries (LDCs) among them, strengthening supply-side capacity remains the binding constraint for production and trade, and thus the definition of aid-for-trade should cover supply-side related programmes.

## METHODOLOGY

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

There is no specific delineation of activities into aid-for-trade and non aid-for-trade. The share of aid-for-trade in individual projects and programmes depends on the nature of the project and the problems it is addressing. Thus, some may have a greater share of trade while others may have less.

## 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?*

In the absence of an aid-for-trade definition, it is difficult to assess commitments based on this. However, as reported to the WTO/OECD Trade Capacity Building Database (TCBDB) and as reflected in OECD's Creditor Reporting System, FAO's average trade-related commitments for the period 2002-2005 amounted to over US\$15 million. Of this, a share of roughly US\$4.6 million was in the trade policy and regulations category and the remainder was in the trade development category. Similarly, in the year 2005, over US\$7 million were allocated to trade-related activities with a larger part (US\$4.9 million) falling under the trade development category. It is worth noting, however, that this particular reporting excludes many FAO projects and programmes that address supply-side strengthening under the five areas noted above, especially field programmes which can have a substantially high financial component.

## PLEDGES

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

FAO is not a financing agency, and thus does not make such pledges on an *ex ante* basis. On an *ex post* basis, the outlays were as reported above.

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

There is no specific financial plan for aid-for-trade in the medium term. FAO will continue to undertake activities broadly related to supply-side strengthening, as in the recent past.

## 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?*

The FAO Strategic Framework, which is intended to guide the work of the Organization until the year 2015, outlines strategies that aim at *inter alia* increasing supply-side capacities and promoting,

developing and reinforcing policy and regulatory frameworks, including trade-related, for agriculture, fisheries and forestry. In addition, FAO's governing bodies have from time to time in recent years urged the Organization to step up its efforts on trade.

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

Over the past few years – in response to the high priority that Members have accorded to trade issues as well as due to the Doha Round negotiations – FAO has expanded its trade-related activities, mobilizing extra resources and building in-house expertise.

## 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?**

It is true that many developing countries lack national development strategies with integrated or mainstreamed trade. Trade mainstreaming is indeed one key objective of recent projects, programmes and policy advice of the Organization.

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

Aid-for-trade is a very recent initiative. Efforts are under way to develop approaches and modalities for their formulation and implementation. However, FAO projects and programmes on trade do often address supportive measures, notably related to supply-side and competitiveness, and thus this issue does get addressed in FAO projects and programmes on 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?**

Where such a framework exists, the partner countries' policy planning and budgeting framework is used as a basis for providing trade-related assistance by FAO.

## 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?**

FAO has representations in many, if not all, developing countries as well as at the sub-regional and regional levels. At these levels, especially in countries, mechanisms exist that facilitate the participation of various donors on trade-related activities of FAO and other donors.

**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?)**

Given the increasing significance of trade and globalization, FAO anticipates that both donor participation and requests for assistance in this area from Members will expand.

## **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 objectives and timeframes of FAO's trade-related assistance are usually based on the needs of the beneficiaries. These are set through consultations with Members. Mechanisms for monitoring and assessing outcomes of the Organization's activities are in place and are utilized as necessary.

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

There are in-house standard evaluation techniques designed to evaluate projects and programmes based on the type and nature of 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?**

This depends on the nature and objectives of the particular activity. Where formulation and implementation is carried out with other donors, such cooperation also exists for monitoring and evaluation. Increasingly, evaluations also require intensive consultations with all national 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?**

There is no reason why this cannot be done; as said above, it depends mainly on the nature of the trade-related activity or project.