



TIER 2 INDICATOR TECHNICAL NOTE

INCREASED CAPACITY OF OUR PARTNER COUNTRIES TO PARTICIPATE EFFECTIVELY IN RULES-BASED TRADE AND ECONOMIC ARCHITECTURE

Last updated: 26/02/2024

DEFINITION

This indicator requires a **Yes/No response**. A non-exhaustive list of countries assessed to have satisfied the Indicator, i.e., increased capacity, along with related and brief examples/case studies (less than 100 words), will bolster the Yes/No response for this Indicator.

Increased capacity means a larger or strengthened ability of a partner country.

Partner country means any country where our global/multilateral, regional, or bilateral investments operate.

We define **participate effectively** as the ability to engage with, influence, or benefit from, rules-based architecture. **Note: Effective** is defined here as meeting goals and/or targets of the investment; these goals depend on the relevant investments/projects. It includes instances of effective participation in rules-based trade, investment, and economic architecture with traceable linkages to investment project interventions and supporting evidence.

International organisations considered part of the **rules-based international and regional trade, investment, and economic architecture** include (but are not limited to): the World Trade Organization (WTO), the Group of Twenty (G20), Asia-Pacific Economic Cooperation (APEC), and the Organisation for Economic Co-operation and Development (OECD).

Regional and bilateral trade and investment agreements containing overseas development assistance (ODA) are also covered under this indicator, including (but are not limited) to PACER Plus, the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), the Regional Comprehensive Economic Partnership (RCEP), the Indo-Pacific Economic Framework (IPEF), and the Australia-Indonesia Comprehensive Economic Partnership Agreement.

Further information about international and regional trade, investment, and economic architecture can be found at [International and regional economic architecture | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](https://www.dfat.gov.au/international-and-regional-economic-architecture).

This indicator reports the **increased capacity of our partner countries** to negotiate and implement trade, investment, and economic agreements, formulate and implement trade and economic policies and strategies, mainstream trade as part of their economic and development objectives, and undertake trade, investment, or economic related legislation and regulatory reform.

Increased capacity could also include improvement in transparency or predictability in trade policy; improvement in trade policy frameworks/enabling environment; reduction in trade costs; improvement in integration of inclusive aspects in trade policy; introduction of process for consideration of environment aspects; improvement for marginalised groups, i.e., SMEs, MSMEs, women, people with a disability, those in rural/remote areas.



SCOPE

INCLUDES:

A **Yes** response must be related to the increased capacity of a country with traceable linkages to investment project interventions and supporting evidence.

Geography - all partner countries are within scope. While the Indo-Pacific will remain our area of focus, if there are multilateral, regional, or bilateral programs that assist a partner country in other regions to better participate in the rules-based trade and economic system then this should be included.

EXCLUDES:

Increased capacity that cannot be clearly linked to Australian investments through supporting evidence.

Anticipated increased capacity for which evidence is not yet available.

Increased capacity counted in previous year(s) unless there is new significant improvement.

CALCULATION METHOD

This is a **Yes/No response**. If there are instances of effective participation in rules-based trade, investment, and economic architecture with traceable linkages to investment project interventions then the response is Yes.

A non-exhaustive list of countries assessed to have satisfied the indicator, along with brief examples/case studies (less than 100 words) evidencing the response, should be provided.

The number of countries with increased capacity will not/not be calculated. **Note:** the **number** of countries supported to engage productively with the multilateral trading system will be captured in a separate indicator.

Indicator will not report on instances where partner country capacity decreases.

DATA SOURCE/S

The **investment monitoring reporting process** will provide a key source of data on this Indicator as well as evaluations and reviews conducted within the reporting period

For the **Multilateral Aid for Trade Program (EPF)**, data would be derived from the Multilateral Economic Cooperation Program Performance Framework, Intermediate Result (IR) 2: “developing country and LDC partners demonstrate increased capacity to more effectively participate in and derive benefits from regional and multilateral rules-based trading systems”.

For the **Regional Trade for Development (RT4D) Program**, data would be derived from its Performance Assessment Framework, which includes indicators on the percentage of developing country partners reporting improved performance in participating effectively in FTAs, and percentage of government officials self-evaluating increased capacity to implement FTAs.

For **Australia’s APEC Support Program (AASP)**, performance indicators relating to developing economies progressing implementation of an open and rules-based multilateral trade and investment environment, and promoting international standards, norms, and rules on digital trade, by 2026 would be used.



DISAGGREGATION

Disaggregated data (i.e., gender, geography, rural/remote/urban, disability, youth) is not required for this indicator given it is a **Yes/No** response. However, disaggregated data would add value in the case studies or examples provided if relevant. For example, the gender inclusion aspects of a project would be beneficial to spell out.

WORKED EXAMPLE

- Yes
- Timor-Leste

Evidence:

The Australian funded PROSIVU program assists the Timor-Leste Government to support inclusive economic growth and better public administration. Part of PROSIVU is supporting Timor-Leste accede to the World Trade Organization (WTO) and implement its WTO obligations. Australian funded support includes legal and technical assistance to Timor-Leste to engage in, and provide the evidence necessary for, the WTO Accession Working Party and to conclude the necessary Bilateral Protocols for WTO accession. Membership of the WTO will give Timor-Leste a say in the multilateral rules-based trading system and contribute to its development pathways.