

# WORLD BANK

## 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?

The objectives of the World Bank's aid for trade strategy are to make developing countries more integrated into the world economy to spur their economic growth and reduce poverty and to make the world trading system more supportive of development. The Bank's work on trade is based on mutually reinforcing objectives at the global, regional and country levels. At the *global level*, the Bank advocates a world trading system more supportive of development, especially for the poorest economies. This includes support for a more open, non-discriminatory and rules-based trading system, and for an ambitious outcome in the Doha Development Agenda, notably in terms of market opening and reductions in trade-distorting policies and strengthened rules. At the *regional level*, the Bank aims to support pro-development regional integration, including by working with partners to maximize the development impact of regional trading agreements. At the *country level*, the Bank aims to promote trade and competitiveness in developing countries to facilitate their integration into the world economy and spur their economic growth. Country level work encompasses three main elements: *improving incentives for private investment in trade* (e.g., via reforms in tariffs, and tax policies); *reducing the costs of trading and improving the quality of local services* (e.g., transportation systems, high quality telecommunications, and better financial services); and *pro-active policies to promote competitiveness* (e.g. coordination, supplying missing markets, and overcoming informational gaps such as disseminating and certifying standards, providing information on foreign markets, and export promotion). The Bank brings a range of tools to the trade agenda, from trade-related lending operations and non-lending technical assistance, to external training, analysis and research, and the production of "global public goods" (knowledge products and trade-related data and indicators such as the Overall Trade Restrictiveness Index, the Logistics Performance Indicators and the World Trade Indicators). The Bank's work on trade is multidisciplinary and covers a wide range of topics from trade policy to standards, logistics, trade facilitation, services, etc.

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

The Bank's strategy has not specifically evolved in response to the December 2005 WTO Ministerial; renewed attention to trade within the Bank dates back to 2001. Additional refinements to the Bank's work on trade were introduced in 2006 to reflect the recommendations in the report of the Independent Evaluation Group - the internal watchdog of the Bank - on the Bank's work on trade over the past 17 years.<sup>1</sup> The report recommended that the Bank give greater attention to addressing poverty and distributional outcomes from trade reforms, and to addressing factors and complementary reforms to improve export supply response, thereby fostering a closer integration of trade-focused support activities with those that target the private sector.

1. Independent Evaluation Group, 2006, *Assessing World Bank Support for Trade 1987-2004: An IEG Evaluation* (See the full report here: <http://www.worldbank.org/ieg/trade/>), March.

A range of measures and programs have been set up to address gaps identified, and the recommendations are also reflected in the Bank's current trade strategy (see question 1 above). New measures are particularly focused on better integrating trade policies into country and operational work. For example, the Bank has launched a trade initiative that aims to expand the country operational work on trade, mainly in Africa, and devote greater attention to poverty impacts and adjustment costs. The Bank has also intensified the work in several countries (including Tanzania, Madagascar, Cambodia, Bangladesh, Laos, Morocco and Tunisia) where trade reform is particularly important for growth. The Bank has also increased joint activities among various sector groups to maximize inclusion of trade enhancement objectives in areas such as infrastructure of private sector development. The Bank has also stepped up knowledge programs on trade and competitiveness, which has become the center of the Bank's analytical and advocacy work. Major efforts target the production of indicators (Logistics Performance Index (expected to be released in October 2007), a compilation of World Trade Indicators), an initiative on export diversification, and an initiative on transit facilitation and landlocked countries.

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

The Bank has taken a number of steps to highlight and address the regional agenda on aid for trade.

In September 2005, Bank and Fund staff presented an Aid for Trade paper to the Board where they raised the issue of whether existing instruments and mechanisms were adequate to realize the benefits of regional cooperation. The paper concluded that regional cooperation on trade-related projects can help promote the competitiveness of low-income countries, in particular the land-locked countries, in ways that purely national interventions cannot, or less efficiently.<sup>2</sup> However, achieving regional cooperation on infrastructure and trade-related regulation is difficult. The needed coordination is impeded by uncertainty regarding the distribution of benefits and fears of asymmetric implementation costs and free riding. Moreover, weaknesses in regional institutions hamper the channelling of aid for trade funds for regional concerns. For example, many regional bodies in the developing world do not earn revenues and thus cannot borrow from donors without country guarantees.

That said, there has been some progress in addressing regional programs. The Africa Regional Integration Department is now developing an Africa-wide Regional Integration Assistance Strategy, to identify priority regional programs; provide a framework for capacity building in key regional institutions; and serve as a platform for joint efforts with other donors. The East Asia and the Pacific region has also prepared a regional strategy for the Greater Mekong Sub-region (GMS). The Bank's Legal Department has also been working on formulating guidance for staff on how to address the legal challenges arising from regional projects.

Under IDA14 approximately \$1 billion is available to assist regional programs (this amount corresponds to two-thirds of regional project commitments, while the source of the remaining one third is participating countries' IDA allocation). Of this, 90% is being utilized in Africa, with IDA13 and IDA14 currently covering 18 regional programs at a total of US\$1.8 billion, including guarantee projects.<sup>3</sup> Infrastructure projects (energy and transport, followed by communications) account for

2. The paper put forward three options: (i) improve existing bilateral and multilateral facilities; (ii) provide access to dedicated grant financing to facilitate regional coordination and support regional policy and regulatory reforms; and (iii) create a dedicated fund to cover a share of the costs associated with large-scale infrastructure projects or other joint regional facilities. The Board supported option (i).

3. In FY06, IDA commitments for regional projects reaches \$538 million, 11% of total IDA commitments by Africa, and FY07 Africa regional project commitments amount to \$707 million, 12% of IDA commitments by Africa.

more than 80% of total commitments,<sup>4</sup> and many of the Bank's engagements to assist regional integration are in partnerships with other donors. However, IDA regional funds do not allow for grants to supra-national bodies, restricting Bank support for capacity development of Regional Economic Communities.<sup>5</sup> Limited support has been provided through the Institutional Development Fund (IDF), partnerships and bilateral trust funds. Demand for regional assistance in Africa in FY08 totals approximately \$1 billion (based on requests for regional projects for FY08 commitments) of which two thirds is required as regional funds.<sup>6</sup> Africa's demand for regional IDA projects is projected at over US\$ 700 million per annum (including one-third co-financing) during IDA15. A strong replenishment of regional resources under IDA15 will be critical in meeting this rising demand.

Some current Bank operations have a regional dimension. For example, the Bank supports transit and transport corridor projects in the major regions of sub-Saharan Africa. These aim to improve access of land-locked countries to export markets and reduce trade costs and transit times for all participants. For example, the **East Africa Trade and Transport Facilitation Project** aims to improve the trade environment through the effective elimination of tariff barriers in the EAC Customs Union Area, to enhance logistics services' efficiency along key corridors by reducing non-tariff barriers and uncertainty of transit time, and to improve railway services in Kenya and Uganda. Additionally, the Bank also conducts training courses on a regional basis. In FY07, 34 trade-related training courses were held (just under 14,000 participant training days), of which 15 were country-based and 19 were regional/global activities.

## 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)?

The Bank has a broad array of trade-related activities, including concessional (*stricto sensu* aid for trade) and non-concessional lending, trade-related technical assistance (either embedded in lending or stand-alone) and external trade-related training. Additionally, we believe that three other activities also make an important contribution to assisting developing countries in assessing their trade performance, making the case for trade reform, and estimating the impact of reforms, although we do not include them in the figures we provide to the OECD-DAC database. These are: Bank analysis and policy advice, trade-related research and a range of data and benchmarking tools (e.g., *Doing Business*, the Logistics Performance Index, the World Trade Indicators and the joint Bank-UNCTAD World Integrated Trade System database).

4. Projects include: the West Africa Power Pool Project to build an efficient power market in six countries; the East Africa Transport Project to reduce transport costs by 20-35% through improved roads; and the Southern Africa Power Market Project (\$179 million) to connect the electricity grid of the Democratic Republic of Congo to that of Zambia, with the aim of eventually integrating all southern African countries into a regional energy market.
5. Several regional organizations have approached the World Bank to request assistance to strengthen regional coordination of trade issues. While the Bank is hampered by a lack of a grant instrument to provide financing to regional bodies, it undertook several regional diagnostic studies in FY06 and FY07, including reviews of implementation of customs unions and analyses of gaps in regional infrastructure, and is currently analyzing the major impediments for improving the business climate in the Common Market for Eastern and Southern Africa (COMESA) that should be addressed at the regional level.
6. The emphasis remains on power, transport corridors, trade facilitation and support for telecommunications. Additional assistance is also anticipated for environmental protection, management of shared natural resources, regional initiatives to raise agricultural productivity, combating migratory diseases and capacity development.

## METHODOLOGY

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

The dollar amount for trade-related lending represents the portion of Bank projects that are allocated to the Trade and Integration theme by project managers. All Bank projects are coded according to sectors (indicating the part of the economy that receives the Bank's support) and themes (goals/objectives of Bank activities). Trade is not a sector, but is one of 11 major themes, and is further divided into six sub-themes (see Annex 1).<sup>17</sup> For each project, the task manager chooses up to 5 sub-themes, prioritized as primary or secondary, against which the Bank's Operations Policy and Country Services Department (OPCS) allocates shares of the loan. Primary themes have twice the weight of secondary themes - i.e., a project with 3 primary and 2 secondary themes has a weight of 25% per primary theme and 12.5% per secondary theme. Only those portions of projects attributed to trade are used in calculating the value of trade-related lending, in order to avoid double counting across the Bank's priorities. On average, the trade component of trade-related loans is around 30%.

For example,

- The \$140 million *Customs Development* project in the Russian Federation is allocated as: trade (25%), tax policy and admin (25%), admin/civil reform (24%), legal institutions and markets (13%) and standards and financial reporting (13%). So the trade-related lending amount is \$35 million, based on the 25% allocation.
- Of the \$207 million *Kenyan Northern Transport Corridor* project, 38% (\$79 million) is allocated to trade (2 sub-themes: trade facilitation and regional integration), 25% to infrastructure services, 24% to regulation and competition and 13% to administrative and civil reform.

To avoid projects that are not trade being counted as trade (especially under the regional integration sub-theme) and vice-versa (especially due to proximity in economic impact with the financial and private sector development themes), the Trade Department, in close collaboration with regions, the Operations Policy and Country Services Department and task managers, checks all loan projects. There could, however, be *some undercounting of assistance to trade*, where it only represents a relatively small component of a much larger project and thus does not appear as one of the 5 themes.

Similar methodology is followed with regard to non-lending technical assistance; however the Trade Department does not systematically check all TA for miscoding. Trade-related training is identified separately by the World Bank Institute, the Bank's training arm.

A most important feature of this methodology is that it avoids double counting of ODA amounts for different economic and social outcomes. For instance there could not be double counting between aid for trade and aid for health. Although the exercise is subjective by nature, there are checks and balances in place to ensure a level of consistency in the reporting across projects and regions.

Based on what we understand to be the proposed OECD methodology, there are key differences between how the OECD and the Bank calculate assistance related to trade:

17. Other major themes are: Economic Management; Public Sector Governance; Rule of Law; Financial and Private Sector Development; Social Protection and Risk Management; Social Development, Gender and Inclusion; Human Development; Urban Development; Rural Development; and Environment and Natural Resources Management. These are further divided into sub-themes, varying in number from four to ten.

- (i) The OECD methodology counts most *economic infrastructure* (transport and storage, communications and energy, but excluding water) and *all budget support* as trade-related, while the Bank counts only the component of those projects with identified trade themes; Most of the balance in economic infrastructure will come under private sector development and finance or economic management themes.
- (ii) The OECD methodology seems to have less breakdown of project components, more often attributing 100% of the value of a project to an aid for trade purpose, while the Bank counts only that portion of a project identified as trade (rarely more than a third of the project);
- (iii) The Bank methodology is exclusive as it clearly separates trade outcomes from other developmental outcomes; it is not entirely clear whether the OECD convention or the methodology used by other agencies involves double counting; for instance, the same economic infrastructure amounts would appear both in aid for trade or aid for private sector development.
- (iv) The OECD only count *concessional trade lending*; while the Bank counts both concessional (IDA) and non-concessional (IBRD) projects.
- (v) The OECD add numbers for lending to figures on trade-related TA and capacity building based on Bank submissions to the Joint WTO-OECD Trade Capacity Building Database (TCBDB). However,
  - a) Bank submissions to the TCBDB already extract an estimate of the TA components of loan projects (see Annex 2), giving rise to possible double counting.
  - b) Bank submissions to the TCBDB have not in the past included trade-related training conducted by WBI. They have included all TA as we cannot readily separate concessional and other (fee-based, reimbursable or cost-shared) TA.

Together, these factors give rise to large differences between WTO/OECD and Bank figures for the Bank's trade-related assistance. For example, if 100% of the value of Bank projects including trade a theme were counted as trade-related lending, instead of only that portion that relates to trade, figures for trade-related lending in FY07 jump from \$1.6 billion to around \$5 billion (IDA increases from \$569 million to \$2 billion and IBRD lending from \$1 billion to \$3 billion).

We will follow up further with the relevant people at the OECD to discuss differences in Bank and OECD calculations of Bank aid for trade.

## 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?

The figures below cover the period 2002-2007. Figures for trade-related training are not available for 2002. As noted above, only lending, training and TA are included here, notwithstanding the contribution that analysis, research and data/indicators make to the bank's overall trade activities.

Trade-related lending grew threefold over FY2003-2007 (Table 1).

**Table 1: Estimates of Bank trade-related lending, FY03-07**

(Commitments in US\$ millions and numbers of projects that included trade as a theme)\*

	FY2002		FY2003		FY2004		FY2005		FY2006		FY2007	
	\$mn	No.	\$mn	No.	\$mn	No.	\$mn	No.	\$mn	No.	\$mn	No.
<b>Trade-related lending</b>	<b>316</b>	<b>29</b>	<b>566</b>	<b>29</b>	<b>1282</b>	<b>39</b>	<b>1080</b>	<b>50</b>	<b>1611</b>	<b>51</b>	<b>1570</b>	<b>67</b>
- of which, concessional (IDA)	141	12	142	16	508	16	351	26	537	27	569	29
- of which, non-concessional (IBRD)	175	9	424	7	774	18	729	22	1074	19	1001	26

\*Dollar amounts represent only the trade theme share of the project value (see Annex 1); numbers of projects count each project for which trade is one of the themes as one. Numbers of projects do not add up as totals also include projects under the Global Environmental Facility and Institutional Development Fund and Recipient Executed Technical Assistance.

Source: Business Warehouse, August 2007.

In trade-related training, the number of participant training days has remained relatively stable, despite a drop in the number of events in FY07 (expenditure remained constant at \$1m), reflecting a shift to more in-depth and focused, customized events (Table 2). Technical assistance (TA) projects involving trade have also experienced steady increases (Table 2). Note that these figures include both concessional and non-concessional (fee-based, reimbursable and cost-sharing) TA.

**Table 2: Estimates of Bank Training, Technical Assistance involving trade, FY03-07**

(numbers of activities)\*

	FY2003	FY2004	FY2005	FY2006	FY2007
<b>External training</b>	<b>27</b>	<b>49</b>	<b>60</b>	<b>62</b>	<b>34</b>
- participant training days	9262	4500	10541	14846	13781
<b>Technical Assistance (non-lending)</b>	<b>21</b>	<b>14</b>	<b>31</b>	<b>35</b>	<b>37</b>

\* Estimates count each activity for which trade is included as a theme as one.

Source: Business Warehouse, August 2007, WBI.

We use the number of participant training days for trade-related training as the best indicator of the number of persons we are reaching. Moreover, relatively inexpensive activities can have a high pay-off. However, dollar figures are available (Table 3). All training is concessional, bar the Columbia University course, which is not included in these figures.

**Table 3: Trade-related Training, FY03-FY07**

	FY2003	FY2004	FY2005	FY2006	FY2007
Number of activities	27	49	60	62	34
Number of countries*		10	11	11	14
Number of Participants	2055	2140	3869	3536	2552
Participant Training Days (PTDs)	9262	4500	10541	14846	13781
<b>Costs</b>					
Non-Staff Costs (in '000)	\$1,102	\$1,150	\$834	\$1,094	\$1,027
of which Bank Budget	\$771	\$724	\$475	\$648	\$812
of which Trust Fund	\$331	\$426	\$359	\$447	\$216
Staff Costs	\$309	\$640	\$434	\$833	\$656

\*Number of countries with country-specific activity, not counting countries hosting regional or global activities.

Source: Business Warehouse, August 2007.

The Bank produces annual cost figures for TA broken down by theme, indicating how much is being spent each year, regardless of when particular projects are completed. However, cost numbers broken down by theme are not indicative of how many resources - i.e., inputs - the Bank spends on preparing a deliverable. For example, if a given TA project has two primary themes, of which only one is trade-related, and the total cost of the piece is \$100,000, it may not be accurate to conclude that \$50,000 was spent on work related to the trade theme. Moreover, the bulk of these cost figures represent staff costs (along with travel and consultants).

Information on how we calculated our previous submissions to the Joint WTO-OECD-DAC Database on Trade Capacity building is at Annex 2.

## PLEDGES

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

The Bank does not operate on the basis of pledges (although we have provided funding for other activities, such as the Integrated Framework, through the Bank's Development Grant Facility). That said, trade-related activities have seen a significant increase in the Bank in the last 5 years (see above), and we expect this trend to continue.

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

The Bank does not operate on 3 year financial plans; we have only an indicative 2 year program of lending. With a new President, the Bank is currently in a period of transition, but trade is emerging as a priority area for increased attention in the future. Moreover, it is expected that as the mainstreaming of trade into country development strategies gains traction, country and donor attention to and resources for trade and competitiveness as part of the growth agenda will increase.

## 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 joint World Bank-IMF Development Committee in its April 2006 Communiqué, asked Bank staff to deepen their work to integrate trade-related needs into their support for country programs and to continue their global advocacy on trade and development. This appeal has shaped the Bank's overall trade strategy and programming is focused on mainstreaming trade into Country Assistance Strategies (CAS) and Country Partnership Strategies (CPS) where it has been identified as a priority for economic growth and development. CASs and CPSs are driven by country demand and are developed through regular dialogue about the full range of policy issues, so trade is never considered in isolation from other development issues at the country level. A more detailed description of how the mainstreaming agenda is being pursued is in the answers to questions 1, 2 and 11.

The Bank's aid-for-trade operations are country-driven and managed in a decentralized way by the Country Director/Manager, who in most cases resides in the field. The Bank does not make a distinction between headquarter and field development programs.

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

The Bank's Trade Department has been engaging with country and sector teams to strengthen cross-sectoral expertise in various trade-related areas in order to develop comprehensive trade integration programs. For example, the Africa Region has developed a strategy and a short list of potential countries for the scaling up of exports under the Africa Action Plan. Since 2003, the Trade and Infrastructure Departments had an active partnership in the areas of trade facilitation and logistics; a similar arrangement was established with the Agriculture and Rural Development department for a program on Standards and Food Safety. The Private Sector Development Network and the Trade Department are now working together to develop knowledge tools, and provide support to client country on export development, competitiveness, and trade in services. These partnerships are aimed at strengthen the Bank's engagement on trade issues through increased advisory work and lending operations.

To complement these efforts, the Bank is establishing a three-year multi-donor trust fund (mobilizing roughly \$20 million) for mainstreaming trade into development plans which will provide additional external resources for advisory services, technical assistance, project preparation, and capacity building to clients on a broad range of trade related issues.

### **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?**

This is done on a case-by-case basis depending on the circumstances of the country. In some cases, trade may not be an immediate priority for a country client (as in some countries recently emerging from conflict situations). In countries where the Bank believes that the national development strategy should have but lacks a strong trade component, the Bank, via the country team, engages with the government to begin a country dialogue on strategic trade issues that are important for leveraging growth. Developing a program of analytical and advisory work is often the first step to informing and advancing the dialogue and moving toward a comprehensive plan for reform.

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

The Bank's projects are discussed and agreed upon with governments. That said, the Bank encourages governments to consult with all relevant stakeholders in trade reform programs. Projects in areas such as trade facilitation or export promotion and diversification require serious involvement of private sector constituencies. For certain types of projects (e.g., infrastructure projects such as roads and railroads involving potential relocation), the Bank's own guidelines require the consultation with local populations.

### **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?**

Yes, all World Bank projects use the countries' budgeting framework since the Bank finances only projects that are part of the governments' program. Bank-funded projects (training, global and regional programs) obviously do not have any connection with country budgets, but are developed in response to client demand and reflect their priorities.

## **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?**

The Bank, being a key source of knowledge and operational experience, has a central role in terms of harmonization, diffusion of innovation or best practices among development agencies. This is true at the global, regional and country levels, and there are clear synergies between the several layers of activities. Active cooperation with specialized organizations like WTO, UNCTAD, WCO, and also the private sector (thanks to the Global Facilitation Partnership) contribute to this objective at the global level.

At the country level, in the context of the World Bank's trade programming and lending operations, coordination with other donors is being implemented through program based approaches, which for the Bank implies development policy operations supporting trade reforms and IBRD/IDA trade-related investment projects with joint financing. The same is typically true for large infrastructure projects (trade corridors). The Bank also encourages joint missions with development partners and use of country financial systems for lending operations where appropriate. For example, for the Development Policy Loan (DPL) of Mauritius, the Bank led a mission including the European Commission, Agence Française de développement (Afd) and the African Development Bank, and a common matrix of reforms and results was agreed with a government as the basis for the Bank DPL, and for additional financing provided by the other donors. The Bank is working with other development partners in the context of the Integrated Framework. Under the Integrated Framework, the Bank has carried out joint analytical work (i.e. DTISs) and capacity building activities with development partners. At present, the Bank has undertaken approximately 29 DTISs in coordination with donors.

The regional level is maybe the one where consistency and harmonization is most critical. As noted above, many of the Bank's engagements to assist regional integration are undertaken with other donors. The African, Asian, or Inter-American Development Bank and the EU have become close partners, sharing the costs in the development of complex infrastructure programs and co-financing most large regional investments. Other significant partners include DFID, Afd, USAID, Germany, Japan, Netherlands, and Nordic countries.

**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?)**

Yes, the Bank is increasing resources for trade, including for regional programs (see question 3 and 6 above).

## 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 of the Bank's aid for trade strategy are to make developing countries more integrated into the world economy to spur their economic growth and reduce their poverty rate.

While Bank's projects usually follow a timeframe of three years, the Bank establishes short and medium term performance indicators. *In the short term* (on an annual basis) the Bank evaluates the performance of its aid for trade programmes by monitoring developments in trade-related lending, technical assistance, and analytical and advisory services. For example, Bank lending – concessional and non-concessional – has grown from about \$400 million in total commitments in fiscal year 2000 to about \$1.6 billion in 2006 and 2007. This represents about 10% of total Bank lending and was spread over 42 countries. Bank trade-related *technical assistance* has also increased over the past five years, from 21 projects in fiscal year 2003 to 37 projects in fiscal year 2007. In a similar fashion, trade-related analytical work continues to expand, with 66 studies in FY2007 in more than 41 countries (plus an additional 9 regional studies). *In the medium term*, the success of aid for trade objectives is measured by the attention that countries give to trade in their development strategy, as well as by looking at some output indicators that measure the countries' trade intensity (export and import) and the level of openness (e.g., ratio of trade in GDP). For example, of 71 Poverty Reduction Strategies (PRs) reviewed since 2005, 70% mentioned trade as part of the strategy for growth. However, fewer, especially earlier PRSPs, articulated operational programs to address constraints on trade. Overall, only around one third included specific and monitorable policy measures to address transport and trade facilitation, export promotion or regional integration issues.<sup>8</sup>

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

As for the entire Bank portfolio, trade projects and programs are monitored by the Bank's Quality Assurance Group (QAG). Lending projects are assessed for quality at entry and quality of supervision (all task managers of lending operations also complete implementation completion reports when loans/credits close). Programs on analytical and advisory services are assessed for relevance, quality of the analysis, and likely impact. Following a thorough review of project and program documents as part of desk reviews, and interviews (both headquarter and field based), the QAG panel assesses quality against agreed criteria on a six point scale from Highly Satisfactory to Highly Unsatisfactory.

Furthermore, after completion, projects/programs are randomly selected by the Independent Evaluation Group (IEG) for in-depth evaluation. Additionally, the Bank's entire trade program over the last 17 years has been subject to review by the IEG (see answer to question 2 above).

All trust funds also generally involve periodic external, independent evaluation of outcomes and performance.

8. In some cases, PRSPs may have addressed infrastructure issues such as roads, railways or telecommunications, but not linked these to facilitating external trade. Such analysis would not have been viewed as supporting trade in this discussion of PRSPs. It also may be that countries are undertaking trade-expanding measures that are not reported in PRSPs.

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

The Bank's operations have established monitoring and evaluation procedures with partner countries at the macro (all Bank lending) and micro (project based) level. Also, since most aid for trade projects are done in conjunction with donors and taking account of the activities of other development agencies, monitoring and evaluation are undertaken jointly. In addition, for IDA and highly debt dependent countries, the Consultative Group - chaired by the Bank- offers venues for the World Bank to oversee with donors and countries the overall strategy for development of these countries.

## **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 Bank engages with partner countries, regional development organizations and other donors to discuss general strategic development of aid for trade and mobilize aid for trade by all parties. The Bank is playing an active role in the regional aid for trade conferences that will take place in Latin America, Asia and Africa in September-October 2007, organized by the WTO in cooperation with the respective regional development banks. These conferences will give an opportunity to all parties to identify gaps and take full advantage of aid for trade.

# Annex WB 1: World Bank theme and sector codes

## World Bank Theme Codes (OPCS)

Coding Instructions:	Themes are:	Themes are not:
<ul style="list-style-type: none"> <li>Overview <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/intro.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/intro.htm</a></li> <li>Investment lending</li> <li>Adjustment lending</li> <li>Economic and Sector Work <a href="http://intranet.worldbank.org/ICR?contentMDK=20224597&amp;sitePK=388672">http://intranet.worldbank.org/ICR?contentMDK=20224597&amp;sitePK=388672</a></li> <li>Analytic and Advisory Services</li> <li>Internal Orders</li> </ul>	<ul style="list-style-type: none"> <li>the goals/objectives of Bank activities.</li> <li>consistent with the Bank's corporate advocacy and global public goods priorities.</li> <li>also used to capture Bank support to the Millennium Development Goals. <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/codinginstr/ESW.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/codinginstr/ESW.htm</a></li> </ul>	<ul style="list-style-type: none"> <li>methods/instruments of delivery or ways of doing business.</li> <li>reflections of the structure of Networks in the Bank.</li> <li>mutually exclusive.</li> </ul>

### Economic Management

- 20 Analysis of economic growth  
<http://intranet.worldbank.org/ICR?contentMDK=20224617&sitePK=388672> - 54
- 21 Debt management and fiscal sustainability  
<http://intranet.worldbank.org/ICR?contentMDK=20224617&sitePK=388672> - 54
- 22 Economic statistics, modeling, and forecasting  
<http://intranet.worldbank.org/ICR?contentMDK=20224617&sitePK=388672> - 54
- 23 Macroeconomic management  
<http://intranet.worldbank.org/ICR?contentMDK=20224617&sitePK=388672> - 54
- 24 Other economic management  
<http://intranet.worldbank.org/ICR?contentMDK=20224617&sitePK=388672> - 54

### Public Sector Governance

- 25 Administrative and civil service reform  
<http://intranet.worldbank.org/ICR?contentMDK=20224619&sitePK=388672> - 59
- 26 Decentralization  
<http://intranet.worldbank.org/ICR?contentMDK=20224619&sitePK=388672> - 59
- 27 Public expenditure, financial management, and procurement  
<http://intranet.worldbank.org/ICR?contentMDK=20224619&sitePK=388672> - 59
- 28 Tax policy and administration  
<http://intranet.worldbank.org/ICR?contentMDK=20224619&sitePK=388672> - 59

### Social Protection and Risk Management

- 52 Natural disaster management
- 53 Poverty strategy, analysis, and monitoring
- 54 Social safety nets
- 87 Social risk mitigation
- 51 Improving labor markets
- 55 Vulnerability assessment and monitoring
- 56 Other social protection and risk management

### Social Development, Gender, and Inclusion

- 57 Participation and civic engagement
- 58 Conflict prevention and post-conflict reconstruction
- 59 Gender
- 60 Indigenous peoples
- 61 Social analysis and monitoring
- 62 Other social development

- 29 Other accountability/anti-corruption  
<http://intranet.worldbank.org/ICR?contentMDK=20224619&sitePK=388672> - 59
- 30 Other public sector governance  
<http://intranet.worldbank.org/ICR?contentMDK=20224619&sitePK=388672> - 59
- 90 Managing for Development Results  
<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224613~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html> - 90

## Rule of Law

- 31 Access to law and justice  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 31
- 32 Judicial and other dispute resolution mechanisms  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 32
- 33 Law reform  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 33
- 34 Legal institutions for a market economy  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 34
- 35 Legal services  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 35
- 36 Personal and property rights  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 36
- 37 Other rule of law

## Financial and Private Sector Development

- 38 Corporate governance
- 39 Infrastructure services for private sector development
- 40 Regulation and competition policy
- 41 Small and medium enterprise support
- 42 Standards and financial reporting
- 43 State enterprise/bank restructuring and privatization
- 44 Other financial and private sector development

## Trade and Integration

- 45 Export development and competitiveness
- 46 International financial architecture
- 47 Regional integration
- 48 Technology diffusion
- 49 Trade facilitation and market access
- 50 Other trade and integration

## Human Development

- 63 Child health
- 64 Other communicable diseases
- 65 Education for all
- 66 Education for the knowledge economy
- 67 Health system performance
- 68 Nutrition and food security
- 69 Population and reproductive health
- 70 Other human development
- 88 HIV/AIDS
- 89 Non-communicable diseases and injury  
<http://intranet.worldbank.org/ICR?contentMDK=20224620&sitePK=388672> - 89

## Urban Development

- 71 Access to urban services and housing
- 72 Municipal finance
- 73 Municipal governance and institution building
- 74 Other urban development

## Rural Development

- <http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224622~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html>
- 75 Rural markets  
<http://intranet.worldbank.org/ICR?contentMDK=20224614&sitePK=388672> - 75
- 76 Rural non-farm income generation  
<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224622~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html> - 76
- 77 Rural policies and institutions  
<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224622~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html> - 77
- 78 Rural services and infrastructure  
<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224622~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html> - 78
- 79 Other rural development

## Environment and Natural Resources Management

- 80 Biodiversity
- 81 Climate change
- 82 Environmental policies and institutions
- 83 Land administration and management
- 84 Pollution management and environmental health
- 85 Water resources management
- 86 Other environment and natural resources management

## World Bank Sector Codes (OPCS)

Coding Instructions:	Sectors are:	Sectors are not:
<ul style="list-style-type: none"> <li>• Overview <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/intro.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/intro.htm</a></li> <li>• Investment lending</li> <li>• Adjustment lending <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/adjlend.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/adjlend.htm</a></li> <li>• Economic and Sector Work</li> <li>• Analytic and Advisory Services <code>javascript:dolnLink('20224598','null','http://web.worldbank.org/servlets/ECR?contentMDK=20224598&amp;contentPK=217180&amp;folderPK=466588&amp;sitePK=388672&amp;callCR=true')</code></li> <li>• Internal Orders</li> </ul>	<ul style="list-style-type: none"> <li>• high-level grouping of economic activities based on the types of goods or services produced.</li> <li>• UN classification of economic sectors used as point of reference.</li> <li>• mutually exclusive. <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/ESW.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/ESW.htm</a></li> <li>• used to indicate which part of the economy is supported by the Bank intervention. <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/AAA.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/AAA.htm</a></li> </ul>	<ul style="list-style-type: none"> <li>• methods of delivery of Bank support, e.g., adjustment loan, financial intermediation loan, distance learning, etc.</li> <li>• reflections of the administrative structure which changes over time.</li> <li>• measures of outcomes, e.g., corporate priorities. <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/ESW.htm">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/coding_instr/ESW.htm</a></li> </ul>
<hr/>		
<h3>Agriculture, Fishing, and Forestry</h3> <p>AB Agricultural extension and research</p> <p>AJ Animal production <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html</a> - ja</p> <p>AH Crops <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html</a> - ja</p> <p>AT Forestry <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html</a> - ja</p> <p>AI Irrigation and drainage <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224608~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html</a> - ja</p> <p>AZ General agriculture, fishing, and forestry</p>	<h3>Information and Communications</h3> <p>CA Information technology <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224604~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224604~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html</a> - ca</p> <p>CB Media</p> <p>CD Postal services</p> <p>CT Telecommunications</p> <p>CZ General information and communications</p>	
<h3>Public Administration, Law, and Justice</h3> <p>BC Central government administration</p> <p>BE Compulsory pension and unemployment insurance</p> <p>BG Law and justice</p> <p>BH Sub-national government administration</p> <p>BK Compulsory health finance</p> <p>BZ General public administration <a href="http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224603~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html">http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20224603~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html</a> - bz</p>	<h3>Education</h3> <p>EL Adult literacy/non-formal education</p> <p>EC Pre-primary education</p> <p>EP Primary education</p> <p>ES Secondary education</p> <p>ET Tertiary education</p> <p>EV Vocational training</p> <p>EZ General education</p>	
	<h3>Finance</h3> <p>FA Banking</p> <p>FK Capital markets</p> <p>FB Non-compulsory health finance</p> <p>FC Housing finance and real estate markets</p> <p>FD Non-compulsory pensions, insurance, and contractual savings</p> <p>FE Micro and SME finance</p> <p>FG Payment systems, securities clearance, and settlement</p> <p>FZ General finance</p>	

## Annex WB 2: How we calculated World Bank contributions to the joint WTO-OECD trade capacity building database

The OECD's suggested calculation of "trade share" proposed that for broader *Trade development* activities (for example those over US\$ 500 000), reporters were invited to estimate the trade share of the activity. If no guidance was available in the project documentation for the calculation of the trade share, reporters were asked to make a broad estimate (i.e. the trade share could be 25%, 50%, 75% or 100%).<sup>1</sup>

### Rules used by World Bank to calculate the Capacity Building component

Code	Focus	rule
ta	Pure technical assistance	100% trade amount
cu	Customs Project	100% TF amount
it	IT Project	100% TF amount
xf	Export promotion or finance	20%(export div + TF+other)
rd	Road with international vocation	5% trade
tr	Transport sector reform	20% trade
rt	Road + road reform	10% trade
Code	International corridor	40%(TF+reg int)
ga	International gateway (port, airport, and accesses)	20% (trade + reg int)
dl	DPL	5% trade

We also used the following conversion for the TCBDB Purpose Codes and the World Bank OPCS theme classification, when appropriate:

OPCS Code	OPCS Theme classification	TCBDB Purpose Codes
45	Export development and competitiveness	→ 33400
46	International financial architecture	→ 240xx
47	Regional Integration	→ 33130
48	Technology diffusion	→ 25013
49	Trade facilitation and market access	→ 33121
50	Other trade and integration	→ .....

1. Recommendation from the Guidance Note, Scope of data collection, reporting format and procedure, and examples – Trade Related Technical Assistance and Capacity Building (TRTA/CB) 2006 Data Collection.

There were some problems with our contribution to the OECD TCDB which may have distorted the final contribution amounts recorded in the database. The bulk of World Bank's support is in IBRD/loan. It is very difficult to identify precisely what is capacity building or not. Previous WB contributions were over inflated since obvious physical components were included, even roads. The OECD demanded a more realistic response and settled for a procedure where we applied designated ratios to the projects' trade content. For instance, about 50% of the trade component of a pure customs project is capacity building, but for a port project, only 20% of the trade component is capacity building.

After spending some time on this, we employed a procedure of applying some arbitrary coefficients to the trade facilitation component in the World Bank project database. The issue was to isolate the capacity building component (soft) from the other hard components. It was virtually impossible to do otherwise, even if we spent weeks in breaking down projects components. The OECD was comfortable with this approach.