

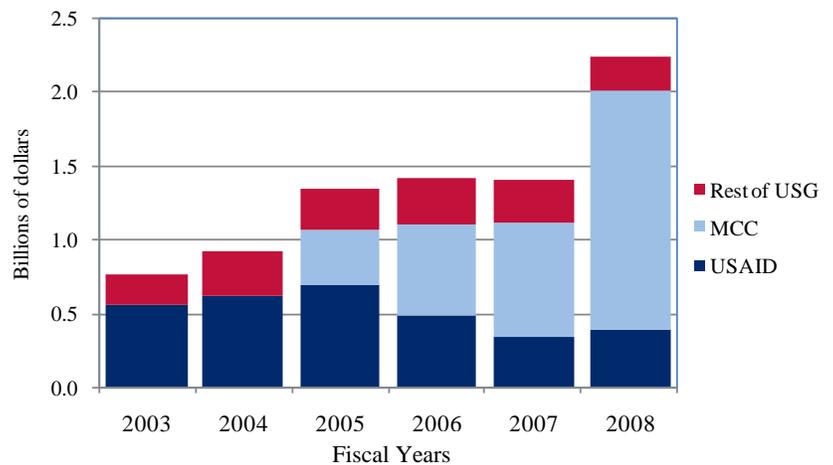
Sharp Rise in Trade Capacity Building Funding for 2008

Fifty-nine Percent Rise Entirely Due to Increases by Millennium Challenge Corporation

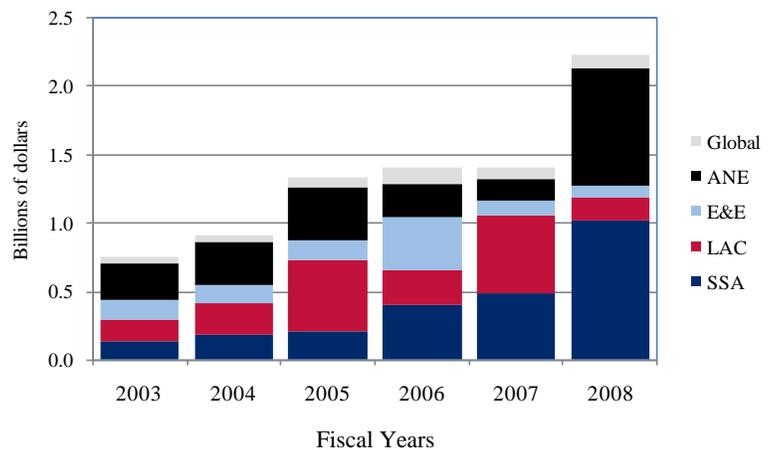
Trade Capacity Building (TCB) funding by the U.S. Government (USG) increased to \$2.2 billion in fiscal year 2008, following three consecutive years of little or no growth. TCB funds from the Millennium Challenge Corporation (MCC) more than doubled in 2008, causing the 59 percent rise in total USG funding. Although established in 2004, the MCC's first TCB reporting year was 2005. In 2006, the MCC had already displaced USAID as the USG agency with the largest TCB funding. USAID support for TCB in 2008 was up modestly, while the combined funding of all other USG agencies dropped slightly. The third largest funding agency in 2008 was the State Department. The rest of the agencies which funded TCB that year, in descending order of funding, are: Labor, TDA, Treasury, Agriculture, OPIC, African Development Foundation, Commerce, Peace Corps, Inter American Foundation, Export Import Bank, Health & Human Services, Federal Trade Commission, Justice, and Interior.

Regional totals for TCB funding indicate large shifts each year during the past four years. For example, the Latin America and Caribbean region had less than a tenth of the 2008 total, but was 40 percent of the 2007 total. Sub-Saharan Africa has shifted from 15 percent of the 2005 total to nearly half the 2008 total. The wide swings reflect large country programs funded by the MCC. TCB funding by the MCC sharply increased the regional total for LAC in 2005 and 2007, for Sub-Saharan Africa in 2008, for the Europe and Eurasia region in 2006, and for ANE in 2008. In the graph, ANE also includes Middle East and North Africa. (See Notes on page 4 for regional definitions in this graph.)

Total TCB Spending By Agency, 2003-2008



Total TCB Spending By Region, 2003-2008



MCC Compact Funding Boosts Countries to Top of TCB Rankings

One hundred forty one different countries received TCB funding for at least one year during the 2003-2008 period. More than half of those (74) countries received TCB funding in each of the six years. In addition, many countries are assisted by global and regional trade capacity building activities.

The five countries with the most TCB funding are all large recipients of MCC funding in 2008. None of the five countries—Tanzania, Morocco, Mozambique, Mongolia, and Lesotho—had more than \$10 million in TCB for 2007. The next five in the top ten list are mostly countries which have been receiving consistently large amounts of TCB funding. West Bank/Gaza received a small amount in 2007, but had a large scale program as recently as 2005. Liberia, however, represents a new entry to the largest TCB ranking. USG support for Liberia is rising fast in the post-conflict environment.

MCC funding for trade capacity building is both large-scale and has a relatively significant share allocated to supporting trade-related infrastructure. As the MCC has become the largest single funder of TCB, the emphasis on infrastructure has influenced the allocation of TCB by category. In 2003, infrastructure was only six percent of the total and is now more than half. Funding for agriculture and the environment increased sharply in 2008, leaving the relative share of those categories mostly steady over the past six years. Funding for trade promotion and the WTO and RTA categories has declined in relative terms over the past six years.

Country	2007	2008
Tanzania	1.0	584.4
Morocco	9.8	534.9
Mozambique	6.6	224.6
Mongolia	1.1	189.5
Lesotho	0.1	99.6
Colombia	49.9	46.0
Dominican Republic	18.0	19.0
Liberia	0.3	18.7
West Bank/Gaza	1.5	18.3
Egypt	18.3	17.3

USAID Funding for TCB in 2008 Remains Comprehensive and Widespread

As has been true since 1999, USAID funding for TCB reaches the largest number of countries and regions when compared with all other USG agencies. For example, USAID funding of TCB in 2008 was \$385 million, while MCC funding was more than four times as large in dollar terms. However, USAID funded activities in 79 countries and 12 regional groups, while MCC was in only five countries. For 2008, the Department of State funded activities in 83 countries, but only four regional groups. Among the countries with State TCB funding, 23 percent had funding of \$5,000 or less in 2008. By contrast, all USAID country funding for 2008 was at least \$15,000 and only eight percent of the countries had TCB funding less than \$100,000. USAID funding in 2008 is allocated in every possible TCB category, while MCC funding is only in seven different categories. The State Department funds activities in only about half the TCB categories.

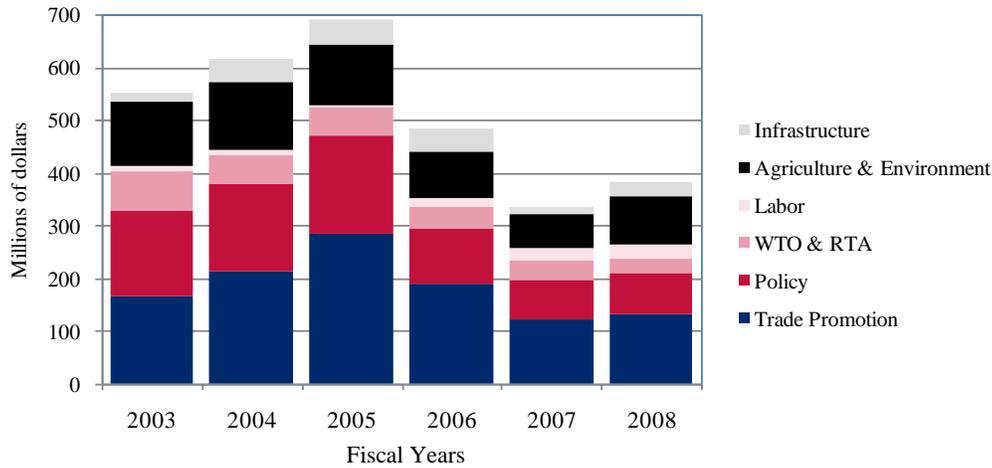
Since 2004, among USAID-funded countries, three have consistently received large TCB amounts: Colombia, Afghanistan, and Egypt. In each case, the level of overall foreign assistance is also consistently large. As the next table shows, several other countries receive large TCB amounts for a year or two, but not over the whole period.

Rank	2004	2005	2006	2007	2008
1	Egypt	Iraq	Afghanistan	Afghanistan	Colombia
2	Afghanistan	Egypt	Colombia	Egypt	Liberia
3	Colombia	Colombia	Egypt	Dominican Republic	West Bank/Gaza
4	Iraq	Afghanistan	Nicaragua	Indonesia	Dominican Republic
5	El Salvador	West Bank/Gaza	Peru	El Salvador	Egypt

In addition to the bilateral, country-specific TCB funding, USAID continues to support countries through global, regional, and secretariat funding. Global funding was up 61 percent in 2008, reaching \$8 million. The largest regional TCB recipient was Central America (\$27 million in 2008) while four different secretariats received TCB support as high as \$4 million.

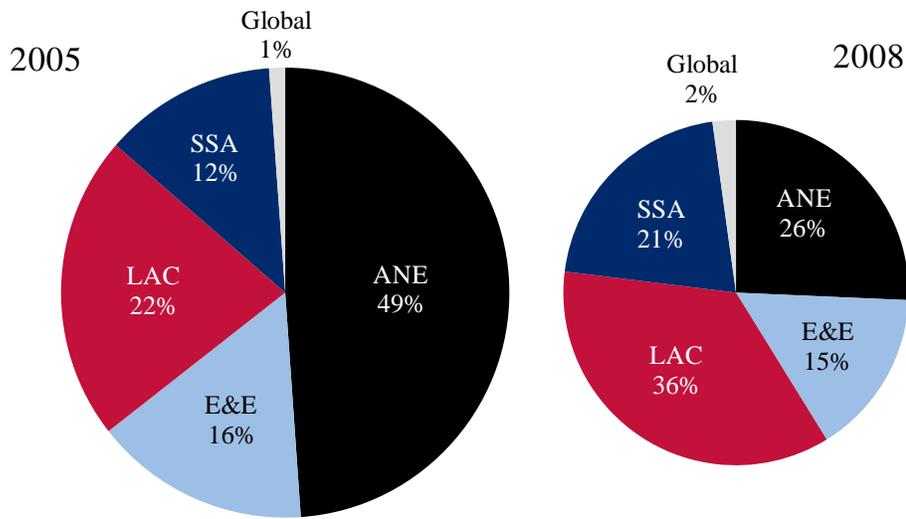
The largest category for USAID TCB remains Trade Promotion, but the “Agriculture and Environment” category has overtaken Policy for second place. The only TCB category with more funding in 2008 than in 2005 is Labor, but it continues to be the smallest category. (See notes on pages 4 for definitions of the snapshot categories.)

USAID TCB Spending By Category, 2003-2008



The two charts (below) highlight the changes in USAID funding for TCB from 2005 to 2008. The two pie charts are proportional to the overall funding total, which was 45 percent lower in the more recent year. The regional distribution of funding changed notably. Both Latin America and the Caribbean and Sub-Saharan Africa have a larger share of USAID funding in 2008, while the share in ANE was nearly cut in half.

USAID Funding for TCB, Regional Distribution: 2005 versus 2008



USAID Funding in 2005: \$695 million USAID Funding in 2008: \$385 million

Full details on TCB funding for the years 1999-2008 can be found online at <http://gesdb.usaid.gov/tcb/index.html>. This online database enables the user to create specific funding tables and also access activity descriptions of the programs which comprise trade capacity building. Email tcb@devtechsys.com for more details.

NOTES FOR GRAPHS ON PAGES 1 and 3 The regional graphs use five summary regions for TCB.	
Region in snapshot graph	Includes these regions used by online database
E&E	Europe and Eurasia
Global	Global*
LAC	Latin America and Caribbean
ANE	East Asia and Oceania South Asia Middle East and North Africa
SSA	Sub-Saharan Africa

* TCB funding that is not specifically allocated to one country or region is classified as “Global not specified” or “Global ns” in the database.

NOTES FOR TOP GRAPH ON PAGE 3 The graph uses six summary categories for TCB. The summary categories in this Snapshot include the following TCB Database categories:		
Category in snapshot graphs	Includes these categories used by online database	
Infrastructure	Trade-related Physical Infrastructure	
Agriculture and Environment	Trade-related Agricultural Development	Environmental Trade and Standards
Trade Promotion	Ecommerce and IT Export Promotion Business Services and Training	Other Trade Facilitation Services Trade Development Other Trade Capacity Building
Policy	Customs Operations and Administration Financial Sector Development and Good Governance	Competition Policy and Foreign Investment Governance/Transparency and Interagency Coordination
Labor	Human Resources and Labor Standards	
WTO and Regional Trade Agreements (RTA)	WTO Accession and Awareness WTO Agreements (sum of)	Regional Trade Agreements

The TCB Database is maintained by the Economic Analysis and Data Services (EADS), the central source for data on developing countries at the U.S. Agency for International Development. EADS provides technical staff and policy makers with access to social and economic data, with analytical and technical support, and with data-based research services. EADS regularly disseminates data from international sources either directly to its data users or more widely through the Agency's web site.