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# OECD POLICY DIALOGUE ON AID FOR TRADE

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## Perspective from Donors, Recipients and South-South Cooperation: The Chilean Experience

- Technical Cooperation in Chile.
- Trade related TC.
- Chilean TC and IDB Funds.
- What role can South-South TC play?



## Technical Cooperation in Chile.

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From recipient to provider:

- Reinventing AgCI (Agencia de Cooperación Internacional de Chile): from coordination of donor contributions after return to democracy to development of a strategic partnerships to provide TC in LAC.
- Maximizing effect of a modest budget (US\$ 3.8 million in '08, 800,000 for trade related issues), plus in-kind contributions.
- Objectives and priorities.
- Modes of cooperation.
  - Triangular.
  - Horizontal.



Trade negotiating experience as result of on-the-ground training and “early-bird” effect:

- FTAs unintended consequence: negotiating expertise at time of increase in RTAs and BTAs.
- Chile begins drive for FTAs early: Mexico and Canada first teachers. Simultaneous negotiations with US and EU; first FTAs negotiating partners for S. Korea and China (Japan's first S. American partner); followed FTAs in L. America.
  - Examples
    - negotiations: advisory work with CAFTA-DR, Peru, Colombia negotiating teams, among others.
    - making agreements work - trade promotion, competitiveness challenges.



## Cooperation Funds at IADB.

- "Learning from International Best Practices" Trust Fund-
  - Going beyond trade expansion, aiming for development.
  - Learning from countries with similar profile that not long ago faced development challenges and overcame them (Ireland, Finland, Spain, Portugal, South Korean, Australia, New Zealand).
- "Support Technological Innovation in Central America and DR" Trust Fund.
  - Attempt to share Chilean experience of institutions that promote innovation (CORFO and Fundación Chile).
    - Examples of projects and beneficiaries.



## What role can South-South TC play.

Is there a role for South-South cooperation?

- Key (obvious) benefits:
  - Greater affinity to policy challenges, institutional struggles, cultural idiosyncrasies, and weight of tradition.
  - Good for foreign policy- fosters closer country ties and institutional networking.
  - Better distribution of regional responsibilities.



## What Role can South-South TC play.

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### How to get there? TC bonds market?

- Create a system to register, track, and exchange “cooperation bonds”.
  - *Country A performs TA for Country P.*
  - *Regional entity registers that TA in the form of a CT bond.*
  - *Country A can “cash” its CT bond by requesting regional entity to help address policy issue/challenge.*
  - *Regional entity mobilizes contribution by Country Y to meet request, either by Trust Fund financing or by in-kind support.*
- Role for OECD and RDBs exploring feasibility and interest, and designing mechanism.



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Thank you.

