

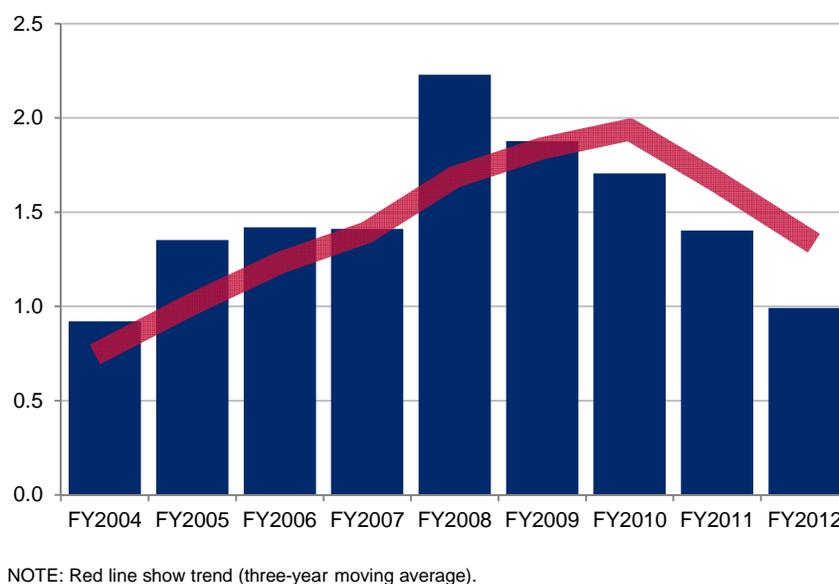
U.S. Government Funding for Trade Capacity Building Revised Upward for FY2011, Shows Decline for FY2012

Total U.S. Government Trade Capacity Building (TCB) assistance was just under \$1 billion in FY2012, down from an upwardly revised \$1.4 billion in FY2011. The updated TCB Database follows the standard practice of posting new data for the most recent fiscal year and revised data for the fiscal year immediately preceding it.

The primary reason for a large upward revision in FY2011 data was reported activities funded by the Millennium Challenge Corporation (MCC) in both FY2011 and FY2012. The TCB Database is based on an annual data call to U.S. Government agencies and occasionally the timing of the data collection results in particular activities being reported for the first time during the next data call.

To analyze the underlying trend of the TCB funding data, a three-year moving average is used in the graph. The TCB Database has always been based on funding at the time of obligation rather than disbursement or expenditure. For many of the TCB activities in the database, therefore, the funding level does not match up with the fiscal year the activity is in operation and being funded. For example, in the case of a three-year project in a country from FY2010 to FY2012 where the funding is all FY2010 money, the TCB Database would show funding for FY2010 and none for FY2011 and FY2012.

U.S. Government Trade Capacity Building Funding
(in billions of dollars)

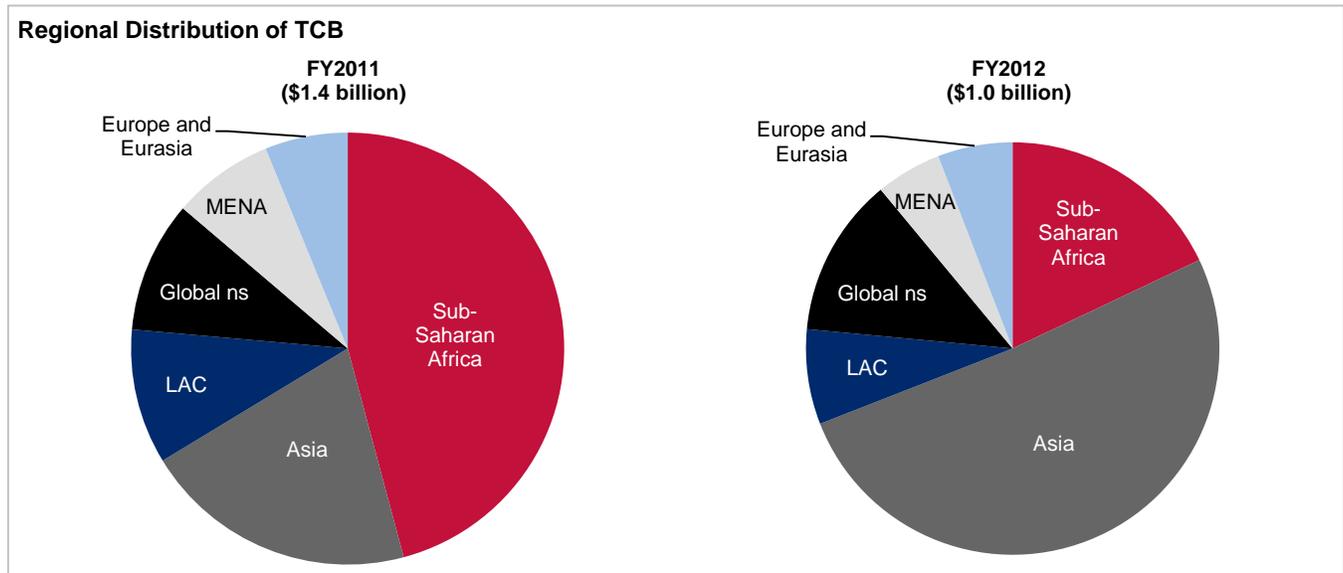


Regional Distribution of TCB Shifts Markedly in FY2012

For FY2012, the regional pattern of TCB shifted with Sub-Saharan Africa relative share falling while Asia's share rose sharply. For Sub-Saharan Africa, its share of TCB fell from nearly one half in FY2011 to less than a fifth in FY2012. Meanwhile, the relative shares of the Asia region more than doubled in FY2012, from a fifth to more

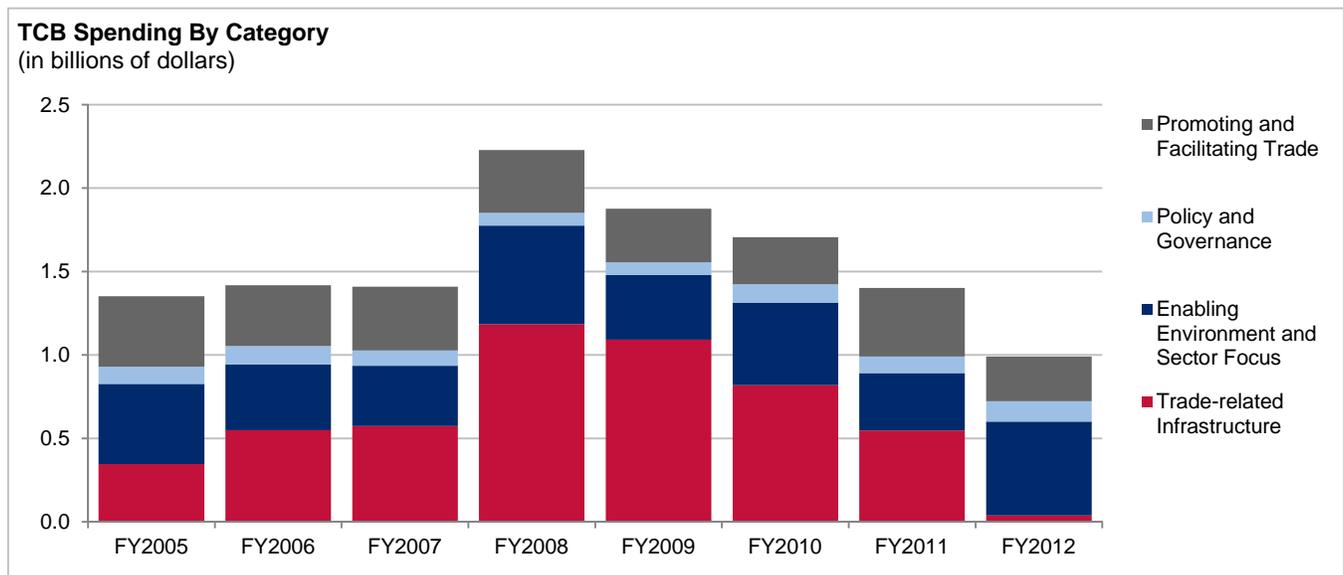


than a half. The shares of the Middle East and North Africa, Latin America and Caribbean, and Europe and Eurasia regions were all slightly smaller in FY2012 than in FY2011.



Infrastructure Funding Volatile, Shift In Sector Focus Funding for FY2012

For the past several fiscal years, trade-related infrastructure funding has been predominantly found in MCC-funded projects. In FY2012, trade-related infrastructure funding remained the most volatile summary category, falling to only \$37 million from more than half a billion dollars in FY2011. For the period FY2008–FY2010, infrastructure funding had been just above or just below a billion dollars each year as several large compacts funded by the Millennium Challenge Corporation included a focus on infrastructure. (See notes for details on how Summary Categories are defined.)



The “Promoting and Facilitating Trade” summary category decreased from \$0.41 billion in FY2011 to \$0.27 billion in FY2012, returning to approximately the level seen in FY2010. This summary category includes activities in Customs Operations, Enterprise Development, and FTAs. For FY2012, funding for Customs Operations increased by 32 percent from FY2011, but that was not enough to offset declines in funding for each of the other TCB categories in this summary group.

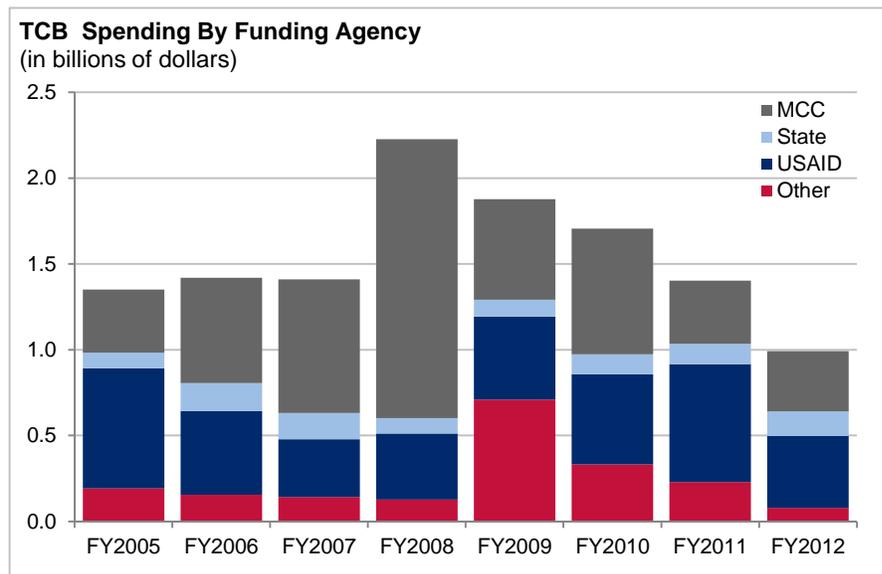
The least volatile summary category is “Policy and Governance,” which includes such TCB categories as WTO Accession, Sanitary and Phyto-Sanitary Measures, Technical Barriers to Trade, Intellectual Property Rights, Trade-Related Procurement, and Competition Policy. For FY2012, “Policy and Governance” funding increased to \$122 million from \$99 million in FY2011. Funding for this summary category has been just above or below \$100 million every fiscal year since FY2002.

USAID Largest TCB Funder for FY2012

For FY2006 through FY2010, the Millennium Challenge Corporation (MCC) had been the largest funder of TCB among the nearly two dozen U.S. Government agencies which fund these activities. But for FY2011 and again in FY2012, USAID returned to the top rank by posting a large increase in FY2011 and by limiting the decline in its funding for FY2012.

Volatility in USAID funding for TCB over the past three years is mostly a reflection of activities in Pakistan and Ethiopia. Both countries were the recipients of extremely large increases in TCB funding in FY2011, but while Pakistan’s funding remained the largest bilateral program funded by USAID, Ethiopia’s funding dropped to low levels in FY2012. Since the Database started measuring TCB in FY2001, only Egypt and Pakistan have ever had more than \$100 million in USAID funding for TCB for a single fiscal year. Pakistan breached that benchmark in both FY2011 and FY2012.

USAID’s largest TCB activities the past two fiscal years have included the Agriculture and Private Sector Competitiveness Programs (being implemented by USAID/Pakistan), the Sustainable Agriculture Program (implemented by the U.S. Department of Agriculture), the Pakistan Private Investment Initiative (implemented by the State Department, started in FY2012), and the Pakistan Trade Project (implemented by USAID/Pakistan). These and other USAID-funded activities in Pakistan are designed to increase the competitiveness of agricultural value chains, support drought-resistant crops and disease-free livestock, improve business access to finance, and facilitate the implementation of the Afghan Pakistan Transit and Trade Agreement signed in 2010, as well as to foster trade in other ways.



Largest Recipients of USAID TCB Funds in FY2012 Differ in Program Focus

The TCB country ranking shifts each year. Data are collected by assigning each activity to a specific country or, in the case of a multi-country activity, to a “not specified” or “ns” region. With respect to USAID funding, the top five countries or regions in FY2012 are Pakistan (\$103 million), Afghanistan (\$25 million), Tunisia (\$19 million), Eastern and Central Africa ns (\$17 million), and Global ns (\$16 million).

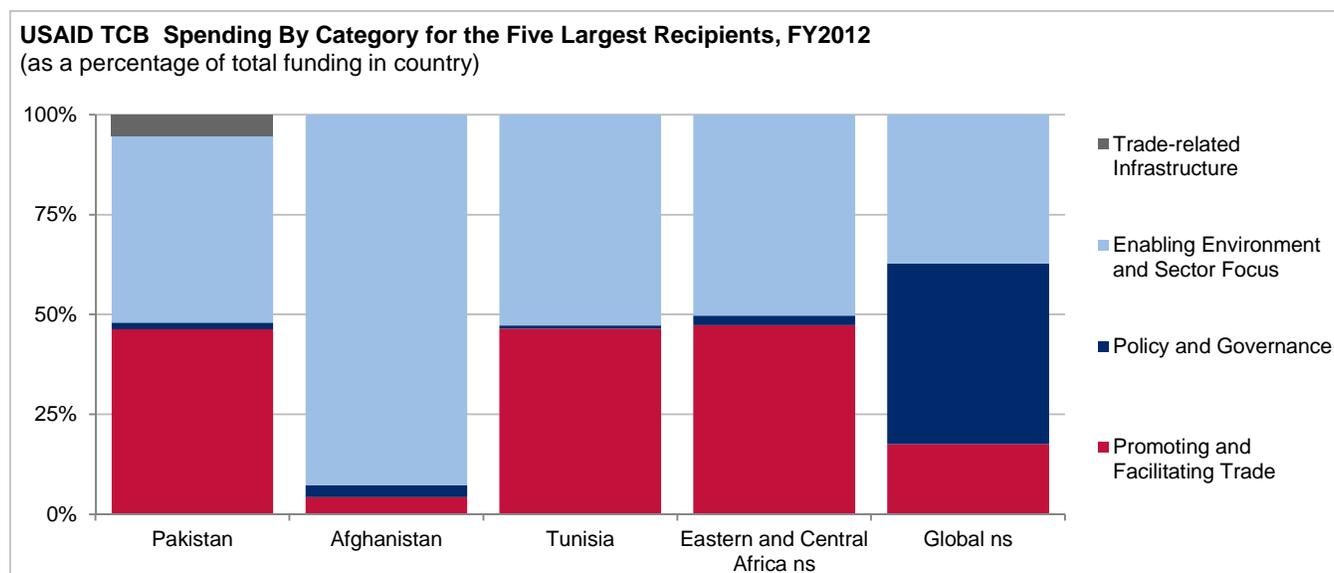
Each of those programs, when analyzed in summary categories as in the graph (below), had a common emphasis on Enabling Environment and Sector Focus. However, the specific TCB categories with large funding in each one differed. As mentioned above, Pakistan’s funding had a strong emphasis on agriculture and improving business access to finance.

In Tunisia, the USAID-funded efforts are split between Enterprise Development and Trade-related Labor. For example, the Tunisia ICT Competitiveness Project focuses on three components essential for ICT development: enhanced ICT entrepreneurship and SME development; ICT workforce training and job placement; and reducing ICT sector policy and regulatory growth constraints.

In Afghanistan, USAID’s focus in FY2012 was on Trade-related Agriculture. The Agricultural Development Fund supports the government in providing rapid disbursement of loans across the agricultural value chain through banks, farm stores, leasing companies, and food processors, which in turn provide agricultural credits to farmers. USAID is also funding the Agricultural Modernization Grants program to support training, technical assistance, trade fair participation, and marketing support to agricultural producers and agribusinesses.

USAID’s regional activities in Eastern and Central Africa in FY2012 are mostly split between Trade-related Agriculture and Trade Facilitation. The Competitiveness and Trade Expansion (COMPETE) Trade Hub program works in both areas and is designed to enhance economic growth and food security in Eastern and Central Africa by stimulating increased trade and competitiveness in both regional and global markets. Activities under COMPETE are focused on increasing AGOA and intra-regional exports, removing barriers to trade, and strengthening agricultural markets.

For Global ns activities in FY2012, USAID’s TCB funding had a strong emphasis on Competition Policy, Business Environment, and Governance. For example, the Improved Business Environments for Agile Markets project, or I-BEAM, provides technical leadership in the areas of legal and regulatory reform.



Notes for Graphs

Definition of Regions

Region in graph	Regions in TCB Database
Europe and Eurasia	Europe and Eurasia
Global ns	<ul style="list-style-type: none"> Global ns (TCB funding that is not specifically allocated to one country or region is classified as "Global not specified" or "Global ns" in the database.) APEC Secretariat
Latin America and the Caribbean (LAC)	Latin America and Caribbean
Asia	<ul style="list-style-type: none"> East Asia and Oceania Southern Asia Asia ns ASEAN Secretariat
Middle East and North Africa (MENA)	Middle East and North Africa
Sub-Saharan Africa	Sub-Saharan Africa

Definition of TCB Categories

Category in graph	Categories in TCB Database
Promoting and Facilitating Trade	<ul style="list-style-type: none"> Customs Operations Trade Promotion Enterprise Development FTAs and Trade Integration Other Trade Capacity Building
Policy and Governance	<ul style="list-style-type: none"> WTO Accession and Compliance Sanitary and Phyto-Sanitary Measures (SPS) Technical Barriers to Trade (TBT) Intellectual Property Rights (IPR) Trade Related Procurement Competition Policy, Business Environment, and Governance
Enabling Environment and Sector Focus	<ul style="list-style-type: none"> Trade-related Labor Financial Sector Development Environmental Standards and Trade Trade-related Agriculture Trade-related Services
Trade-related Infrastructure	Trade-related Infrastructure

Additional Information

For questions or more information, please contact the author, Michael Shea, at mshea@devtechsys.com.

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. Full details on TCB funding for the years FY1999–FY2012 can be found online at <http://tcb.eads.usaidallnet.gov/>. This online database enables the user to create specific funding tables and also access activity descriptions of the programs which comprise trade capacity building.