

EU Aid for Trade Progress Report 2020

INTRODUCTION

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EU Aid for Trade Progress Report 2020

The report was compiled between April and July this year.

It covers the progress of the implementation of the EU's updated 2017 Aid for Trade (AfT) strategy.

The team was:

David Addis: Team Leader
Matias Calvo: Data Expert
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C4 DEVCO, Trade and Private Sector:

Ms Malgorzata Pitura: Policy Officer

With support from other C4 officers and facts cross-check among DG DEVCO, DG NEAR & DG TRADE.

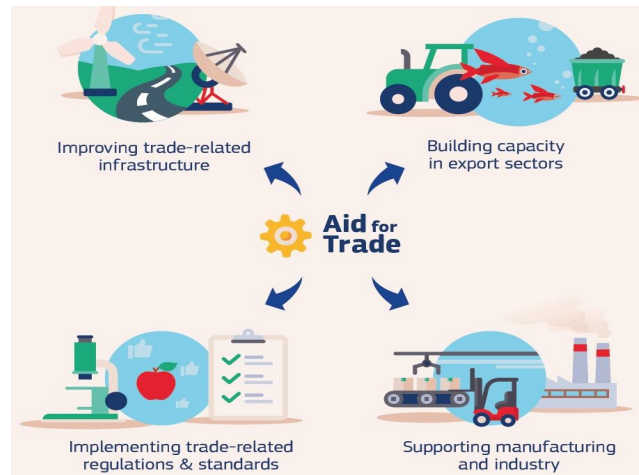


BACKGROUND

Malgorzata (Margo) Pitura
Policy Officer, Unit C4

What is Aid for Trade

Aid for Trade (AfT) is an initiative led by the World Trade Organisation (launched at the WTO Ministerial Conference in 2005) and supported by the EU amongst other organisations.



The 2017 EU Joint Aid for Trade Strategy

Commission Communication **COM (2017) 667** of 13 November 2017:
**‘Achieving Prosperity through Trade and Investment. Updating the
 2007 Joint EU Strategy on Aid for Trade’**

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Council Conclusions 15573/17 of 11 December 2017:
**‘Achieving Inclusive and Sustainable Prosperity through Trade and
 Investment. Updating the 2007 Joint EU Strategy on Aid for Trade’**

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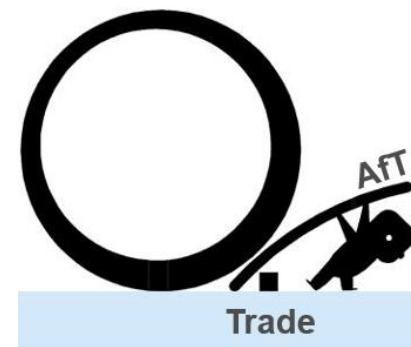
**Joint EU and Member States
 Updated 2017 Aid for Trade Strategy**



The 2017 EU Joint Aid for Trade Strategy

The renewed approach principles:

1. Reducing fragmentation, integrating development tools, increasing leverage of AfT through better informed and coordinated delivery;
2. Scaling up impact – making the most of instruments across EU external policies, in particular: the External Investment Plan, trade agreements (EPAs, FTAs, DCFTAs, etc.), trade schemes (GSP, EBA);
3. Stronger focus on **social** and **environmental** sustainability and inclusive economic growth;
4. Better, differentiated approach to countries, with increased focus on Least Developed countries (LDCs);
5. Improved monitoring and reporting



Response to the UN 2030 Agenda on Sustainable Development & the EU 2017 Consensus on Development

Aid for Trade dimensions

1. 'Wider' Aid for Trade Agenda – all 6 AfT categories;
2. 'Classical' – narrower AfT called: 'Trade-Related Assistance' (TRA)

AfT dimension	AfT Categories included
Total Aid for Trade (AfT)	Cat 1. Trade Policy and Regulations (TPR)
	Cat 3. Trade Related Infrastructure (TRI)
	Cat 4. Building Productive Capacity (BPC)*
	Cat 5. Trade Related Adjustment (TR Adj.)
	Cat 6. Other Trade-Related Needs (EU Cat.6)
Trade-Related Assistance (TRA)*	Cat 1. Trade Policy and Regulations (TPR)
	Cat 2. Trade Development (TD)*
	Cat 6. Other Trade-Related Needs (EU Cat.6)

* Cat 4 counts for all BPC activities, including those with TD marker (Cat 2).

* Cat 2 is a subset of Cat 4 and is captured using the TD DAC marker.

* TRA is a subset of total Aid for Trade.

Aid for Trade categories and CRS DAC Codes

Aid for Trade Categories	CRS Codes Included
Cat 1. Trade Policy and Regulations (TPR)	33110 - Trade policy and administrative management 33120 - Trade facilitation 33130 - Regional trade agreements (RTAs) 33140 - Multilateral trade negotiations 33181 - Trade education/training
Cat 2. Trade Development (TD)	All activities in Cat. 4 with the "Trade Development Marker"
Cat 3. Trade-Related Infrastructure (TRI)	21xxx - Transport 22xxx - Communications 23xxx - Energy
Cat 4. Building Productive Capacity (BPC)	240xx - Banking and financial services 25010 - Business support services and institutions 311xx - Agriculture 312xx - Forestry 313xx - Fishing 321xx - Industry 322xx - Mineral resources and mining 323xx - Construction 33210 - Tourism
Cat 5. Trade-Related Adjustment (TR Adj.)	33150 - Trade-related adjustment
Cat 6. Other Trade-Related Needs (EU Cat.6)	Not measured by the OECD/CRS. Data collection by the EU was discontinued from 2015 commitments.

The EU AfT Progress Report 2020

This is the third report with this expanded emphasis on the qualitative results achieved.

It has two main parts:

- The **Qualitative** section which explains what has been achieved across all the countries concerned, with many practical examples
- The **Quantitative** section which outlines in great detail the AfT contributions, broken down by individual countries; regions and types of aid

Information sources:

Qualitative Part:

a) Online survey to EU delegations and Member States

- Questionnaire sent to 119 participants
- Responses received 96 (response rate of 81%)


b) Documentation review (material provided by EU Delegations)

- Country reports, projects reports, case stories, photos etc.

Information sources:

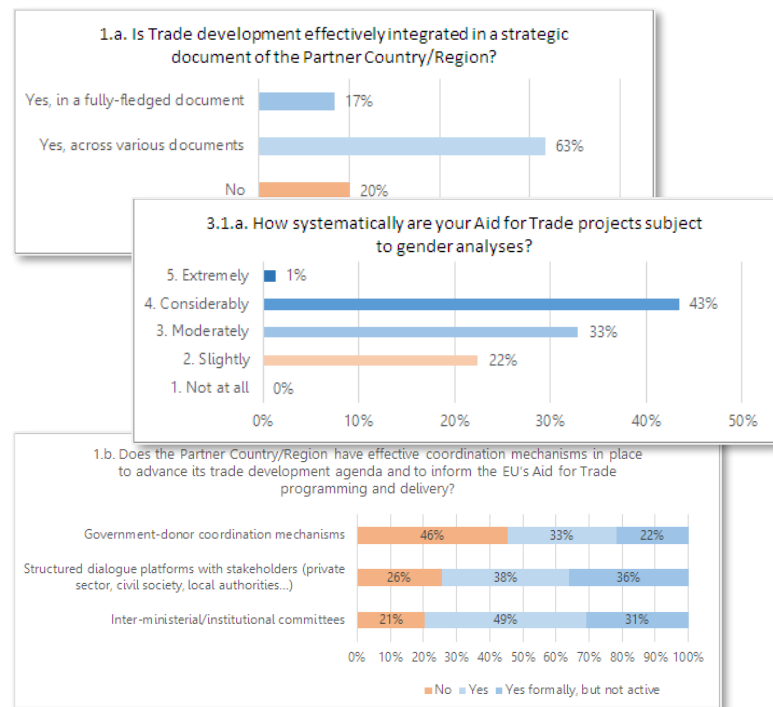
Quantitative Part:

c) Analysis of statistical data:

- DAC CRS, Organisation for Economic Co-operation and Development 

Analysis of questionnaires:

	A	F	G	H	I	J	K	L	M	N	O
	1. Relevance of EU Aid for Trade						2. Strengthening the impact of EU trade and investment instruments through				
1	EU Delegation	1.a. Is Trade development effectively integrated in a strategic document of the Partner Country/Region?	1.b. Does the Partner Country/Region have effective coordination mechanisms in place?	1.b. Does the Partner Country/Region have effective coordination mechanisms in place?	1.b. Does the Partner Country/Region have effective coordination mechanisms in place?	1.c. As the ultimate beneficiary of EU Aid for Trade outcomes, is the local private sector involved in the local trade dialogue?	1.d. If you run projects involving the local private sector for Aid for Trade purposes, The EU and its member states support public-private dialogues.	2.1.a. If the Partner Country/Region has an EU preferential trade scheme	2.1.b. Do the discussions within FTA institutions (Sub-Committees Domestic)	2.1.c. List projects in your country or region that are geared towards helping the partner countries/region EU - Advancing Afghan Trade phase 1 and 2 (details under 71 - 1. PASSEM "Programme d'assistance technique pour la #1 ACM project. Trade Support Programme (022-390) 2016-2023.	2.1.d. For at least one EU and/or EU M project gear towards helping partner countries to Regional economic integration is still a low level of PASSEM provide knowledge and know-how to the National Testin
2	Alghanistan	Yes, across various documents	Yes	Yes	Yes	3. Moderately	The EU and its member states support public-private dialogues.	4. Considerably	4. Considerably	4. Considerably	4. Considerably
3	Algeria	No	Yes formally, but not active	Yes formally, but not active	No	4. Considerably	1. PADICA "Programme d'Appui au Climat des Affaires et à la 1.a. (i) National Development Plan 2018-2022 and (ii) PROCEDES	4. Considerably	4. Considerably	4. Considerably	4. Considerably
4	Angola	Yes, across various documents	Yes	No	No	3. Moderately	1. Support to SME development in Armenia 2016-2023	2. Slightly	2. Slightly	2. Slightly	2. Slightly
5	Armenia	Yes, across various documents	Yes formally, but not active	Yes formally, but not active	Yes formally, but not active	3. Moderately	1. Support to SME development in Armenia 2016-2023	2. Slightly	2. Slightly	2. Slightly	2. Slightly
6	Azerbaijan	Yes, across various documents	Yes formally, but not active	Yes formally, but not active	No	1. Not at all	More integrated and sizeable responses to partner countries'	1. Not at all	2. Slightly	Azerbaijan does not benefit from GSP. GSP+ EU GSP has been	There is no EU preferential trade scheme in place with Azerbaijan
7	Bangladesh	Yes, across various documents	No	Yes formally, but not active	Yes	3. Moderately	1. Securing Employment and Economic Development	5. Extremely	4. Considerably	4. Considerably	4. Considerably
8	Barbados	Yes, across various documents	Yes	Yes	Yes	3. Moderately	The EU provides 24 Mio Euros to support the development of the	5. Extremely	3. Moderately	In the Delegation, these projects start in Q1 and Q2 of 2020. Most a	In the Delegation, these projects start in Q1 and Q2 of 2020. Most a
9	Belarus	Yes, across various documents	Yes	Yes	No	3. Moderately	n/a	n/a	n/a	n/a	n/a
10	Benin	Yes, across various documents	No	Yes	Yes	2. Slightly	Trade development is a transversal theme cutting across agriculture,	2. Slightly	1. Not at all	There are no ongoing or planned EU-funded projects specifically	Not applicable
11	Bolivia	No	No	No	Yes	2. Slightly	The Italian Cooperation in Bolivia, which is present in the In 2019, the Delegation has intensified the dialogue with the	1. Not at all	1. Not at all	Bolivia benefits from GSP+ scheme with positive effects on	The EU does not include actions Aid For Trade it covers
12	Botswana	Yes, across various documents	Yes	Yes	Yes	2. Slightly	Support to the Economic Partnership Agreement (EPA) and	3. Moderately	3. Moderately	The SADC-EPA project has supported expo nomination them	The SADC-EPA project has supported expo nomination them



Analysis of questionnaires:

- these questionnaires provided data on **qualitative** perceptions on the ground.
- responses generally prepared jointly with local representations of EU MS.
- qualitative and quantitative data were extracted from this information

Some of the key findings:

- Three quarters say AfT helps address environmental challenges
- and a similar number felt that the private sector was involved in AfT actions.

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Analysis of questionnaires:

... Around two thirds agreed that:

- AfT helps partner countries maximise use of trade schemes.
- a suitable level of AfT support is provided.
- AfT promotes decent work.
- trade coordination between the EU and EU MS is improving.
- trade coordination with other non-EU donors is improving.
- AfT promotes fair and ethical trade

Nearly 80% of EU AfT actions are especially geared to helping the partner country/region take advantage of the opportunities offered by EU Free Trade Agreements and preferential trade schemes.

Qualitative findings

The first, **qualitative**, part of the Report, shows how EU and Member States are adapting their AfT delivery to help developing countries in line with the **2017 EU Joint Aid for Trade Strategy**.

Among others, it includes examples of programmes put in place to:

- leverage the EU trade agreements and schemes;
- support regional integration;
- support trade facilitation and quality infrastructure;
- make sure (aid for) trade preserves the environment;
- empower women and youth;
- leverage decent working conditions, responsible business conduct, fair & ethical trade;

Case story:

Safer food and gas cylinders in Nepal

Food and the gas cylinders that people use to cook the food, will be safer in Nepal thanks to an EU scheme.



Case story:

Solar powers up mobile charging in Eritrea

New opportunities for business development are emerging in Eritrea, including for young entrepreneurs like this one, where solar power is being brought to rural towns and surrounding villages.



Case story:

Increasing rural incomes in Bolivia

Cultivating a local potato species brings an important environmental benefit because sourcing food locally limits CO2 emissions by minimising transport distances.



Quantitative analysis

The second part of the Report shows the results of a comprehensive analysis of the statistical information on the 2018 AfT flows (data from OECD's CRS database).

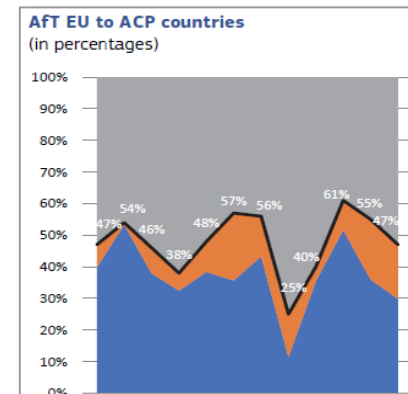
	A	B	C	D	E	F
1	year	donor	recipient	category	flow type	purposeco
2	2005	AfDB	Africa	Building Pr	Grants	24030
3	2005	AfDB	Africa	Building Pr	Grants	24010
4	2005	AfDB	Africa	Building Pr	Loans	24010
5	2005	AfDB	Africa	Building Pr	Grants	31120
6	2005	AfDB	Africa	Building Pr	Grants	31130
7	2005	AfDB	Africa	Building Pr	Grants	31163
8	2005	AfDB	Africa	Building Pr	Grants	31182
9	2005	AfDB	Africa	Building Pr	Grants	31110
10	2005	AfDB	Africa	Building Pr	Loans	31161
11	2005	AfDB	Africa	Building Pr	Grants	31310
12	2005	AfDB	Africa	Building Pr	Grants	32182



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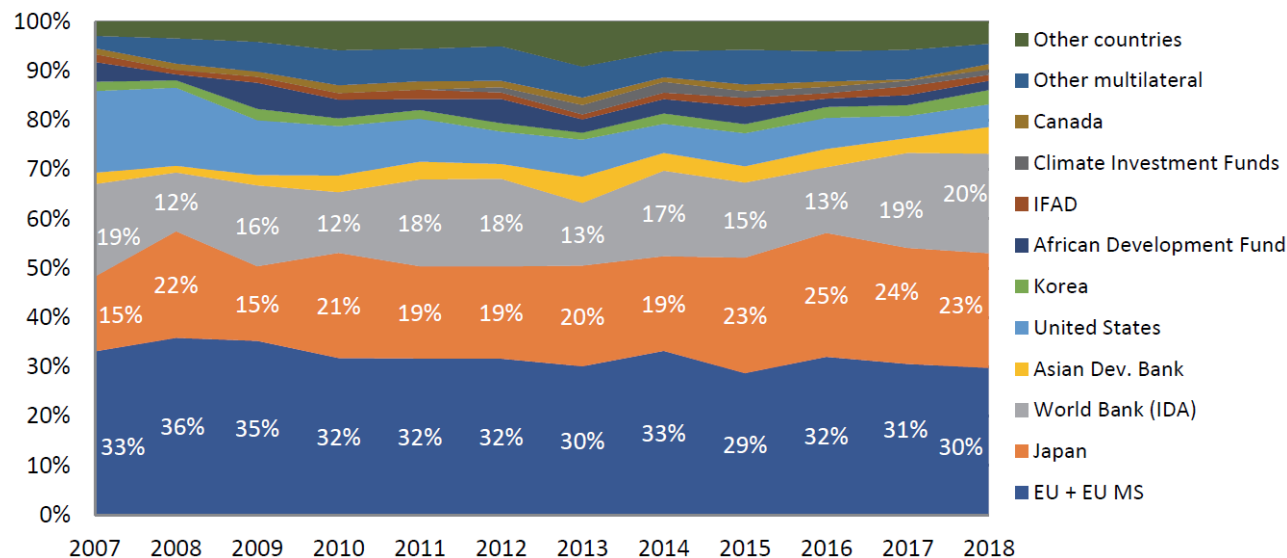
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Out[35]:
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	year_index	donor	recipient	td_category	flow_type
43348	2007	EU Institutions	Afghanistan	Building Productive Capacity	Grants
43349	2007	EU Institutions	Afghanistan	Building Productive Capacity	Grants
43350	2007	EU Institutions	Afghanistan	Building Productive Capacity	Grants
43351	2007	EU Institutions	Afghanistan	Building Productive Capacity	Grants



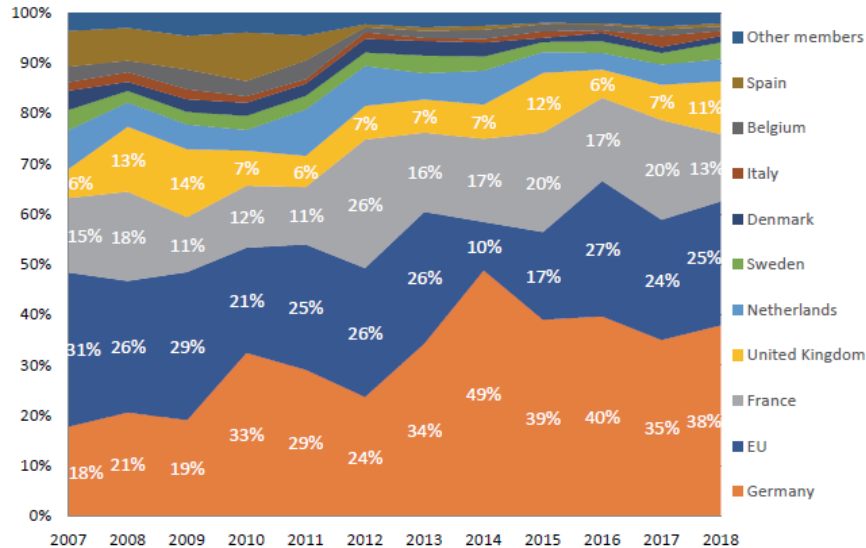
The key findings are ...

Nearly $\frac{1}{3}$ of global Aid for Trade in 2018 was from the EU & EU Member States (EUR 13.5 billion)



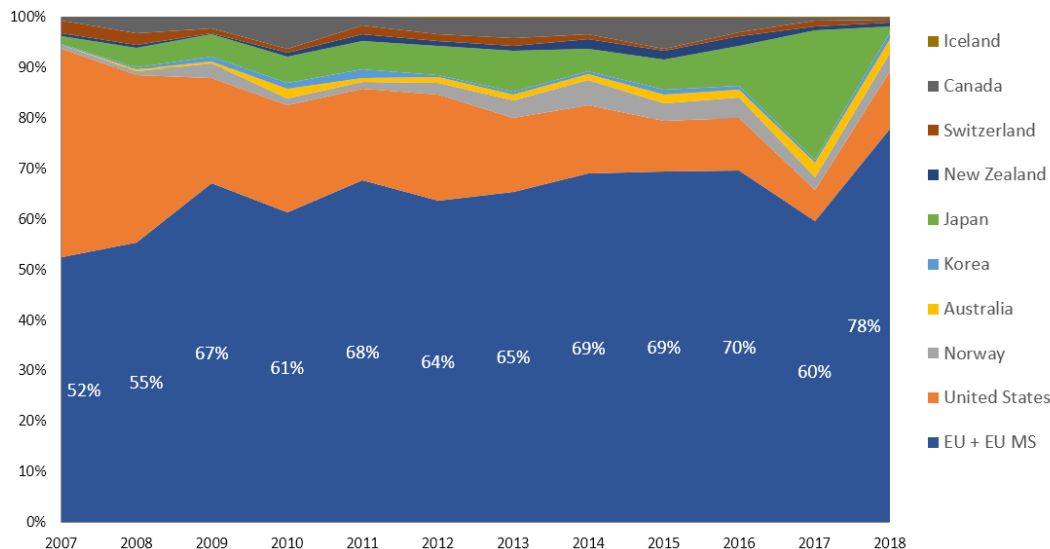
	2018
EU + EU MS	13 566
Japan	10 602
World Bank (IDA)	9 163
Asian Dev. Bank	2 435
United States	2 087
Korea	1 315
African Development Fund	851
IFAD	567
Climate Investment Funds	494
Canada	489
Other multilateral	1 856
Other countries	2 048

More than $\frac{3}{4}$ of EU AfT commitments were from just 3 donors:
EU, Germany & France (EUR 10 billion)



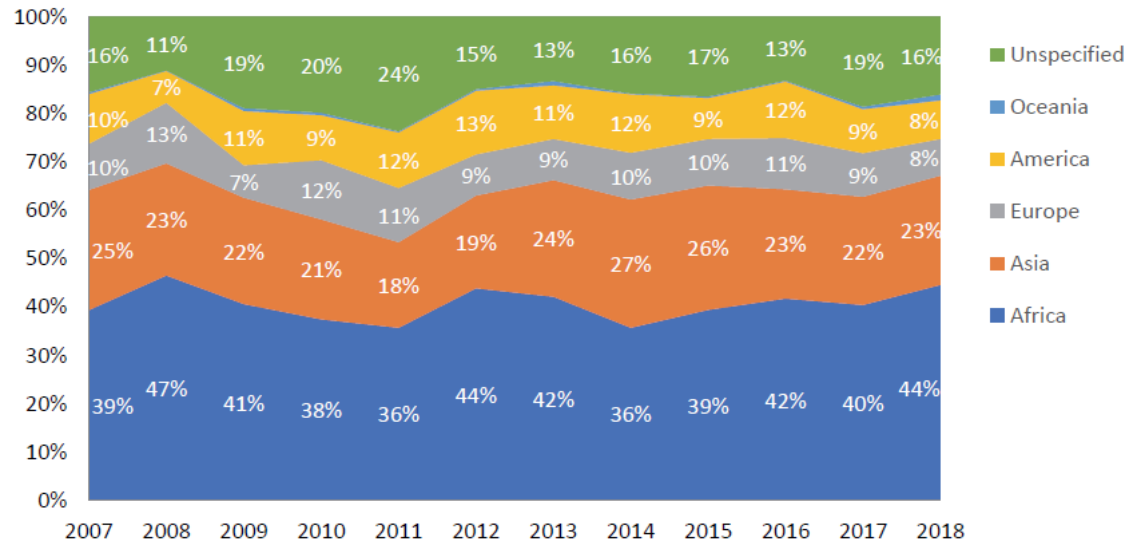
	2018
Germany	5146
EU	3336
France	1798
United Kingdom	1423
Netherlands	600
Sweden	451
Denmark	175
Italy	142
Belgium	124
Spain	80
Other members	289

More than $\frac{3}{4}$ of global Trade Related Assistance from DAC donors was from EU & EU Member States (EUR 5.3 billion)



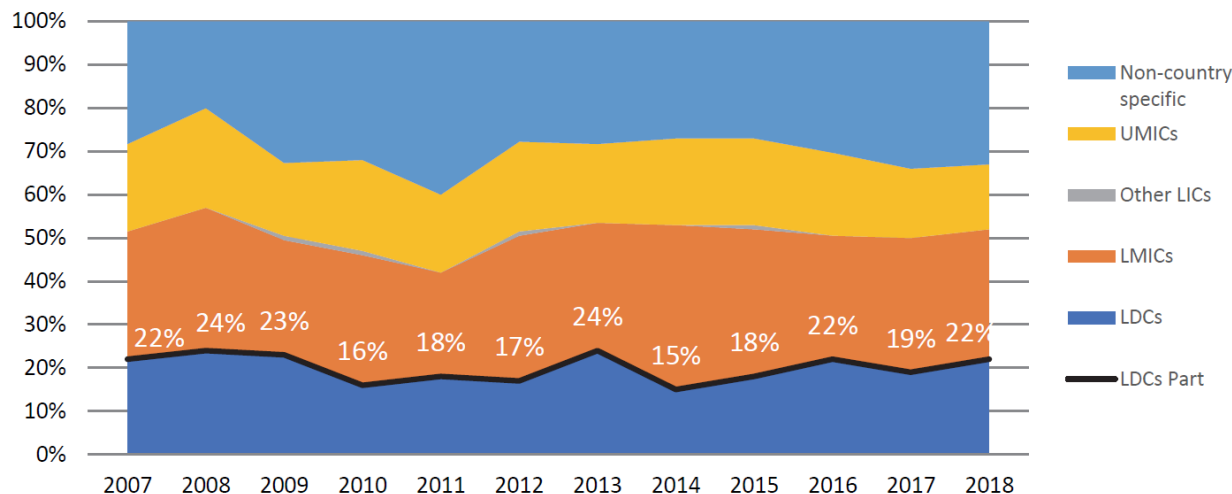
	2018
EU + EU MS	5330
United States	775
Norway	244
Australia	185
Korea	101
Japan	77
New Zealand	49
Switzerland	40
Canada	36
Iceland	2

Nearly $\frac{1}{2}$ of EU & EU MS Aid for Trade went to Africa (EUR 6 billion)
followed by Asia (23%), America (8%) and Europe (8%).



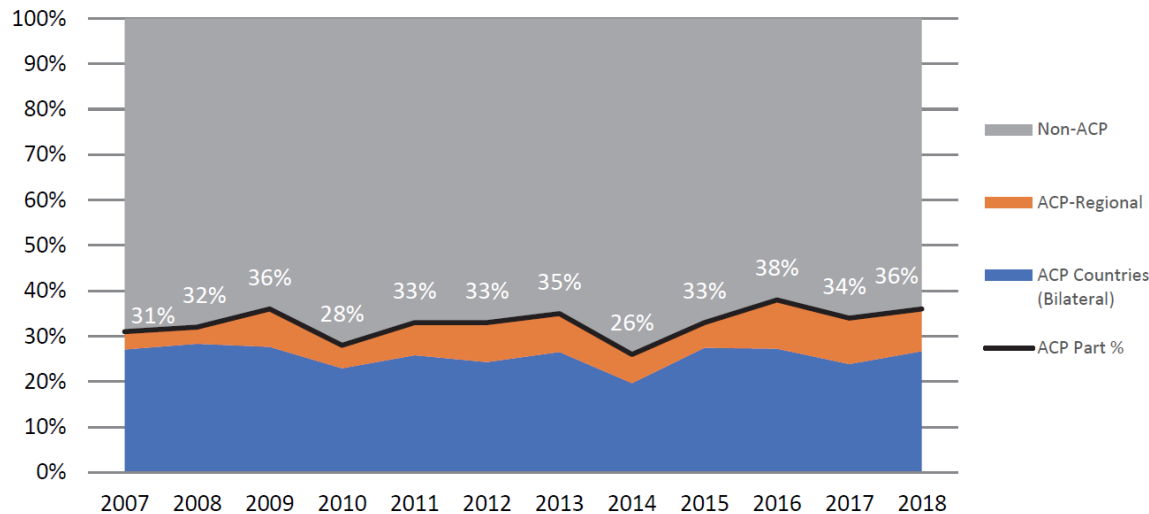
	2018
Africa	6 054
Asia	3 062
Europe	1 025
America	1 084
Oceania	158
Unspecified	2 184
Total	13 566

Nearly ¼ of EU & EU MS AfT commitments went to Least Developed Countries (LDCs) (EUR 2.9 billion)



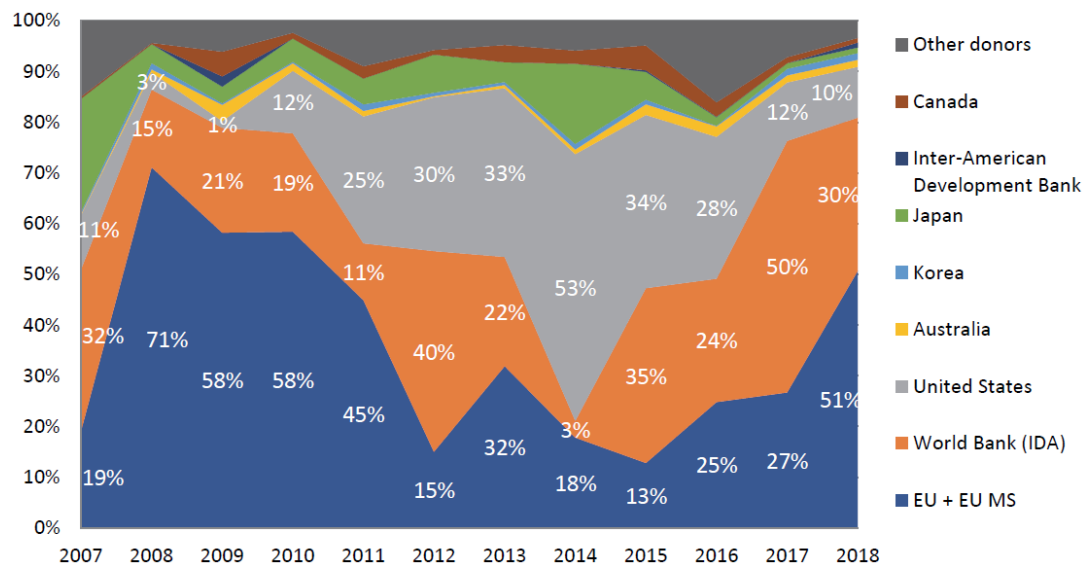
	2018
Least developed countries (LDCs)	2 991
Lower middle-income countries (LMICs)	4 019
Other low-income countries (Other LICs)	14
Upper middle-income countries (UMICs)	2 025
Non-country specific	4 517
Total	13 566

More than $\frac{1}{3}$ of EU & EU MS AfT commitments went to ACP countries (EUR 4.9 billion)



	2018
ACP Countries (Bilateral)	3 622
ACP-Regional	1 326
Total ACP	4 948
Non-ACP	8 618
Total	13 566

More than 1/2 of global Trade Facilitation* was from EU & EU MS (EUR 288 million)



	2018
EU + EU MS	288
World Bank (IDA)	171
United States	57
Australia	8
Korea	7
Japan	6
Inter-American Development Bank	5
Canada	5
Other donors	19
Total	567

* Trade Facilitation corresponds to DAC purpose Code 33120

Conclusions

The EU Aid for Trade Progress Report 2020 reflects an important place of AfT in the development policies of the EU and its Member States, and the prioritisation of a stronger coherence between development, trade and investment instruments with a view to improve the economic, job creation and sustainability impacts.

At the same time, €13.5bn of AfT volume from the EU and its Member states, comes €1bn short of the previous year. Efforts need to continue to keep the good share of ODA go to the AfT, not to lose the 1st world AfT donor status.

It is anticipated that next year's Report will show yet further steps forward, even in challenging times, with a special focus on the Covid-19 EU Team Europe response through the AfT.

FUTURE RELATED EVENTS:

- 8 October - Aid for Trade webinar by DEVCO Academy;
- 23-26 November - Trade and Private Sector Development DEVCO training with a session on AfT on 24 Nov (tbc)

QUESTIONS?

The team welcomes your questions and comments

THANK YOU!

