Strategy for Australia’s Aid for Trade Investments

Supporting developing countries to trade and prosper

July 2015
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Cover photos (L to R):
Australia is helping Cambodia improve their customs procedures through the World Bank’s Trade Facilitation Support Program.
Source: courtesy of the World Bank.

Scientists work on improving a new cholera vaccination inside a lab in IDDRB.
Source: Conor Ashleigh, Department of Foreign Affairs and Trade’s Flickr Photostream.

Portrait of a woman at Honiara Central Market selling tomatoes.
Source: Irene Scott for AusAID, Department of Foreign Affairs and Trade’s Flickr Photostream.

On-going construction of the Ninoy Aquino International Airport (NAIA) Expressway Project in the Philippines.
Source: courtesy of the Philippines Public Private Partnerships Center.

Power and Utility workers in Nauru.
Source: Lorrie Graham, Department of Foreign Affairs and Trade’s Flickr Photostream.
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Australia is a founding donor of the World Trade Organization’s Trade Facilitation Agreement Facility. Source: courtesy of the World Trade Organization.
Summary

Aid for trade is about helping developing countries improve their regulatory environment, address their poor economic infrastructure, and build their private sector capacity. It supports developing countries' efforts to better integrate into and benefit from the global rules-based trading system, implement domestic reform, and make a real economic impact on the lives of their citizens.

The Australian Government has set itself a target of increasing aid for trade expenditure to 20 per cent of Australia's aid budget by 2020. This will help implement the Government's development policy of promoting economic growth and reducing poverty in the Indo-Pacific region. The target positions Australia as a key provider of aid for trade in line with other major donors.

This Aid for Trade Strategy establishes a framework to help ensure our aid for trade investments are effective, meet the needs of developing country partners, and align with Australian interests. The Strategy encourages innovative approaches, including by applying new technologies, partnering with the private sector, and promoting market-based solutions.

Australia's priority areas for aid for trade investments include:

- trade and investment policy and trade facilitation;
- global value chains;
- infrastructure;
- private sector development;
- economic empowerment of women;
- knowledge and skills development;
- agriculture; and
- services.

The Strategy will help achieve coherence in Australia's understanding of the trade and development nexus, and will complement Australia's foreign and trade objectives and support our economic diplomacy policy.

The Strategy will be reviewed and updated periodically, taking into account our implementation experiences and lessons learned.
Top: Training participants in Nairobi, Kenya, 2015. Through the McCabe Centre for Law and Cancer, Australia’s aid for trade investment is helping to train government health and legal professionals from developing countries to implement domestic regulations that address non-communicable diseases.
Source: courtesy of the McCabe Centre for Law and Cancer.

Bottom: Women in Trade Programme participation in PNG are building their capabilities and designing bilum products.
Source: courtesy of the International Trade Centre.
Purpose and vision

Purpose
This Strategy establishes a framework for future Australian aid for trade investments to ensure they are well-planned and effective, meet the needs of our developing country partners, are conducted with the right partners, and aligned with Australian interests.

The Strategy encourages innovation in aid for trade investments, including by partnering with the private sector and promoting market-based solutions. It provides clarity about how Australia's aid for trade investments can be more effective in helping developing countries reduce poverty.

Aid for trade contributes to sustainable economic growth, employment and higher incomes, including through:

- access to larger markets;
- higher remuneration for unskilled labour;
- fostering greater competition, innovation and entrepreneurship;
- improved savings and capital flows for investment, including infrastructure;
- more discipline on, and transparency from, governments; and
- reductions in rent-seeking activities.

The Strategy should be considered in parallel with other performance benchmarks, and with complementary thematic strategies, such as agriculture, fisheries & water, infrastructure and private sector development.

Vision
Australia will strive to be a recognised leader in promoting and supporting aid for trade investments in developing countries in order to foster sustainable economic growth and prosperity in the Indo-Pacific region. We will work innovatively with developing country partners to establish an environment that provides opportunities for job creation, increased incomes and improved livelihoods for the poor by:

- focusing on initiatives that encourage open markets, facilitate trade, and broader economic reform;
- enabling infrastructure investments that contribute to efficient commerce, trade and connectivity;
- enhancing engagement with the women and men of the private sector in areas that will have a significant impact on the poor;
- encouraging economic opportunities for women, including growth in entrepreneurship and improved workplace standards; and
- advocating a stronger economic and trade development agenda in international fora, including the United Nations (UN), the World Trade Organization (WTO), Organisation for Economic Co-operation and Development (OECD) and G20.

Australia is committed to untied aid. Australia's aid program has been untied since 2006, meaning that there are no nationality or residency restrictions for delivery partners. This approach is consistent with the Government's commitment to openness in trade and competition. Untied aid is an important way to ensure activities deliver value for money, are cost-effective and use the best globally available expertise.
Context and challenges

What is aid for trade?

Aid for trade is about addressing internal constraints to trade in developing countries. For example, many developing countries are unable to take advantage of trade opportunities because of:

- poor infrastructure, including roads, ports and information and communications technology;
- lack of private sector capability, including limited access to finance and distribution channels, and a lack of a skilled workforce; and
- weak public sector institutions, including in formulating economic policy and regulations and negotiating trade-related agreements.

Aid for trade investments are designed to complement and assist developing countries’ own trade-related initiatives to increase economic growth, generate jobs and increase living standards.

The OECD Development Assistance Committee (DAC) categorises aid for trade investments under the broad headings of trade policy and regulations, economic infrastructure, and building the capacity of the private sector (see Table 1 below). The full set of aid for trade OECD DAC codes is provided at the Annex. Australia’s calculation of aid for trade is based on the OECD’s definition, which is also followed by other major donors.

Table 1: Simplified OECD Aid for Trade Classification Structure

<table>
<thead>
<tr>
<th>Trade Policy &amp; Regulations &amp; Trade-Related Adjustment</th>
<th>Economic Infrastructure</th>
<th>Building Productive Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Trade policy and administrative management</td>
<td>• Transport and storage</td>
<td>• Banking and financial</td>
</tr>
<tr>
<td>• Trade facilitation</td>
<td>• Communications</td>
<td>services</td>
</tr>
<tr>
<td>• Regional trade investments</td>
<td>• Energy generation and</td>
<td>• Business and other services</td>
</tr>
<tr>
<td>• Multilateral trade</td>
<td>supply</td>
<td>• Agriculture</td>
</tr>
<tr>
<td>• Negotiations</td>
<td></td>
<td>• Forestry</td>
</tr>
<tr>
<td>• Trade-related adjustment</td>
<td></td>
<td>• Fishing</td>
</tr>
<tr>
<td>• Trade education/training</td>
<td></td>
<td>• Industry</td>
</tr>
</tbody>
</table>

As aid for trade involves a range of other development themes and issues, strategies on the other aid priority sectors, such as on agriculture, infrastructure and private sector development, should be cross-referenced.
Australia is helping Cambodia improve their custom’s procedures through the World Bank’s Trade Facilitation Support Program. Source: courtesy of the World Bank.

Refocussing our efforts

More than 88 million people are likely to be unemployed (in the formal sector) in Asia and the Pacific by 2018.¹ To generate jobs and improve livelihoods, developing economies will need to grow at a higher rate and for a longer period. If a country is to achieve high and lasting growth, it must participate in international trade.² Evidence also shows that trade can have a positive impact on income per capita.³

Trade alone, however, is not sufficient to achieve sustainable economic growth or to reduce poverty. Complementary factors, such as macro-economic stability, the application of the rule of law and presence of developed financial systems, are also crucial.

There is also the additional challenge of ensuring that the benefits from trade are distributed equitably throughout the economy. Developing country governments may need to address inequality directly, including through tax reform and appropriate social policy measures. Australia also provides development assistance for public financial management and other economic governance reform.

Recognising the challenges and benefits of trade, the Australian Government has committed to increasing its aid for trade investments.

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³ Modelling suggests that an increase in the volume of trade of 10 per cent will raise per capita income by over 5 per cent. Feyrer, James. 2009. ‘Time and Income – Exploiting Time Series in Geography’, NBER Working Paper Series 14910.
The Government announced in *Australian aid: promoting prosperity, reducing poverty, enhancing stability* that aid would be used as a catalyst to promote economic growth and poverty reduction, including through a strong emphasis on aid for trade.4

The first strategic target for the aid program is: “Promoting prosperity: promote economic development, by increasing our aid for trade investments to 20 per cent of the aid budget by 2020”.5

The Government's scale-up of aid for trade investments to meet the target will mean a refocussing of elements of the aid program towards sustainable economic growth. This is in line with other major donors’ efforts to respond to developing country partner requests to become more self-reliant and over time reduce their need for aid.6

Australia is not alone in recognising the important role of aid for trade. At the 2005 Hong Kong WTO Ministerial Conference, the Global Aid for Trade Initiative was launched. This set in motion a two-track process:
1. WTO Member countries agreed to increase aid for trade; and
2. The OECD began a Global Aid for Trade Review, which is conducted every two years.6

The OECD finds that aid for trade investments are effective—one dollar of aid for trade investment is associated with an increase of eight dollars in additional exports.7

**Economic diplomacy and multilateral engagement**

Aid for trade complements Australia’s economic diplomacy in the Indo-Pacific region by advocating and encouraging:

- growth as a means to reduce poverty and build prosperity in developing countries;
- constructive engagement by developing countries in regional and global economic architecture; and
- a shared interest in for security and regional stability.

Australia’s Economic Diplomacy policy and Public Diplomacy strategy articulate ways to capitalise on these opportunities.

Australia’s strengthened commitment to aid for trade provides us with leadership opportunities in a range of international fora. These include:

- The WTO. In the WTO, Australia has been responsive to partners’ calls for development assistance. For example, Australia has contributed generously to programs that assist developing countries to implement the WTO Agreement on Trade Facilitation. Aid for trade however is not a substitute to the potential economic benefits that can be realised from developing countries’ continuing constructive engagement in multilateral trade negotiations and their own efforts for reform.

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4 Under the *Australian aid: promoting prosperity, reducing poverty, enhancing stability* there are ten high level targets i) promoting prosperity; ii) engaging the private sector; iii) reducing poverty; iv) empowering women and girls; v) focusing on the Indo-Pacific region; vi) delivering on commitments; vii) working with the most effective partners; viii) ensuring value-for-money; ix) increasing consolidation; and x) combating corruption. Aid for trade expenditure is a benchmark target under promoting prosperity (Target 1), but is also relevant to other targets, because of its cross-cutting nature. For example, aid for trade can help achieve private sector development by facilitating small and medium sized exporters’ access to trade finance (Target 2). Aid for trade can help empower women by improving the workplace conditions in garment factories (Target 4).

5 OECD donors countries’ aid for trade as a proportion of bi-lateral official development assistance is 21 per cent. This calculation is based on OECD DAC CRS data and analysis of 2013 disbursements.


7 Ibid.
Sustainable Development Goals and Financing for Development. Australia has strongly advocated in this UN-led process for improved economic and trade targets, including adopting a specific reference to aid for trade, as well as trade targets for improvements in the global share of trade by least developed countries.

**Partners**

Delivery of effective and efficient aid for trade will require the right partnerships, including with other donors, multilateral and regional organisations, and the private sector.

A partnership with the private sector allows for leveraging of their resources, networks and expertise. Importantly, involving the private sector in development investments would help improve the sustainability of those investments.

Multilateral and regional organisations, such as the World Bank, Asian Development Bank and others, offer specialist expertise in trade-enabling assistance and can provide regional and global solutions to shared challenges.

As other donors have vast experience in aid for trade (including south-south cooperation), we will look for opportunities to cooperate and/or pool resources, including leveraging their skills and expertise.
Objectives and priority areas

The identified objectives and priority areas for Australia’s aid for trade investments are guided by the OECD’s aid for trade framework, informed by current global research and articulated demand from developing countries, as well Australia’s expertise and national interests (see Table 2).

The identification and design of aid for trade investments must take account of a developing country’s own distinct set of circumstances. These circumstances, such as the political economy of a country, will influence the objectives and priority areas for the aid for trade investments. These in turn will impact on the effectiveness of the investment.

In determining objectives and priorities, it is also important to ensure the investment is highly responsive and strategically targeted. This will help ensure that the assistance is focussed on strengthening the partner’s policy-making capacity and supporting its local initiatives that encourage economic growth.

Table 2: Aid for trade objectives and priority action areas

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Priority areas/sectors</th>
</tr>
</thead>
</table>
| 1. Improve the regulatory environment in developing countries | - Trade and investment policy and facilitation  
- Global value chains  
- Economic empowerment of women |
| 2. Address poor economic infrastructure in developing countries | - Infrastructure for connectivity  
- Public Private Partnerships  
- Economic empowerment of women |
| 3. Improve the productive capacity of the private sector in developing countries | - Private sector development  
- Agriculture  
- Services  
- Knowledge and skills development  
- Economic empowerment of women |

Pursuing these objectives and priorities will support developing countries in their efforts to:

- better participate in the support global trading system;
- expand their trade and investment;
- foster entrepreneurship and business growth;
- increase productivity in priority economic sectors;
- diversify their economic activity; and/or
- empower women.

Details on each objective and priority are provided on the following pages.
Objective 1: Improve the regulatory environment

Improving regulatory settings through aid for trade is essential to creating a competitive and market-based environment in developing countries. The right regulatory environment involves clear and transparent rules that apply to everyone in an equal manner, and are consistent with international trade rules. Predictability in the rule-making process is also crucial. Reforms in policy and regulations should be focussed in the priority areas of trade and investment policy and facilitation, global value chains and the economic empowerment of women.

Trade and investment policy and trade facilitation

Developing countries are increasingly seeking assistance to enable them to improve their capacity to engage in global trade and attract and retain investment. Lending a hand to developing countries to achieve these will promote greater economic integration and growth.8

These can have a powerful impact on the very poor, including through increased opportunities for entrepreneurship and increased income.

For example, businesses in developing countries can suffer significant losses due to unnecessary customs, licensing and transit administrative processes. Providing trade facilitation assistance, including by allowing businesses to submit all their customs declarations, import/export permits, and other supporting documents through a “single window”, can reduce business costs and expedite the movement of goods. It has been found that reforms in line with the WTO Agreement on Trade Facilitation could increase global GDP by US$1 trillion per annum and create 21 million jobs, of which 18 million would be in developing countries.9

Also crucial is development assistance that encourages the right investment policies, which can help build international investor confidence, retain foreign investments in the longer term, engender a better range of productive investments, and extend and link those investments to the benefit of local businesses. Experience suggests a correlation between the level of foreign direct investment in-flows of a country, and the level of increase in its exports.10 There is much to do on investment reform, and with potentially significant returns. It is estimated that developing countries face an estimated annual investment gap of US$2.5 trillion.11

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8 Economic integration in this instance means economies are able to trade and invest freely across jurisdictions, due to low barriers, shared policies and mutual recognition of requirements. Moreover, there is a level of dependency between the economies.


Global value chains

A global (or regional) value chain refers to a production process in which its various stages are performed in different countries. Developing countries can take advantage of global value chains by focussing on one part of the production process. Participation in global value chains can contribute to better working conditions and increased productivity, help improve standards of production, facilitate the take up of new technology and innovative processes, as well as increase demand for individuals with technical skills.¹²

Aid for trade that addresses global value chains need to focus on small and medium sized enterprises (SMEs). In addition to problems associated with scale, SMEs face barriers ranging from inefficient customs procedures and inappropriate regulation to low quality or industry standards, and from lack of understanding of foreign markets to lack of access to finance. Eliminating these barriers could increase world GDP six times more than would be achieved by eliminating all tariffs.¹³

As value chains are often regionally based, this should be considered a priority by regional development programs. A regional aid for trade approach to value chains is likely to deliver more immediate and sustainable returns because regionally-based production networks and their constraints can be more readily identified. Also, the geographic and cultural proximity between markets might be less expansive. This may for example allow for countries in the region to develop shared-institutions and infrastructure.

Empowerment of women

Empowerment of women should be incorporated in every investment. It is estimated that the Asia-Pacific region alone could increase output by up to US$47 billion each year by eliminating barriers for women in the workforce.¹⁴ Aid for trade can empower women by helping them to participate fully and effectively in goods trades in sectors such as agriculture and fisheries, as well as in services. This is discussed further in Box 1 below.

Cambodia’s silk road drive to poverty reduction has been supported by the Enhanced Integrated Framework Programme with implementation support from the International Trade Centre.

Source: Courtesy of the EIF.

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Box 1. Gender equality

**Women and aid for trade**

Aid for trade investments can make a significant contribution to advancing gender equality and economic empowerment of women. Previous aid for trade efforts have, however, taken very little account of gender issues in both their objectives and design. It is estimated that in 2013–14, only 30 per cent of expenditure on DFAT initiatives in aid for trade sectors identified gender equality as a principal or significant objective, compared to almost 60 per cent of all DFAT aid expenditure.

Particular attention is required in integrating gender equality when designing and implementing aid for trade investments. For example, a border-crossing infrastructure investment could include facilities for women for sanitary health and safety. Reforms on competition policy might require complementary reforms on women's rights to own or manage a business or initiatives that facilitate dialogue between women entrepreneurs and government. Further, capacity building of farmers might particularly target women exporters.

Incorporating a gender equality objective in aid for trade investments will help ensure that the aid for trade target can be achieved simultaneously with the target on gender equality. The Government's development policy requires that 80 per cent of all aid investments, regardless of their objectives, effectively address gender equality.
Objective 2: Addressing poor economic infrastructure

Infrastructure, such as transport, energy and communication, is critical to trade and economic development. It enables the movement of people and goods and provides access to local and global markets. It underpins private sector and human development, and associated productivity. Infrastructure increases economic integration/connectivity, which allows for the development of production networks and supply chains. The role and benefits of infrastructure in aid for trade investments is discussed further in Box 2 below.

Box 2. Infrastructure

<table>
<thead>
<tr>
<th>Infrastructure and aid for trade</th>
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</thead>
<tbody>
<tr>
<td>In the Asia-Pacific region, rapid economic growth has placed severe pressure on infrastructure. The inadequacies of infrastructure networks are now a binding constraint to further trade and development, and an obstacle to poverty reduction. An estimated US$750 billion per annum of infrastructure investment is required in Asia and the Pacific to sustain growth at current levels. With limited development funds, innovative approaches will be required if Australia is to make a significant contribution to meeting infrastructure needs in the region.</td>
</tr>
<tr>
<td>Priority investments for infrastructure in the aid program include to:</td>
</tr>
<tr>
<td>1. mobilise the private sector to finance and deliver infrastructure to meet the needs of the region; improve access to essential services to facilitate private sector and human development and promote women's participation and empowerment; and</td>
</tr>
<tr>
<td>2. promote infrastructure to enhance trade and connectivity throughout the region.</td>
</tr>
<tr>
<td>The aid program can help to improve trade and connectivity by investing in infrastructure networks that improve the flow of goods, services, people, and information within and outside the region. This will involve building more effective and efficient networks to link productive centres and supporting projects such as sea and airports, railways, arterial roads, cross–border facilities as well as energy and communication services.</td>
</tr>
<tr>
<td>With the demand for infrastructure so great, the private sector will be a critical part of the solution. The aid program will promote Public Private Partnerships by strengthening the enabling environment for private investment and supporting better project preparation.</td>
</tr>
<tr>
<td>Based on international trends, economic infrastructure could make up at least half of the aid for trade target, or 10 per cent of official development assistance by 2020.</td>
</tr>
</tbody>
</table>
Objective 3: Building the capacity of the private sector

Aid for trade can have a direct and immediate impact on the poor and disadvantaged, such as through the creation of jobs, greater food security, education and training. To realise these benefits, it is critical to support the private sector in building its capacity in the priority areas of: private sector development, agriculture, services, knowledge and skills development, and the empowerment of women (see Objective 1).

Private sector development

Aid for trade can help establish conditions that make it easier and cheaper to do business. This is essential as the private sector generates 90 per cent of jobs and funds more than 60 per cent of investment in developing countries.15

Box 3. Private sector development

Private sector and aid for trade

Private sector development is one of the two pillars of Australia’s Aid Program. Private sector growth in our partner countries is the most sustainable and effective path out of poverty. The resources, reach and influence of the private sector in developing countries far exceed those of traditional aid donors. This gap is growing. Private enterprise not only creates jobs and revenue but also provides an ever-increasing share of essential services in developing countries, such as banking, telecommunications, health and education.

Aid for trade can be extremely effective when it is delivered in partnership with the private sector. The design of all new initiatives should seek to involve relevant private sector stakeholders. Mapping exercises to identify potential areas of private sector engagement would be a useful part of the design process. Consideration should be given to co-financing arrangements, public private partnerships and joint evaluation activities.

Other opportunities may arise from interacting with business representatives, chambers of commerce, industry organisations, producer organisations or collectives, trade promotion or export bodies, and financing or investment organisations.

Agriculture

Over 800 million people still suffer from chronic hunger. Future global food demand is expected to rise by 60 per cent by 2050 as population and wealth increase. Improved productivity and distribution will help address this challenge.16

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Box 4. Agriculture

Agriculture and aid for trade

The agriculture and fisheries sectors are a major component of Australia’s aid for trade investments, with over a quarter of all aid for trade expenditure being directed to programming in these productive sectors. Aid for trade is an important tool in addressing regional challenges in agriculture – by developing strong market linkages, increasing productivity, and addressing policy and governance barriers that prevent regional trade and development.

Targeted aid for trade investments in agriculture can enhance food security in the Indo-Pacific region. Aid for trade investments help allow food to travel from where it is produced to where it is consumed. Investments that focus on market and infrastructure constraints can help small-scale farmers integrate into global value chains, providing access to higher commodity prices and improved technology. Low productivity in agriculture prevents the sector from maximizing its productive capacity and limits incomes. Australian knowledge and expertise in this area, especially through our agricultural research agencies and private sector partners, can help boost yields and make market connections more efficient. Australia can also assist jurisdictions to implement policies that encourage market-driven decision-making processes, and to avoid measures that are trade distorting. To help address these challenges, Australia is helping build partner countries’ capabilities to implement biosecurity and food safety measures to meet importer standards, in a way that is fully consistent with WTO rules and an open agricultural trading system.

Services

Improving the services sector can help a developing country become more resilient, contribute to improving the competitiveness of its manufacturing sector, and make the movement of goods more efficient.

As developing countries can have a comparative advantage in services, such as business process outsourcing and call centres, they can use this to diversify their exports beyond goods. Many services, for example finance, telecommunications and transport, can influence the performance of other sectors, such as agriculture, mining, and manufacturing. The International Trade Centre has found that all least developed countries have services export capacity and nearly one quarter are net exporters of services. 17

There is a strong, positive correlation between the share of economic activity in the services sector and the rate of economic growth. 18 The World Bank has also found that services-led growth can be effective in reducing poverty. 19 Development of services can also contribute to job creation, especially for women. Countries with high employment in the services sector tend to have the highest participation of women in the labour market. 20

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20 Ibid.
Knowledge and skills development

Two-thirds of working age youth in some developing countries are either unemployed or trapped in low-quality jobs. The school-to-work transition is proving problematic, with access to training being a key stumbling block. The provision of technical and vocational training is essential to helping the poor and disadvantaged to find jobs or better paying jobs. The higher level skills that workers gain contribute to increased productivity, which is necessary for the economy as a whole to become more competitive, grow in a sustainable manner, and move up the development ladder. However, for technical and vocational training to be effective in meeting the challenges of a globalised economy, skills training must be of a high quality, use modern information and communications technology, and meet the needs of industry.

While general education and training is not an aid for trade category, there are elements of education and training across the OECD DAC aid for trade codes, such as in transport, banking and financial services, forestry and fisheries (see Annex). The inclusion of education and training under these sectors recognises the importance of building the knowledge base and skills of officials and private sector individuals in order to boost the trade and economic performance of developing countries.

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Guiding principles and program logic

Guiding principles

In planning and implementing development investments, global best practice should be considered. Australian Government aid policy and programming documents, including *Australian aid: promoting prosperity, reducing poverty, enhancing stability, and the Aid Programming Guide*, provide useful references.

Specifically on aid for trade, good practices include:

- making trade a priority of the partner country’s national development strategy;
- establishing a clear aid for trade strategy;
- linking aid for trade initiatives to broader economic reform efforts;
- taking account of the political economy and strengthening the domestic constituency for reform;
- improving coordination between relevant developing country ministries;
- delivering aid following the principles of the Paris Declaration on Aid Effectiveness e.g. local ownership and mutual accountability;22
- engaging better with the private sector in the developing country;
- considering a regional approach, such as trade facilitation between countries in the same region; and
- encouraging the right partnerships including with other developing countries and emerging donors with successful experiences in aid for trade.

Program logic

To assist in designing and assessing investments, an aid for trade program logic is outlined in Figure 1. There are five interconnecting elements in this aid for trade program logic:

1. Australian aid investments—Investments are development interventions. These interventions may be specific to a business or sector (e.g. agriculture) or to help increase the competitiveness of the entire economy (e.g. building port infrastructures).

2. Outputs—are mostly about what follows from the delivery of an investment, such as the number of workshops held, the number of people trained, or the kilometre of roads upgraded.

3. Short-term outcomes—are immediate results of the investment, such as increased traffic flows on a newly built road or bridge. Additional efforts will be required to collect this evidence, and should be compared to a base period.

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22 The Paris Declaration contains 56 partnership commitments organised around five principles that make aid more effective: (i) Ownership—developing countries set their own development strategies, improve their institutions and tackle corruption; (ii) Alignment—donor countries and organisations bring their support in line with these strategies and use local systems; (iii) Harmonisation—donor countries and organisations co-ordinate their actions, simplify procedures and share information to avoid duplication; (iv) Managing for results—developing countries and donors focus on producing and measuring results; and (iv) Mutual accountability—donors and developing countries are accountable for development results. See OECD http://www.oecd.org/dac/effectiveness/parisdeclarationandaccaagendaforaction.htm.
4. Intermediate outcomes—follows from short-term outcomes. These can be difficult to measure. An intermediate outcome from a trade facilitation investment is increased trade flows. With intermediate outcomes, there are likely to be other factors at play than just the aid for trade intervention.

5. Higher development outcomes—are longer-term results. The overall objective of aid for trade (its higher development outcome) is to boost the developing country's economic growth, which then translates to increased incomes, and employment and poverty reduction.
Figure 1. Aid for Trade Program Logic

Objectives—improve developing countries’ ability to participate in the global trading system; expand their trade and investment, foster entrepreneurship and business growth; increase productivity in priority economic sectors, diversify economic activity and empower women.

Outputs vary and are specific to the investment activity. For example, number of officials trained in trade policy, regulations introduced, access to multilateral agreements, development of trade strategies, km of roads constructed/rehabilitated/maintained, number of businesses assisted with exporting, opening of new export markets, recognition of standards or certifications, individuals enrolled in TVET, increased access to financial services, private sector investments leveraged, etc.

Australian Aid Investments

- Technical assistance for trade policy and regulations
  - Trade facilitation or customs reform
  - Regulatory reform
  - Intellectual property systems
  - Trade in services
  - Sanitary and phytosanitary measures
  - Labour mobility
  - Trade and investment promotion
  - Trade agreement negotiation
  - Regional integration
  - Commercial trade laws and investment rules

- Economic infrastructure
  - Roads
  - Ports
  - Rail
  - Aviation
  - Urban planning
  - Storage
  - Energy
  - ICT

- Other
  - Public-private dialogue
  - Access to finance
  - Work safety and employment conditions
  - Mainstreaming trade into national development strategies

Agriculture
Fisheries
Mining
Services
Tourism
Access to value chains
Business partnerships
Building livelihoods

Intermediate outcomes/short term outcomes

- Reduced steps/cost to border processes
- Decreased time/cost to move goods and services
- Reduced business costs
- Effective legislation/business regulation
- Improved access to infrastructure services

- Accession to the WTO and other agreements
- Increased access to affordable goods
- A skilled and mobile workforce
- Increased revenue to government
- Increased market access

- Adoption of global standards
- Take up of new technologies
- Increased income, inc. women in business
- Increased productivity

Investments

- Higher incomes, more and better jobs
- Business growth (e.g., higher trade, production)
- Increase in number of businesses

- Economy-wide investments
- Business/Sector investments

Strategy for Australia’s Aid for Trade Investments
Current initiatives

Australia has a strong record of effective aid for trade investments. A common thread to these investments is that aid for trade can drive innovative approaches, especially when new technologies are utilised, private sector resources and expertise are leveraged, and market-oriented solutions are applied.

Integration into the global trading system—Laos

Australia worked with the World Bank and other donors to help Lao PDR undertake the necessary trade reforms to join and benefit from WTO membership. As part of the reforms, Laos reduced the clearance times for goods by non-customs agencies by 42 per cent (from 5 days in 2009 to 2.9 days in 2012). Building on these results, Lao also reduced the number of days to clear customs for imports by 69 per cent from 10.6 days in 2013 to 3.3 days in 2015. Export clearance times came down by 25 per cent from 7.5 days in 2013 to 5.6 days in 2015. In February 2013, Lao PDR became the 158th member of the WTO. Australia’s assistance to Laos for this achievement was recognised with our Geneva WTO Mission receiving Lao PDR’s Friendship Medal in 2014.

Mainstreaming trade in national development strategies—Enhanced Integrated Framework

Australia is one of 23 donors to the Enhanced Integrated Framework (EIF). The EIF helps least developed countries build their capacity to trade, including by identifying and addressing major constraints to trade, formulating and implementing trade policies and strategies, and mainstreaming trade into their national development plans. Cambodia, for example, prepared a Trade Integration Strategy (2014–2018) and established the Cambodia Export Diversification and Expansion Program (CEDEP) with EIF support. CEDEP has directly facilitated US$30.5 million of rice exports in 2013, and is helping handicraft businesses of mainly women weavers find export markets for their silk products. As a result, some of these businesses have increased their sales by 40 per cent.

Financing for infrastructure—The Philippines

In partnership with the Asian Development Bank, International Finance Corporation and World Bank, Australia is assisting the Philippines’ Public Private Partnerships (PPP) Centre to develop a pipeline of well-prepared infrastructure projects that would be attractive to private sector investors. The PPP Centre serves as the central coordinating and monitoring agency for all PPP projects in the Philippines. It is also helping to create a better regulatory and institutional framework for PPPs. The Centre has so far awarded nine projects worth approximately US$3 billion. In April 2015, The Economist Intelligence Unit recognised the Philippines as the most improved country in Asia-Pacific for PPP readiness.23

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23 Economic Intelligence Unit 2015, ‘Evaluating the environment for public private partnerships in Asia-Pacific—the2014 Infrascope’, The Economist Intelligence Unit.
Connectivity in the Mekong—Burma, Cambodia, Laos and Vietnam

Australia is contributing to the detailed design, construction and supervision of the Cao Lanh Bridge in Vietnam as part of a major new road network in the Mekong Delta of Vietnam. This will improve road access, reduce travel time, and remove the bottleneck caused by slow ferry operations. Australia is also providing support to help Cambodia, Laos, Burma and Vietnam become more integrated through improved cross-border management and transit procedures, including mutual recognition of transport licensing. Addressing policy and regulatory barriers to trade can help unlock the economic benefits of hard infrastructure projects, such as the Cao Lanh Bridge.

Boosting income through better farming practices—Indonesia

Poverty rates in eastern Indonesia are among the highest in the country. Through the Agriculture, Forestry and Community Development Program (the program) Australia has helped raise incomes and improve food security for farming families in six districts of Nusa Tenggara Timur (NTT) Province. Through the program, integrated farming systems for maize and cattle production were introduced. 3,500 farmers were able to purchase 25 tons of improved maize seeds resulting in a net rise of yields by 150–200 per cent (this translates to additional incomes of $100 per farmer per hectare). There was increased weight gain in cattle from 100 grams to 300–350 grams per day, over a fattening cycle of 15–18 months, which raised cattle farmer’s income by 50 per cent to 100 per cent. Food security also improved with family food stocks increasing from 6–8 months to 10–12 months.

Banking opportunities for the poor—South Pacific

As the Pacific is one of the least banked regions in the world, Australia is supporting the Pacific Financial Inclusion Program.24 The Program helps develop the capacity of financial service providers and regulatory bodies in the Pacific to deliver new products and invest in technology-linked delivery channels. As a result, more than 550,000 people in Fiji, PNG, Solomon Islands, Tonga and Samoa are now able to store and transfer money using their mobile phones.

Bringing books to the disadvantaged—Bangladesh

Australia and the World Intellectual Property Organization (WIPO) are working together to navigate global copyright rules to help developing countries access education material for use by the visually impaired. Through this assistance, a local non-government organisation in Bangladesh, Young Power Social Action (YPSA), converted 160 educational books, including text-books, into formats that visually impaired students can access, such as digital talking books. At the London Book Fair 2015, YPSA won the inaugural Accessible Books Consortium International Excellence Award for Accessible Publishing. In Bangladesh, an estimated 4 million people are visually impaired.

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Addressing non-communicable diseases

Aid for trade can contribute to achieving health objectives. Australia, through the McCabe Centre for Law and Cancer, is helping to train government health and legal professionals from developing countries to better understand the impact of international trade laws on the implementation of domestic regulations necessary to address non-communicable diseases (NCDs). The training program is helping developing countries implement commitments under the 2011 United Nations Political Declaration on the Prevention and Control of NCDs, World Health Organization's Global action plan for the prevention and control of NCDs 2013–2020, and the World Health Organization's Framework Convention on Tobacco Control.

Empowering women through trade—South Pacific

The economic empowerment of women—especially through their involvement in trade—creates opportunities for increased income and jobs, as well as independence. Australia's partnership with the International Trade Centre will help increase the economic benefits that business-women in the Pacific region derive from their participation in trade. For example, in Papua New Guinea, craftswomen using bilum are being assisted to form cooperatives and market their products internationally. In Samoa, support is being provided to business-women to better access government-procurement processes, and in Vanuatu, women farmers and their communities are being linked to the tourism value-chain on Espiritu Santo Island, the fastest growing cruise-ship destination in Vanuatu.

Fostering the services sector

Australia has partnered with the Institute for International Trade (University of Adelaide) and International Centre for Trade and Sustainable Development (ICTSD) to help developing countries and least developed countries undertake domestic reforms that improve the services sector's contribution to their economies. These training initiatives are also helping developing countries build their capacity for services trade negotiations.

Facilitating trade—WTO Agreement on Trade Facilitation

In recognition of the significant potential benefits of reducing red tape barriers to international trade, WTO Members concluded the Agreement on Trade Facilitation (ATF) at the Ninth Ministerial Conference on 7 December 2013 in Bali. The ATF was negotiated with the needs of developing countries in mind. It has a phased implementation process and provisions for donor countries to support developing countries meet the commitments. Australia is contributing to the World Bank Group’s Trade Facilitation Support Program, which is designed to assist developing countries undertake at-the-border reforms, such as improving their customs procedures. Additionally, Australia has provided support to the WTO Trade Facilitation Agreement Facility to assist developing and least developed countries to implement the Agreement.

25 Non-communicable diseases (NCDs)—comprising mainly cardiovascular diseases, cancers, chronic respiratory diseases and diabetes—are the leading cause of death worldwide. The World Health Organization (WHO) estimates 38 million people die from NCDs each year, nearly 16 million of them prematurely. Eighty-five per cent of these deaths occur in developing countries, where the burden of NCDs is increasing rapidly. A large proportion of NCDs are preventable, sharing modifiable risk factors including tobacco use, unhealthy diet, physical inactivity and the harmful use of alcohol.
Improving investment climate—working with the World Bank

In order for economies in the Indo-Pacific to grow, new private sector investments are necessary. Investment can play an instrumental role in increasing productivity, creating jobs, transfer know-how, as well as achieving environmental goals. Globally, there is high level support to do more on reforms to enable and encourage investments, including recently at an OECD Ministerial summit. Australia has partnered with the World Bank Group to help developing countries improve their policies and regulations to attract, retain and extend foreign direct investments. Through the Support Program on Investment Policy and Related Areas (SPIRA), Australia and the Trade and Competitiveness Global Practice of the World Bank Group, will help developing countries address legal, regulatory, and administrative impediments to investments. SPIRA will also help steer global discussions on investment policy through better dialogue with investors and businesses, as well as peer-to-peer learning and preparation of policy tool kits and flagship reports. Experience suggests that there may be a correlation between the level of foreign direct investment in-flows of a country, and the level of increase in its trade.

Enhancing access to trade finance—working with the Asian Development Bank

Sometimes, even when a budding entrepreneur in a developing country has a product to offer international markets, exporting can be problematic for a wide range of reasons, including a lack of appropriate finance. To help address such market gaps, Australia is providing additional resources into the ADB’s Trade Finance Program (TFP). The TFP will help strengthen inter-bank relationships, including by improving prudential and governance practices of banks in developing countries, helping banks make available trade finance products, and co-insuring (with private banks) trade transactions. Australia’s support will see the TFP extended to include more banks in Asia (Bangladesh, Cambodia, Myanmar and Vietnam), and for the first time banks in Pacific countries. The TFP has supported over US$4 billion in trade and more than 2,000 transactions per year. It has become a flagship of the ADB, and has won the Global Trade Review magazine’s award for “Best Development Bank in Trade”.

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26 Among other things, Ministers encouraged the dissemination, notably at the Financing for Development conference in Addis Ababa in July 2015, of the updated Policy Framework for Investment (PFI), as an important tool for designing, implementing and monitoring investment climate reforms, as well as for development co-operation programs to foster investment at home and abroad.

27 Pacific countries, in particular local banks, are yet to be identified. However, it is planned to add between three and six participating banks in the Pacific.
Top: On-going construction of the Ninoy Aquino International Airport (NAIA) Expressway Project in the Philippines. Source: courtesy of the Philippines Public Private Partnerships Center.

Bottom: Women in the Pacific access banking services via their mobile phones as a result of the Pacific Financial Inclusion Program. Source: DFAT.
Risks and review

Risks
The implementation and reputational risks that are generally associated with the aid agenda also apply to aid for trade. Early identification and management of risks contributes to managing aid effectively. Risks at all stages of the aid management cycle must be considered. Risk and value assessments must be undertaken at the planning and design phase of investments. We have a clear aid risk management approach.

Risks can take a range of forms. For example, a private sector partner is involved in corrupt behaviour or illegality, or an accident or mishap occurs at one of Australia’s funded projects. DFAT has a policy of zero tolerance towards fraudulent activity or behaviour. This applies to DFAT staff (including locally engaged staff at overseas posts) and external parties that receive Australian Government funds, including all aid program funds. Accordingly the policy applies to contractors, third party service providers, non-government organisations and other funding recipients.

Reputational risks may also arise from perceptions that: (i) Australia is delivering aid for trade purely for its own self-interest e.g. using aid to support Australian exporters or businesses; (ii) aid is promoting foreign industries in competition with Australian industries; (iii) development assistance is being used to enable Australia to extract outcomes in trade or treaty negotiations; or (iv) aid is being used to promote policies or implement measures that are trade-restrictive, trade-distorting or WTO-inconsistent. These risks indicate the importance of having clear and transparent objectives for aid for trade investments. Australia is committed to untied aid.

There are other risks, such as environmental, social and child protection. These risks are mostly relevant to investments on infrastructure and those involving the private sector. Development efforts in these areas should be guided by their relevant thematic strategy. The Environment Protection Policy for the Aid Program outlines steps which must be taken in managing environmental impacts. DFAT’s policy on displacement and resettlement of people in development activities outlines requirements for managing the resettlement process and includes our requirements for partner governments and implementing partners. DFAT’s Child Protection Policy (2013) outlines the key compliance standards and mandatory reporting requirements that apply to departmental staff and contractors.

Monitoring and review
We have implemented processes to monitor the overall performance of the aid program in maximising development outcomes in aid for trade. The breadth, depth and effectiveness of the work across the aid program will be assessed, and examples of good practice identified.

For the Australian Aid Program as a whole, the quality of aid for trade investments and progress in meeting the aid for trade target of 20 per cent of the aid budget by 2020 will be assessed.

The Aid for Trade Strategy will be reviewed periodically, allowing for updated information and incorporating lessons learnt.
Resources and further reading

Suggested additional reading on this topic is outlined below.

1. The OECD brings together research findings on the benefits of trade, including on jobs and growth. This information can be accessed on the OECD website at: http://www.oecd.org/tad/ benefitlib/46987371.pdf.

2. The OECD has a report on managing aid for trade investments and capturing their results, which can be accessed at: http://www.oecd.org/dac/aft/ aidfortradeanddevelopmentresultsamangementframework.htm.

3. The Overseas Development Institute (ODI) has identified the circumstances in which aid for trade investments work best. The findings can be accessed at: http://www.odi.org.uk/ publications/6771-increasing-effectiveness-aid-trade.

4. USAID is a major provider of aid for trade, and has evaluated its aid for trade programs. These evaluations can be accessed at: http://www.usaid.gov/what-we-do/economic-growthand-trade/trade-and-regulatory-reform/trade-capacitybuildingaid-trade.

5. The International Centre for Trade and Sustainable Development (ICTSD), also undertakes work on aid for trade, including aid for trade assessments of some countries, available at: http://ictsd.org/programmes/a4t/.

6. The World Bank Group has a sizeable aid for trade program. It outlines this in its 2013 Aid for Trade Report, and provides a perspective on the Role of International Business in Aid for Trade. These publications can be accessed at: http://www.worldbank.org.


Shipping containers at the Nauru port.
Source: Matt Robertson / DFAT, Department of Foreign Affairs and Trade’s Flickr Photostream.
## Annex—OECD definition of Aid for Trade

### Trade policy and regulations and trade-related adjustment

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>33110</td>
<td>Trade policy and administrative management</td>
<td>Trade policy and planning; support to ministries and departments responsible for trade policy; trade-related legislation and regulatory reforms; policy analysis and implementation of multilateral trade agreements e.g. technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) except at regional level (see 33130); mainstreaming trade in national development strategies (e.g. poverty reduction strategy papers); wholesale/retail trade; unspecified trade and trade promotion activities.</td>
</tr>
<tr>
<td>33120</td>
<td>Trade facilitation</td>
<td>Simplification and harmonisation of international import and export procedures (e.g. customs valuation, licensing procedures, transport formalities, payments, insurance); support to customs departments; tariff reforms.</td>
</tr>
<tr>
<td>33130</td>
<td>Regional trade agreements (RTAs)</td>
<td>Support to regional trade arrangements [e.g. Southern African Development Community (SADC), Association of Southeast Asian Nations (ASEAN), Free Trade Area of the Americas (FTAA), African Caribbean Pacific/European Union (ACP/EU)], including work on technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) at regional level; elaboration of rules of origin and introduction of special and differential treatment in RTAs.</td>
</tr>
<tr>
<td>33140</td>
<td>Multilateral trade negotiations</td>
<td>Support developing countries’ effective participation in multilateral trade negotiations, including training of negotiators, assessing impacts of negotiations; accession to the World Trade Organisation (WTO) and other multilateral trade-related organisations.</td>
</tr>
<tr>
<td>33150</td>
<td>Trade-related adjustment</td>
<td>Contributions to the government budget to assist the implementation of recipients’ own trade reforms and adjustments to trade policy measures by other countries; assistance to manage shortfalls in the balance of payments due to changes in the world trading environment.</td>
</tr>
<tr>
<td>33181</td>
<td>Trade education/training</td>
<td>Human resources development in trade not included under any of the above codes. Includes university programmes in trade.</td>
</tr>
</tbody>
</table>

Note: CRS is the OECD’s creditor reporting system. The code lists are used by donors to report on their aid flows to the OECD’s Development Assistance Committee (DAC) databases. In the CRS, data on the sector of destination are recorded using 5-digit purpose codes.
## Economic infrastructure

### Transport and storage

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21010</td>
<td>Transport policy and administrative management</td>
<td>Transport sector policy, planning and programmes; aid to transport ministries; institution capacity building and advice; unspecified transport; activities that combine road, rail, water and/or air transport.</td>
</tr>
<tr>
<td>21020</td>
<td>Road transport</td>
<td>Road infrastructure, road vehicles; passenger road transport, motor passenger cars.</td>
</tr>
<tr>
<td>21030</td>
<td>Rail transport</td>
<td>Rail infrastructure, rail equipment, locomotives, other rolling stock; including light rail (tram) and underground systems.</td>
</tr>
<tr>
<td>21040</td>
<td>Water transport</td>
<td>Harbours and docks, harbour guidance systems, ships and boats; river and other inland water transport, inland barges and vessels.</td>
</tr>
<tr>
<td>21050</td>
<td>Air transport</td>
<td>Airports, airport guidance systems, aeroplanes, aeroplane maintenance equipment.</td>
</tr>
<tr>
<td>21061</td>
<td>Storage</td>
<td>Whether or not related to transportation.</td>
</tr>
<tr>
<td>21081</td>
<td>Education and training in transport and storage</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Manufacturing of transport equipment should be included under code 32172.

### Communications

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>22101</td>
<td>Communications policy and administrative management</td>
<td>Communications sector policy, planning and programmes; institution capacity building and advice; including postal services development; unspecified communications activities.</td>
</tr>
<tr>
<td>22020</td>
<td>Telecommunications</td>
<td>Telephone networks, telecommunication satellites, earth stations.</td>
</tr>
<tr>
<td>22030</td>
<td>Radio/television/ print media</td>
<td>Radio and TV links, equipment; newspapers; printing and publishing.</td>
</tr>
<tr>
<td>22040</td>
<td>Information and communication technology (ICT)</td>
<td>Computer hardware and software; internet access; IT training. When sector cannot be specified.</td>
</tr>
</tbody>
</table>
## Energy generation and supply

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
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<tbody>
<tr>
<td>23010</td>
<td>Energy policy and administrative management</td>
<td>Energy sector policy, planning and programmes; aid to energy ministries; institution capacity building and advice: unspecified energy activities including energy conservation.</td>
</tr>
<tr>
<td>23020</td>
<td>Power generation/ non-renewable sources</td>
<td>Thermal power plants including when heat source cannot be determined; combined gas-coal power plants.</td>
</tr>
<tr>
<td>23030</td>
<td>Power generation/ renewable sources</td>
<td>Including policy, planning, development programmes, surveys and incentives. Fuelwood/ charcoal production should be included under forestry (31261).</td>
</tr>
<tr>
<td>23040</td>
<td>Electrical transmission/ distribution</td>
<td>Distribution from power source to end user; transmission lines.</td>
</tr>
<tr>
<td>23050</td>
<td>Gas distribution</td>
<td>Delivery for use by ultimate consumer.</td>
</tr>
<tr>
<td>23061</td>
<td>Oil-fired power plants</td>
<td>Including diesel power plants.</td>
</tr>
<tr>
<td>23062</td>
<td>Gas-fired power plants</td>
<td></td>
</tr>
<tr>
<td>23063</td>
<td>Coal-fired power plants</td>
<td></td>
</tr>
<tr>
<td>23064</td>
<td>Nuclear power plants</td>
<td>Including nuclear safety.</td>
</tr>
<tr>
<td>23065</td>
<td>Hydro-electric power plants</td>
<td>Including power-generating river barges.</td>
</tr>
<tr>
<td>23066</td>
<td>Geothermal energy</td>
<td></td>
</tr>
<tr>
<td>23067</td>
<td>Solar energy</td>
<td>Including photo-voltaic cells, solar thermal applications and solar heating.</td>
</tr>
<tr>
<td>23068</td>
<td>Wind power</td>
<td>Wind energy for water lifting and electric power generation.</td>
</tr>
<tr>
<td>23069</td>
<td>Ocean power</td>
<td>Including ocean thermal energy conversion, tidal and wave power.</td>
</tr>
<tr>
<td>23070</td>
<td>Biomass</td>
<td>Densification technologies and use of biomass for direct power generation including biogas, gas obtained from sugar cane and other plant residues, anaerobic digesters.</td>
</tr>
<tr>
<td>23081</td>
<td>Energy education/ training</td>
<td>Applies to all energy sub-sectors; all levels of training.</td>
</tr>
<tr>
<td>23082</td>
<td>Energy research</td>
<td>Including general inventories, surveys.</td>
</tr>
</tbody>
</table>

Note: Extraction of raw materials for power generation should be included in the mining sector. Energy manufacturing should be included in the industry sector.
## Building productive capacity

### Banking and financial services

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
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<tbody>
<tr>
<td>24010</td>
<td>Financial policy and administrative management</td>
<td>Finance sector policy, planning and programmes; institution capacity building and advice; financial markets and systems.</td>
</tr>
<tr>
<td>24020</td>
<td>Monetary institutions</td>
<td>Central banks.</td>
</tr>
<tr>
<td>24030</td>
<td>Formal sector financial intermediaries</td>
<td>All formal sector financial intermediaries; credit lines; insurance, leasing, venture capital, etc. (except when focused on only one sector).</td>
</tr>
<tr>
<td>24040</td>
<td>Informal/semi-formal financial intermediaries</td>
<td>Micro credit, savings and credit co-operatives etc.</td>
</tr>
<tr>
<td>24081</td>
<td>Education/training in banking and financial services</td>
<td></td>
</tr>
</tbody>
</table>

### Business and other services

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25010</td>
<td>Business support services and institutions</td>
<td>Support to trade and business associations, chambers of commerce; legal and regulatory reform aimed at improving business and investment climate; private sector institution capacity building and advice; trade information; public-private sector networking including trade fairs; e-commerce. Where sector cannot be specified: general support to private sector enterprises (in particular, use code)</td>
</tr>
<tr>
<td>25020</td>
<td>Privatisation</td>
<td>When sector cannot be specified. Including general state enterprise restructuring or demonopolisation programmes; planning, programming, advice.</td>
</tr>
</tbody>
</table>
## Agriculture

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>31110</td>
<td>Agricultural policy and administrative management</td>
<td>Agricultural sector policy, planning and programmes; aid to agricultural ministries; institution capacity building and advice; unspecified agriculture.</td>
</tr>
<tr>
<td>31120</td>
<td>Agricultural development</td>
<td>Integrated projects; farm development.</td>
</tr>
<tr>
<td>31130</td>
<td>Agricultural land resources</td>
<td>Including soil degradation control; soil improvement; drainage of water logged areas; soil desalination; agricultural land surveys; land reclamation; erosion control, desertification control.</td>
</tr>
<tr>
<td>31140</td>
<td>Agricultural water resources</td>
<td>Irrigation, reservoirs, hydraulic structures, ground water exploitation for agricultural use.</td>
</tr>
<tr>
<td>31150</td>
<td>Agricultural inputs</td>
<td>Supply of seeds, fertilizers, agricultural machinery/equipment.</td>
</tr>
<tr>
<td>31161</td>
<td>Food crop production</td>
<td>Including grains (wheat, rice, barley, maize, rye, oats, millet, sorghum); horticulture; vegetables; fruit and berries; other annual and perennial crops. [Use code 32161 for agro-industries.]</td>
</tr>
<tr>
<td>31162</td>
<td>Industrial crops/export crops</td>
<td>Including sugar; coffee, cocoa, tea; oil seeds, nuts, kernels; fibre crops; tobacco; rubber. [Use code 32161 for agro-industries.]</td>
</tr>
<tr>
<td>31163</td>
<td>Livestock</td>
<td>Animal husbandry; animal feed aid.</td>
</tr>
<tr>
<td>31164</td>
<td>Agrarian reform</td>
<td>Including agricultural sector adjustment.</td>
</tr>
<tr>
<td>31165</td>
<td>Agricultural alternative development</td>
<td>Projects to reduce illicit drug cultivation through other agricultural marketing and production opportunities (see code 43050 for non-agricultural alternative development).</td>
</tr>
<tr>
<td>31166</td>
<td>Agricultural extension</td>
<td>Non-formal training in agriculture.</td>
</tr>
<tr>
<td>31181</td>
<td>Agricultural education/training</td>
<td></td>
</tr>
<tr>
<td>31182</td>
<td>Agricultural research</td>
<td>Plant breeding, physiology, genetic resources, ecology, taxonomy, disease control, agricultural bio-technology; including livestock research (animal health, breeding and genetics, nutrition, physiology).</td>
</tr>
<tr>
<td>31191</td>
<td>Agricultural services</td>
<td>Marketing policies &amp; organisation; storage and transportation, creation of strategic reserves.</td>
</tr>
<tr>
<td>31192</td>
<td>Plant and post-harvest protection and pest control</td>
<td>Including integrated plant protection, biological plant protection activities, supply and management of agrochemicals, supply of pesticides, plant protection policy and legislation.</td>
</tr>
<tr>
<td>31193</td>
<td>Agricultural financial services</td>
<td>Financial intermediaries for the agricultural sector including credit schemes; crop insurance.</td>
</tr>
<tr>
<td>31134</td>
<td>Agricultural co-operatives</td>
<td>Including farmers’ organisations.</td>
</tr>
<tr>
<td>31195</td>
<td>Livestock/veterinary services</td>
<td>Animal health and management, genetic resources, feed resources.</td>
</tr>
</tbody>
</table>
### Forestry

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>31210</td>
<td>Forestry policy and administrative management</td>
<td>Forestry sector policy, planning and programmes; institution capacity building and advice; forest surveys; unspecified forestry and agro-forestry activities.</td>
</tr>
<tr>
<td>31220</td>
<td>Forestry development</td>
<td>Afforestation for industrial and rural consumption; exploitation and utilisation; erosion control, desertification control; integrated forestry projects.</td>
</tr>
<tr>
<td>31261</td>
<td>Fuelwood/charcoal</td>
<td>Forestry development whose primary purpose is production of fuelwood and charcoal.</td>
</tr>
<tr>
<td>21281</td>
<td>Forestry education/training</td>
<td></td>
</tr>
<tr>
<td>21282</td>
<td>Forestry research</td>
<td>Including artificial regeneration, genetic improvement, production methods, fertilizer, harvesting.</td>
</tr>
<tr>
<td>31291</td>
<td>Forestry services</td>
<td></td>
</tr>
</tbody>
</table>

### Fishing

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>31310</td>
<td>Fishing policy and administrative management</td>
<td>Fishing sector policy, planning and programmes; institution capacity building and advice; ocean and coastal fishing; marine and freshwater fish surveys and prospecting; fishing boats/equipment; unspecified fishing activities.</td>
</tr>
<tr>
<td>31320</td>
<td>Fishery development</td>
<td>Exploitation and utilisation of fisheries; fish stock protection;</td>
</tr>
<tr>
<td>31381</td>
<td>Fishery education/training</td>
<td></td>
</tr>
<tr>
<td>31382</td>
<td>Fishery research</td>
<td>Pilot fish culture; marine/freshwater biological research.</td>
</tr>
<tr>
<td>31391</td>
<td>Fishery services</td>
<td>Fishing harbours; fish markets; fishery transport and cold storage.</td>
</tr>
<tr>
<td>CRS Code</td>
<td>Description</td>
<td>Clarifications/Additional notes on coverage</td>
</tr>
<tr>
<td>----------</td>
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<td>-------------------------------------------</td>
</tr>
<tr>
<td>32110</td>
<td>Industrial policy and administrative management</td>
<td>Industrial sector policy, planning and programmes; institution capacity building and advice; unspecified industrial activities; manufacturing of goods not specified below.</td>
</tr>
<tr>
<td>32120</td>
<td>Industrial development</td>
<td></td>
</tr>
<tr>
<td>32130</td>
<td>Small and medium-sized enterprises (SME) development</td>
<td>Direct support to the development of small and medium-sized enterprises in the industrial sector, including accounting, auditing and advisory services.</td>
</tr>
<tr>
<td>32140</td>
<td>Cottage industries and handicraft</td>
<td></td>
</tr>
<tr>
<td>32161</td>
<td>Agro-industries</td>
<td>Staple food processing, dairy products, slaughter houses and equipment, meat and fish processing and preserving, oils/fats, sugar refineries, beverages/tobacco, animal feeds production.</td>
</tr>
<tr>
<td>32162</td>
<td>Forest industries</td>
<td>Wood production, pulp/paper production.</td>
</tr>
<tr>
<td>32163</td>
<td>Textiles, leather and substitutes</td>
<td>Including knitting factories.</td>
</tr>
<tr>
<td>32164</td>
<td>Chemicals</td>
<td>Industrial and non-industrial production facilities; includes pesticides production.</td>
</tr>
<tr>
<td>332165</td>
<td>Fertilizer plants</td>
<td></td>
</tr>
<tr>
<td>32166</td>
<td>Cement/lime/plaster</td>
<td></td>
</tr>
<tr>
<td>32167</td>
<td>Energy manufacturing</td>
<td>Including gas liquefaction; petroleum refineries.</td>
</tr>
<tr>
<td>32168</td>
<td>Pharmaceutical production</td>
<td>Medical equipment/supplies; drugs, medicines, vaccines; hygienic products.</td>
</tr>
<tr>
<td>32169</td>
<td>Basic metal industries</td>
<td>Iron and steel, structural metal production.</td>
</tr>
<tr>
<td>32170</td>
<td>Non-ferrous metal industries</td>
<td></td>
</tr>
<tr>
<td>32171</td>
<td>Engineering</td>
<td>Manufacturing of electrical and non-electrical machinery, engines/turbines.</td>
</tr>
<tr>
<td>32172</td>
<td>Transport equipment industry</td>
<td>Shipbuilding, fishing boats building; railroad equipment; motor vehicles and motor passenger cars; aircraft; navigation/guidance systems.</td>
</tr>
<tr>
<td>32182</td>
<td>Technological research and development</td>
<td>Including industrial standards; quality management; metrology; testing; accreditation; certification.</td>
</tr>
</tbody>
</table>

Note: Only includes aid to production or manufacturing. Provision of finished products should be included under relevant sector.
### Mineral resources and mining

<table>
<thead>
<tr>
<th>CRS Code</th>
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</tr>
</thead>
<tbody>
<tr>
<td>32210</td>
<td>Mineral/mining policy and administrative management</td>
<td>Mineral and mining sector policy, planning and programmes; mining legislation, mining cadastre, mineral resources inventory, information systems, institution capacity building and advice; unspecified mineral resources exploitation.</td>
</tr>
<tr>
<td>32220</td>
<td>Mineral prospection and exploration</td>
<td>Geology, geophysics, geochemistry; excluding hydrogeology (14010) and environmental geology (41010), mineral extraction and processing, infrastructure, technology, economics, safety and environment management.</td>
</tr>
<tr>
<td>32261</td>
<td>Coal</td>
<td>Including lignite and peat.</td>
</tr>
<tr>
<td>62262</td>
<td>Oil and gas</td>
<td>Petroleum, natural gas, condensates, liquefied petroleum gas (LPG), liquefied natural gas (LNG); including drilling and production.</td>
</tr>
<tr>
<td>62263</td>
<td>Ferrous metals</td>
<td>Iron and ferro-alloy metals.</td>
</tr>
<tr>
<td>62264</td>
<td>Nonferrous metals</td>
<td>Aluminium, copper, lead, nickel, tin, zinc.</td>
</tr>
<tr>
<td>62265</td>
<td>Precious metals/materials</td>
<td>Gold, silver, platinum, diamonds, gemstones.</td>
</tr>
<tr>
<td>62266</td>
<td>Industrial minerals</td>
<td>Baryte, limestone, feldspar, kaolin, sand, gypsum, gravel, ornamental stones.</td>
</tr>
<tr>
<td>62267</td>
<td>Fertilizer minerals</td>
<td>Phosphates, potash.</td>
</tr>
<tr>
<td>62268</td>
<td>Offshore minerals</td>
<td>Polymetallic nodules, phosphorites, marine placer deposits.</td>
</tr>
</tbody>
</table>

### Tourism

<table>
<thead>
<tr>
<th>CRS Code</th>
<th>Description</th>
<th>Clarifications/Additional notes on coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>33210</td>
<td>Tourism policy and administrative management</td>
<td></td>
</tr>
</tbody>
</table>