

**DEVELOPMENT CO-OPERATION DIRECTORATE
TRADE AND AGRICULTURE DIRECTORATE**

**COM/DCD/TAD(2008)10
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REPORTING ON AID FOR TRADE TO THE CREDITOR REPORTING SYSTEM

INFORMATION NOTE

**Joint Meeting of the Development Assistance Committee and the Working Party of the Trade Committee,
11 September 2008, OECD Conference Centre, Paris**

This note is for INFORMATION under Item 8 of the agenda.

This note explains how to report Aid for Trade following WTO members' decision to use the OECD/DAC Creditor Reporting System (CRS) aid activity database to monitor Aid for Trade commitments and disbursements, and the subsequent decision of the Joint WTO-OECD Working Group of the Trade Capacity Building database (TCBDB) to cease separate reporting to this database. It explains the rationale for these decisions and highlights differences between the OECD/DAC CRS database requirements and purpose codes and past reporting practices to the joint WTO-OECD database. For reporters who are new to the CRS, an additional technical note will be circulated.

Contact: Ms. Ann Gordon [ann.gordon@oecd.org]; Ms. Julia Benn [julia.benn@oecd.org]

JT03250129

INFORMATION NOTE REPORTING ON AID FOR TRADE TO THE CREDITOR REPORTING SYSTEM

Purpose

1. This note explains how to report Aid for Trade following WTO members' decision to use the OECD/DAC Creditor Reporting System (CRS) aid activity database to monitor Aid for Trade commitments and disbursements, and the subsequent decision of the Joint WTO-OECD Working Group of the Trade Capacity Building database (TCBDB) to cease separate reporting to this database.

2. It explains the rationale for these decisions and highlights differences between the OECD/DAC CRS database requirements and purpose codes and past reporting practices to the joint WTO-OECD database.

For reporters who are new to the CRS, an additional technical note will be circulated¹.

What is Aid for Trade?

3. According to the WTO Aid for Trade Taskforce, "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".²

4. The Task Force defined aid for trade as comprising support for the following sectors identified as trade-related development priorities in partner countries' national development strategies:

1. Trade Policy and Regulations (TPR);
2. Trade-related Infrastructure;
3. Building Productive Capacity (BPC), of which Trade Development (TD);
4. Trade-related Adjustment; and
5. Other Trade-related Needs (part of donor self-assessment).

5. The WTO Task Force definition of aid for trade covers a broad set of expenditure categories as indications of donor activities which impact on partner country trade capacities. The OECD CRS was recognised as the best data source for tracking aid for trade flows at global level, despite the fact that it cannot provide data that matches exactly all the above categories and has limited ability to distinguish support to partner countries' trade-related priorities from similar aid activities responding to other policy priorities. Instead, it offers proxy measures for key categories.

1. The CRS reporting directives are available on www.oecd.org/dac/stats/crs/directives.

2. Extract from the WTO Paper WT/AFT/1 on the Task Force Recommendation on Aid for Trade.

Role of the CRS reporting

6. A key reason to use the CRS instead of the former Joint WTO/OECD Trade Capacity Building Database was the expansion of the Aid for Trade agenda. While Trade-Related Technical Assistance and Capacity Building (trta/cb) represents less than five percent of sector allocable ODA, Aid for Trade is estimated to amount to around a third of sector allocable ODA. Expanding the Joint TCB database would have led to the creation of a parallel reporting process and a significant duplication of effort by donors for the collection of data on AFT flows. This was deemed ineffective and risky. Indeed, parallel data collections are well known to reduce the quality and consistency of the data.

7. On 4th May 2007, the Joint WTO/OECD Working Group on the TCB database agreed to cease specialised reporting of trade-related assistance information directly to the TCB database and use instead the CRS as the reporting mechanism for all Aid for Trade flows.

What is the CRS?

8. The CRS aid activity database was established in 1967 and collects information on official development assistance (ODA) and other official flows to developing countries. It is the internationally recognised source of data on aid activities (geographical and sectoral breakdowns) and is widely used by governments, organisations and researchers active in the field of development. For the OECD, the CRS serves as a tool for monitoring specific policy issues, including AFT. The policy and guidelines for CRS reporting are approved by DAC members as represented on the DAC Working Party on Statistics (WP-STAT). The OECD collects, collates and verifies the consistency of the data, and maintains the database.

9. However, the CRS offers much less granularity than the specialised Joint WTO/OECD TCB Database. In particular the number of codes under Trade Policy and Regulations category will be reduced from 20 to 5, and the category of Trade Development will be replaced by a CRS marker.

Modifications to CRS reporting directives to meet AFT monitoring requirements

10. Following the decision of the Joint Working Group on 4 May 2007, the WP-STAT considered what modifications were needed to meet the monitoring requirements of AFT, and agreed on the following changes to be implemented as from 2008 reporting on 2007 flows:

1. The addition of a new purpose code (33150) to capture *Trade-related Adjustment* activities previously included in the CRS under the broader category of *general budget support*.
2. The introduction of a *Trade Development Marker* (see Annex 1) to separately identify *BPC* activities with a trade development element so as to:
 - a. Enable donors to identify activities that have *TD* as a principal or significant policy objective and ensure transparent monitoring of donors' pledges³;
 - b. Continue to provide the Millennium Development goal indicator relating to TCB activities; and
 - c. Complete reporting on TCB activities to the Doha Development Agenda TCB Web site.

3. Donors who made pledges on Trade development that include actions outside the "building productive capacity" codes should continue to report on these pledges on the basis of their original scope, via the WTO Global Aid for Trade Monitoring Framework.

Changes in reporting requirements

Collection of commitments and disbursements data

11. Trade/cb activities were collected on a commitments basis in the TCBDB. One of the benefits of moving to the CRS is that it will include both commitments and disbursements reporting.

Multilateral organisations – earmarked contributions

12. Activities funded by earmarked contributions to multilateral organisations are reported in the CRS by the bilateral donor. Multilateral organisations should therefore only report activities funded from their regular (core) budgets or through non-earmarked extra-budgetary contributions.

Changes to purpose codes

13. Annex 2 lists CRS purpose codes⁴ under the following AFT categories, showing the correspondence between TCBDB and CRS codes, and the new purpose codes as follows:

Trade policy and regulations:

- In the CRS, five purpose codes are used to cover TPR activities. These broader definitions may alleviate past reporting difficulties in differentiating among the 20 specific TCBDB codes corresponding to WTO mandates.
- A new purpose code has been created for trade-related adjustment. The definition of this new category and its purpose code are highlighted in Annex 2.

BPC activities: TD activities which were reported to the TCBDB will now be captured under this AFT category through the TD Marker. The purpose codes and definitions are the same, but note that:

- In the CRS and for AFT monitoring, the total amount of an activity is reported instead of the “trade share” (cf. Annex 1).
- Activities that were reported to the TCBDB under the purpose codes 33300 and 33400 are included in the CRS but may not be captured as AFT.

Economic Infrastructure: AFT activities which enhance a recipient country’s infrastructure necessary for trade are reportable in the CRS under the sub-categories of: *Transport and Storage*; *Communications*; and *Energy*. Such activities, excluded from the TCBDB data collection, can now form part of AFT reporting to the CRS.

Other Trade-related Needs: The CRS covers all ODA, but only those activities reported under the above four categories will be identified as AFT. If donors, in their internal systems, are able to track trade-related activities reported in CRS sectors outside the above categories, these may be included in donors’ self-assessment reports to the WTO annual AFT Review under the *Other trade-related needs* category.

4. The full list of CRS purpose codes (Annex 5 from the CRS Directives) can be downloaded on-line at: www.oecd.org/dac/stats/crs/directives.

Annex 1. THE TRADE DEVELOPMENT MARKER

Markers in the CRS seek information on the policy objectives served by the activity. As with other CRS markers, the TD Marker contains three possible levels of scoring:

- *Score 2 =Principal* (or primary) policy objectives, i.e. those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity. They may be selected by answering the question: “Would the activity have been undertaken without this objective?”
- *Score 1=Significant* (secondary) policy objectives, i.e. those which, although important, were not the prime motivation for undertaking the activity.
- *Score 0=Not Targeted* means that the activity was examined but found not to target the policy objective.

To satisfy donors’ needs for transparency with regard to their AFT and to provide the Millennium Development Goal indicator relating to trade capacity building (of which trade development is a part), this marker identifies trade development within the “building productive capacity” category.

TRADE DEVELOPMENT POLICY MARKER

DEFINITION

An activity should be classified as trade development-oriented (score Principal or Significant) if:

It is intended to enhance the ability of the recipient country to:

- a) formulate and implement a trade development strategy and create an enabling environment for increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and trade; **or**
- b) stimulate trade by domestic firms and encourage investment in trade-oriented industries.

CRITERIA FOR ELIGIBILITY

- a) The objective is explicitly promoted in activity documentation; **and**
- b) The activity contains specific measures to promote one or several of the trade development aspects below, at the institutional and enterprise level:
 - business support services and institutions;
 - access to trade finance;
 - trade promotion and market development in the production and service sectors.

EXAMPLES OF TYPICAL ACTIVITIES

- **Business support services and institutions:** establishment of business partnerships; investment climate assessments; assisting exporters in developing countries in locating potential importers worldwide; training package providing tools and materials regarding operational legal aspects of e-commerce.
- **Trade finance:** Feasibility study on a pilot export development fund, innovative trade-related finance for SMEs.
- **Production and service sectors:** support to fruit and vegetable marketing; increase the international competitiveness of SMEs active in textile and clothing sector, through increase of their productivity.

N.B. The trade development marker is not defined to cover all aspects of “Aid for Trade”. It is restricted to activities recorded under codes 240xx Banking and financial services, 25010 Business support services and institutions (score principal by definition), 311xx Agriculture, 312xx Forestry, 313xx Fishing, 321xx Industry, 322xx Mineral resources and mining and 33210 Tourism. Other components of “Aid for Trade” are captured separately through a number of sector codes.

Annex 2. MAPPING BETWEEN TCDBD AND CRS PURPOSE CODES

In the CRS, data are recorded using 5-digit purpose codes. The contents of purpose codes pertaining to AFT are defined below:

TRADE POLICY and REGULATIONS and TRADE-RELATED ADJUSTMENT

TCDBD CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		TRADE POLICY AND REGULATIONS AND TRADE-RELATED ADJUSTMENT	
33111 33112 33113	33110	Trade policy and administrative management	Trade policy and planning; support to ministries and departments responsible for trade policy; trade-related legislation and regulatory reforms; policy analysis and implementation of multilateral trade agreements e.g. technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) except at regional level (see 33130); mainstreaming trade in national development strategies (e.g. poverty reduction strategy papers); wholesale/retail trade; unspecified trade and trade promotion activities.
33121 33122 33123	33120	Trade facilitation	Simplification and harmonisation of international import and export procedures (e.g. customs valuation, licensing procedures, transport formalities, payments, insurance); support to customs departments; tariff reforms.
33130	33130	Regional trade agreements (RTAs)	Support to regional trade arrangements [e.g. Southern African Development Community (SADC), Association of Southeast Asian Nations (ASEAN), Free Trade Area of the Americas (FTAA), African Caribbean Pacific/European Union (ACP/EU)], including work on technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) at regional level; elaboration of rules of origin and introduction of special and differential treatment in RTAs.
33141 through 33148 and 33151 through 33154	33140	Multilateral trade negotiations	Support developing countries' effective participation in multilateral trade negotiations, including training of negotiators, assessing impacts of negotiations; accession to the World Trade Organisation (WTO) and other multilateral trade-related organisations.
	33150 NEW	Trade-related adjustment	Contributions to the government budget to assist the implementation of recipients' own trade reforms and adjustments to trade policy measures by other countries; assistance to manage shortfalls in the balance of payments due to changes in the world trading environment.
33181	33181	Trade education/training	Human resources development in trade not included under any of the above codes. Includes university programmes in trade.

BUILDING PRODUCTIVE CAPACITY
(codes relating to TD MARKER)

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		BANKING AND FINANCIAL SERVICES	
24010	24010	Financial policy and administrative management	Finance sector policy, planning and programmes; institution capacity building and advice; financial markets and systems.
24020	24020	Monetary institutions	Central banks.
24030	24030	Formal sector financial intermediaries	All formal sector financial intermediaries; credit lines; insurance, leasing, venture capital, etc. (except when focused on only one sector).
24040	24040	Informal/semi-formal financial intermediaries	Micro credit, savings and credit co-operatives etc.
24081	24081	Education/training in banking and financial services	

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		BUSINESS AND OTHER SERVICES	
25011 25012 25013	25010	Business support services and institutions	Support to trade and business associations, chambers of commerce; legal and regulatory reform aimed at improving business and investment climate; private sector institution capacity building and advice; trade information; public-private sector networking including trade fairs; e-commerce. Where sector cannot be specified: general support to private sector enterprises (in particular, use code 32130 for enterprises in the industrial sector).
No code	25020	Privatisation	When sector cannot be specified. Including general state enterprise restructuring or demonopolisation programmes; planning, programming, advice.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		AGRICULTURE	
31110	31110	Agricultural policy and administrative management	Agricultural sector policy, planning and programmes; aid to agricultural ministries; institution capacity building and advice; unspecified agriculture.
31120 31130	31120 31130	Agricultural development Agricultural land resources	Integrated projects; farm development. Including soil degradation control; soil improvement; drainage of water logged areas; soil desalination; agricultural land surveys; land reclamation; erosion control, desertification control.
31140	31140	Agricultural water resources	Irrigation, reservoirs, hydraulic structures, ground water exploitation for agricultural use.
31150	31150	Agricultural inputs	Supply of seeds, fertilizers, agricultural machinery/equipment.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
31161	31161	Food crop production	Including grains (wheat, rice, barley, maize, rye, oats, millet, sorghum); horticulture; vegetables; fruit and berries; other annual and perennial crops. [Use code 32161 for agro-industries.]
31162	31162	Industrial crops/export crops	Including sugar; coffee, cocoa, tea; oil seeds, nuts, kernels; fibre crops; tobacco; rubber. [Use code 32161 for agro-industries.]
31163	31163	Livestock	Animal husbandry; animal feed aid.
31164	31164	Agrarian reform	Including agricultural sector adjustment.
31165	31165	Agricultural alternative development	Projects to reduce illicit drug cultivation through other agricultural marketing and production opportunities (see code 43050 for non-agricultural alternative development).
31166	31166	Agricultural extension	Non-formal training in agriculture.
31181	31181	Agricultural education/training	
31182	31182	Agricultural research	Plant breeding, physiology, genetic resources, ecology, taxonomy, disease control, agricultural bio-technology; including livestock research (animal health, breeding and genetics, nutrition, physiology).
31191	31191	Agricultural services	Marketing policies & organisation; storage and transportation, creation of strategic reserves.
31192	31192	Plant and post-harvest protection and pest control	Including integrated plant protection, biological plant protection activities, supply and management of agrochemicals, supply of pesticides, plant protection policy and legislation.
31193	31193	Agricultural financial services	Financial intermediaries for the agricultural sector including credit schemes; crop insurance.
31194	31194	Agricultural co-operatives	Including farmers' organisations.
31195	31195	Livestock/veterinary services	Animal health and management, genetic resources, feed resources.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		FORESTRY	
31210	31210	Forestry policy and administrative management	Forestry sector policy, planning and programmes; institution capacity building and advice; forest surveys; unspecified forestry and agro-forestry activities.
31220	31220	Forestry development	Afforestation for industrial and rural consumption; exploitation and utilisation; erosion control, desertification control; integrated forestry projects.
31261	31261	Fuelwood/charcoal	Forestry development whose primary purpose is production of fuelwood and charcoal.
31281	31281	Forestry education/training	
31282	31282	Forestry research	Including artificial regeneration, genetic improvement, production methods, fertilizer, harvesting.
31291	31291	Forestry services	

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		FISHING	
31310	31310	Fishing policy and administrative management	Fishing sector policy, planning and programmes; institution capacity building and advice; ocean and coastal fishing; marine and freshwater fish surveys and prospecting; fishing boats/equipment; unspecified fishing activities.
31320	31320	Fishery development	Exploitation and utilisation of fisheries; fish stock protection; aquaculture; integrated fishery projects.
31381	31381	Fishery education/training	
31382	31382	Fishery research	Pilot fish culture; marine/freshwater biological research.
31391	31391	Fishery services	Fishing harbours; fish markets; fishery transport and cold storage.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		INDUSTRY	
32110	32110	Industrial policy and administrative management	Industrial sector policy, planning and programmes; institution capacity building and advice; unspecified industrial activities; manufacturing of goods not specified below.
32120	32120	Industrial development	
32130	32130	Small and medium-sized enterprises (SME) development	Direct support to the development of small and medium-sized enterprises in the industrial sector, including accounting, auditing and advisory services.
32140	32140	Cottage industries and handicraft	
32161	32161	Agro-industries	Staple food processing, dairy products, slaughter houses and equipment, meat and fish processing and preserving, oils/fats, sugar refineries, beverages/tobacco, animal feeds production.
32162	32162	Forest industries	Wood production, pulp/paper production.
32163	32163	Textiles, leather and substitutes	Including knitting factories.
32164	32164	Chemicals	Industrial and non-industrial production facilities; includes pesticides production.
32165	32165	Fertilizer plants	
32166	32166	Cement/lime/plaster	
32167	32167	Energy manufacturing	Including gas liquefaction; petroleum refineries.
32168	32168	Pharmaceutical production	Medical equipment/supplies; drugs, medicines, vaccines; hygienic products.
32169	32169	Basic metal industries	Iron and steel, structural metal production.
32170	32170	Non-ferrous metal industries	
32171	32171	Engineering	Manufacturing of electrical and non-electrical machinery, engines/turbines.
32172	32172	Transport equipment industry	Shipbuilding, fishing boats building; railroad equipment; motor vehicles and motor passenger cars; aircraft; navigation/guidance systems.
32182	32182	Technological research and development	Including industrial standards; quality management; metrology; testing; accreditation; certification.

Note: Only includes aid to production or manufacturing.
Provision of finished products should be included under relevant sector.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		MINERAL RESOURCES AND MINING	
32210	32210	Mineral/mining policy and administrative management	Mineral and mining sector policy, planning and programmes; mining legislation, mining cadastre, mineral resources inventory, information systems, institution capacity building and advice; unspecified mineral resources exploitation.
32220	32220	Mineral prospection and exploration	Geology, geophysics, geochemistry; excluding hydrogeology (14010) and environmental geology (41010), mineral extraction and processing, infrastructure, technology, economics, safety and environment management.
32261	32261	Coal	Including lignite and peat.
32262	32262	Oil and gas	Petroleum, natural gas, condensates, liquefied petroleum gas (LPG), liquefied natural gas (LNG); including drilling and production.
32263	32263	Ferrous metals	Iron and ferro-alloy metals.
32264	32264	Nonferrous metals	Aluminium, copper, lead, nickel, tin, zinc.
32265	32265	Precious metals/materials	Gold, silver, platinum, diamonds, gemstones.
32266	32266	Industrial minerals	Baryte, limestone, feldspar, kaolin, sand, gypsum, gravel, ornamental stones.
32267	32267	Fertilizer minerals	Phosphates, potash.
32268	32268	Offshore minerals	Polymetallic nodules, phosphorites, marine placer deposits.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		TOURISM	
33210	33210	Tourism policy and administrative management	

ECONOMIC INFRASTRUCTURE (only in the CRS)

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		TRANSPORT AND STORAGE	<i>Note: Manufacturing of transport equipment should be included under code 32172.</i>
	21010	Transport policy and administrative management	Transport sector policy, planning and programmes; aid to transport ministries; institution capacity building and advice; unspecified transport; activities that combine road, rail, water and/or air transport.
	21020	Road transport	Road infrastructure, road vehicles; passenger road transport, motor passenger cars.
	21030	Rail transport	Rail infrastructure, rail equipment, locomotives, other rolling stock; including light rail (tram) and underground systems.
	21040	Water transport	Harbours and docks, harbour guidance systems, ships and boats; river and other inland water transport, inland barges and vessels.
	21050	Air transport	Airports, airport guidance systems, aeroplanes, aeroplane maintenance equipment.
	21061	Storage	Whether or not related to transportation.
	21081	Education and training in transport and storage	

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		COMMUNICATIONS	
	22010	Communications policy and administrative management	Communications sector policy, planning and programmes; institution capacity building and advice; including postal services development; unspecified communications activities.
	22020	Telecommunications	Telephone networks, telecommunication satellites, earth stations.
	22030	Radio/television/print media	Radio and TV links, equipment; newspapers; printing and publishing.
	22040	Information and communication technology (ICT)	Computer hardware and software; internet access; IT training. When sector cannot be specified.

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
		ENERGY GENERATION AND SUPPLY	
	23010	Energy policy and administrative management	Energy sector policy, planning and programmes; aid to energy ministries; institution capacity building and advice; unspecified energy activities including energy conservation.
	23020	Power generation/non-renewable sources	Thermal power plants including when heat source cannot be determined; combined gas-coal power plants.
	23030	Power generation/renewable sources	Including policy, planning, development programmes, surveys and incentives. Fuelwood/ charcoal production should be

TCBDB CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
			included under forestry (31261).
	23040	Electrical transmission/ distribution	Distribution from power source to end user; transmission lines.
	23050	Gas distribution	Delivery for use by ultimate consumer.
	23061	Oil-fired power plants	Including diesel power plants.
	23062	Gas-fired power plants	
	23063	Coal-fired power plants	
	23064	Nuclear power plants	Including nuclear safety.
	23065	Hydro-electric power plants	Including power-generating river barges.
	23066	Geothermal energy	
	23067	Solar energy	Including photo-voltaic cells, solar thermal applications and solar heating.
	23068	Wind power	Wind energy for water lifting and electric power generation.
	23069	Ocean power	Including ocean thermal energy conversion, tidal and wave power.
	23070	Biomass	Densification technologies and use of biomass for direct power generation including biogas, gas obtained from sugar cane and other plant residues, anaerobic digesters.
	23081	Energy education/training	Applies to all energy sub-sectors; all levels of training.
	23082	Energy research	Including general inventories, surveys.

Note: Extraction of raw materials for power generation should be included in the mining sector.
Energy manufacturing should be included in the industry sector.