

PHILIPPINES

WHAT IS YOUR AID FOR TRADE STRATEGY?

1. What priority is accorded to trade development in your country's economic growth/national development/poverty reduction strategy?

Trade development is accorded priority in the Philippines. The DTI has a rolling Philippine Export Development Plan (PEDP) the latest version of which is for the years 2005-2007. The PEDP focuses on traditional leading exports and identifies additional '10 revenue streams' as priority. The PEDP feeds into the Medium Term Philippine Development Plan (MTPDP) for 2004-2010 which addresses, among others, economic growth and job creation. The MTPDP aims to reduce poverty incidence to below 20% in 2009. A chapter is provided for trade and investment with an export target exceeding US\$ 50B by 2006.

2. Do you have a government-wide trade development strategy and if so what are its main priorities? What time period does it cover?

Yes, as mentioned above there are the PEDP and the MTPDP with respective timeframes.

3. Does your trade development strategy specify aid-for-trade needs?

Both the PEDP and the MTPDP will not have direct provisions on AFT *per se*. However, both focus on goals and strategies which conceptually are AFT in nature. The MTPDP targets, among others, to improve global competitiveness by:

- Making food plentiful at reasonable prices to make labor costs globally competitive;
- Reducing the cost of electricity through power sector reform;
- Modernizing infrastructure and logistics to make transport and related costs efficient;
- Mobilizing and disseminating knowledge to make our workers and manufacturing processes more productive; and
- Reducing red tape in all government agencies to reduce the cost of doing business.

There are also references to the modernization of the capital markets through adequate regulatory powers at par with global standards to protect creditor and investor rights as well as the mobilization of long-term savings. This includes managing inflation and fiscal risks critical to the development of the capital market.

The PEDP reflects the same competitiveness agenda but contains specific export strategies to pursue by markets and products.

4. What are the main trade development challenges and opportunities you face which require collaboration with other countries in your region? Are these addressed in your trade development strategy?

Both the PEDP and the MTPDP recognize the role of multilateral, regional, and bilateral collaboration to support trade and investment objectives and promote common interests.

HOW MUCH AID-FOR-TRADE DO YOU RECEIVE?

5. Have you costed your trade development strategy? What percentage of your trade development financial requirements do you expect to be funded by ODA?

The PEDP estimates that Philippine Peso 17B-22B is required to finance the incremental exports targeted in the next three years. There is no ODA specific or related provision in both plans. The PEDP looks at GFIs and commercial banks as the sources of financing for the working capital requirements of the export sector.

6. Which activities do you consider are supporting your trade development strategy? Accordingly, how much aid-for-trade have you received by category for the period 2002-2005, and in particular in 2005?

The WTO Technical Assistance and Training Plans are supportive of our trade development strategy in so far as our meaningful participation as presently understood under the multilateral trading system (MTS).

There is no available data yet for AFT as the mandate is fairly recent (i.e., 6th Ministerial Conference, Hong Kong, December 2005). There are, however, independent studies undertaken. One study that examined the WTO trade-related technical assistance (TRTA) for example, ranks the Philippines as no. 6 recipient of AFT for the period 2002-2004 in the amount of US\$ 1.5B citing WTO data base.¹ The WTO TRTA, however, is primarily training type activities and there is no capacity in the TRTA content to determine trade-related supply side assistance.

7. Describe any key trade development priorities that are constrained by lack of donors' funding?

Export promotion in key markets for key products is always hampered by lack of funds. As earlier mentioned, the Philippines needs P17B – 22B to finance incremental exports to attain a US\$50B export target for 2006.

1. Source: Internet, The Financial Architecture of AFT, International Lawyers and Economists Against Poverty, April 2006

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

MAINSTREAMING

8. Describe the internal governmental coordination process to prepare your trade development strategy.

The Philippines has existing inter-agency mechanisms from the actual operational/working level to the Cabinet and the Office of the President for decision-making related to trade and investment.²

OWNERSHIP

Refers to partner countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.

9. What needs assessment tools do you use to formulate your trade development strategies (do you use diagnostic studies, e.g. such as those prepared under the Integrated Framework?)

The Philippines mainly consults with key stakeholders. The government takes into consideration any sensitivities raised by stakeholders during its consultations. The Philippines also participates in the annual gathering of inputs for the WTO Technical Assistance and Training Plan. The Philippines, however, is not categorized as belonging to the target recipients of the Integrated Framework (i.e., the LDCs).

10. How do you involve key stakeholders (including the private sector and civil society) in the identification of your trade development challenges and opportunities?

Key stakeholders are consulted through conferences and workshops in key regions and cities under the decision-making process.

ALIGNMENT

Refers to donors basing their overall support on partner countries' national development strategies, institutions and procedures.

11. Are external partners using your policy planning and budgeting framework as a basis for their aid-for-trade support?

We have no such information.

12. How well do aid-for-trade flows reflect your government's trade development priorities and what aid management information system do you use?

The WTO's Technical Assistance and Training Plan are supportive of our trade development strategy in so far as meaningful participation in the WTO (e.g., building partial capacity to comply with global standards). The assistance, however, consists of mainly training activities to understand the WTO Agreement and will not cover boosting trade finance, enhancing trade-related infrastructure, building capacity for trade facilitation neither supporting trade adjustment.

2. This mainly refers to the Cabinet Tariff and Related Matters (TRM) Committee.

HARMONISATION

Refers to donors' actions being more harmonised, transparent and collectively effective.

13. How do you encourage external partners to coordinate their trade related analyses and programming? Where, if at all, are the main coordination gaps?

We discuss with donors and developed Members actual capacity building measures including trade-related technical assistance to avoid duplication and to tailor-fit their assistance to specific country requirements.

MANAGEMENT FOR RESULTS

Refers to both donors and partner countries managing resources and improving decision making for results.

14. How do you measure the success of your trade development and aid-for-trade strategies?

In so far as export targets (e.g., US\$ 60B for 2007) our PEDP and MTPDP are fairly on track to meet the targets. Both plans, however, will not contain specific AFT strategies as understood in this questionnaire.

15. Do you cooperate with donors and other stakeholders in joint monitoring and evaluation of aid-for-trade programmes?

We are willing to cooperate if there is joint development, monitoring and evaluation of AFT programmes.

DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.

16. The WTO Task Force recommended establishing “A National Aid-for-Trade Committee, where necessary, to ensure trade mainstreaming in national development strategies, determine country needs, set priorities, assist in matching ‘demand’ and ‘response’, and help in evaluation.” Has such a Committee, or an equivalent body, been established in your country?

An AFT Committee per se has not been specified in our internal mechanisms nor has one been established given that the WTO mandate is very recent (i.e., December 2005). The WTO itself is still in the process of undertaking worldwide AFT reviews to determine specific courses of actions.

17. Describe the process and key actors (such as donors, private sector-representatives, etc.) involved in reviewing progress toward fulfilment of your aid-for-trade and trade development commitments?

We undertake regular and periodic consultations with major stakeholders as part of our internal decision-making process. The stakeholders include the private sector including business and NGOs, the academe, local government units and other government entities. AFT, per se, however, may not be consciously mentioned as the concept itself is of fairly recent origin and is still being contextualized.