

IMF

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 IMF does not have an explicit aid-for-trade strategy. The Fund is a financial institution that, in accordance with its mandate, promotes global financial stability and orderly exchange arrangements. It does not finance individual projects in member countries. Nonetheless, as one of the six multilateral institutions participating in the Integrated Framework, the Fund provides an active support to help countries take full advantage of the opportunities provided by international trade.

Fund activities related to aid-for-trade include technical assistance, Fund financial support, and policy advice. The Fund's technical assistance on trade centers on tariff and customs reform and, where needed, the design of overall tax reforms to compensate for revenue losses from trade liberalization. The Fund has also been active in the area of trade facilitation, notably on the modernization of customs administration. In the area of financial support, the Fund provides financing under its regular facilities to help address the overall balance of payments needs resulting from adjustment to trade-related reforms. In addition, the Fund has developed two instruments that can be tailored specifically to trade liberalization, notably the Trade Integration Mechanism (TIM) and Exogenous Shocks Facility (ESF). Fund also provides research and diagnostic analyses on trade issues. These feature prominently in Article IV consultations and policy discussions surrounding Fund-supported programs. In the context of the Enhanced Integrated Framework, the Fund maintains strong relations with bilateral donors and other international agencies to help least developed countries identify and implement policies and projects that facilitate their integration into the global trading system.

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

The Fund's aid-for-trade strategy has been largely unchanged since the December 2005 Ministerial. The Fund and the World Bank have jointly presented the progress report "Doha Development Report and Aid for Trade" to the Development Committee in September 2006. In addition, the Exogenous Shocks Facility, which was developed in 2005, became operational in early 2006.

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

As an organization not involved in financing development projects, the Fund does not generally face the regional aid-for-trade challenges encountered by a development agency. However, the Fund is actively engaged in fostering dialogue at the regional level, such as the high-level policy dialogue with the Caribbean countries on the implications of the preference erosion, discussion on regional integration in the Maghreb, and on trade policy in Central Asian Regional Economic Cooperation countries (CAREC).

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 Fund has two financing instruments that can be tailored specifically to trade liberalization. The first one, the TIM, was set up to stand ready to assist countries with balance of payments needs following liberalization. The TIM allows augmenting access to Fund resources under regular Fund facilities to cover balance of payments shortfalls arising from trade liberalization by other countries. The second instrument, the ESF, became operational in early 2006 and can be used to provide concessional financing to low-income members affected by trade or other exogenous shocks. However, no member country has yet made use of this facility. See also response to Q1.

METHODOLOGY

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

As noted above, financing individual projects is outside the Fund's activity area. The financing available under the Fund's regular facilities depends on the macroeconomic assessment of country's balance of payments needs. Similarly, access under these facilities, including any additional amounts under the TIM, is determined by the expected shortfall in the member's balance of payments. See also response to Q1.

COMMITMENTS

6. *According to your aid-for-trade definition, what were your commitments by category for the period 2002-2005 and in particular for 2005?*

In 2002-05, the Fund approved augmentations under the TIM for Bangladesh and Dominican Republic amounting to SDR 129 million (about US\$190 million), of which SDR 22 million was approved for the Dominican Republic in 2005. In 2006, Madagascar requested the activation of the mechanism for the amount of SDR 12 million, bringing the total approved financing to SDR 141 million, of which SDR 55 million (about US\$80 million) has been disbursed as of August 2007.

Regarding trade-related technical assistance, the Fund mounted 105 missions in 2002-05, 37 of which were to least developed countries. Over the same period, the Fund delivered 160 months of technical assistance by short-term experts, of which 52 months were provided to 12 different LDCs. In fiscal year 2005 (May 2004-April 2005), the total number of trade-related missions was 24, of which 8 were to LDCs; expert months totalled 22.5, of which 8.5 months were to 3 different LDCs.

PLEDGES

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

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

(For questions 7 and 8): The Fund responds to member's balance of payments needs and problems as they arise. It does not make pledges or reserve special funds.

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?

Fund financial operations are undertaken in response to balance of payments needs or problems in our member countries, which may be related to trade liberalization or other trade-related shocks. It also stands ready to help countries to identify and address trade-related vulnerabilities and to design policies to maximize the benefits from trade liberalization.

Technical assistance is provided at the specific request of Fund member countries. Generally members seek the Fund's advice on the development of tax and customs reform strategies related to their national development plans, or on particular areas of tax and customs administration that are of concern to the authorities. Technical assistance delivered by the Fund's short-term experts is generally directed to helping the authorities to implement strategically important elements of their reform plans. In addition, similar technical assistance is delivered by six regional centers (RTACs) which have been established to work closely with countries on tax and customs reforms on both a national and, where appropriate, regional basis.

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

Trade-related technical assistance is delivered by Fund and contracted staff who are technical subject matter experts.

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?

Fund staff would encourage countries to integrate trade policies into their PRSs, and to explore the potential benefits to growth and poverty reduction that could result from trade liberalization, especially when undertaken on a non-discriminatory (MFN) basis through unilateral reforms or as a result of multilateral negotiations. Staff would assist the authorities in assessing and dealing with the economy-wide impact of such reforms, including with respect to their revenue effects and, with the World Bank, would discuss issues of timing and sequencing of trade reforms from this perspective. The Fund would encourage the incorporation in PRSs of recommendations from the Integrated Framework's country-specific Diagnostic Trade Integration Studies that fall in areas relevant to the Fund's work.

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

See responses to questions 9 and 11.

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?

Fund financial arrangements, including those responding to trade-related balance of payments needs and problems, are aligned with national developments strategies and budgets to the extent possible given the contents of the strategies and plans. A member country's Fund-supported program may include additional measures needed to achieve the goals of the program.

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?

Fund financial programs and policy advice on macroeconomic frameworks are discussed, inter alia, with the World Bank, other multilateral financial institutions, and bilateral donors to ensure consistency between macroeconomic framework (that underpins the national budget and Fund-supported program) and creditors' and donors' plans. Coordination issues may also arise in the context of Fund provision of technical assistance and capacity building. However, as the Fund does not lend for specific projects, questions of coordination on analyses or funding of specific projects do not generally arise.

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?)

See answer to questions 7 and 8.

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?

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

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

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

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?

(Questions 16 through 19): The Fund evaluates programs and policy advice on an ongoing basis through policy papers and reviews prepared by Fund staff for the IMF Executive Board. Furthermore, the Fund's Independent Evaluation Office (IEO) also provides evaluations to the Executive Board and an IEO evaluation of the Fund's approach to international trade issues is currently underway. Finally, the Fund also arranges for high-level external reviews of important issues or policies on an ad hoc basis, as was done in the recent case of the report of the External Review Committee on Bank-Fund Collaboration (the Malan report). However, as noted above, the Fund does not finance specific aid-for-trade projects, and no evaluations specifically focused on aid-for-trade are planned.

Aid-for-Trade Proxies		ODA commitments: US\$ thousands, 2004 constant prices				
Agency	IMF					
TCB Code	CRS code	2002	2003	2004	2005	2006
	33121		1792	1411		
	33123	61			12614	1875
	51010				156470	32316
						16852