

# DONOR QUESTIONNAIRE ON AID FOR TRADE

## 1 WHAT IS YOUR AID FOR TRADE STRATEGY?

**Q1.1 Do you have an operational Aid for Trade strategy? Does it have a “pro-poor” focus? What are its key objectives and delivery/implementation modes?** (Please break down by types of aid: "multilateral contributions" / "trust funds" / "budget support" / "other bilateral")

*Please describe and exemplify. If applicable, feel free to refer to your 2007 response.*

The Inter-American Development Bank (IDB) has built a solid track record in trade-related capacity building in Latin America and the Caribbean (LAC), developing both country-focused and region-wide approaches to the provision of such assistance. Since the foundation of the Bank, traditional lending, technical assistance and non-financial instruments have been employed to support the very elements of what is perceived today as the Aid for Trade (Aft) agenda: including trade-related capacity building and development such as export promotion and trade finance; strengthening trade-related infrastructure in transport, energy and communications, and other productive supply-side capacities to benefit from freer trade; and support for trade-related adjustment programs such as social safety nets and worker retraining.

The main core-budget support instruments to serve clients in trade-related matters are: a) the Trade Sector Facility that provides fast track approval for ordinary and concessional loans to strengthen trade-related capacity; b) the Facilitation of International Trade and Investment project cluster of the Multilateral Investment Fund that strives to foster greater participation of smaller enterprises in international trade and investment; c) regular Lending Program on Trade and Integration which allows to craft single loan operations to address trade and integration related issues, including the transition to freer trade; d) the International Trade Finance Reactivation Program aimed at supporting the availability of trade finance; e) the Regional Public Goods Initiative aimed to support the development of goods, services, rules systems, or policy regimes that generate shared benefits for participating countries; and f) regular Technical Cooperation (national and regional) which provides non-reimbursing financial and technical assistance to member countries to address trade and integration related challenges.

The IDB also administers trust fund instruments to facilitate the trade and integration agenda, including: a) the IDB-Canada Trade Fund, since 2003 provides trade-related capacity building to relevant institutions; b) the Aid for Trade Strategic Thematic Fund, newly approved, strengthens public and private sector capacity for integration into the global economy and to benefit from liberalized market access; and c) the Trade and Poverty Trust Fund, established in 2005, supports analysis of the distributional effects of trade integration, and the implementation of pro-poor trade and integration strategies, policies and instruments. The latter is aligned with the objectives of the Bank-wide Opportunities for the Majority Initiative, which promotes and finances emerging business models that engage private sector companies, local governments and communities in the development and delivery of quality products and services, the creation of employment, and the participation of low-income producers and consumers in the formal economy.

**Q1.2 If your Aid for Trade Strategy has evolved since 2007, please describe the changes and/or new focuses.**

*Please describe and exemplify.*

The IDB has implemented a realignment process to adapt to changing global economic conditions and new opportunities and challenges that the Bank faces in supporting the region. Under the Bank's new structure, the Aid for Trade initiative is governed by the newly created Integration and Trade Sector (INT) in the Vice

Presidency for Sectors and Knowledge. INT's core mandate is to lead the integration and trade agenda, creating a responsibility to generate and disseminate the best and most current knowledge in this sector, and to translate this knowledge into effective programs and operations.

The Integration and Trade Sector is guided by five strategic objectives: a) advance the frontiers of knowledge on trade and integration to build in-house expertise and provide a high quality product to Bank clients; b) mainstream trade and integration into the region's development agenda, assisting LAC countries to design and implement effective policy tools for economic growth, competitiveness and poverty reduction; c) mainstream trade and integration into Bank operations and products to facilitate effective delivery; d) develop new products, particularly region-wide approaches addressing the growing number of cross-border cooperation initiatives; and e) strengthen inter-institutional collaboration to increase development effectiveness. The activities of the Integration and Trade Sector are complemented and strengthened by the field-based Institute for the Integration of Latin America and the Caribbean (INTAL).

**Q1.3 Have you articulated a set of best practices in the design and/or delivery of Aid for Trade?**

Yes

No

Not sure/Not applicable

**If yes, what form does this best practice guidance take?**

*Please describe and exemplify.*

The IDB's Integration and Trade Sector, in collaboration with the World Trade Organization organized the meeting "Mobilizing Aid for Trade: Focus Latin America and the Caribbean" in September 2007. This conference hosted by the Government of Peru brought together stakeholders from finance and trade ministries, senior donor representatives, regional institutions and private sector actors around a table to discuss trade matters. This collaboration has identified four areas of consensus related to the modalities of delivery of AfT in the region: a) AfT is a priority in LAC development agendas and the IDB has a comparative advantage in mobilizing and channeling donor's resources to meet unsatisfied demand; b) private sector development is a key strategic goal of the AfT initiative in the region given that some LAC economies are small and cannot promote the development of a vibrant private sector without also facilitating their integration into the global economy; c) there is a need to tap into economies of scale and regional synergies, since priorities are often regional in nature; and d) AfT should be delivered according to the principles of the Paris Declaration on Aid Effectiveness.

Moreover, in the context of recent regional and national Aid for Trade Reviews that are taking place in the region, the Bank has encouraged and contributed to the development of new methodologies to diagnose and address main supply-side constraints that are impeding countries to benefit from trade liberalization.

The effort to move towards best practices in the design and/or delivery of aid is also prevalent at the Bank-wide level. The IDB recently approved a New Framework for Technical Cooperation aimed at increasing the effectiveness of delivery of technical cooperation to client countries. With its focus on results, the new framework allows the Bank to have a greater impact per intervention and greater accountability to its donors and partners.

**2 HOW MUCH AID FOR TRADE DO YOU PROVIDE?**

*For CRS Reporting Donors*

**Q2.1 Does the attached CRS profile accurately reflect the volume of your Aid for Trade?**

Yes

No

**If no, please provide further details of your Aid for Trade activities for 2006 and 2007.**

*Please add any data that are missing in their appropriate CRS categories, including those activities that should be considered as Aid for Trade under the category of "Other Trade-related Needs" and describe, if applicable, the method used to identify trade-related activities in the relevant CRS categories. Please also provide any activities that may fall under the new category of "Trade-related Adjustment" for 2006.*

**For non-CRS Reporting Donors**

**Q2.1 How much Aid for Trade did you provide in each of 2006 and 2007?  
Please also indicate the volume as percentage share of your total ODA.**

*Please use the WTO Task Force definition and include estimates of the value of in-kind Aid for Trade such as technical cooperation programmes.*

**For All Donor Agencies**

**Q2.2 Do you have indicative forward spending plans that include estimates on Aid for Trade?**

Yes

No

Not sure/Not applicable

**If yes, please provide details of your indicative forward Aid for Trade spending plan.**

*Please delineate the plan per Aid for Trade category.*

As stated in the previous questionnaire, the IDB lending and technical assistance plan is driven by the demand of client countries. The Country and Regional strategies of the Bank systematically address issues related with the trade and integration agendas of client countries. The specific mix of lending, technical assistance and non-financial products proposed to client countries depends on the importance of trade-related issues in national development strategies.

**For Donors who had made Aid for Trade pledges**

**Q2.3 Please describe how you are meeting your pledges? And how much progress in delivering your final pledges do you expect to have made in 2008 and 2009?**

Please provide details and evidence in accordance with your accountability mechanism.

N/A

**For Multilateral Donors**

**Q2.4 Please describe how funding for your Aid for Trade activities is evolving**  
[e.g. share of activities funded from your agency's core (regular budget) vs. non-core (earmarked) resources, including multi-donor funds; likely trends in these categories].

Please describe.

For the purpose of addressing this question, the universe of Aid for Trade activities is defined as concessional loans and grants financed through the IDB's core budget and non-core resources. Since 2005, roughly 93 percent of Aid for Trade activity has been financed through the Bank's core budget, while 7 percent has been financed through non-core earmarked resources, predominantly trust funds. While there has been no marked evolution towards core or non-core resources in the past few years, the approval of an Aid for Trade Strategic Thematic Fund may boost trust fund activity in the trade area. This instrument is a multidonor and strategic thematic trust fund designed to provide an operational framework for the implementation of aid for trade priorities in the region, allow donors an opportunity to meet standing commitments with increased development effectiveness, and give recipients access to operational instruments that meet expectations in terms of ownership, focus and delivery modalities. The fund will focus on four areas of activity: a) trade policy, negotiation and implementation of agreements; b) trade facilitation and private sector development; c) "soft" trade-related infrastructure; and d) trade-related adjustment.

***Please feel free to provide any other relevant information in relation to the volume of your Aid for Trade.***

### 3 IMPLEMENTATION: HOW ARE YOU DELIVERING AID FOR TRADE?

#### Mainstreaming and Ownership

##### **Q3.1 What measures have you undertaken to mainstream Aid for Trade in your overall assistance strategy?**

*Please describe and exemplify.*

The primary measure undertaken to mainstream Aid for Trade in the Bank's overall assistance strategy has been the creation of the Integration and Trade Sector (INT) during the realignment process. The Integration and Trade Sector leads the IDB's integration and trade agenda with a strategic objective to mainstream trade and integration into the region's development agenda, assisting countries in the region to design and implement effective policy tools for economic growth, competitiveness and poverty reduction, and to mainstream trade and integration into Bank operations and products to facilitate effective delivery. The realignment process has enhanced INT coordination with other Sectors at the Bank to develop comprehensive aid for trade programs such as trade finance, adjustment and social programs, trade-related infrastructure and trade facilitation, among others. Through the Integration and Trade Sector, the Bank is in an excellent position to provide the countries of the region with the technical and financial assistance needed to successfully mainstream Aid for Trade into their development agendas.

##### **Q3.2 In how many of the partner countries you support, are Aid for Trade concerns an important part of your policy dialogue with them (based on your best estimate)?**

- |  |                                     |                                     |   |  |
|--|-------------------------------------|-------------------------------------|---|--|
| <input type="checkbox"/> less than 25% | <input type="checkbox"/> 25% to 50% | <input type="checkbox"/> 50% to 75% | <input checked="" type="checkbox"/> above 75% | <input type="checkbox"/> Not sure / Not applicable |
|--|-------------------------------------|-------------------------------------|---|--|

##### **Q3.3 How many of your country assistance strategies contain trade or Aid for Trade elements (based on your best estimate)?**

<input type="checkbox"/> less than 25%	<input type="checkbox"/> 25% to 50%	<input type="checkbox"/> 50% to 75%	<input checked="" type="checkbox"/> above 75%	<input type="checkbox"/> Not sure / Not applicable
<b>Q3.4 Has demand for Aid for Trade increased from partner countries since 2005?</b>				
<input type="checkbox"/> Significantly increased	<input checked="" type="checkbox"/> Increased	<input type="checkbox"/> Little / no change	<input type="checkbox"/> Declined	<input type="checkbox"/> Not sure / Not applicable

**If increased, from which countries / regions, and for which Aid for Trade categories / sectors?**

*Please describe and exemplify.*

Trade liberalization has been at the forefront of structural reforms in Latin America and the Caribbean over the last two decades. A move towards deeper and wider trade integration in the region has increased the demand for trade-related assistance and capacity building. The IDB has determined that the region suffers from a significant gap between the demand and supply of Aid for Trade, and as a result, has taken several strengthening measures such as increasing aid resources and coordination among donors via an increased regional technical cooperation program on trade related matters, which includes a newly proposed Aid for Trade Fund; and strengthening in-house expertise in the newly mandated Integration and Trade Sector.

**If increased, what steps have you taken to strengthen your capacity to respond to increasing demand for Aid for Trade from partner countries? Tick the box of all that apply:**

<input type="checkbox"/>	Increased aid resources
<input type="checkbox"/>	Strengthened in-house trade expertise
<input type="checkbox"/>	Improved training, tool-kits and/or guidelines for Aid for Trade programming
<input type="checkbox"/>	Increased awareness among policy-makers and practitioners at the HQ and the field
<input type="checkbox"/>	Strengthened political commitment
<input type="checkbox"/>	Increased coordination among donors (e.g. joint assessment, joint delivery, etc.)
<input type="checkbox"/>	<i>Please feel free to add other steps you have taken</i>

***Please feel free to provide any other relevant information in relation to mainstreaming and ownership.***

#### **Working with Others: Harmonisation and Alignment**

<b>Q3.5 In how many of the partner countries you support, have you contributed to the following joint donor initiatives?</b>			
	< 10%	10-30%	> 30%
Joint needs assessment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Joint Aid for Trade strategy formulation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint Aid for Trade programme	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint monitoring and evaluation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delegated cooperation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q3.6 Do you have a specific approach to South-South and/or trilateral cooperation in Aid for Trade?**

Yes       No       Not sure/Not applicable

**If yes, what are its key elements or particular focuses?**

*Please describe and exemplify.*

Some Latin American countries are strategic and important providers of south-south technical cooperation in the region. In the context of the Aid for Trade Initiative, some of those countries have approached the Bank to explore ways to enhance and monitor such cooperation. The Bank is currently working with those countries to establish an institutional framework to strengthen and monitor south-south cooperation in Latin America and the Caribbean.

**Q3.7 How much of your Aid for Trade is aligned with your partners' country systems (based on your best estimate)?**

less than 25%       25% to 50%       50% to 75%       above 75%       Not sure / Not applicable

*Please feel free to provide any other relevant information in relation to harmonisation and alignment.*

As stated in the 2007 response, IDB lending and technical assistance operations are demand driven and systematically use policy planning and budget frameworks of client countries. Only a reduced number of small technical assistance project financed with grant resources are executed outside of this framework. Moreover, under the New Framework for Technical Cooperation recently approved, new guidelines and procedures have been established to ensure technical cooperation is aligned to national country strategies as well as regional programming.

## 4 MONITORING RESULTS, EVALUATION AND MUTUAL ACCOUNTABILITY

**Q4.1 Does your Strategy include specific monitoring and evaluation guidelines for Aid for Trade programmes?**

Specific to Aid for Trade       Generic guidelines

**If you do have specific guidelines, please provide the details of your Aid for Trade M&E framework. How often do you review progress towards your strategy objectives? Who do you report to?**

*Please describe and exemplify.*

The IDB has been fully supportive of the Aid for Trade initiative since the creation of the WTO Aid for Trade Task Force in February 2006. The Integration and Trade Sector has identified the Aid for Trade initiative as a strategic priority and is focused on establishing monitoring and evaluation frameworks to ensure management for results. An identified task is the development of key indicators to monitor the Bank's Aid for Trade strategy.

**Q4.2 Do you regularly monitor the potential trade impact of your aid projects / programmes?**

Yes  No  Not sure/Not applicable

**If yes, please describe how.**

*Please describe and exemplify.*

As stated in the previous questionnaire, the Office of Evaluation and Oversight (OVE) is responsible for conducting Country Program evaluations; policy, strategy, thematic and instrument evaluations; and oversee the Bank's internal monitoring and evaluation system, processes and instruments. OVE also conducts oversight reviews of corporate strategy, processes and instruments; provides normative guidance on evaluation issues; and contributes to evaluation capacity building in the region. It also conducts ex-post project evaluations. OVE recently concluded an evaluation of IDB action in two important Aid for Trade related initiatives: the Initiative for Integration of Regional Infrastructure in South America (IIRSA), and an evaluation of the Plan Puebla Panama (PPP). The Integration and Trade Sector also conducts regular internal monitoring exercises, such as regional portfolio reviews and regional or national case studies, to assess the potential impact or effectiveness of trade projects and programmes.

**Q4.3 Do you have plans to improve the evaluation of your Aid for Trade programmes?**

*Please describe and exemplify.*

With implementation of a new Strategic Fund on Aid for Trade, the Bank will stress adherence to improved monitoring and evaluation processes for all national and regional technical cooperation operations within the Fund. These processes will be consistent with the recently approved New Framework for Technical Cooperation, which highlights the establishment of new guidelines and procedures for improving the monitoring, evaluation and reporting on development outcomes and impacts of technical cooperation.

**Q4.4 Have you carried out or do you plan to carry out an impact assessment of your Aid for Trade programmes?**

Yes: *please indicate when:*  No  Not sure/Not applicable

The New Strategic Thematic Fund on Aid for Trade contains a clear focus on results in opposition to a focus on monitoring project outputs. The expected results and impact of the Fund will be assessed timely based on its Results Framework.

**Q4.5 Do you involve partner country stakeholders in developing measurable objectives/indicators to assess the quality of your Aid for Trade programmes?**

Yes  No  Not sure/Not applicable

**If yes, please describe the indicators used.**

*Please describe and exemplify.*

As stated in the 2007 response, IDB operations systematically include a logic framework that sets goals, objectives and indicators to measure performance at the level of projects and components of the programs. Progress towards development and operational goals is measured quantitatively and qualitatively with Project

Performance Monitoring Reports. Final development outcomes of projects are reported with Project Completion Reports.

**Q4.6 Have you undertaken joint evaluations of your Aid for Trade with your partner country stakeholders?**

Yes  No  Not sure/Not applicable

**If yes, please describe when and the results of the evaluation.**

*Please describe and exemplify.*

As mentioned above, the Office of Evaluation and Oversight (OVE) is responsible for conducting Country Program evaluations and in doing so it coordinates and interacts periodically with partner countries to undertake these type of evaluations.

***Please feel free to provide any other relevant information in relation to monitoring, evaluation and mutual accountability.***

**5 REGIONAL DIMENSION**

**Q5.1 How important is the regional dimension in your Aid for Trade strategy?**

Essential element  Important element  Minor element  Not present  Not sure / Not applicable

**If essential or important, please describe how your Aid for Trade strategy addresses regional challenges.**

*Please describe and exemplify.*

As stated in the 2007 questionnaire, the IDB has a long standing tradition in programming activities at the regional level, with particular emphasis on trade-related issues. Regional strategies are based on diagnosis of common regional development problems and guide the identification, origination, design and development of regional programs and activities, which are then implemented mainly through grants and direct non-financial support.

The IDB has been a pioneer in developing instruments and programs aimed at addressing trade-related capacity constraints at the regional level. The Regional Technical Cooperation Program constitutes one of the Bank's strategic instruments for providing trade related assistance to member countries. In addition, the Regional Public Goods initiative was launched aiming to support the development of goods, services, rules systems or policy regimes that generate shared benefits for the participating countries as a result of cooperation and collective action by those countries. Under this initiative, the IDB provides non-reimbursable resources of up to US\$10 million a year to finance demand-driven projects that develop regional public goods in the region. In addition, the Bank has focused on the regional dimension of Aid for Trade by supporting the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), launched in 2000 to support the development and integration of energy, transport and telecommunications infrastructure across South America to facilitate trade integration, and the Puebla-Panama Plan (PPP), launched in 2001 and recently named as Plan Mesoamericano, to improve the trade, growth, and economic development potential of southern Mexico, Central American countries, Panama and Colombia.

The IDB also encourages and supports trade policy dialogue at a regional level through sponsorship of the Regional Policy Dialogues on Trade and Integration. This initiative has created a trade forum or network through which LAC countries can share experiences, learn about practices outside the region, and explore opportunities for regional cooperation in areas related to trade. The Regional Policy Dialogue meetings bring

together vice-ministers and other senior trade officials from LAC countries to explore pressing trade issues, based on a previously-agreed agenda and technical work prepared by the Bank. The IDB hosted a Regional Policy Dialogue meeting on Aid for Trade for the Caribbean sub-region in December 2008, covering topics such as the role of AfT in addressing supply-side constraints in the region, implementation of regional agreements (i.e., the Economic Partnership Agreement with the European Union), and the importance of partner participation in monitoring AfT efforts.

**Q5.2 Which of the following factors are important for determining whether or not to support particular regions or regional programmes? Please list in the order of importance.**

<input type="checkbox"/>	Relevance to ongoing regional trade agreements / negotiations
<input type="checkbox"/>	Regional proximity / support to neighbouring regional economic integration processes
<input type="checkbox"/>	Cultural, linguistic or historical ties with the region
<input type="checkbox"/>	Existence of a viable counterpart at regional level
<input type="checkbox"/>	Request for assistance from a regional body
<input type="checkbox"/>	Availability of a clearly defined regional development strategy
<input type="checkbox"/>	Geographical concentration of donor activities
<input checked="" type="checkbox"/>	<i>Other, please describe</i> As stated in the previous questionnaire, the decision to support and the actual allocation of IDB resources is demand driven by national and regional strategic priorities.

**Q5.3 By how much has the volume of your regional Aid for Trade increased since 2005?**

<input type="checkbox"/> Declined	<input type="checkbox"/> By less than 5%	<input type="checkbox"/> By 5 to 15%	<input type="checkbox"/> By 15 to 30%	<input checked="" type="checkbox"/> More than 30%
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The IDB's volume of regional Aid for Trade increased by 32 percent between 2005 and 2007 (the last full year of data available). The number of regional operations approved in 2007 (33) was also a marked increase from previous years.

**Q5.4 In which assistance categories are you particularly active at regional level?**

	Frequently	Occasionally	Rarely	Not sure / Not applicable
Training (trade negotiations/WTO rules)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade facilitation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development of cross-border infrastructure	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capacity building of regional organisations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Other, please describe and exemplify*

**Q5.5 What are the most important challenges in implementing regional Aid for Trade? Please list in the order of importance.**

<input type="checkbox"/>	Lack of (or weak) articulated demands for regional Aid for Trade
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<input type="checkbox"/>	Lack of coherence between national and regional priorities
<input type="checkbox"/>	Lack of credible lending authorities at regional level
<input checked="" type="checkbox"/>	Lack of effective coordination at regional level
<input checked="" type="checkbox"/>	Difficulties of monitoring and evaluating results at regional level
<input checked="" type="checkbox"/>	Lack of credible mutual accountability mechanisms at regional level
<input type="checkbox"/>	<i>Other, please describe and exemplify</i>  In order of importance, perhaps: a) difficulties of monitoring and evaluating results at the regional level; b) lack of effective coordination at the regional level; and c) lack of credible mutual accountability mechanisms at the regional level.

**Q5.6 Has the demand for regional Aid for Trade increased since 2005?**

<input type="checkbox"/> Significantly increased	<input checked="" type="checkbox"/> Increased	<input type="checkbox"/> Little / no change	<input type="checkbox"/> Declined	<input type="checkbox"/> Not sure / Not applicable
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**If yes, in which regions and for which activities has it increased the most?**

*Please describe and exemplify.*

The number of Aid for Trade operations approved, in this case a proxy for demand, has increased most significantly for region-wide operations in the Americas and for operations focused on the South American sub-region. It appears that the demand for Aid for Trade has increased most rapidly in the trade policy and regulation, and trade-related infrastructure activities.

***Please feel free to provide any other relevant information in relation to regional Aid for Trade.***