

**DONOR
AID FOR TRADE
QUESTIONNAIRE**



1. COUNTRY

UNITED KINGDOM

2. INTERNATIONAL ORGANIZATION

No Response

3. ABOUT YOU

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4. Has your Aid-for-Trade strategy changed since 2010?

YES

5. If YES, please rate the importance of each of the following changes.

	MOST IMPORTANT	IMPORTANT	LEAST IMPORTANT	NOT SURE
Budget cuts				X
Budget increases		X		
Change in government and priorities	X			
New priorities of development partners				X
Streamlining of countries receiving support		X		
Streamlining of issues receiving support				X
More focus on LDCs				X
More focus on private sector development		X		
More focus on poverty reduction				X
More focus on climate change and green growth		X		
More focus on gender equality				X
More focus on regional integration	X			
More focus on results	X			
Other				

Additional comments: While the broad direction of Aid for Trade has remained constant since 2010, the UK's priorities were set out in the 2011 Trade and Investment White Paper and DFID's Structural Reform Plan, as well as the Bilateral Aid Review and Multilateral Aid Review. Priorities include: helping developing countries to integrate more fully into the global trading system; trade facilitation; supporting ethical and sustainable trade; boosting capacity for trade negotiations; supporting regional integration initiatives. There is now a greater emphasis on evaluation, results and the impact of A/T interventions. The BAR refocused UK aid on fewer countries, where we could make the biggest difference and the need was greatest. The MAR findings made DFID focus on working with the most effective international organisations which are critical to delivering the UK's development priorities. There is also now a greater emphasis on transparency. None of this has led to radical changes in the A/T strategy but it does influence the conception of new programmes. By way of examples of the type of work that the UK prioritises: - Supporting trade and regional integration in Sub-Saharan Africa through the Africa Free Trade Initiative is a priority for the UK. - In South Asia, the UK is working to improve intra-regional trade through improved trade facilitation and logistics. - In the Caribbean the UK is helping to build a more resilient economic base by assisting with the implementation of trade



6. How has your total Aid-for-Trade expenditure changed since the onset of the economic crisis in 2009? (i.e. between 2009-2012).

Significant increase (by more than 10%)

7. How do you expect your total Aid-for-Trade spending to change in the next 5 years?

Increase (by 10% or less)

8. Looking ahead, what changes do you expect to your national Aid-for-Trade strategy in the next 5 years?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Budget cuts				X
Budget increases		X		
Change in government and priorities			X	
New priorities of development partners				X
Streamlining of countries receiving support	X			
Streamlining of issues receiving support				X
More focus on LDCs				X
More focus on private sector development	X			
More focus on poverty reduction		X		
More focus on climate change and green growth		X		
More focus on gender equality	X			
More focus on regional integration		X		
More focus on results		X		
Other				

Additional comments: The broad direction of the UK's Aid for Trade strategy is not expected to change. Nevertheless there could be greater streamlining of the countries supported and a greater focus on gender issues and working innovatively with the private sector. Climate change and green growth are also likely to feature in the agenda. DFID has been working closely with the Department for Energy and Climate Change and the Department for Environment, Food and Rural Affairs to ensure that the links between these issues and development continue to feature in international agreements or conventions. The objective is also to embed these issues in day-to-day DFID policy-making and programme delivery.

9. What sources of financing will be the most important in meeting the trade-related capacity building needs of developing countries over the next 5 years?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Official development assistance		X		
Non-concessional financing		X		
Assistance from South-South partners		X		
Foreign direct investment				X
Domestic private investment				X
Domestic public investment		X		
Income remitted by migrants			X	
Corporate philanthropic foundations			X	

Additional comments: The main sources of finance are expected to stay the same. Foreign Direct Investment and private investment are company-specific so unlikely to build trade capacity on their own. Corporate philanthropy tends to feature more heavily in areas such as health and education. Remittances are important for household income and consumption but are unlikely to link to wider trade capacity.

10. Please answer the same question, but just for least developed countries (LDCs). What sources of financing will be the most important to meet LDCs' trade related-capacity building needs of over the next 5 years?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Official development assistance		X		
Assistance from South-South partners		X		
Foreign direct investment				X
Domestic private investment				X
Domestic public investment		X		
Income remitted by migrants			X	
Corporate philanthropic foundations			X	

Additional comments:

11. Was the private sector consulted in the development of your Aid-for-Trade strategy?

YES

12. If YES, please highlight which private sector groups were consulted.

	YES	NO	NOT SURE
Firms or business associations in donor country	X		
Firms or business associations in partner countries			X

Comments:

13. Do you engage the private sector in the implementation of your Aid-for-Trade projects and programmes?

YES

14. If YES, please explain how the private sector is engaged.

	ALWAYS	SOMETIMES	NEVER	NOT SURE
Advice and expertise		X		
Counterpart funding		X		
Implementation of projects		X		
Project beneficiaries		X		
Participation in policy dialogues		X		
Participation in evaluation and learning		X		
Other				

Additional comments: The Private Sector is increasingly important to the UK's development work; critical to improving the lives of poor people and the economy at large. DFID engages with the private sector in much of its Aid for Trade work. It might work with the private sector to improve property rights and the investment climate, or engage private enterprise directly in shaping and implementing development programmes and policy. It can also facilitate funding for programme components or provide consultation during programme planning, monitoring and evaluation. The Private Sector Department in DFID and the Private Sector Adviser in the Aid for Trade Team ensure that resources are dedicated to engaging the private sector along these lines. Finally, DFID's 'Private Sector DNA' strategy articulates a series of actions to strengthen DFID's culture and capability to reach development goals through work with and on private enterprise.

15. Please provide details of any public-private partnership(s) which support the implementation of your Aid-for-Trade strategy. Select the appropriate sectoral focus and provide weblinks where available.

Agri-business and food processing

Textiles and apparel

Transport and logistics

Tourism

Examples include: African Enterprise Challenge Fund (AECF) <http://www.aecfafrica.org/> : encourages private sector companies to compete for investment support for their innovative business ideas in agri-business, rural financial services, renewable energy, and technologies to assist small farmers to adapt to climate change. To qualify for funding a project should be commercially viable and have a positive impact on the rural poor in Africa. Food Retail

Industry Challenge Fund (FRICH) <http://www.dfid.gov.uk/work-with-us/funding-opportunities/business/frich/> : encourages UK retailers or retail brands to source new goods from sub-Saharan Africa by innovating in their products, services, marketing, business models and supply chains. Responsible and Accountable Garment Sector Challenge Fund (RAGS) <http://www.dfid.gov.uk/work-with-us/funding-opportunities/business/responsible-and-accountable-garment-sector-rags-challenge-fund-contacts/> : working to stimulate and encourage better working conditions, particularly for female workers, in export garment factories in South Asia. COMPETE Caribbean <http://www.competecaribbean.org/> : regional private sector development programme implemented in partnership with IDB and CIDA. This programme is working across CARIFORUM to support growth and private sector development strategies, key knowledge products and critical business climate reforms. South Asia Regional Trade and Integration Project (SARTIP): £20million project that supports trade facilitation across West, central and South Asia. This is a new project that will run for the next 4 years and is being implemented by the IFC, World Bank, ADB, and the private sector. TradeMark Southern Africa (TMSA) <http://www.trademarksa.org/home> : programme to improve trade performance and competitiveness of the Eastern and Southern Africa regions TradeMark East Africa (TMEA) <http://www.trademarka.com/>: enhancing trade and markets in the East Africa region

16. What benefits do you see in public-private partnerships?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Mobilization of non-aid sources of financing		X		
Sustainability after the end of donor support	X			
Transfer of private sector expertise		X		
Technology transfer		X		
Potential for bilateral trade growth	X			
Other				

Additional comments: There are a number of benefits to working in public-private partnerships. Investment in the private sector is helping to drive growth, leading to rising incomes and wealth and reducing poverty around the world. By catalysing more private investment and deepening private sector links into communities, DFID can multiply the reach of the private sector and make sure that poor people are in a position to benefit from the opportunities available to them. Working with private enterprise and being open to new ideas can also help DFID to innovate and find ways to improve the scope and delivery of our aid programmes and basic services to poor people. Finally the private sector emphasis on delivering results and driving for efficiencies can help DFID to deliver high quality programmes that represent value for money for the British taxpayer.

17. What difficulties have you faced in establishing public-private partnerships?

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Institutional resistance to engaging with the private sector	X			
Lack of interest among firms			X	
Preference of companies to pursue their own projects			X	
Unwillingness of private sector to provide counterpart funding			X	
Different expectations of public and private sector		X		
Different speed of private and public sector implementation activities		X		
Rules on public-private partnerships		X		
Other				

Additional comments: Public-private partnerships are a specific form of project and need very careful allocation of risk between public and private sector partners according to who has the ability to control the risk. The predictability of the financial flow is key to making these projects happen and this frequently requires Government to give some sort of guarantee, which they can be reluctant to provide. In certain geographical contexts, specific challenges can arise. For example, working with the private sector in a small region like the Caribbean can be difficult, as there is a small pool to work with, some fragmentation and limited capacity to engage on trade and other issues. It therefore requires more hands-on support than in some other contexts.

18. Does your Aid-for-Trade strategy address value chain development issues?

YES

19. If YES, please identify which development objective(s) you are seeking to achieve through value chain development.

	MOST IMPORTANT	IMPORTANT	NOT IMPORTANT	NOT SURE
Economic growth	X			
Increase exports	X			
Promote export diversification		X		
Promote employment	X			
Poverty alleviation	X			
Women's economic empowerment	X			

Additional comments: Global value chains can generate new opportunities for developing country suppliers, small farmers and workers for income generation and poverty alleviation by providing access to global and regional markets. There are challenges that need to be overcome, but business and development actors along with developing country governments can work together to upgrade value chains and make the conditions right for attracting increased investment and jobs.

20. What do you think are the main obstacles which developing country firms face in entering into value chains? Please rank the top 3 constraints (1 being the most serious constraint).

	1	2	3
Lack of comparative advantage			
Market entry costs			
Inadequate domestic infrastructure			
Burdensome border procedures in export markets			
Burdensome documentation requirements			
Limited access to trade finance			
Inability to attract foreign direct investment			X
Lack of labour force skills			X
Structure of value chains			
Trade restrictions			
Standards compliance			X

Additional comments: Generally a developing country becomes part of a global value chain when a foreign firm starts sourcing an intermediate product from it. This typically happens when all relevant input factors are available at a low cost, transaction costs are low and the general business environment is supportive. Given this, the main obstacles that developing countries face in attracting this investment and entering value chains are inefficient borders, lack of skills, poor contract enforcement and Intellectual Property protection regimes, and volatile macro-economic and security situations.



21. How does your Aid-for-Trade strategy seek to promote value chain development?

- Creating conducive trade policy regime
- Creating conducive domestic enabling environment
- Addressing infrastructure bottlenecks
- Supporting private sector development activities
- Addressing supply side constraints
- Direct support for value chain development

Examples include: Africa Free Trade Initiative (AFTI): by 2015 will support 3 million additional people to benefit directly from national and cross border value chains e.g. through Africa Enterprise Challenge Fund (AECF) <http://www.aecfafrica.org/> which runs various projects to help people benefit from agribusiness value chains in Africa RAGS <http://www.dfid.gov.uk/work-with-us/funding-opportunities/business/responsible-and-accountable-garment-sector-rags-challenge-fund-contacts/> : working to stimulate and encourage better working conditions, particularly for female workers, in export garment factories in South Asia. FRICH <http://www.dfid.gov.uk/work-with-us/funding-opportunities/business/frich/> : encourages UK retailers or retail brands to source new goods from sub-Saharan Africa by innovating in their products, services, marketing, business models and supply chains COMPETE Caribbean <http://www.competecaribbean.org/> : DFID (in partnership with IDB and CIDA) is working to support value chain development in growth sectors like eco-tourism. Trade and Global Value Chains (due 2013): will improve the working conditions and job opportunities for workers and farmers in developing countries in the horticulture and garment sectors.

22. How long have you been working on value chain development issues?

3-5 years

23. In which sectors do you have experience of your value chain development?

- Agricultural products
- Food products
- Textiles
- Clothing
- Tourism services

Africa Enterprise Challenge Fund (AECF) <http://www.aecfafrica.org/> RAGS <http://www.dfid.gov.uk/work-with-us/funding-opportunities/business/responsible-and-accountable-garment-sector-rags-challenge-fund-contacts/> FRICH <http://www.dfid.gov.uk/work-with-us/funding-opportunities/business/frich/> COMPETE Caribbean <http://www.competecaribbean.org/>

24. Do you include the informal sector within the scope of your value chain development initiatives?

YES

25. If YES, please explain why.

	MOST IMPORTANT	IMPORTANT	LEAST IMPORTANT	NOT SURE
Important role played by suppliers from the informal sector		X		
Employment importance of the informal sector		X		
Standards compliance issues		X		
Other				

Additional comments:

26. Do you target your value chain development activities?

	YES	NO
On specific value chains or sectors	X	
On specific types of firms (e.g. SMEs)		X
On specific countries	X	
On specific regions	X	
On specific categories of countries	X	
On women's economic empowerment	X	
On sustainable development	X	

Additional comments:

27. Do you monitor results achieved by your value chain development activities?

YES

28. If YES, are these monitoring mechanisms based on a particular standard or approach?

Results-based management
Donor committee on enterprise development standard

29. Have you evaluated the development impact of your value chain development activities?

NO

30. If YES, did the evaluation(s) report changes in any of the following indicators?

No Response

31. Have you evaluated the development impact of your Aid-for-Trade strategy or activities?

YES

32. If YES, did the evaluation(s) report changes in any of the following indicators?

	POSITIVE CHANGE	NO CHANGE	NEGATIVE CHANGE
Economic growth in partner country	X		
Mobilization of foreign private investment		X	
Mobilization of domestic private investment		X	
Improvements in the partner country business climate	X		
Increased exports from the partner country	X		
Export diversification in the partner country		X	
More value addition in the partner country	X		
More SMEs in the sector able to export		X	
More employment	X		
Poverty alleviation	X		
Women's economic empowerment	X		

Additional comments and weblinks if available: To date DFID has usually evaluated programmes against indicators i.e. delivery of outputs rather than focusing on impact of interventions. The latter is a relatively "new way" of assessing interventions but there are a number in the pipeline. For example: Enhanced Integrated Framework (EIF): Independent evaluation (Mid Term Review) conducted by consultants in 2012/13. DAC evaluation criteria approach using a combination of quantitative and qualitative methods. Trade Advocacy Fund (TAF): independent evaluation of Phase I (Annual Review) completed September 2012. Extended evaluation will follow project completion in 2015. TMSA: Evaluation Approach being developed in 2012 but likely to include both formative and summative evaluations. Will be joint with implementing agency (not partner government but regional multilateral organisation).

33. Can you provide examples of where your Aid-for-Trade support and/or value chain has had any of the aforementioned impacts?

Improved understanding of trade
More focus on trade in the national development plan
Labour skills development
Increased exports
Increased trade
Increased economic growth
Employment
Poverty alleviation
Women's economic empowerment

Impact evaluation is a new but important part of DFID's Aid for Trade strategy. This is in line with an increased focus on results more generally. Nevertheless, interim monitoring results from value chains activities and Aid for Trade projects show: improved incomes, working conditions, and employment for partner country workers, including women. Country level figures for economic growth, exports and investments also show positive trend but it is neither possible nor advisable (in the absence of an impact evaluation study) to attribute these developments to our project activities.