Effectiveness of Aid for TradeLessons from the Philippines

Regional Workshop on Promoting Intraregional Trade, Investment and Connectivity through Bankable Aid for Trade Projects: Addressing Developmental Needs with Effective Aid for Trade
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The Philippines

- Low middle income economy; GNI per capita US\$2,210 (2011)
- 10th and 13th largest AfT beneficiary in terms of disbursements and commitments, resp., in 2009
- Strong commitment to economic liberalism
 - Weighted average applied tariff: 4.77% (2010)
 - Two-thirds of tariff lines with MFN rates of 0 to 5%
- Dependent on aid: S-I gap, forex gap, fiscal gap
 - Declining aid inflow: 12% of GCF was aid-funded in 1990
 - OFW remittances larger than ODA inflows, but ODA still larger than net FDI.

The Philippines

- Ranks 65th out of 144 countries in 2012 GCI
 - Malaysia (25), Thailand (38), Indonesia (46), Vietnam (75)
 - Transitioning from stage 1 (factor-driven) and stage 2 (efficiency-driven)
- Ranks 136th out of 183 countries in 2012 Ease of Doing Business Index
 - Nepal (107), Sudan (135), Cambodia (138)
- In 2000, Phil. exports, US\$42B vs. Vietnam, US\$17B; in 2011, Phil. exports, US\$65B vs. Vietnam, US\$100B.

Constraints to Trade: WEF's Business Survey 2012

Most important problematic factors for importing:

- Burdensome import procedures (1)
- Corruption at the border (2)

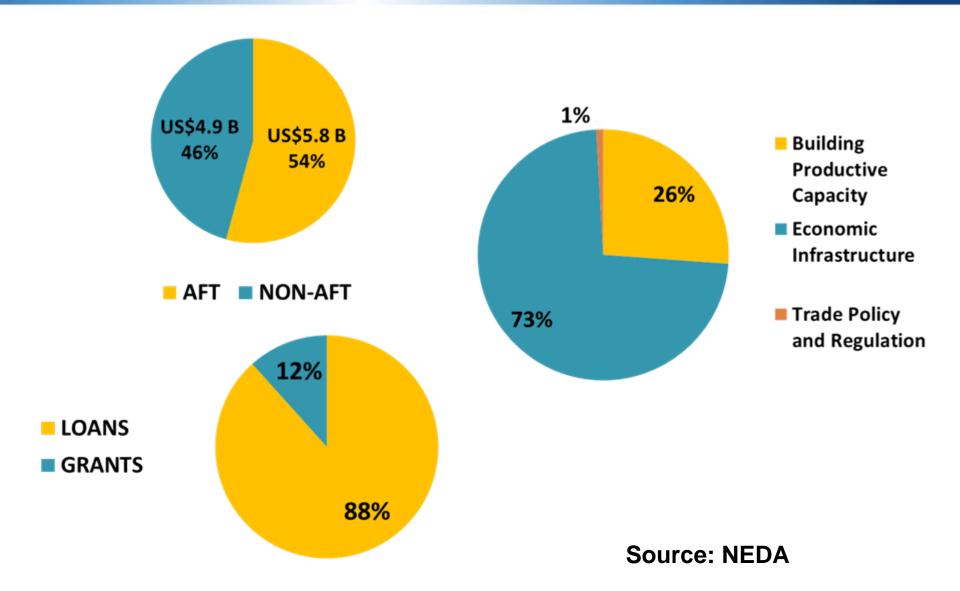
Most important problematic factors for exporting:

- Access to imported inputs at competitive prices (1)
- High cost or delays caused by domestic transportation (5)

Most problematic factors for doing business

- Corruption (1)
- Inefficient government bureaucracy (2)
- Inadequate supply of infrastructure (3)

AfT Profile 2011



TRTA and Capacity Building Programs

EU TRTA Programs

- Assist Filipino exporters to sell their products into the EU market
- Improve Customs administration
- Build local capacity to implement WTO agreements (SPS and TBT)

USAID Technical Capacity Building Programs

- AGILE (Accelerating Growth, Investments and Liberalization with Equity), 1998-2004
 - Drafting and advocacy of legislative reforms to align laws with Philippine WTO commitments

TRTA and Capacity Building Programs

USAID Technical Capacity Building Programs

- **EMERGE** (Economic Modernization through Efficient Reforms and Governance), 2004-2008
 - Expand trade and investments
 - Improve regulation on infrastructure services, specifically on telecommunications and transportation
- LINC-EG (Local Implementation of National Competitiveness for Economic Governance), 2008-2012
 - Streamline business permits and licensing regulations of LGUs

AfT on the Ground

e, design and delivery of AfT initiatives meet the effectiveness suggested by the Paris Declaration Force?

he initiatives achieve their set objectives and

ted benefits bear into fruition? If not, what factors st the realization of expected impacts?

n and delivery of aid be improved to overcome the egate aid effectiveness?