



AID FOR TRADE

The European Union's updated strategy for prosperity through trade and investment

+90%

Aid for Trade budget increase 2007-2016

We now need to make better use of those funds to scale-up European Union (EU) effectiveness in helping developing countries reduce poverty and boost inclusive growth through trade.



THE AID FOR TRADE CONCEPT

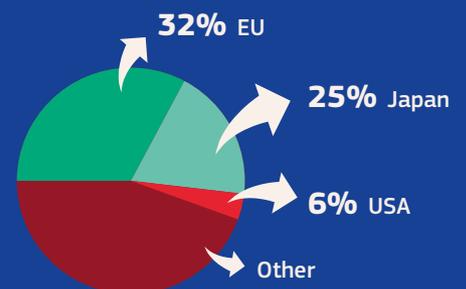
Any assistance which helps a developing country improve its productive and economic capacity to expand and benefit from trade is 'Aid for Trade' (Aft). It is vast and cuts across many areas and types of aid.



EU TOP SUPPLIER OF AID FOR TRADE

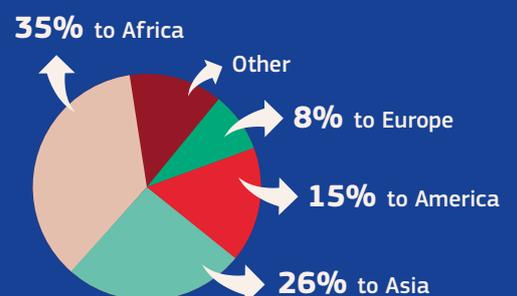
The EU and its member states are the world's leading supplier of Aid for Trade.

Worldwide Aft donors (2016)



1/3 EU's Official Development Assistance is Aid for Trade

EU Aft by region (2016)



BUT GAPS REMAIN

Trade has delivered for some countries, but not all. And within countries, growth has not always been as inclusive as needed.



There is a funding gap to implement the Agenda 2030

Aid for Trade is designed to help developing countries meet the UN's Sustainable Development Goals (SDGs). However, there is a significant funding gap and traditional Official Development Aid (ODA) alone will not suffice.



€3.4 trillion per year
Investment needed to meet the SDGs

-

€1.2 trillion per year
Current public & private investment

=

€2.2 trillion per year
Estimated shortfall

With 1 USD = 0.86 EUR

Least Developed Countries are being left behind

And trade deficits with the rest of the world have increased.

50% of the world's poor live in fragile or conflict-affected states

LDC's <1%
of world exports



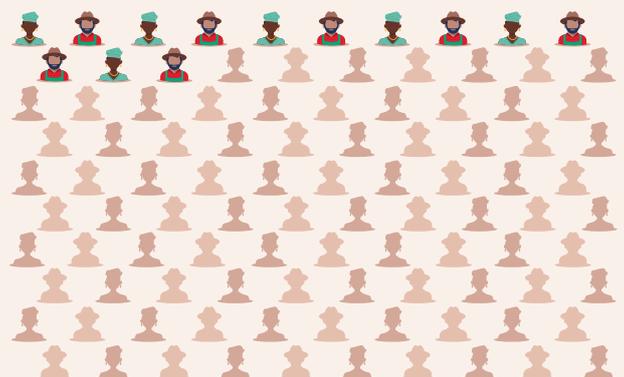
And discrimination slows down development

6%
GDP



Cost to Africa per year of social and economic discrimination against women.

but 12.8%
of world population



A NEW APPROACH

The EU's updated strategy is designed to deliver more relevant aid that makes use of all EU tools. Combining Aid with facilitated investments and market access offered by Free Trade Agreements / schemes brings more and better results.



Use free trade deals and schemes

All countries eligible for development cooperation have some form of trade arrangement giving them better access to EU markets. These are levers for development.

59
countries

Benefit from EU

Free Trade Agreements

As of 1.1.2019

71
countries

Benefit from EU

Unilateral trade preferential schemes

Engage better with stakeholders



Private sector



Civil society



Local authorities

Connect aid and investments

AfT can be used as a catalyst to generate further private and public-sector investment in developing countries.



€44 billion
Public & private investment

To be unlocked by the External Investment Plan 2016-2020

Tailor support with a focus on LDCs and fragile situations

More tailored assistance for all and a concentration of efforts on more vulnerable countries should deliver better results.

Goal : increase proportion of EU AfT given to LDCs



Promote social and environmental sustainability



Gender equality



Labour rights



Human rights



Environmental sustainability

EU AID FOR TRADE IN ACTION



-  Aid for Trade
-  External Investment Plan and blending
-  Trade agreements



COM (2017) 677 final and Council Conclusions 15573/17.

Sources :
European Commission, World Trade Organisation,
Enhanced Integrated Framework, World Bank,
UNCTAD, Economic Development for Africa, 2016.

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Find out more :
European Commission's site on Aid for Trade

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