



# PARTNER COUNTRY QUESTIONNAIRE ON AID FOR TRADE

This questionnaire is intended to solicit information about the progress made since the last self assessment in 2008. It focuses in particular on the outputs and outcomes of aid-for-trade strategies and programmes to further knowledge sharing.

If you did not answer the self assessment questionnaire in 2008 please complete that questionnaire first. The 2008 questionnaire establishes a baseline concerning how your trade strategy is mainstreamed in your national development strategy.

For further details or additional forms please visit <a href="www.oecd.org/dac/aft/questionnaire">www.oecd.org/dac/aft/questionnaire</a> or contact the secretariats of the OECD [aft.monitoring@oecd.org] or the WTO [aft.monitoring@wto.org].

**COUNTRY: THE REPUBLIC OF INDONESIA** 

MINISTRY/AGENCY (coordinating the self assessment): MINISTRY OF FOREIGN AFFAIRS

A.	YOUR AID-FOR-TI	RADE OBJE	ECTIVES AND	PRIORITIES			
1.	HAVE YOUR AID-	FOR-TRAD	E OBJECTIVES	CHANGED SI	NCE 2008?		
	YES 🗌	1	NO 🛛	NOT S	SURE	NOT AP	PLICABLE
1.1	If YES, please elab	orate on w	hat these cha	nges are:			
	MOST IMPORTANT LESS NOT IMPORTANT IMPORTANT						
Chan	ged trade capacity ne	eds					
Changed focus on:							
• Co	ompetitiveness						
• Po	verty reduction						
• Gr	een growth						
Gender equality							
• Re	gional integration						
Othe	r						
Pleas	e specify:						
2.	HAVE YOUR AID-	FOR-TRAD	E PRIORITIES	CHANGED SII	NCE 2008?		
	YES 🖂	1	NO 🗌	NOT S	SURE 🗌	NOT AP	PLICABLE
2.1	If YES, please indic most common pric three NEW priority	ority areas	grouped acco	rding to broad		•	
		SEC	CTOR				PRIORITY
Trade	policy and regulatio	ns Tra	ade policy analy	sis, negotiatio	ns and Implem	entation	1

	Trade faci	litation		2							
Economic infrastructure	Network i	Network infrastructure (power, water, telecom)  Other transport									
	Other tran	nsport									
	Cross-boro	der Infrastructur	e								
Building productive capacit	ty Competiti	veness									
	Value chai	Value chains									
	Export div	Export diversification 3									
Other	Adjustme	Adjustment costs									
	Regional I	ntegration									
	Other										
<ul> <li>(because of the Environmental Law in 2009)</li> <li>2<sup>nd</sup> priority is trade facilitation.</li> <li>(because OECD countries want to give aid on infrastructure areas and insfratructure qualities of trade)</li> <li>3<sup>rd</sup> priority is export diversification.</li> <li>(because Indonesia want to enlarge export destination and exported product's diversification)</li> <li>2.2 If your aid-for-trade objectives or priorities have changed since 2008, please explain what were the main drivers of these changes?</li> </ul>											
	<u>-</u>	MOST IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT						
The economic crisis											
New development prioritie	es										
Change of government											
Multilateral trade policy ch	anges			$\boxtimes$							
Regional trade policy chan	ges			$\boxtimes$							
National trade policy chang	ges		$\boxtimes$								
Other											
Please specify:			,		'						
3. IF YOUR AID-FOR- MAINSTREAM TH											
YES	NO 🛛		NOT SURE	NOT AF	PPLICABLE						
Please elaborate:											
4. IF YOU HAVE OPE (WITH ACTION PL STRATEGIES TO R OR PRIORITIES?	ANS, TIMELINES	AND BUDGETS	S), DID YOU UP	DATE THESE O							
YES 🗌	NO 🗌	PPLICABLE 🛛									

4.1	I.1 If NOT, are you planning to update these operational strategies with these new objectives or priorities?									
	YES [		NO 🗌		NOT SURE	NO	TAPPLICABLE 🔀			
		·		·		·				
5.			SE NEW AID-FO		BJECTIVES OF	R PRIORITIES	IN YOUR			
	YES 🛚	NO NOT SURE NOT APPLICABLE								
5.1	If NOT, are you planning to include these new objectives or priorities in your national dialogue with donors?									
	YES		NO 🗌		NOT SURE	NOT	APPLICABLE			
FOR	LEAST DE	VELOPED COU	NTRIES							
6.			NTEGRATED FO DRDINATING YO			TEE INVOLVI	ED IN			
	YES [		NO 🗌		NOT SURE	NO	APPLICABLE			
	Are all relevant ministries involved in the EIF process? Please detail: If NOT, what are the reasons?									
6.1	Do dono	ors use the EIF s	tructures to coo	rdinate the s	support they o	ffer?				
	YES [		NO 🗌		NOT SURE	NO	APPLICABLE			
	If YES, to	o what extent a	lo donors:			l.				
				ALWAYS	SOMETIMES	RARELY/NEV	ER NOT SURE			
	he DTIS Ac ogrammin	tion Matrix as a	basis		]					
		ir actions with the r facilitator	ne help of the							
Othe	r									
Pleas	e specify:									
7.			NT OF THE INT AM TRADE INT							
SIGN	IIFICANT	MODERATE	INSIGNIFICANT	TOO EARL	Y TO ASSESS	NOT SURE	NOT APPLICABLE			
7.1		laborate furthe	er on what the E	IF has allowe	ed you to achie	eve now com	pared to before			

### B. AID-FOR-TRADE FINANCING<sup>1</sup>

<sup>&</sup>lt;sup>1</sup> The Aid for Trade Statistical Queries page offers access to aid-for-trade statistics (through the online interface called the <u>Query Wizard for International Development Statistics</u>, or QWIDS). Users can extract and download aid-for-trade statistics from 2002 onwards (i.e. volume, origin, and aid categories for over 150 developing countries and territories, including project-level information). The latest year for which information currently exists is 2008.

8.	8. DO YOU KEEP TRACK OF EXTERNAL CONCESSIONAL FINANCING FLOWS AT THE CENTRAL GOVERNMENT LEVEL?											
	YES 🔀		№ □				NOT S	SURE _				
8.1	If YES, do you use one of the	e following tra	ıcking syste	ms:								
			YES			NO		N	IOT SURE			
Aid N	Nanagement Platform		$\boxtimes$									
Deve	lopment Assistance Database		$\boxtimes$									
Natio	onal accounting system		$\boxtimes$									
Othe	r											
Please specify: With regard to aid management platform, Indonesia has two schemes: Blue Book and Borrowing Strategy; for the development assistance database, Indonesia has Debt Management and Financial Analysis System; the National Accounting System of Indonesia is Central Government Accounting System and Local Government Accounting System that recorded all aid and loan in State Budget scheme.  8.2 If YES, did the volume of external financing for trade-related programmes and projects change since 2008:												
			INCREASE	REN	1AIN	STABLE	DECR	EASE	NOT SURE			
DAC	Donors (see glossary)								$\boxtimes$			
Non	DAC Donors											
South-South Providers						]			$\boxtimes$			
Mult	ilateral donors								$\boxtimes$			
Priva	te Development Assistance (NG	GOs)				]			$\boxtimes$			
8.3	If YES, do you know the sha aid-for-trade flows?	re of different	aid-for-trac	de prov	ider	s in your	overa	ıll				
			> 90%	90-50	)%	50-25%	. <	< 25%	NONE			
DAC	Donors (see glossary)											
Non	DAC Donors											
Sout	h-South Providers											
Mult	ilateral donors											
Priva	te Development Assistance (NG	GOs)										
9.	COMPARED TO YOUR EXPL DO YOU FACE ANY SPECIFI							UNDIN	IG?			
			YES			NO		N	IOT SURE			
DAC	Donors (see glossary)											
Non	DAC Donors								$\boxtimes$			
Sout	h-South Providers								$\boxtimes$			

Multilateral donors	Multilateral donors									
9.1 If YES, please ind	licate which addition	onal challenges	you face:	'						
		MOST IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT					
Eligibility		$\boxtimes$								
Conditionality		$\boxtimes$								
Predictability		$\boxtimes$								
Understanding procedure	es	$\boxtimes$								
Difficulties in designing "	bankable" projects									
Volume of available fund	ling									
Other										
Please define:										
c. How do you in	MPLEMENT YOUR	STRATEGY?								
40 HAS THE ENTITY	( ADD ENTITIES) DE	CDONCIDI E EO	D COODDINAT	INC VOLID AL	D FOR TRADE					
	10. HAS THE ENTITY (OR ENTITIES) RESPONSIBLE FOR COORDINATING YOUR AID-FOR-TRADE ACTIVITIES CHANGED SINCE 2008?									
YES	NO ⊠		NOT SURE	NOT	APPLICABLE					
10.1 If YES, which ent	ity or entities are n	ow overseeing	your aid-for-tr	ade activities?						
Ministry of Trade/										
Sector Ministries	Specify:									
Coordinating Ministry	Specify:									
National Committee	Specify:									
Other	☐ Specify:									
No one										
10.2 If YES, why did the for aid agencies so it is	he changes take plo still difficult to coll		cify: Indonesia	does not have	e a coordinator					
	GUE ON AID FOR THENED SINCE 2008		N YOUR GOVE	ERNMENT AN	D DONORS					
SIGNIFICANTLY	MODERATELY		RARELY/NO	N	OT SURE					
11.1 If YES, please des			negotiate with	the donors; fir	nancing issues -					
	GUE ON AID FOR T BEEN STRENGTHE			ERNMENT AN	D NATIONAL					
SIGNIFICANTLY	MODERATELY		RARELY/NO 🗵	N	OT SURE					
12.1 If YES, please des	scribe and exemplij	fy:								

13. ARE DONORS HARMONISING THEIR SUPPORT BETTER THAN PRIOR TO 2008?								
SIGNIFICANTLY MODERATELY	☐ R	ARELY/NO 🛚	NOT S	URE 🗌				
13.1 How often do donors in your country	coordinate thr	ough:						
	ALWAYS	SOMETIMES	RARELY/NEVER	NOT SURE				
Joint needs assessment								
Co-financing								
Sector-wide approaches								
Joint implementation								
Common monitoring								
Joint evaluation								
Other								
Please elaborate: It is still difficult to ask done program	ors for transpare	ncy expenditure	of funds in each r	unning				
14. HAS THE MONITORING OF YOUR A								
SIGNIFICANTLY MODERATELY	_	RARELY/NO		URE 🔀				
14.1 If YES, please describe how you impr	oved the monit	oring of aid-for	-trade programn	nes:				
15. HAVE DONORS ALIGNED THEIR SUP RELATED PRIORITIES SINCE 2008?	PPORT BETTER	AROUND YOU	R COUNTRY'S T	RADE-				
SIGNIFICANTLY MODERATELY	⊠ F	ARELY/NO 🗌	NOT S	URE 🗌				
15.1 If donor support is better aligned, ple In any loan agreement aspe interests will be prioritized								
15.2 If donor support is less aligned, pleas this trend:	se explain why	and any steps y	ou plan to take t	to reverse				
D. IS AID FOR TRADE WORKING?								
16. HOW DO YOU DEFINE THE SUCCESS	S OF AID FOR T	RADE IN YOUR	COUNTRY?					
	MOST IMPORTA	IMPORTAN' NT	T LESS IMPORTANT	NOT IMPORTANT				
Enhanced understanding of trade								
Increased profile of trade in development stra (mainstreaming)	tegy							
More harmonised and aligned aid-for-trade projects and programmes								
Increased aid-for-trade resources			$\boxtimes$					
Increased exports	Increased exports							

Increased trade				$\boxtimes$	$\boxtimes$					
Diversified exports					$\boxtimes$					
Increased economic growth										
Reduced poverty					$\boxtimes$					
Greater environmental susta		$\boxtimes$								
Greater gender equality					$\boxtimes$					
Other										
Please define:										
17. IN YOUR COUNTRY,	, DID AID FO	OR TRAD	E RES	ULT IN:						
		SIGNIFIC	CANT	MODERA	TE INS	IGNIFIC	CANT	NOT SURE	A	NOT PPLICABLE
Enhanced understanding of t	:rade									
Increased profile of trade in development strategy (mains	Increased profile of trade in development strategy (mainstreaming)									
More harmonised and aligne aid-for-trade programmes										
Increased aid–for-trade reso							$\boxtimes$			
Increased exports					$\boxtimes$					
Increased trade								$\boxtimes$		
Diversified exports								$\boxtimes$		
Increased economic growth								$\boxtimes$		
Reduced poverty								$\boxtimes$		
Greater environmental susta	inability						$\boxtimes$			
Greater gender equality								$\boxtimes$		
Others										
Please define:										
17.1 Please illustrate with approaches and pro	•	-		-	nsuccess	ful ai	d-for-	trade p	roces	5S,
18. IN YOUR COUNTRY COMPLEMENTARY		NDENT I	S THE	SUCCESS	S OF AID	FOR	TRAC	DE ON		
VERY IMPORTANT	SOMEWHAT				OT IMPOR					JRE 🗌
18.1 If important, how do	_									
	VERY IMPOR	RIANT	SOME	WHAT IMP	ORTANT	NOT	IMPO	RTANT	N	OT SURE
Fiscal policies	1 1			$\square$			1 1			1 1

Monetary policies									
Labour market policies									
Regulatory environment		$\boxtimes$							
Governance		$\boxtimes$							
Other									
Please elaborate: The Comp	lementary policies ab	oove are impor	tant but the	ose ar	e not the mos	t decisive			
19. DO YOU DISCUSS COMPLEMENTARY POLICIES IN THE AID FOR TRADE DIALOGUE WITH:									
		YES	SOMETIM	IES	NOT	NOT SURE			
DAC Donors									
Non DAC donors									
South-South Providers									
Multilateral donors			$\boxtimes$						
Your private sector									
Other									
Please elaborate: Indonesia Providers and Multilateral do State Budget									
19.1 Please illustrate the and unsuccessful aid						successful			
20. HOW DOES YOUR G		ESS THE MONI	TORING C	OF TH	E GLOBAL				
POSITIVE 🔀	NEUTRAL	NE	GATIVE		DON'T	KNOW 🗌			
20.1 What do you see as major challenges or areas for improvements: The unclear boundaries of the project or program that are claimed by the donors as aid for trade complicates the process of monitoring mechanism by the recipient country									
21. ARE THERE ANY PARTICULAR EXAMPLES OF YOUR AID-FOR-TRADE PROCESSES, PROGRAMMES OR PROJECTS THAT HAVE OBTAINED GOOD RESULTS OR BAD THAT YOU THINK COULD CONTRIBUTE TO THE DEVELOPMENT OF GOOD PRACTICES? SEE CASE STORY									

22. PLEASE FEEL FREE TO RAISE ANY ISSUE THAT HAS NOT BEEN ADDRESSED IN THIS QUESTIONNAIRE AND THAT YOU CONSIDER WORTHWHILE TO RAISE:

1. DONOR PARTIES CANNOT DISCUSS THEIR PROGRAM IN ORDER TO BE IN LINE WITH THE NATIONAL INTEREST OF THE RECIPIENT COUNTRY

2. OECD NEED TO IMPROVE TRANSPARENCY FOR THE CALCULATIONS OF AID FOR TRADE THAT IS CLAIMED BY THE DONOR PARTIES

#### **EXPLANATORY NOTES**

#### WHAT IS THIS QUESTIONNAIRE ABOUT?

The Task Force on Aid for Trade underscored that all providers and recipients of aid for trade have a responsibility to report on progress and results, and to increase confidence that aid for trade will be delivered and used effectively. Partner countries were invited to report on trade mainstreaming in national development strategies, the formulation of trade strategies, aid-for-trade needs (including national, regional), donor responses, implementation and impact.

The qualitative information is obtained through structured questionnaires tailored to partner countries. Questions are designed to elicit information to the effectiveness of aid for trade. This Questionnaire furthers the analyse and gauges progress made since 2008. It asks about how strategies and priorities have changed, how aid-for-trade financing has evolved, probes implementation issues and solicits your views on whether aid for trade is working.

The questionnaire is being sent to those countries which completed the 2008 Questionnaire which formed the basis of the analysis in the Aid for Trade at a Glance Report 2009. Details of the previous responses to the questionnaire can be found here:

http://www.oecd.org/document/1/0,3343,en 2649 34665 42926849 1 1 1 1,00.html

#### WHO SHOULD RESPOND TO THE QUESTIONNAIRE?

The self-assessment report (including answers to this questionnaire) should represent a whole-of-government view, and not solely a trade ministry perspective. Thus, substantial cross-ministerial cooperation and coordination is likely to be required. In some countries, officials from the Trade Ministry are best placed to coordinate the different inputs from Finance, Agriculture, Transport, Cooperation ministries, *etc*.

In many countries, particularly LDCs participating in the Enhanced Integrated Framework (EIF) process, there are already national processes to discuss and consult on trade policy and integration strategies. These national committees might provide a good forum to discuss the response to the questionnaire. In EIF countries, the focal point is probably best suited to lead the coordination role as this person is already responsible for coordinating the Diagnostic Trade Integration Studies and implementation of the Action Matrix. Remember that the function of the self-assessments is to report to the Global Review the outcome of national processes that address aid dedicated to increasing trade capacity. We would encourage you to use the results of other monitoring and reporting requirements as much as possible.

Because of this diversity, despite our best efforts to send this information to the right people in your country, we are bound to have made mistakes along the way. If you are not the right person, we would be extremely grateful if you could pass on this questionnaire to the best person in your country to coordinate the response.

#### WHEN IS IT DUE?

You should send your response to <a href="mailto:aft.monitoring@oecd.org">aft.monitoring@wto.org</a> by <a href="mailto:31 January">31 January</a> <a href="mailto:2011">2011</a>. This will ensure that your response is included in the next <a href="mailto:OECD-WTO Aid-for-Trade at a Glance">OECD-WTO Aid-for-Trade at a Glance</a> report and is widely available for others to read and be discussed at the next Global Review on Aid for Trade<sup>2</sup>. Your response, in its original language, will also be posted on the dedicated publication website for better transparency and wider viewing.

If you do not meet the deadline, your response won't be included in the analysis of the joint OECD-WTO report to be presented and discussed at the Global Aid-for-Trade review. However it will be posted on a dedicated website which will contain all the responses to the current and the previous round of questionnaires.

See <a href="http://www.wto.org/english/tratop">http://www.wto.org/english/tratop</a> e/devel e/a4t e/global review09 e.htm for information on the 2009 Global Review held in Geneva at the WTO in July 2009

#### WHO CAN HELP ME?

There are a number of technical events being scheduled at the regional level between October 2010 and January 2011 to support this process. If you need further assistance, please feel free to contact the WTO or OECD staff at aft.monitoring@wto.org.

#### THE QUESTIONNAIRE STEP BY STEP

#### A. YOUR AID-FOR-TRADE STRATEGY

The objective of the first section is to assess if and why your strategy or policies have changed since the last questionnaire. It examines the reasons why you may have changed your strategy or priorities and if those changes were integrated (e.g. mainstreamed) in your national development strategy and included in your dialogue with donors. As noted in the previous questionnaire, In many countries, trade strategies are undistinguishable from general competitiveness strategies, particularly those focused on the globalisation of national economies.

Question 1 addresses the issue of changing strategies and the follow up question asks you to elaborate on specific objectives that may have changed. The answer should help you to signal to donors and the wider aidfor-trade community emerging trends and priorities in your strategy as different countries use very different mechanisms to draft and communicate their development plans. This can also help your government to assess whether existing strategies and plans are still relevant or have been overtaken by events. If you have changed your strategy, was this due to an increasing focus by your government on national competitiveness, changed trade capacity needs or due to increasing emphasis on poverty reduction, greener growth, gender equality or regional integration. It would be useful for you to indicate which of these changes were most important, or less so.

**Question 2** asks if your priorities have changed since the first questionnaire and presents a list of possible priorities in Trade Policy and Regulations, Economic Infrastructure and Building Productive Capacity. Countries with unlisted priorities should make full use of the 'other' priorities category. A follow-up question asks about the main drivers for this change of priorities in order of importance. Possible reasons might include the economic crisis, new development priorities, change of government or trade policy changes.

Question 3 asks if changed strategies or priorities have been integrated into your overall development strategies. Responses should show whether you are finding the aid-for-trade concept useful for developing coherent trade strategies that encompass a full range of different activities (from infrastructure building to trade policy training), or whether you prefer developing strategies specific to the sector, type of activity or funding source.

Question 4 asks about whether changes outlined in Question 3 were included in updated strategies for aidfor-trade priorities. If current operational strategies do not include your revised objectives, when do you plan to update?

Question 5 asks if the changes in objectives or priorities were included in recent dialogues with donors.

Questions 6 and 7 are specifically targeted to Least Developed Countries (LDCs) and ask specific questions about the Enhanced Integrated Framework (EIF). The first asks about the involvement of the EIF focal point and committee in overseeing and coordinating your trade agenda. It asks which ministries are involved in the EIF process and whether donors use these structures to coordinate the support they offer. This is followed by a question on the enhancement of the IF and whether this has had an impact on your ability to mainstream. These questions will enable the aid-for-trade community to assess the contribution of the EIF to LDCs with a view to better coordinating with the Aid-for-Trade Initiative

#### B. AID-FOR-TRADE FINANCING

This section asks about how you measure your aid-for-trade flows and how those flows have changed since 2008. Better information on flows at the local level is essential in planning and programming of trade capacity building. The WTO Task Force suggested that aid should be considered aid for trade only if designed to address trade-related challenges identified in national development strategies. We do not expect the majority of partner countries to have in place the necessary systems to identify aid for trade precisely but in those cases would like to know how they account for the aid for trade they receive and if they experience any particular challenges in accessing or measuring aid-for-trade flows compared to other forms of ODA.

**Question 8** tries to understand how partner governments measure and keep track of concessional aid-fortrade flows. If such flows are tracked, what system is used:

- An Aid Management Platform (AMP) is an application designed for use by governments and their development partners, AMP provides information for planning, monitoring, coordinating, tracking and reporting on international aid flows and activities. For more information: <a href="http://www.developmentgateway.org/programs/aid-management-program/aid-management-platform.html">http://www.developmentgateway.org/programs/aid-management-program/aid-management-platform.html</a>
- A Development Assistance database is a web-based Aid Information Management System which involves information collection, tracking, analysis and planning tool for use by national governments and the broader assistance community, including bilateral donors, international organisations, and NGOs
- National accounting systems based on compiling all inflows of aid to the Finance Ministries, semi-governmental agencies, line ministries and associations.

Question 8.2 asks about the changes of aid-for-trade flows since 2008, according to your best estimates did flows increase or decrease? Question 8.3 asks about the relative performance of donors and providers of South-South cooperation.

Question 9 looks at whether the issues around aid-for-trade are different from those affecting generic ODA and aid to other sectors. Is aid for trade different in the way it is allocated by bilateral and multilateral donors, or South-South providers? A follow up question for those who do experience particular issues with aid for trade delivery can specify in 10.1 what the specific issues are: eligibility, conditionality, predictability etc.

#### C. HOW DO YOU IMPLEMENT YOUR STRATEGY?

The objective of this section is twofold: i.) to find out how your aid-for-trade strategy is implemented, by which entity, involving dialogue with which stakeholders and ii.) to assess and encourage progress in the application of aid effectiveness principles on aid for trade. Designing and implementing aid for trade strategies requires the involvement of actors across local and national government, the private sector and civil society as well as donors. How well are donors aligning and harmonizing their aid-for-trade projects? We do not want to duplicate the monitoring exercise of the Paris Declaration, but to ensure that the progress made in applying the aid effectiveness principles is benefiting trade as much as other sectors.

Question 10 asks about which entity is responsible for coordinating your aid-for-trade activities and whether this has changed since 2008. As noted above aid for trade requires the involvement of many governmental and non-governmental stakeholders but which body is responsible for coordination? This may be the Ministry of Trade or another Ministry or a specific National Committee. If a change took place it would be useful to indicate why to determine if practices are shifting and why.

Question 11 introduces dialogue on aid for trade and asks you to assess if your dialogue with donors has improved since 2008. If there have been changes, we would like to know more about what happened during this period to bring on this change.

**Question 12** goes deeper into the issue of dialogue, this time between government and national stakeholders. Have these changed since 2008. If so how and why?

Question 13 begins looking at aid effectiveness issues starting with harmonisation. In the Paris Declaration donors committed to streamline and harmonise their policies, procedures, and practices; intensify delegated cooperation and increase the flexibility of country-based staff to manage country programmes and projects more effectively. This question asks if donors are doing this more effectively compared to 2008. It goes on to ask about specific coordination mechanisms such as joint needs assessments, co-financing arrangements and joint implementation and evaluation.

Question 14 asks about your Government's monitoring systems for aid for trade. We are aware that many partner countries won't have set up independent monitoring processes for externally financed programmes, and that joint approaches with donors are not very common. At the same time, progress in this area is essential to foster mutual accountability and to increase aid effectiveness. We hope the question will encourage you to take stock of the situation in your country, and that your answer will help us to identify the most common forms of monitoring systems in partner countries and encourage progress in this area. So, please feel free to expand your response to include the challenges your government encounters or has encountered in establishing monitoring systems.

Question 15 looks at the issue of alignment. Donors have committed to align their development assistance with the development priorities and results-oriented strategies set out by the partner country. In delivering this assistance, donors will progressively depend on partner countries' own systems, providing capacity-building support to improve these systems, rather than establishing parallel systems of their own. Are donors making progress towards this objective in aid for trade. If they are, please describe how this was accomplished and if donor support is less aligned please explain why where possible and outline any steps that might reverse this.

#### D. IS AID FOR TRADE WORKING?

The final section of the questionnaire looks at how partner countries define success of aid for trade, the degree to which complementary policies are considered and the quality and importance of global monitoring in an attempt to determine if aid for trade is working. It also gives partner countries an opportunity to elaborate on issues of importance to them that may not have been raised in this questionnaire.

Question 16 asks how you define success in aid for trade. What are you looking to achieve through your plans, strategies aided by donor support? Aid for trade can have multiple outcomes or impacts. The Aid for Trade Task Force defined aid for trade as whatever the partner countries consider trade

Question 17 asks about the results you achieved? From your perspective, what impact has aid for trade had in your country. Did the aid-for-trade process lead to enhanced understanding and increased profile of trade or did it help you to increase trade, growth and reduce poverty. Please explain why or why not you achieved these objectives with examples of both successful and unsuccessful aid-for-trade processes, approaches and programmes.

Question 18 introduces the issue of complementary policies. Aid for trade will be more effective, and its impact on trade and economic growth larger, if it is used in a supportive environment in terms of regulations, taxes, labour market policies etc. Policymakers need to be aware of the importance of these complementary policies and this question asks you to outline how dependent aid-for-trade outcomes and impacts are on these policies. Question 18.1 asks which complementary policies matter most in your experience? Question 18.2 asks if you discuss these policies with DAC donors, non-DAC donors, South-South providers and multilateral donors. Question 18.3 asks for examples which illustrate the importance of complementary policies with examples of successful and unsuccessful aid-for-trade processes, approaches and programmes.

Question 19 asks about the quality of the monitoring by OECD and WTO of the Aid-for-Trade Initiative. Since 2006 OECD has taken a lead in monitoring aid for trade through a range of quantitative and qualitative instruments including tracking flows through the Creditor Reporting System, self-assessment by donors and partner countries through specified questionnaires and case stories which expand the monitoring into looking at outcomes and impacts. Respondents also have an opportunity to flag areas of particular concern which require improvement.

Question 20 asks you to share a concrete example of good practice. Good examples of aid-for-trade projects and programmes exist in many countries, from institutional processes which are particularly successful at engaging with the private sector, to regional initiatives, infrastructure projects or trade facilitation reforms. This body of experience could be extremely helpful to other developing countries facing similar challenges. If you have a good example in your country that you think might be useful to others, please explain the objectives of the programme or project, its main characteristics, why it worked well, and provide a list of additional materials and/or contacts for those interested in further information.

Question 21 gives you an opportunity to raise any issue you feel is important but not addressed directly in the questionnaire. The questionnaire is a tool with which you can outline and describe the issues that are important for you. They are designed to encompass very different countries with different challenges and approaches. Thus the questionnaire needs to be flexible enough to accommodate these differences. This question provides this opportunity and gives you a chance to introduce relevant issues or explore areas that you feel did not get adequate coverage. In addition you are encouraged to expand on any topic you feel would be of interest to the wider aid-for-trade community through a case story. Details on this can be found here: www.oecd.org/dac/aft/casestories

#### **GLOSSARY**

#### **Action Matrix**

The outcome of the Enhanced Integrated Framework trade needs assessment. It is a summary list of recommendations and follow-up measures coming out of the Diagnostic Trade Integration Study and validation workshop.

#### **Additionality**

Additional aid for trade is aid increases that do not crowd out other aid flows, such as aid to health and education, but rather, reflect increases in total sector allocable development aid.

#### **Aid Activity**

Aid activities include projects and programmes, cash transfers, deliveries of goods, training courses, research projects, debt relief operations and contributions to non-governmental organisations.

#### **Aid for Trade**

The WTO Task Force on Aid for Trade states that Aid for Trade is about assisting developing countries to increase exports of goods and services, to integrate into the multilateral trading system, and to benefit from liberalized trade and increased market access. It proposes to break down Aid for Trade into six categories:

- a. Trade policy and regulations, including: training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards.
- b. Trade development, including: investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.
- c. Trade-related infrastructure: transport and storage, energy, and telecommunications.
- d. Building productive capacity.
- e. Trade-related adjustment, including supporting developing countries to put in place accompanying measures that assist them to benefit from liberalized trade.
- f. Other trade-related needs.

#### **Alignment**

One of the Paris Declaration's five main principles on Aid Effectiveness. Donors will align their development assistance with the development priorities and results-oriented strategies set out by the partner country. In delivering this assistance, donors will progressively depend on partner countries' own systems, providing capacity-building support to improve these systems, rather than establishing parallel systems of their own. Partner countries will undertake the necessary reforms that would enable donors to rely on their country systems.

### Creditor Reporting System (CRS)

The OECD CRS aid activity database covers bilateral and multilateral donors' aid and other resource flows to developing countries. The objective of the CRS is to provide a set of readily available basic data that enables analysis on where aid goes, what purposes it serves and what policies it aims to implement, on a comparable basis for all DAC members. The CRS provides detailed information on individual aid activities, such as sectors, countries, project descriptions etc. Three main CRS categories are used as proxies to track Aid-for-Trade volumes: (1) trade policy and regulations; (2) economic infrastructure (energy, transport & communications); and (3) building productive capacity. From 2008 onwards, a new CRS category will track aid to "trade-related adjustment". The database has free access. For more information, follow this link.

Diagnostic Trade Integration Studies (DTIS) Evaluation of internal and external constraints to a country's integration in the global trading system. An action matrix is developed as a result of the study to facilitate cooperation with the government, donors, and the private sector. Refer to the Enhanced Integrated Framework for more information.

Enhanced Integrated Framework (EIF), formerly Integrated Framework (IF) The Enhanced IF (EIF) is an international initiative through which the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Program (UNDP), the World Bank (WB) and the World Trade Organization (WTO) combine their efforts with those of Least-Developed Countries (LDCs) and bilateral and multilateral development partners to respond to the trade development needs of LDCs. The Integrated framework was launched in 1997 and to date, up to 46 LDCs of a total of 49 have become beneficiaries. The IF process is comprised of four-parts: (1) Awareness building; (2) Diagnostic for a Trade Integration Strategy or DTIS; (3) Plan integration into the national development strategy; and (4) Plan implementation.

#### **Evaluation**

The systematic and objective assessment of an on-going or completed project, programme or policy, specifically its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision—making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program. An assessment, as systematic and objective as possible, of a planned, on-going, or completed development intervention. Note: Evaluation in some instances involves the definition of appropriate standards, the examination of performance against those standards, an assessment of actual and expected results and the identification of relevant lessons.

#### **Harmonisation**

One of the Paris Declaration's five main principles on Aid Effectiveness. Donors will implement good practice principles in development assistance delivery. They will streamline and harmonise their policies, procedures, and practices; intensify delegated cooperation; increase the flexibility of country-based staff to manage country programmes and projects more effectively; and develop incentives within their agencies to foster management and staff recognition of the benefits of harmonisation.

Mainstreaming = "to bring into the main stream"

Mainstreaming means to introduce a certain way of thinking and acting into the mainstream – in all kinds of programs and measures – and to let it develop into a natural behaviour in order to penetrate and change the "mainstream". Mainstreaming in the trade context means to integrate a trade perspective in all economic development programmes and strategies, so that considerations about external trade interactions with the domestic economy are integrated in the design of all projects and activities in a way that contributes to the country's capacity to benefit from trade integration.

#### **Managing for Results**

One of the Paris Declaration's five main principles on Aid Effectiveness. Partner countries will embrace the principles of managing for results, starting with their own results-oriented strategies and continuing to focus on results at all stages of the development cycle – from planning through implementation to evaluation. Donors will rely on and support partner countries' own priorities, objectives, and results, and work in coordination with other donors to strengthen partner countries' institutions, systems, and capabilities to plan and implement projects and programmes, report on results, and evaluate their development processes and outcomes (avoiding parallel donor-driven mechanisms).

#### **Monitoring**

A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

### Official Development Finance (ODF)

Used in measuring the inflow of resources to recipient countries: includes (a) bilateral ODA, (b) grants and concessional and non-concessional development lending by multilateral financial institutions, and (c) Other Official Flows for development purposes (including refinancing Loans) which have too low a grant element to qualify as ODA.

### Official Development Assistance (ODA)

Grants or Loans to countries and territories on the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a grant element of at least 25 per cent]. In addition to financial flows, Technical Co-operation (q.v.) is included in aid. Grants, loans and credits for military purposes are excluded. The DAC List of Aid Recipients includes all low and middle income countries, except those that are members of the G8 or the European Union (including countries with a firm date for EU admission).

### Other Official Flows (OOF)

Transactions by the official sector with countries on the List of Aid Recipients which do not meet the conditions for eligibility as Official Development Assistance or Official Aid, either because they are not primarily aimed at development, or because they have a Grant Element of less than 25 per cent

#### **Ownership**

One of the Paris Declaration's five main principles on Aid Effectiveness. The development community will respect the right – and responsibility – of the partner country to exercise effective leadership over its development policies and strategies, and coordinate development actions.

#### **WTO Global Review**

The Global Aid-for-Trade Review on 20-21 November 2007 was the focal point of WTO's monitoring mandate for 2007. The Global Aid-for-Trade Review had three objectives: to take stock of what is happening on Aid for Trade; to identify what should happen next; and to improve WTO monitoring and evaluation. The next Global Review is scheduled to take place in Spring 2009, and will again review the process made in implementing the Aid-for-Trade Initiative, including through an analysis of global flows, and donors and partner countries' self-assessments.

## WTO Task Force on Aid for Trade

As a result of the Hong Kong Ministerial Conference, Director General-Lamy created a task force to provide recommendations on how to operationalise the Aid-for-Trade initiative and ensure it contributes most effectively to the development dimension of the Doha Development Agenda. The Task Force consisted of 13 WTO Member countries, in alphabetical order: Barbados, Brazil, Canada, China, Colombia, the European Union, Japan, India, Thailand, the United States, and the coordinators of the ACP, African and LDC Groups. The Permanent Representative of Sweden, ambassador Mia Horn Af Rantzien, chaired it ad personam. In July 2006, the Task force delivered its recommendations (WT/AFT/1), which were endorsed by the WTO General Council on 10 October.