TRADE CAPACITY BUILDING: FISCAL YEAR 2018 OVERVIEW

The U.S. government’s trade capacity building (TCB) obligations totaled $890m in FY2018, with investments in 715 activities across 130 countries, geographic regions, or trade groups.

The U.S. Agency for International Development ($369m), Millennium Challenge Corporation ($351m), and Department of Labor ($57m) represent the top three largest funders of TCB-related activities. In addition, the Overseas Private Investment Corporation (OPIC) and the Department of Treasury both increased TCB obligations in FY2018 by $9.1m and $6.1m, respectively. The two largest categories of TCB investment were trade-related infrastructure ($268m) and trade-related agriculture ($191m).

Total U.S. government (USG) investments in TCB decreased by 20% from FY2017 to FY2018. The decline is in large part accounted for due to declines in TCB-related funding from the Millennium Challenge Corporation (MCC).
**REGIONS AND INCOME GROUPS**

**Sub-Saharan Africa:** Continuing a ten-year trend, Sub-Saharan Africa (SSA) states received the most funding in FY2018 ($478m). Nearly 90% of SSA funding went to low income countries ($590m). This includes $351m in TCB funding as part of a new five-year Millennium Challenge Corporation (MCC) compact in Niger.

**Western Hemisphere:** The Western Hemisphere region received the second-largest amounts of TCB investment this year ($89m), a decrease of $27m from 2017 levels, funded 154 activities in 24 countries or regional groups. The U.S. Agency of International Development (USAID) and the Department of Labor remain the most significant funders of TCB activities in this region.

**South and Central Asia:** The third-largest amount of TCB funding in FY2018 ($84m) was allocated to South and Central Asia, an increase of $19m over 2017 levels. The U.S. Agency of International Development (USAID) represents the largest funder of TCB activities in the region.

**East Asia and Oceania:** The fourth-largest amount of TCB funding ($82m) was allocated to East Asia and the Oceania nations, an increase of $15m over 2017 levels. The U.S. Agency of International Development (USAID) represents the largest funder of TCB activities in the region.

**Bilateral and Multilateral Assistance:** Bilateral TCB assistance ($726m) between the United States and recipient states accounted for over 80% of all TCB assistance. Slightly less than 20% of TCB funding ($164m) was allocated to global, region, and sub-regional programs.
The focus of overall U.S government (USG) trade capacity building (TCB) efforts in any given year is strongly influenced by the type of trade-capacity building activities undertaken by the Millennium Challenge Corporation (MCC), due to the large size of the compacts it funds and the relevance of the compacts to trade capacity.

Funding for trade-related labor represents a significant portion of the FY2017 MCC compact in Morocco. With the whole of that five-year compact’s funding reported in FY2017, funding for trade-related labor activities predictably fell in FY2018. Trade-related labor activities support labor standards, worker rights, trade union governance, workforce development, business education, and the social aspects of liberalization.
TRADE-RELATED AGRICULTURE

For many developing countries, agricultural products constitute a substantial portion of overall exports. U.S. government trade capacity building (TCB) efforts help farmers, agribusinesses, traders, and governments bring these products to regional and international markets. Though related, the figures in the accompanying chart do not include support for Sanitary and Phytosanitary (SPS) measures, which accounted for $11m in TCB funding in FY2018.

U.S. government agencies significantly increased their support for these activities in FY2018. Funding totaled $191m, an amount more than three times greater than that which was obligated in FY2017. Much, though not all, of this increase can be attributed to the new five-year Millennium Challenge Corporation (MCC) in Niger. The two agriculture-related components of the compact – totaling $94m – will increase farm incomes by strengthening the resilience of farmers to climate impacts, improving livestock health, and improving infrastructure that support the raising and marketing of livestock.

TCB-related agriculture funding to South and Central Asia states also increased significantly last year due to over $36m in USAID funding for Afghanistan. This includes the $13.8m in additional funding to the Afghanistan Value Chains – High Value Crops project, which will connect producers of high-value agricultural products to domestic and international markets through mentorship, promotional and marketing support, and by strengthening the processing capacity of key firms.

For questions or more information on these Fast Facts or about the Trade Capacity Building, please contact the author, William Shields, at wshields@devtechsys.com. To access the Trade Capacity Building (TCB) Database, visit https://tcb.usaid.gov/.

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