

**Inter-American Development Bank
Technical Cooperation Program
Trade and Poverty Trust Fund**

Technical Cooperation Project Brief

TC N°: RG-T1332

I. GENERAL INFORMATION

1. Project title	Mobilizing Aid for Trade in Latin America
2. Project team	Paolo Giordano, Project Team Leader (INT); Anneke Jessen, Jessica Luna, Jaime Miranda (INT); Kevin McTigue (LEG/SGO)
3. Trust Fund	Trade and Poverty Trust Fund (MTP)
4. Beneficiary Countries	Countries of Latin America
5. Executing Agency	The Bank through the Integration and Trade Sector (INT)
6. Project budget (in USD)	US\$ 354,500
• Trust fund contribution	US\$ 150,000
• Other financing	US\$ 204,500
7. Execution and Disbursement periods	Execution: 5 months Disbursement: 8 months

II. OBJECTIVES

- 2.1 The overall objective of the project is to help Latin America policymakers and private sector actors to identify and address trade-related challenges arising from global market integration through the provision of on-the-job training on the global Aid for Trade Initiative (AFT) launched by the WTO.
- 2.2 The specific objectives are to: (i) raise awareness of the Aid for Trade Initiative; (ii) present lessons learned and challenges related to mobilizing AFT from the national, regional and private sector perspectives; and (iii) support governments, donors and the private sector in defining mechanisms to better address specific trade-related challenges, prioritizing needs, and moving towards shared solutions under the AFT initiative.

III. BACKGROUND AND JUSTIFICATION

- 3.1 The WTO's Hong Kong Ministerial Declaration created an ambitious new mandate on Aid for Trade aimed at helping developing countries, in particular the least developed, to build the supply-side capacity and infrastructure needed to help them take advantage of the trade opening process and to connect with the global economy. AFT covers trade-related capacity building to help countries formulate, negotiate and implement trade

policy and related agreements; as well as facilitate trade development, including export promotion and trade finance. AFT also covers support for strengthening trade-related infrastructure and other supply-side capacities (for example, in the productive sector) so as to maximize the benefits from freer trade and trade-related adjustment programs (for example, labour re-training programs, social safety nets).

- 3.2 In the context of the WTO a Task Force¹ was created to examine ways in which AFT could be made operational and may contribute to the development dimension of the Doha Development Agenda. International organizations and Regional Development Banks were invited to provide advice on the formulation of relevant proposals. In May 2006, the Integration and Regional Programs Department prepared a document on the IDB's trade-related assistance to Latin America and the Caribbean (LAC), and proposals on how to strengthen aid for trade at both the regional and global levels. At the request of the WTO Director General an Advisory group was created and is constituted by international organizations, regional development banks and bilateral donors. The IDB plays an active role in this group.
- 3.3 In line with the principles of the Paris Declaration on Aid Effectiveness the Aid for Trade Initiative needs to be implemented with effective monitoring and evaluation mechanisms. Three different levels of monitoring have been established: (i) Assessing Global Flows: using the OECD/DAC² and CRS³ databases as the main tools to prepare a report on global Aid for Trade flows, including an assessment of global "gaps" and a forecast for future trends; (ii) Donors Reports: progress reports from bilateral agencies and multilateral organizations; and (iii) Recipient Country Assessments: involving all key country-based stakeholders in governments and private sector. Therefore strengthening the capacity of donors and recipient countries to effectively mobilize resources and monitor aid for trade is crucial.
- 3.4 Three regional meetings will take place, in Latin America, Asia, and Africa. They will serve as preparation of the annual Aid-for-Trade global meeting to be held in Geneva under the auspices of the WTO. These regional meetings will be hosted by the WTO, the World Bank and the relevant Regional Development Banks (RDBs) in coordination with the host country.
- 3.5 The IDB will lead the LAC Regional Meeting, which will have an essential awareness building, ownership building and interactive training content. To this end, the IDB will provide expertise on trade-related assistance and promote active participation of all stakeholders from LAC countries. This event will, for the first time, bring together finance and trade ministers, senior donor representatives, regional institutions and key private-sector actors to focus on trade-related challenges in the region, and to set out priorities for future action.

¹ Constituted by Barbados, Brazil, Canada, Colombia, Japan, United States, EU, China, India, Thailand, Mauritius, Benin and Zambia. At present, the latter three each respectively act as coordinators of the African, Caribbean and Pacific (ACP), African, and Least-Developed Country (LDC) groups.

² Database on Annual Aggregates

³ Database on Aid Activities

- 3.6 This project is well aligned with the objectives of the IDB-DFID Trade and Poverty Fund as it promotes an inclusive dialogue on trade, development and poverty reduction in the context of the AFT Initiative. This project supports the unique opportunity of bringing together policymakers of all countries in the region, donor agencies and private sector representatives to move towards shared ways on how to move forward in the AFT initiative.
- 3.7 This project is being developed in coordination with the IDB-Canada Trade Fund⁴, which will finance a regional overview of aid for trade in LAC as well as participation of CARICOM countries that will join Latin American countries in attending the aforementioned training workshop in Peru. The operations are complementary and designed to foster the trade related capacity building objectives of the LAC region. The simultaneous support to this initiative by the Bank's two main trade-related trust funds aims to establish good practices in the area of donor coordination in the context of the Aid for Trade agenda.

IV. DESCRIPTION

- 4.1 This project will consist of two components: **Component I: Regional Overview on Aid for Trade** - the project will finance background papers that will form the basis for a regional overview on Aid for Trade. In particular, the project will support the preparation of the following reports:
- (i) Guidelines on how to implement Aid for Trade in LAC: this report will present the instruments and programs used by bilateral and multilateral donors in implementing aid for trade, emphasizing which are the lessons learned and challenges;
 - (ii) Needs Assessment of trade-related challenges in LAC: this report will present an analysis of the gaps in the region and the areas in which Aid for Trade could provide assistance.
- 4.2 For this component two consultants will be hired and the products will be two background documents: guidelines on how to implement AFT in LAC and needs assessment of trade-related challenges in LAC that will form the basis for a regional overview on Aid for Trade.
- 4.3 **Component II: On-the-Job Training for Policymakers on Mobilizing Aid for Trade in LAC** - the case studies prepared under Component I will be presented in a regional meeting by a Trade or Finance Minister of the region, and will be followed by comments from Trade and Finance Ministers, private sector representatives and donor agency

⁴ The IDB-Canada Trade Fund was established at the Bank in 2003 with US\$6m. in resources from the Canadian International Development Agency (CIDA) to finance trade-related capacity building in IDB borrowing member countries.

representatives. International trade experts will moderate and contribute to the debates. The training will be interactive and designed to encourage dialogue among the participants and develop problem-solving strategies based on the challenges presented.

- 4.4 For this component, the project will finance: (i) travel expenses (ticket and per diem) for the Latin American trade and finance ministers who will attend and participate in the training event; (ii) honoraria and travel expenses (ticket and per diem) for four moderators and a rapporteur; and (iii) logistical aspects for the meeting. The output will be a training event to foster dialogue among governments, donors and the private sector to address specific trade-related challenges, prioritize needs, and move towards shared solutions under the AFT initiative.
- 4.5 The activities in this project will help the Bank to identify together with high-level policy makers in the region key trade-challenges of their countries and sub-regions, prioritize needs and set our priorities for future action. This will be a unique opportunity to identify and prioritize trade-related activities that will be part of the trade agenda of the Bank and in particular of the Integration and Trade Sector. In addition, on-the job training to policymakers of the LAC region will allow them to share information about best practices and discuss the importance of mainstreaming trade into the development agendas, which will strengthen both the national and the Bank's trade agendas.

V. BUDGET (in US\$)

- 5.1 The project will finance: (i) honoraria for two consultants for the regional overview on Aid for Trade; (ii) travel expenses (ticket and per diem) for Latin American Ministers of trade and finance who will attend and participate in the training event in Peru; (iii) honoraria and travel expenses (ticket and per diem) of the moderators of the debates and a rapporteur; and (iv) the costs related to the organization of the forum for the training in Peru, including logistical costs.

BUDGET (USD)

Item	Trade & Poverty Trust Fund	IDB-Canada Trade Fund	INT Admin Budget	Total
Component I - Regional Case Studies	12,000	12,000	30,000	54,000
One Consultant (Caribbean case study)		12,000		
One Consultant (Peru case study)			9,000	
One Consultant (private sector case study)			13,000	
<i>Regional Overview of Aid for Trade (AFT)</i>				
One Consultant - Overview Donors Programs			6,000	
One Consultant - How to implement AFT	6,000			
One Consultant - Needs Assessment of trade-related challenges of LAC	6,000			
Component II - On-the-job Training for Policymakers on Mobilizing Aid for Trade in LAC				
A. Travel	77,840	114,520		192,360
Ministers (CARICOM IDB member countries)				
- 2 per country		67,440		
Tickets		54,000		
Per diem		13,440		
Ministers (OECS countries) - 2 per country		47,080		
Tickets		37,000		
Per diem		10,080		
Ministers (Latin America) - 2 per country	77,840			
Tickets	62,000			
Per diem	15,840			
B. Moderators / Rapporteur	35,600	7,120		42,720
Honoraria - USD\$5,000/person	25,000	5,000		
Ticket - USD\$1400/roundtrip	7,000	1,400		
Per diem - 240/day x 3 days	3,600	720		
C. Logistical Costs	19,800	9,000	24,500	53,300
Venue Rental (ppt equipment, related costs)		7,500		
Lunch and Coffee Breaks	19,800			
Logistics (Audio, Interpretation, Work Stations)			24,500	
Training materials, copies		1,500		
Contingencies (5%)	4,760	7,360	-	12,120
TOTAL	150,000	150,000	54,500	354,500

VI. EXECUTION

Executing Agency

- 6.1 The project will be executed by the Bank through the Integration and Trade Sector (INT). The IDB will be responsible for the day-to-day supervision of the consultants and coordination of training activities.
- 6.2 To the maximum extent possible, the consultants will work with beneficiary countries' officials in a manner that will ensure a transfer of knowledge and technology.
- 6.3 The project will be executed over a period of 5 months with a disbursement period of 8 months effective from the date of project approval.

Procurement

- 6.4 The procurement of goods and services will be conducted in accordance with the procedures and policies of the Bank as set forth in Documents GN-2349-7 and GN-2350-7. The ex-ante modality will be used for the supervision of procurement contracts of all goods and consulting services. The air tickets will be procured in economy class unless covered by a waiver requested from the Office of the Presidency. The Procurement Plan is presented in Annex I.

VII. RESPONSIBILITY IN THE BANK

- 7.1 **Technical Responsibility:** Paolo Giordano, Economist, Integration and Trade Sector (INT) (Tel.: +202-623-2611, fax. +202-623-2169, email: paolog@iad.org) will have technical responsibility.
- 7.2 **Responsibility for Disbursements:** INT will have the responsibility for disbursements.

VIII. RECOMMENDATION

- 8.1 Paolo Giordano, designated team leader for the project of the reference, recommends the approval of this operation and the use of resources from the Trade and Poverty for up to US\$ 150,000 to finance this technical cooperation project.

IX. CERTIFICATION

I certify that this operation was approved for financing by a Management Review Committee on July 19, 2007. Also, I certify that resources from the Trade and Poverty Trust Fund (MTP) are available for up to US\$ 150,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of twelve (12) calendar months counted from the date of

signature below. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US Dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this Plan of Operations. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.


Carmen San Miguel

Chief a.i.

Grants and Cofinancing Management Unit

8/2/07

Date

X. APPROVAL



Antoni Esteveordal

Sector Manager

Integration and Trade Sector

8/2/07

Date

Annex I

Procurement Plan

Mobilizing Aid for Trade: Focus Latin America and the Caribbean (RG-T1332)

Main project procurements	Amount in US\$	Procurement method	Supervision (ex ante or ex-post)	Financing source		Prequalification	Request for Proposal		Status
				BID	Local/other		Yes/No	Tentative publication date	
Procurement of consultant services – GN-2350-7									
1 consultant (implementing AFT)									
1 consultant (needs assessment)	6,000	CQS	Ex-ante	100%		No		N/A	Pending
1 consultant (moderator for the national panel - includes honoraria and perdiem)	6,000	CQS	Ex-ante	100%		No		N/A	Pending
1 consultant (moderator for the private sector panel - includes honoraria and perdiem)	7,120	CQS	Ex-ante	100%		No		N/A	Pending
1 consultant (moderator for the Plenary Session - includes honoraria and perdiem)	7,120	CQS	Ex-ante	100%		No		N/A	Pending
1 consultant (moderator for the Ministerial Roundtable - includes honoraria and perdiem)	7,120	CQS	Ex-ante	100%		No		N/A	Pending
1 consultant (Rapporteur - includes honoraria and perdiem)	7,120	CQS	Ex-ante	100%		No		N/A	Pending
Ministers Participation	77840	CQS	Ex-ante	100%		No		N/A	Pending
Logistics	19800	CQS	Ex-ante	100%		No		N/A	Pending