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Financing Aid for Trade priorities

Engineers at the Lake Turkana Wind
Power Plant, Kenya.



FINANCING AID FOR TRADE PRIORITIES

Record highs in 2022

Disbursements



US\$ 51.1 bn
+14%

Commitments



US\$ 65.0 bn
+31%

Aid for Trade disbursements since 2006

Bilateral donors

US\$ 369 bn

Multilateral donors

US\$ 263 bn



US\$ 648 billion

disbursed since Aid for Trade
launched in 2006

Increase in disbursements in 2022

Japan

+52%



Germany

+21%

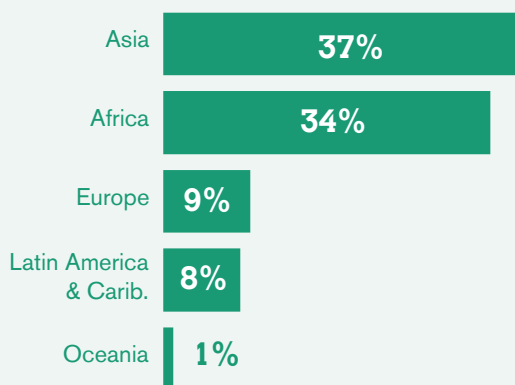


World Bank

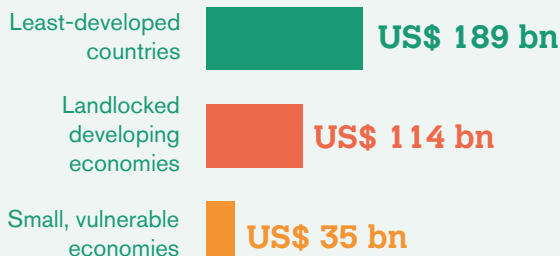
+14%



Share of disbursements, 2021-2022



Aid for Trade flows, 2006-2022



Aid for Trade disbursements by category (year-on-year increase in 2022)



+66%
Tourism



+34%
Transport
and storage



+31%
Information and
communications
technologies



+23%
Energy
generation
and supply



+10%
Agriculture

Aid for Trade in a changing development cooperation landscape

The 2024 joint OECD–WTO Aid for Trade monitoring and evaluation (M&E) exercise takes place in a changing development cooperation landscape. The lingering impact of the COVID-19 pandemic, compounded by turbulent geopolitics, have heightened economic uncertainty, increased countries' indebtedness and constrained already shrinking fiscal spaces. In addition, new demands have emerged to finance the United Nations Sustainable Development Goals (SDGs) and global challenges, including for climate adaptation and mitigation, biodiversity protection and health security, putting Official Development Assistance (ODA) resources under stress. These evolutions have raised new questions for donors and partner countries, including finding creative ways to unlock additional resources for development, balancing financing priorities and making efficient use of concessional resources for maximal impact.

Amidst growing pressures placed on ODA, various calls for a reform of the global financing for development architecture have been issued. These initiatives, including the Bridgetown Initiative, the Paris Pact for People and the Planet, and the UN SDG Stimulus Plan, share common objectives to scale up the financial capacity of the multilateral system and to increase resources in a way that narrows the SDG financing gap in developing economies. They also aim to promote greater equity in terms of developing economies' voice and access to financing in the international financial architecture. In 2025, the Fourth International Conference on Financing for Development will provide an opportunity to reflect on these initiatives, rethink the 2015 Addis Ababa Action Agenda (AAAA) and chart a course of action for the global financing for sustainable development architecture post-Agenda 2030.

Aid for Trade is a test case for these evolutions. International trade is an important component of the AAAA, which includes commitments

relating to Aid for Trade (United Nations, 2015b). The so-called “Bridgetown Initiative 2.0”, a revision of the above-mentioned call to transform the global financial system, includes an action area to “Create an international trade system that supports global green and just transformations.”¹.

Results from the M&E exercise further emphasize how intertwined trade and development agendas have become. A total of 94 per cent of partner countries and 78 per cent of donors that participated in the M&E exercise indicated that their development strategy includes trade priorities. In addition, areas flagged as strategic priorities that are not primarily trade-related often have strong links with trade (e.g. food security, employment creation, women's economic empowerment, climate change mitigation). Consequently, and akin to other forms of concessional finance, Aid for Trade is confronted with new demands in a constrained environment, raising questions related to financing priorities and potential how to unlock more resources through innovation and partnerships.

The M&E exercise provides unique insights to inform reflections related to Aid for Trade in an evolving landscape. Responses to the self-assessment surveys obtained from a total of 110 donors, partner countries, regional economic corridors and South–South partners provide first-hand information on the needs and priorities of Aid for Trade actors. The statistical update on Aid for Trade flows complements this information by analysing the evolution of Aid for Trade finance, whether it aligns with national priorities, and where to focus efforts for greater effectiveness and impact. In an increasingly complex environment, effectiveness principles continue to provide a relevant compass to improve ODA quality and impact (see Box 1).

Respondents perceived Aid for Trade support as generally aligned with their priorities (see Figure 1). Among partner countries, 53 per cent considered Aid for Trade as mostly or completely aligned with Aid for Trade priorities, 21 per cent found it moderately aligned, 13 per cent somewhat aligned and 6 per cent

Box 1

Principles of effective development cooperation and the Global Partnership for Effective Development Co-operation

Agreed in 2011 by more than 161 countries and 56 organizations and reconfirmed at the 2022 Effective Development Co-operation Summit, the four Effectiveness Principles provide a framework for more equal and empowered partnerships and more sustainable development outcomes:

- (1) **Country ownership:** Countries set their own national development priorities, and development partners align their support accordingly while using country systems.
- (2) **Focus on results:** Development cooperation seeks to achieve measurable results by using country-led results frameworks and monitoring and evaluation systems.
- (3) **Inclusive partnerships:** Development partnerships are inclusive, recognizing the different and complementary roles of all actors.
- (4) **Transparency and mutual accountability:** Countries and their development partners are accountable to each other and to their respective constituents. They are jointly responsible for ensuring development cooperation information is publicly available.

The Global Partnership for Effective Development Co-operation (GPEDC) supports the implementation of the effective development cooperation commitments at the country and global levels, including through its flagship monitoring exercise. The ongoing 4th GPEDC monitoring round 2023-2026 promotes collective accountability through the lens of the four Effectiveness Principles by measuring progress around four thematic areas: whole-of-society approach; state and use of country systems; transparency; and leaving no one behind.*

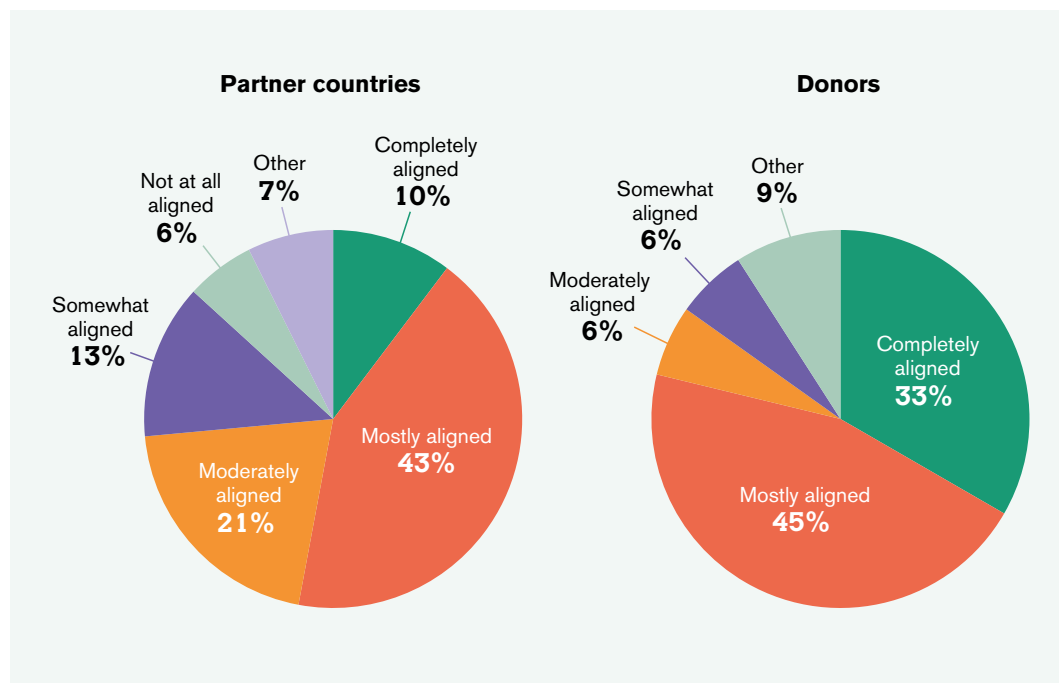
In addition, the monitoring framework now integrates an assessment of the Kampala Principles on Private Sector Engagement in Development Co-operation, collecting information on the state of policies on Private Sector Engagement (PSE) in development co-operation, inclusive dialogue on PSE at the country level, quality of PSE in development co-operation and ease of partnering.

See <https://www.effectivecooperation.org/4thMonitoringRound>.



A coffee farmer in Colombia inspects his crop.

Figure 1 Does Aid for Trade support align with your priorities?
(As a share of responses from partner countries and donors)



Source: Joint OECD–WTO M&E exercise.

believed that it was not aligned at all. Among donors, 33 per cent considered that the support they provided was completely aligned with recipient priorities, 45 per cent considered that it was mostly aligned, and 12 per cent believed it moderately or somewhat aligned. These results indicate that while there is general alignment, opportunities exist to further enhance ownership of development priorities by partner countries and target Aid for Trade support.

Against this background, this chapter provides an overview of the evolution of Aid for Trade flows and puts it into perspective based on results from the M&E self-assessment questionnaires. It provides contextual background and highlights trends in the evolution of Aid for Trade commitments and disbursements from the creation of the initiative until 2022, which is the most recent year for which data are available.

The analysis of flows focuses in more depth on the period 2020–2022, which was not covered by the previous M&E cycle. It highlights key drivers in the evolution of flows by category, region, instrument and policy area. Information is also provided on other forms of trade-related support, including trade-related other official flows, private finance mobilized and South–South and Triangular cooperation.

Throughout the chapter, Aid for Trade statistics are derived from the OECD Creditor Reporting System (CRS), which provides an internationally recognized source of ODA statistics. The scope and measurement of Aid for Trade flows are based on the global monitoring definition outlined in the *Recommendations of the Task Force on Aid for Trade*,² which situates Aid for Trade as a form of development assistance and defines Aid for Trade categories (see Box 2).

Box 2

Measuring Aid for Trade

In 2006, the Aid for Trade Task Force defined the scope of Aid for Trade, situating Aid for Trade as a form of concessional development finance that falls within the category of Official Development Assistance (ODA). To clearly delineate Aid for Trade from other forms of ODA, the 2006 Aid for Trade Task Force agreed a “monitoring definition” that comprises six Aid for Trade categories:

- (i) trade policy and regulations;
- (ii) trade development;
- (iii) trade-related infrastructure;
- (iv) building productive capacity;
- (v) trade-related adjustment;
- (vi) other trade-related needs.*

The monitoring of Aid for Trade flows relies on trade data extracted from the Creditor Reporting System (CRS) aid activity database – an internationally recognized source of authoritative data on ODA and other official flows to developing economies, dating back to 1967 – which provides data broken down geographically and by sector. The CRS does not provide data that exactly match all of the above Aid for Trade categories. Instead, it provides proxies under the following four headings:

- (i) technical assistance for trade policy and regulations;
- (ii) economic infrastructure;
- (iii) productive capacity building;
- (iv) trade-related adjustment.

Across these categories, Aid for Trade disbursements and commitments are reported in gross terms on a cash-flow basis. This means that the amounts presented reflect flows of cash granted or the face value of loans lent by official providers to ODA-eligible countries. This presentation aligns with the methodology developed by the Inter-Agency and Expert Group on SDG Indicators and agreed upon at the 48th session of the United Nations Statistical Commission, held in March 2017, for the measurement of SDG Target 8.a: “Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries” (ECOSOC, 2017).

Since 2014, the process of modernization of the ODA statistical system, undertaken by the OECD Development Assistance Committee, has enabled innovations on ODA measurement, particularly with regard to measuring the concessionality of sovereign loans, and accounting for private sector instruments. This modernization process has led to the introduction of the “grant equivalent” system, which aims to better compare loans and grants, and incentivize concessionality. The grant equivalent provides an estimate, at today’s value of money, of how much is being given away over the life of a financial transaction, compared with a transaction at market terms. Furthermore, the development of the complementary statistical framework of Total Official Support for Sustainable Development opens new possibilities to shine a light on trade-related official support.

These innovations are used throughout the 2024 monitoring and evaluation exercise to provide additional perspective on the standard Aid for Trade reporting. For ODA data disaggregated at the sectoral level, including Aid for Trade, presentation of cash-flows remains the most appropriate format, reflecting actual volumes of resources mobilized for trade support. In addition, in an effort to analyse Aid for Trade priorities and trends, gross disbursements and commitments on a cash-flow basis provide the most accurate indication of where volumes of financing have focused and evolved. This standard also ensures comparability over time and across international reporting mechanisms. As ODA statistics and standard evolve, the development of new metrics can support continual improvements on the measurement and analysis of ODA flows.

* See *Recommendations of the Task Force on Aid for Trade*, WTO document WT/AFT/1, 27 July 2006.

Aid for Trade flows rebounded in 2022

Aid for Trade flows have reached an all-time high

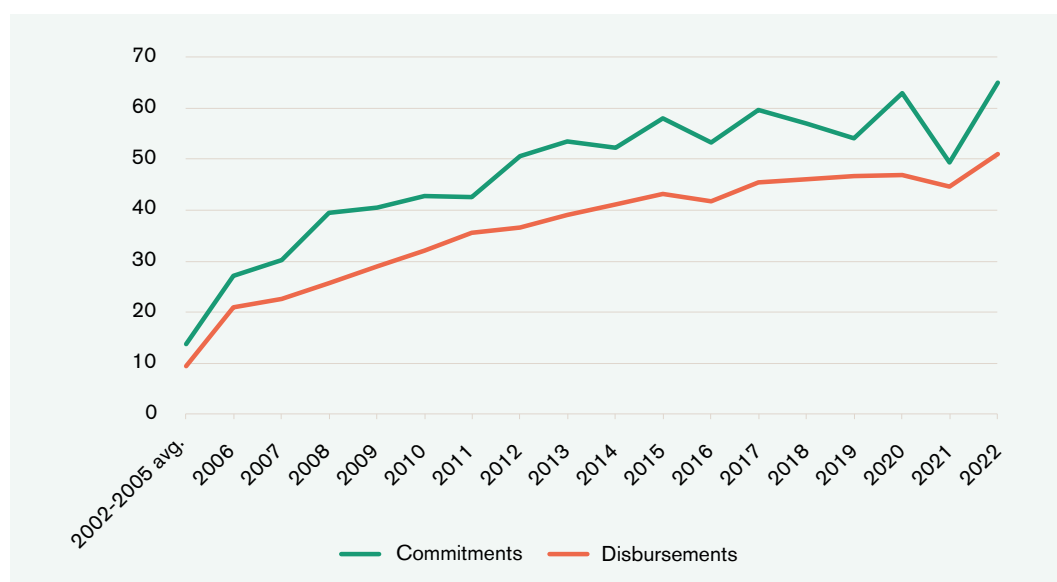
International commitments toward Aid for Trade have been renewed in recent years. The G20 New Delhi Leaders' Declaration adopted in September 2023 recognizes the importance of the Aid for Trade Initiative to enable developing economies,, notably least-developed countries (LDCs), to “effectively participate in global trade, including through enhanced local value creation” and welcomes “all efforts to mobilize necessary resources in this regard.”³

The 13th WTO Ministerial Conference, held in Abu Dhabi in 2024, emphasized the links between trade and development and recognized “the importance of the Aid for Trade Initiative for developing Members, including LDCs, for trade-related capacity building, and for contributing to their integration into the

multilateral trading system.”⁴ These renewed high-level commitments align with the results from the M&E exercise, which underscore broad consensus on the continued need for Aid for Trade financing. Over 95 per cent of partner countries that responded to the self-assessment questionnaire foresaw a continued need in that regard. Similarly, 91 per cent of donors surveyed foresaw a need to continue providing Aid for Trade financing.

In line with the continued prioritization of Aid for Trade, disbursements reached an all-time high in 2022, with a total amount of US\$ 51.1 billion (see Figure 2). This represents a 14 per cent increase in real terms compared to 2021. Commitments followed a similar trend, with a 31 per cent increase between 2021 and 2022 to reach a peak of US\$ 65 billion. This positive trend marks a rebound from 2021, which had seen a decline in Aid for Trade flows amidst the COVID-19 pandemic (see Box 3). In 2022, both Aid for Trade commitments and disbursements exceeded pre-pandemic levels.

Figure 2 Evolution of Aid for Trade disbursements and commitments, 2002-2022
(In US\$ billion, constant 2022 US\$)



Source: OECD Creditor Reporting System.

Box 3

Aid for Trade and the COVID-19 pandemic

The 2022 edition of *Aid for Trade at a Glance* (OECD/WTO, 2022) emphasized the role and potential of Aid for Trade in mitigating the impacts of the COVID-19 pandemic and building supply chain resilience. Results from the 2022 M&E exercise indicated that Aid for Trade remained a priority in the aftermath of the pandemic outbreak and was generally considered by partners and donors to be more important, or at least as important, than before the pandemic.

The analysis of Aid for Trade flows up to 2020 pointed to the role of Aid for Trade in supporting sectors that proved essential in the fight against the COVID-19 pandemic, such as pharmaceutical production. COVID-19-related activities drove growth in sectors such as banking and financial services, which were often supported as mainstays of economic resilience and stability. Other sectors such as transport experienced a slowdown in Aid for Trade, as a result of a prioritization of resources, but also potentially practical challenges that may have resulted from travel restrictions and other health-related measures for projects requiring an in-person presence (OECD/WTO, 2022).

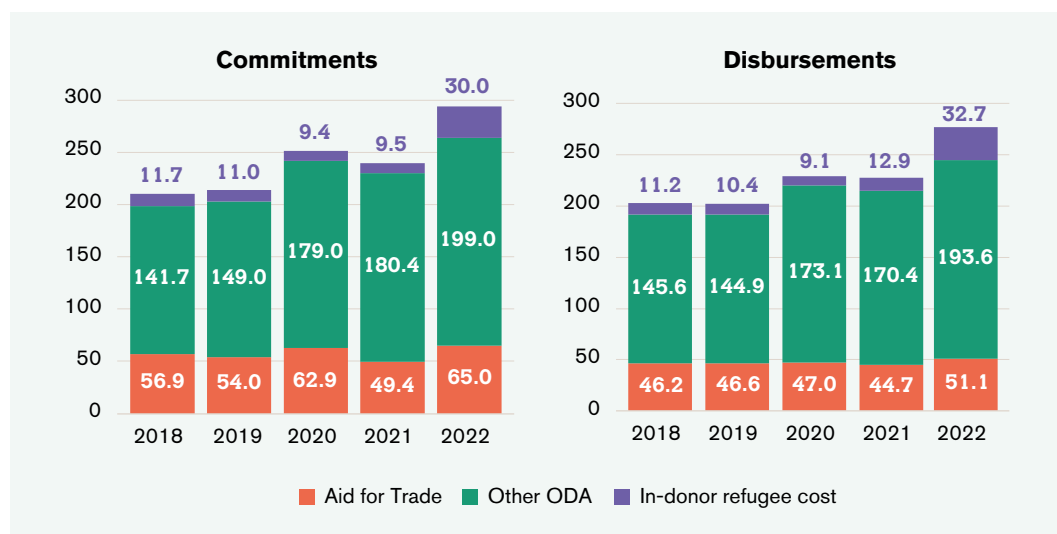
The 2024 M&E exercise provides further insights into the evolution of Aid for Trade flows and Official Development Assistance (ODA) in 2021 and 2022, when the pandemic was still raging across the world. In 2021, ODA commitments reached new heights, largely driven by vaccine donations and support for the emergency response, which do not fall under the scope of Aid for Trade. Other sectors, including those aimed at building economic infrastructure and productive capacities, saw a decline in 2021. Furthermore, projects that required physical presence such as infrastructure projects often faced implementation delays, reflected in slowdowns in disbursements. The trend was, however, largely reversed in 2022, as sectors that experienced a decrease in 2021 in Aid for Trade often saw the level of flows increasing again to exceed pre-pandemic levels in 2022.

These evolutions tend to show the ability of ODA to remain agile and quickly ramp up support to address global priorities. They also illustrate some of the key challenges that development partners are facing when making financial allocation decisions, including finding a balance between short-term needs, for example for emergency assistance, and longer-term priorities that are often essential to prevent future crises and deliver on policy priorities set out in national and international agendas.



A health worker at the Mpilo Central Hospital COVID-19 testing laboratory, Bulawayo, Zimbabwe.

Figure 3 Evolution of Aid for Trade and total Official Development Assistance (ODA) flows, 2018-2022
(In US\$ billion)



Note: Gross commitments and disbursements on a cash-flow basis.

Source: OECD Creditor Reporting System.

Aid for Trade growth concurs with a broader rise in ODA in 2021 and 2022, and reaffirms Aid for Trade as a financing priority. Foreign aid reached a historical peak in 2022, notably as providers increased their spending on processing and hosting refugees (see Figure 3).⁵ In this context, Aid for Trade accounted for 22 per cent of total ODA commitments and 18 per cent of total ODA disbursements in 2022. Excluding ODA spending on “in-donor” refugee costs, the share of Aid for Trade in total ODA rises to 25 per cent for commitments and 21 per cent for disbursements.

A total of US\$ 648 billion has been disbursed for Aid for Trade programmes and projects since the Aid for Trade Initiative was launched in 2006. Aid for Trade providers include over 90 bilateral and multilateral donors that report to the OECD CRS. OECD Development Assistance Committee (DAC) bilateral donors have provided 57 per cent of total Aid for Trade disbursements since 2006, equivalent to US\$ 369 billion. In 2022, OECD DAC bilateral donors accounted for 58 per cent of Aid for Trade disbursements.

With a total of US\$ 263 billion disbursed since 2006, multilateral donors (whose main shareholders are official bilateral donors) account for 40 per cent of total Aid for Trade disbursements since the start of the initiative.

The largest Aid for Trade providers have been relatively stable in recent years. In 2022, the top ten Aid for Trade donors accounted for 83 per cent of total Aid for Trade disbursements. Recent years have seen a notable increase in disbursements from Japan (+52 per cent between 2021 and 2022), Germany (+21 per cent) and the World Bank (+14 per cent) (see Table 1).

In addition, a total of US\$ 575 billion has been disbursed in low-concessional loans for trade-related projects and programmes. Multilateral donors account for 70 per cent of this amount. In 2022, trade-related other official flows reached their highest level ever recorded, both in disbursements (US\$ 48.5 billion) and commitments (US\$ 83.8 billion).

Table 1 Top 10 Aid for Trade donors, 2020-2022

(In US\$ million)

	2022		2021		2020	
	Rank	Disbursements	Rank	Disbursements	Rank	Disbursements
Japan	1	11,089	1	7,308	3	6,919
World Bank	2	7,886	2	6,924	1	7,657
EU Institutions	3	6,846	3	6,708	2	7,095
Germany	4	6,603	4	5,467	4	5,742
France	5	3,579	5	3,408	5	3,283
United States	6	1,793	6	2,405	6	2,284
Asian Development Bank	7	1,756	8	1,266	7	2,107
United Kingdom	8	1,092	7	1,747	8	2,093
Central American Bank for Economic Integration	9	923	26	150	24	284
Norway	10	881	14	567	11	674

Source: OECD Creditor Reporting System.

An increase driven by a rise in economic infrastructure projects

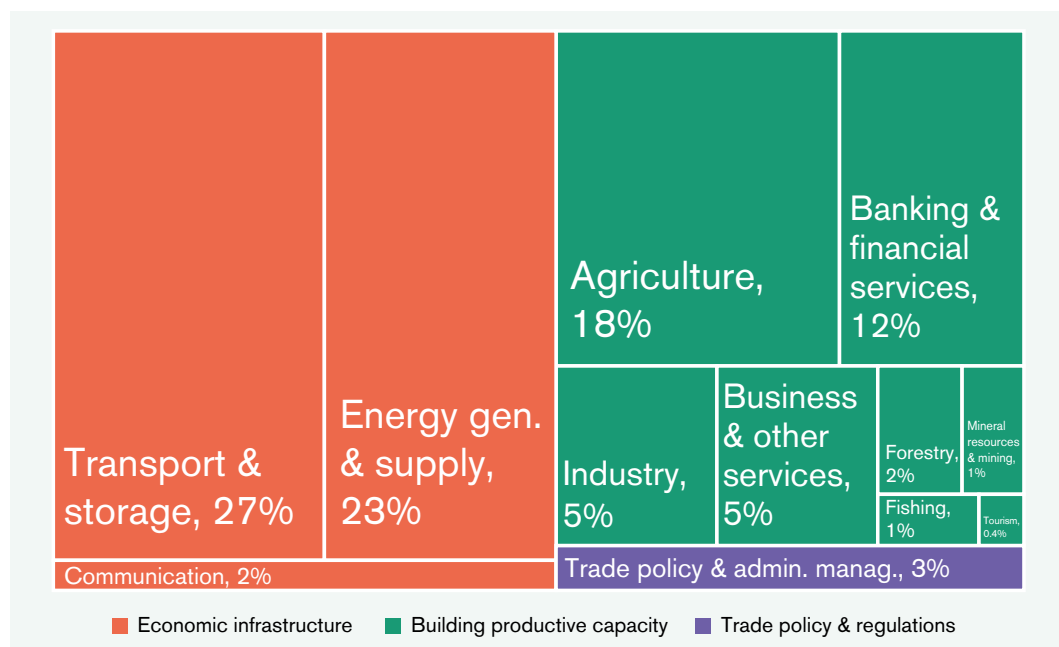
Aid for Trade growth over the period 2020-2022 has been largely driven by an increase in support to economic infrastructure projects and programmes. Between 2020 and 2022, Aid for Trade support to infrastructure projects increased by 28 per cent, reaching US\$ 27.9 billion in 2022. Within this category, transport and storage attracted the majority of these funds, followed by energy generation and supply, and communication. By contrast, support intended to build productive capacity in partner countries increased in 2022 but remained below 2020 levels, with a total of US\$ 22.3 billion in disbursements. Projects aimed at developing productive capacity mainly focused on the agriculture, banking and finance and industry sectors (see Figures 4 and 5).

As a result of these trends, the share of infrastructure-related disbursements in total

Aid for Trade flows increased from 46 per cent in 2020 to over 54 per cent in 2022, at par with pre-pandemic levels (see Figure 5). These evolutions point to a likely correction phenomenon in the aftermath of the COVID-19 pandemic, during which infrastructure projects were significantly constrained while support to building productive capacities peaked in the early stages of the pandemic to mitigate its impacts (see Box 3). In 2022, a surge in support to Ukraine contributed to the increase observed in the economic infrastructure category. Support to Ukraine increased from US\$ 345 million to US\$ 2.2 billion between 2021 and 2022; and 60 per cent of these disbursements were in infrastructure projects.

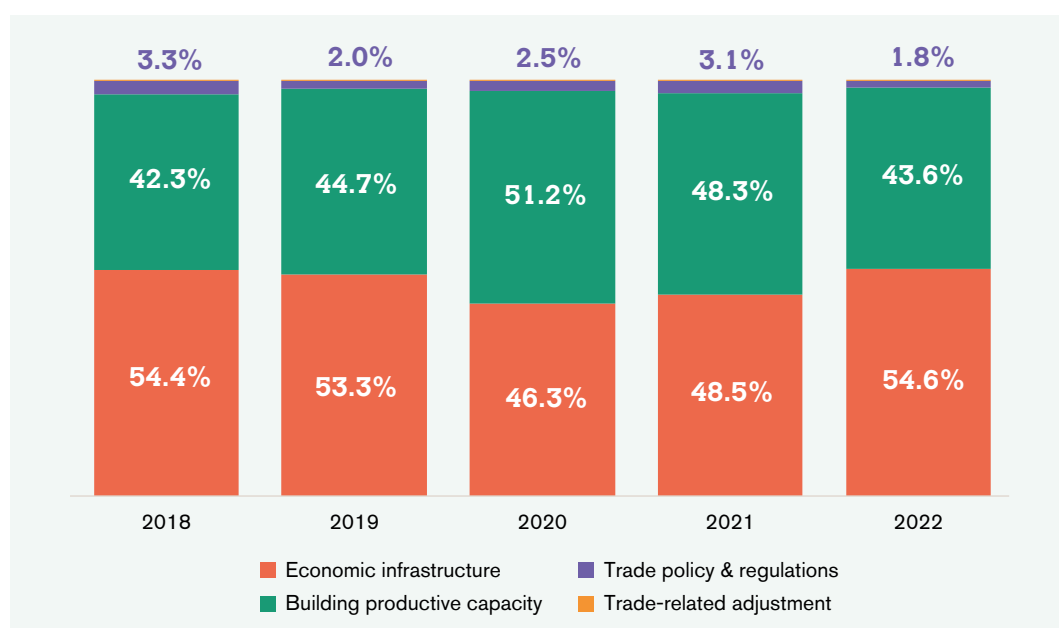
Variations in 2021 and 2022 should also be analysed against the distinguishing features of economic infrastructure and building capacity projects (see Figure 6). On average, since 2006, disbursements in the economic infrastructure category have

Figure 4 Share of disbursements by subcategory
(As a share of average disbursements for 2021 and 2022)

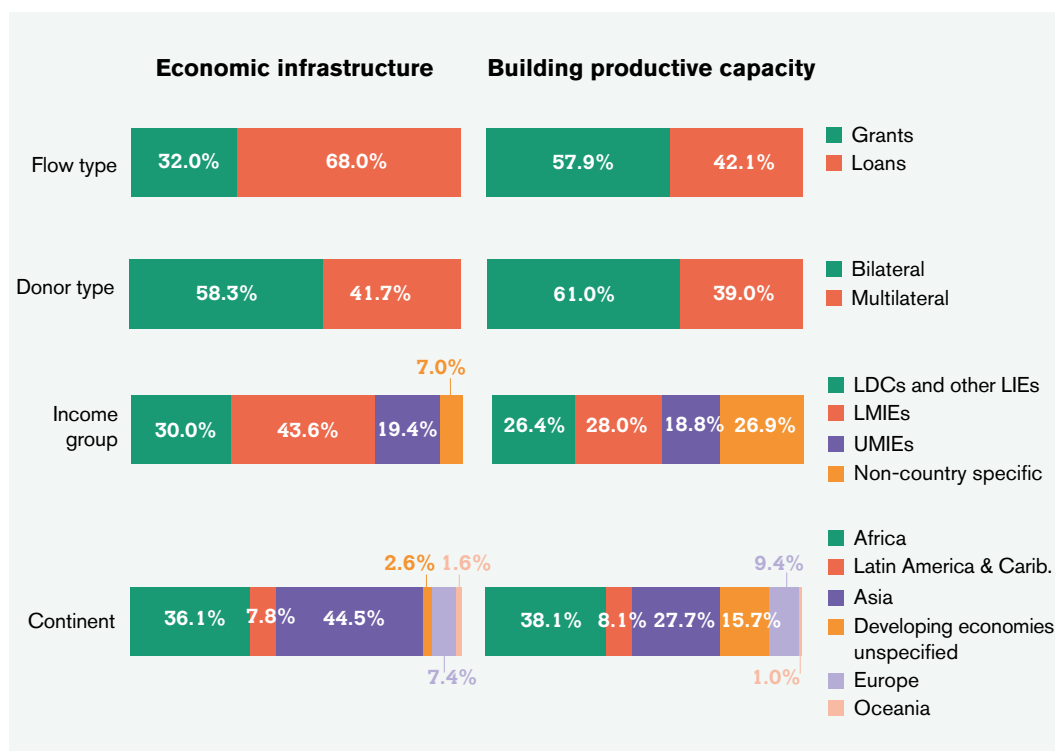


Source: OECD Creditor Reporting System.

Figure 5 Share of disbursements by category, 2018-2022
(As a share of total disbursements)



Source: OECD Creditor Reporting System.

Figure 6 Characteristics of economic infrastructure versus building productive capacity disbursements, 2022

Source: OECD Creditor Reporting System.

been approximately four times higher than in any other category. This is explained by the high costs of infrastructure projects, and the prevalence of concessional loans over grants supporting the financing of transport, energy and communication infrastructure projects. Furthermore, Aid for Trade disbursements for economic infrastructure are highly concentrated, with a few donors and recipients accounting for a large part of these flows. As a result, a limited number of projects may have a significant influence on the share of economic infrastructure in total Aid for Trade flows.

Aid for Trade support to economic infrastructure can play an important role in support of developing economy priorities. Results from the M&E exercise indicate that 74 per cent of developing economies that responded

to the self-assessment questionnaires considered infrastructure development as one of their strategic priorities. The impact of infrastructure-related support has been shown to have positive effects on economic growth and poverty reduction, which have emerged as key national development priorities through the M&E exercise (see Box 4).

Support to economic infrastructure is also crucial to finance sustainable transitions, for example through support for the expansion of renewable energy technologies. Aid for Trade disbursements targeting energy generation and supply predominantly financed renewable energy sources in 2022. A total of US\$ 4.5 billion was disbursed for renewable energy generation – a 16 per cent increase in real term from 2020 levels.

Box 4

Aid for Trade and economic infrastructure

A large body of literature underlines the positive effects of economic infrastructure on international trade and economic growth. A 2010 empirical study finds that a 10 per cent increase in aid to infrastructure commitments per capita led to an average increase of the exports over GDP ratio for a developing economy of 2.34 per cent (Vijil and Wagner, 2010).

Using trade flows data for 243 countries, 170 industries and spanning 17 years, Han and Li (2022) find that transportation infrastructure enhances international trade more than internal trade, and that a 10 per cent increase in transportation infrastructure induces a 3.9 per cent increase in real income, where 95 per cent of the gains concentrate on the infrastructure improving country. A number of other recent academic studies* further demonstrate the positive relationship between economic infrastructure, trade and sustainable development.

Results from the M&E exercise indicate, however, that only 27 per cent of developing economies which participated in the exercise identified Aid for Trade in trade-related infrastructure as having a measurable impact. While donors have a more positive opinion, only 45 per cent of donor respondents consider that Aid for Trade is having a measurable impact in this category. Understanding and addressing this gap, for example by clarifying objectives and expectations for Aid for Trade in trade-related infrastructure and communicating results, could be of importance going forward to ensure adequate targeting of Aid for Trade efforts.

* Available at <https://blogs.worldbank.org/en/transport/how-does-infrastructure-support-international-trade>.



The solar panels are regularly cleaned at the Rarotonga International Airport, the Cook Islands.

Significant amounts, however, remain devoted to supporting non-renewable energy sources, and grew by 32 per cent between 2020 and 2022. In 2022, US\$ 1.3 billion were disbursed for non-renewable sources, a large amount of which financed coal-fired electric power plants (US\$ 1.1 billion). Support allocated to energy distribution including electric power transmission soared in 2022, reaching US\$ 4.2 billion, up from US\$ 3.2 billion

in 2020 (+32 per cent). Such support is fundamental to enable clean energy transitions, integrate growing shares of renewable energy with demand centres and facilitate private investment for clean energy (IEA, 2024).

Aid for Trade support to infrastructure can also go a long way in minimizing carbon emissions in transportation. In 2022, rail transport received the highest share of Aid for Trade disbursements targeting transportation

and storage, with a total of US\$ 6.2 billion – a 118 per cent increase from 2020 levels and a 52 per cent increase from 2019. Road transport was the second highest category, with US\$ 5.2 billion. Road transport support grew by 14 per cent since 2020 but decreased by 9 per cent compared to 2019.

Support to building productive capacity has remained resilient overall

Despite a receding share in total Aid for Trade disbursements, support to building productive capacity has remained resilient overall, with a 3 per cent increase in 2022, after a 10 per cent decline the previous year. Aid for Trade projects and programmes in this category aim to support the private sector to exploit their comparative advantage and diversify their exports. While Aid for Trade flows in this category had been on a slightly downward trend, the number of projects reported in the CRS remains nearly twice the size of the three other Aid for Trade categories combined. Between 2020 and 2022, the number of projects reported in the productive capacity category increased by 15 per cent, compared to 10 per cent for infrastructure projects.

There is scope to scale up support to Aid for Trade projects relating to trade policy and regulations. Results from the joint OECD–WTO self-assessment questionnaires identified that trade policy and regulation, including trade facilitation, is a top priority for partner countries, and an area where respondents are continuing to seek support. Over 90 per cent of partner country respondents indicated that they are actively seeking support for trade facilitation, making it the highest-ranking financing priority.

A total of 72 per cent of respondents are seeking support in the broader trade policy and regulations category. However, in 2022, total disbursements for trade policies and regulations reached US\$ 0.9 billion, down from US\$ 1.4 billion in 2021 and US\$ 1.2 billion in 2020. Commitments have also slightly decreased over the period.

Support to areas such as trade facilitation is key

Support to areas such as trade facilitation (which is a subcategory of trade policy and regulations in the CRS database) is key, as the impact of facilitation reforms continues to grow over time. Trade facilitation impacts on trade were strongest between the conclusion and entry into force of the WTO's Agreement on



Busia customs authority at the Kenya–Uganda border.

Trade Facilitation (TFA) (during 2013-2017), suggesting that negotiating and preparing for the implementation of the TFA prompted economies to initiate unilateral reforms. Overall, trade facilitation reforms since the conclusion of the TFA have helped reduce trade costs by 4.5 per cent on average and increase global trade in goods by up to 16 per cent in some regions.

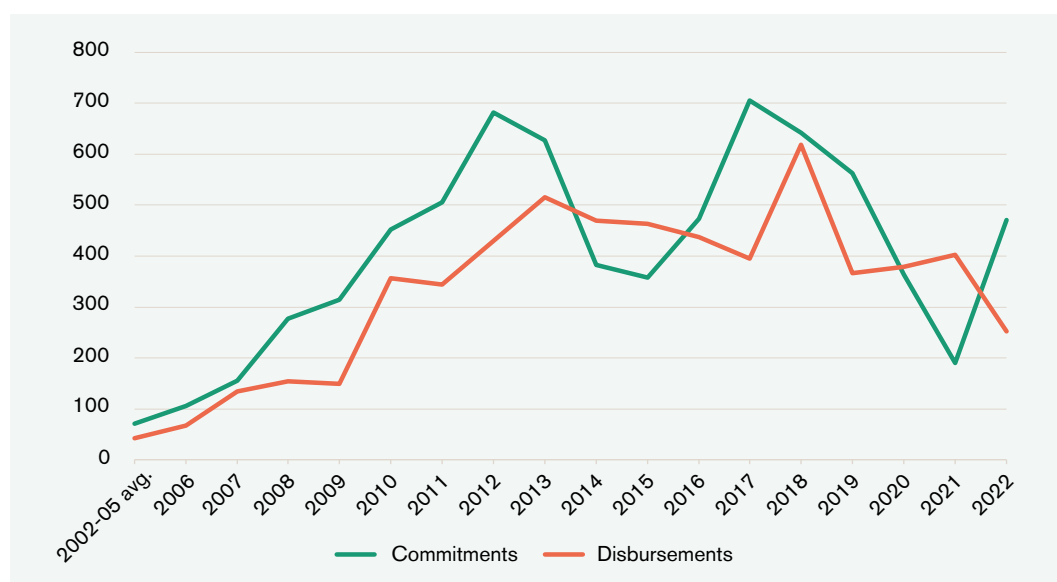
Impacts are strongest for developing economies, particularly low-income and lower middle-income economies, and for manufacturing sectors such as chemicals, electrical equipment, machinery, paper and wood products, and textiles (OECD, 2023a). In sectors such as agriculture and food, the use of electronic sanitary and phytosanitary certificates has been an essential contributor to the resilience of supply chains (OECD, 2021), while a swift movement of high-quality agricultural seeds across borders is increasingly requiring harmonized certification standards and procedures.⁶

As trade is evolving, trade facilitation policies are not only needed to ensure

that transactions are faster and easier, but that trade is also sustainable and resilient (see Box 5). The COVID-19 pandemic, technological developments, geopolitical tensions, climate change and extreme weather events have all been leading to a rapidly changing trade landscape and impacting not only what is traded but also how it is traded. An evolving regulatory environment for sustainability is touching on all aspects of global trade and firms across the entire value chain, while increased availability of digital tools raises new opportunities for seeking synergies between trade compliance procedures and trade facilitation policies.

Increasing commitments to trade facilitation point to a potential reprioritization towards this area, after several years of decline. While disbursements for trade facilitation decreased by 37 per cent in 2022, reaching US\$ 252 million, commitments increased by 150 per cent in 2022 to US\$ 471 million and are almost back at pre-pandemic levels (see Figure 7).

Figure 7 Evolution of Aid for Trade for trade facilitation, 2002-2022
(In US\$ million, constant 2022 US\$)



Source: OECD Creditor Reporting System.

Box 5

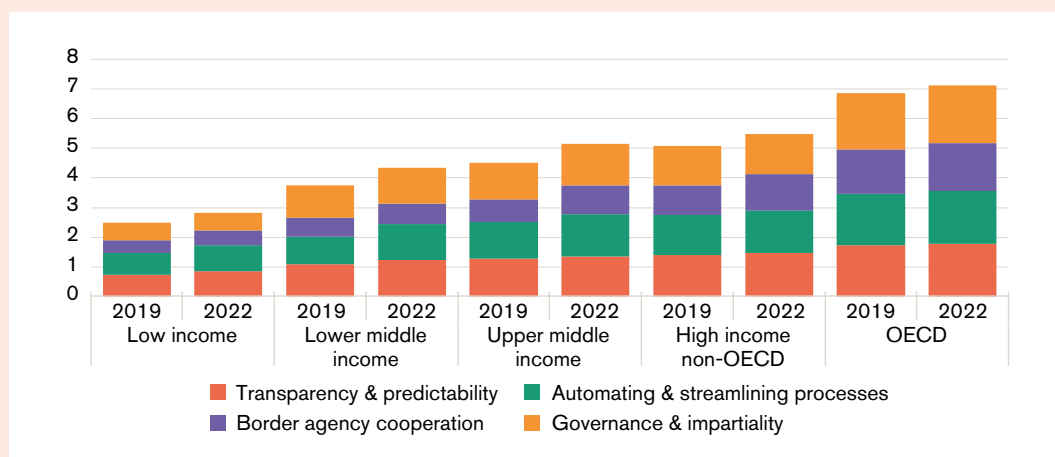
Trade facilitation

Against a backdrop of supply chain disruptions since 2020, the global regulatory environment for trade facilitation remains dynamic as countries are trying to increase supply chain resilience. The OECD Trade Facilitation Indicators (TFIs) highlight that the trade facilitation areas that improved most by 2022 are cooperation between agencies at the border, transparency of information on trade procedures and automation tools to facilitate trade. Improvements in these three areas are larger than in the immediate period following the entry into force of the WTO Trade Facilitation Agreement in 2017.

Transparency and predictability of border processes improved significantly in low-income and lower middle-income economies, while border agency cooperation aspects improved mainly in upper middle-income economies. Automating and streamlining border procedures improved the most in lower middle-income economies. These steps forward are also confirmed when taking a regional perspective. In the areas of transparency and predictability, there is progress across all regions with respect to availability of trade-related information, while improvements in frameworks for consultations with stakeholders are notable in the Asia-Pacific, Middle East and North Africa, Latin America and the Caribbean, and Sub-Saharan Africa.

All regions made progress in simplifying and harmonizing trade-related documents, automating and streamlining border procedures, and improving the domestic cooperation between border agencies. While improvements are more modest for the area of cooperation with border agencies in neighbouring economies and other trading partners, the overall pace of reform appears to be more ambitious than that recorded in 2017-2019. Since the COVID-19 pandemic, a strong emphasis has been placed on enhancing overall communication and coordination among border agencies. This involves a wide range of government institutions and has the objective of enabling swift responses to disruptions and ensuring the continued flow of essential goods at borders.

The trade facilitation policy environment continued to improve in countries at all levels of development



Note: The OECD TFIs range from 0 to 2, where 2 is the best performance that can be achieved. Transparency and predictability includes TFIs on information availability, consultations, advance rulings, appeal procedures, and fees and charges. Automating and streamlining processes includes TFIs on automation, documents and procedures. Border agency cooperation includes TFIs on domestic and cross-border agency cooperation.

Source: OECD Trade Facilitation Indicators Simulator.

Financing partner countries sectoral priorities

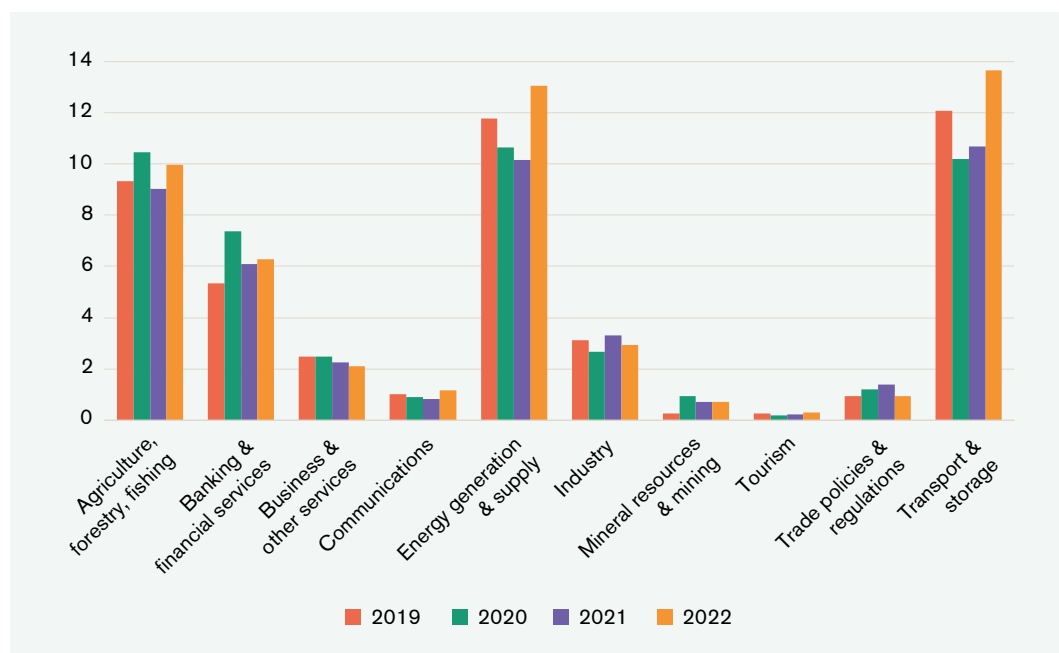
Aid for Trade support at sector level aligned with partner country policy priorities

An analysis of Aid for Trade trends at the subcategory level provides further insights into the drivers of Aid for Trade growth in 2022. As Figure 8 illustrates, all economic infrastructure subcategories experienced significant growth over the period 2020-2022, with a 34 per cent increase in disbursements for transport and storage, 23 per cent for energy generation and supply and 31 per cent for communications. In the building productive capacity category, tourism increased by 66 per cent albeit from a low base, reaching US\$ 0.3 billion in 2020. Industry saw a decline (-11 per cent) after a

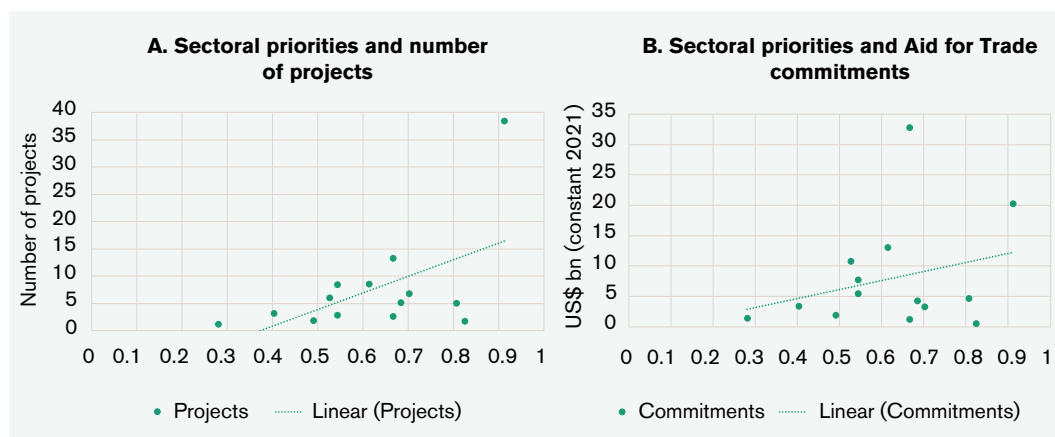
25 per cent increase in 2021, amounting to US\$ 2.9 billion in 2022. Agriculture, forestry and fishing proved resilient with US\$ 10 billion disbursed in 2022, which represents a 10 per cent increase from 2021 but remains below 2020 levels (US\$ 8.8 billion).

A review of Aid for Trade financing shows alignment with sectoral priorities communicated by partner countries. Figure 9 provides a visual representation of the correlation between the level of prioritization of strategic sectors, measured by the percentage of respondents from partner countries that identified a given sector as a strategic objective, and the support received for these sectors for the years 2021-2022. Panel A measures support through the number of projects funded in this category in 2021-2022, and panel B uses Aid for Trade commitments. In both cases, a moderate positive correlation can be observed, showing some level of alignment between partner priorities and funding effectively received.

Figure 8 Evolution of Aid for Trade disbursements by subcategory, 2020-2022
(In US\$ billion, constant 2022 US\$)



Source: OECD Creditor Reporting System.

Figure 9 Sectoral priorities and Aid for Trade support

Source: OECD Creditor Reporting System.

Support to agriculture increased in 2022, including to enhance food security

Several sectors rank particularly high in partner countries priorities. This includes agriculture, which ranks high as an area of priority thematic focus in the national development strategies of developing economies (chosen by 80 per cent of respondents). Agriculture is also the highest-ranking sectoral priority in partner countries' national trade objectives, selected by a total of 91 per cent of respondents.

Aid for Trade disbursements for agricultural projects grew by 11 per cent between 2021 and 2022, after a 15 per cent decline the previous year. Support predominantly focuses on agricultural development and agricultural policy and administrative management. In 2022, many of these projects had an embedded focus to enhance food security, including in the context of the COVID-19 pandemic and soaring food prices. Support to agriculture-related financial services increased by a factor of 3.2, exceeding 2020 levels.

Tourism emerges as a key priority for which support could be further scaled up

Tourism emerges as a key priority among partner country respondents – and an under-funded

one. Tourism has been one of the most severely impacted sectors through the COVID-19 pandemic, hitting particularly hard countries depending on the tourism industry, including many developing economies. Results from the M&E exercise indicate that 82 per cent of partner countries have a sectoral objective or target related to tourism, making it the second highest-ranking sectoral priority. While Aid for Trade support has increased by a factor of 1.7 since 2020, total disbursements for tourism amounted to US\$ 287 million in 2022, which represented 0.5 per cent of total Aid for Trade disbursements for that year. There is an opportunity to significantly scale up this support in light of priorities communicated by partner countries.

The emphasis given by partner countries on manufacturing shows industry could be prioritized

Industry could also be further prioritized, owing to the emphasis given by partner countries on manufacturing. Industry accounted for 6 per cent of total Aid for Trade disbursements in 2022, with a total of US\$ 2.9 billion in disbursements. Since the launch of the Aid for Trade Initiative, US\$ 34.3 billion have been disbursed in this sector, which represents 5 per cent of total amounts spent in Aid for

Trade over the period. Disbursements have increased by 11 per cent since 2020, peaking at US\$ 3.3 billion in 2021 to moderately decline in 2022. Within the industry subcategory, support for small and medium-sized enterprises (SME) development account for 60 per cent of total disbursements – a focus that aligns with the high prioritization of micro, small and medium-sized enterprise (MSME) sector development among partner countries in the M&E exercise (81 per cent of respondents, making it the third top sectoral priority).

The growing focus on digitalization and e-commerce is reflected in Aid for Trade financing flows

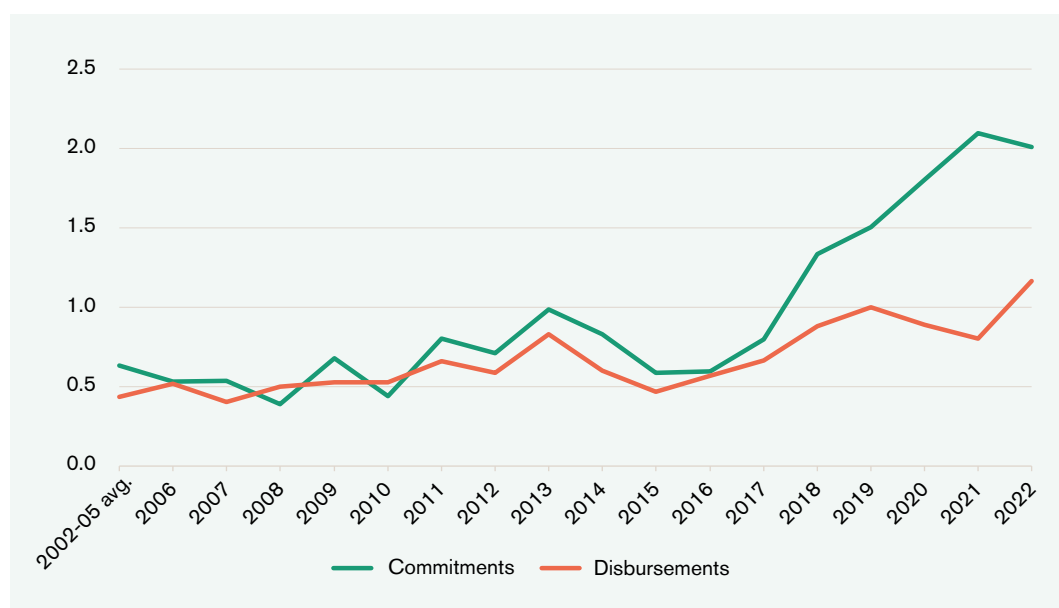
Digitalization and e-commerce, including the digitally enabled services sector, also emerge as an important priority. The COVID-19 crisis has accelerated the digital transformation, including in developing economies, and underscored its importance for increasing the benefits of

international trade and enhancing resilience. Aid for Trade disbursements in support of information and communications technologies (ICT) increased by 31 per cent since 2020, while commitments almost doubled over the past five years, cementing the role of Aid for Trade as a key support mechanism for digitalization (see Figure 10). This emphasizes the growing focus on issues related to digitalization, highlighted by the partner countries and donors in the M&E survey as one of the key priority areas for Aid for Trade support. It highlights as well that, going forward, governments and policy play an important role in helping both to enable digital transactions to occur (using trade to help digitalization) and to facilitate access (using digitalization to help trade) for the benefit of businesses and individuals.

While in many ways it has never been easier to engage in international trade, the adoption of new business models by firms has, however, made international trade transactions and policy

Figure 10 Evolution of Aid for Trade for information and communications technologies, 2002-2022

(In US\$ billion, constant 2022 US\$)



Source: OECD Creditor Reporting System.

issues more complex. A range of policy levers are needed to promote greater participation and benefits, including through new approaches to market openness and in developing economies. Action is required across a number of policy areas, from building digital skills and addressing digital divides to improving access to ICT goods and services and the affordability and reliability of Internet connections (OECD, 2023b).

Taking a holistic approach to market openness means understanding how trade policy issues interact with other policy domains such as privacy and data protection, innovation,

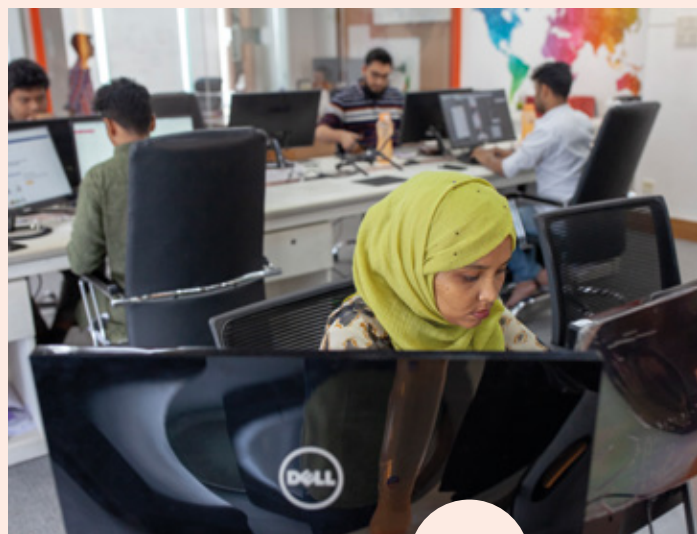
competition, infrastructure, connectivity, taxation and skills. Market openness also needs to take into consideration the full range of measures that affect any particular transaction. For instance, while Internet access is a necessary condition for digitally enabled trade in goods to flourish, it is not sufficient on its own. If transportation, logistics or e-payment services in the receiving or delivering country are costly due to services trade restrictions, or if goods are held up at the border by inefficient procedures, then the benefits of digital trade may not materialize (OECD, 2023b) (see Box 6).

Box 6

Regulatory environment for digital trade

The OECD Digital Services Trade Restrictiveness Index (DSTRI) identifies, catalogues and quantifies barriers that affect trade in digitally enabled services across more than 100 economies, half of which are developing economies. DSTRI data provide policymakers with an evidence-based tool that helps to identify regulatory bottlenecks, design policies that foster more competitive and diversified markets for digital trade and analyse the impact of policy reforms. Sectoral STRIs provide insights into sector-specific regulatory barriers including those affecting foreign direct investment, the movement of services providers, and barriers to competition specific to each sector. As such, information from key sectoral STRIs that enable digital trade, such as computer services, telecommunications, courier, distribution or commercial banking services as well as key content-related services such as motion pictures, provides a more comprehensive overview of the regulatory environment affecting digital trade.

The number of regulatory barriers that affect digital trade has been growing. Average DSTRI values increased by as much as 25 per cent in 2022 compared to 2014. Globally, the DSTRI indicates that barriers are greatest in infrastructure and connectivity. These are driven by limitations on cross-border data flows, data localization requirements and lack of pro-competitive regulations on interconnections across communications networks.



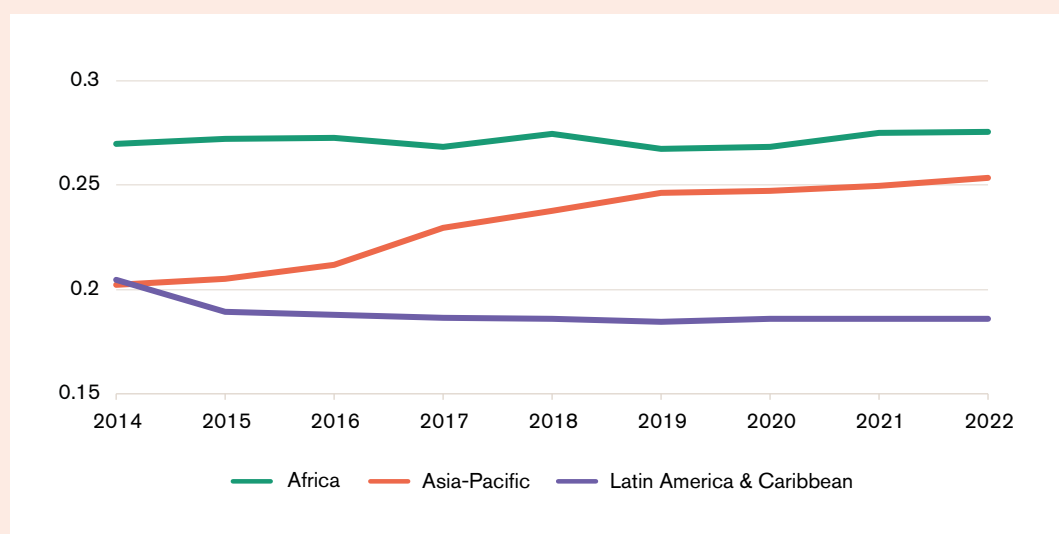
Janata Tower, Software Technology Park,
Dhaka, Bangladesh.

Beyond the cross-cutting measures captured in the DSTRI, other sector-specific restrictions on foreign entry in services sectors critical for the digital transformation contribute the most to the STRI values, especially in commercial banking, distribution and courier services. Common barriers are those relating mostly to foreign investment. Barriers to competition are also prevalent in some sectors (notably telecommunications and courier services), as well as barriers related to the movement of professionals (computer services). Trade barriers have also increased between 2014 and 2022 in computer services (5 per cent) and telecommunications (2 per cent).

From a regional perspective, African countries have the highest levels of restrictions, but are also the top reformers, with many economies having introduced significant liberalization measures in recent years. In the Asia-Pacific region, barriers are also high on average, and have been increasing in recent years. In the Latin America and Caribbean region, the regulatory environment has been relatively stable over time, with signs of moderate liberalization.

Reforms to make regulations less restrictive can bring significant payoffs. Estimates suggest that a 0.1-point reduction in the domestic DSTRI score (capturing an important domestic regulatory reform) is associated with an increase in total exports of 145 per cent. The effect is highest for digitally deliverable services with increases in export of 277 per cent and “other services” exports (206 per cent). Importantly, the case for reform is not limited to services. An equivalent reduction in the domestic DSTRI score is associated with a 176 per cent increase in exports in agriculture and food sectors, and a 117 per cent increase in exports in manufacturing sectors. Regulatory reform is also seen to yield greater benefits for emerging economies than for high-income economies (López González *et al.*, 2023).

Digital trade regulations differ across regions, 2014-2022



Note: The DSTRI indices take values between zero and one, one being the most restrictive. It is organized under the following policy areas: infrastructure and connectivity; electronic transactions; payment systems; intellectual property rights; and other barriers affecting trade in digitally enabled services.

Source: OECD Digital Services Trade Restrictiveness Index 2023.

Scaling up Aid for Trade support while leaving no one behind

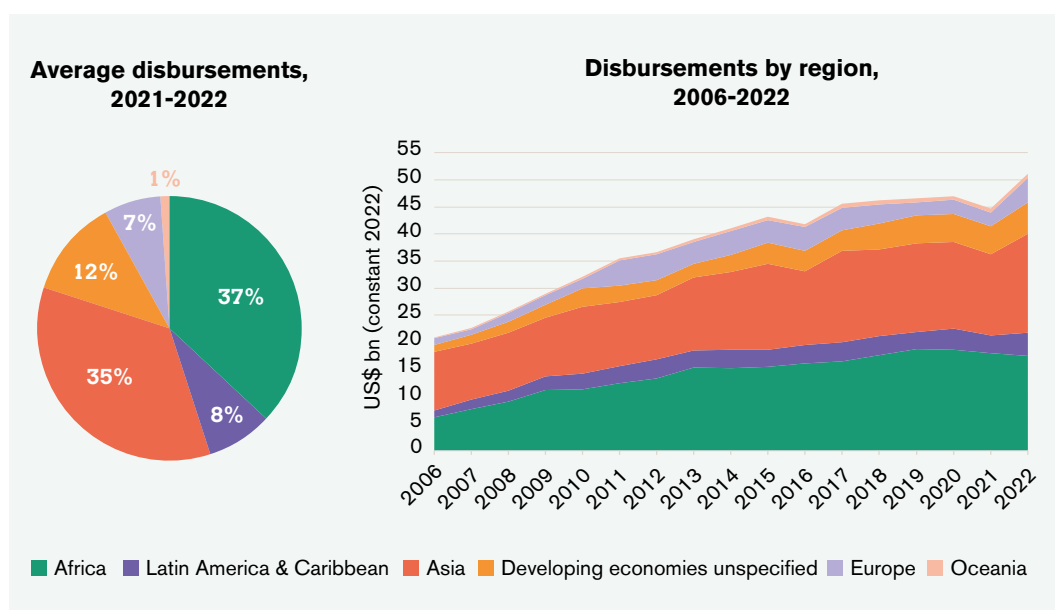
The Aid for Trade Initiative has an embedded objective to support the highest number of LDCs and has traditionally integrated a focus on Africa, which counts a number of LDCs. Results from the M&E exercise indicate that in terms of policy objectives and impact, partner countries rely on Aid for Trade to support poverty reduction, economic growth and economic diversification. In that regard, efforts to increase support allocated to low-income economies should be sustained. In a context of growing financing needs in a constrained environment, finding ways to unlock resources including through innovation and partnerships, is also essential. Ensuring that financing instruments used are adapted to specific country contexts is essential to enable the scale up and efficient delivery of projects.

Opportunities exist to enhance Aid for Trade support for Africa

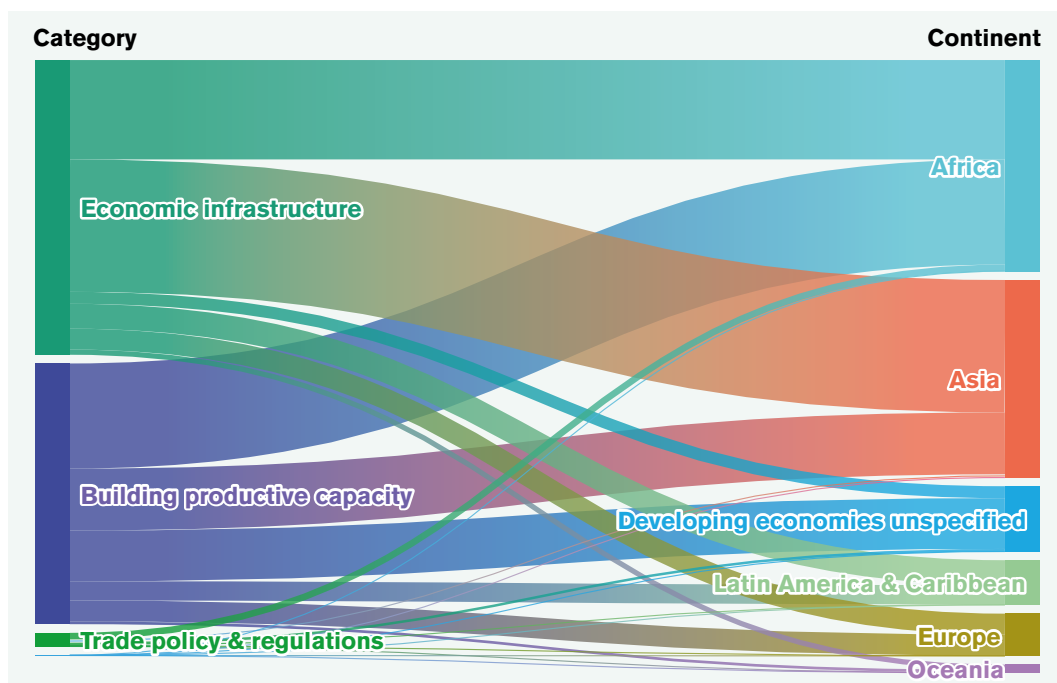
Asia and Africa jointly accounted for 70 per cent of Aid for Trade disbursements in 2022 (see Figure 11). Asia received the highest share of disbursements (36 per cent), followed by Africa (34 per cent), Europe (9 per cent), Latin America and the Caribbean (8 per cent) and Oceania (1 per cent). After experiencing a 6 per cent decline in 2021, Aid for Trade disbursements to Asia increased by 22 per cent, reaching US\$ 18.2 billion in 2022. Conversely, disbursements allocated to Africa have been on a downward trend since 2019. Total Aid for Trade disbursements to Africa amounted to US\$ 17.54 billion in 2022, down from US\$ 17.98 billion in 2021 (a 2.5 per cent decrease). As a result, Africa's share of total Aid for Trade disbursements in 2022 reached its lowest level since 2006.

These evolutions are partially linked to the sectoral trends described previously. Asia has

Figure 11 Aggregate and share of disbursements by region
(In US\$ billion and as a share of total disbursements)



Source: OECD Creditor Reporting System.

Figure 12 Aid for Trade disbursements by category and region, 2021-2022

Source: OECD Creditor Reporting System.

traditionally attracted a higher share of Aid for Trade financing in infrastructure-related projects than any other region, and has been the main beneficiary of the growth observed in 2020-2022 in the economic infrastructure category. The surge in disbursements for transportation and storage has notably led to a 37 per cent increase in disbursements in this sector in Asia (from US\$ 5.9 billion to US\$ 8.1 billion). The opposite is true for Africa, which has been particularly impacted by the decrease in disbursements intended to build productive capacities. In particular, support to banking and financial services in Africa decreased by 29 per cent since 2020, from US\$ 2.9 billion to US\$ 2.0 billion (see Figure 12).

Enhancing Africa's participation in global trade has long been a focus of the Aid for Trade Initiative and the broader trade and development communities. The entry into force of the Agreement Establishing the African Continental Free Trade Area (AfCFTA Agreement) has opened

new opportunities to further regional trade and integration in the global trading system in the region. The effects of the COVID-19 pandemic, however, coupled with soaring food and energy prices and trade tensions, have constrained trade growth opportunities at the global level and hit African countries particularly hard.

A recent report from the Economic Commission for Africa⁷ highlights the persistent challenges in boosting Africa's share in global trade, which – despite the implementation of the AfCFTA Agreement – still remains under 3 per cent, driven mostly by merchandise trade. Intra-African trade as a share of global trade declined from 14.5 per cent in 2021 to 13.7 per cent in 2022. Re-affirming Aid for Trade's focus on Africa is particularly important in this context and can go a long way in helping eliminate barriers to trade, supporting export diversification and seizing opportunities created by regional trends and the implementation of the AfCFTA Agreement (see Box 7).

Box 7

Promoting diversification and economic transformation in Africa

Africa represented about 3 per cent of global trade in 2022.* The continent's export and productive capacities reflect a high degree of concentration to primary products (e.g. commodities ranging from fuels, mining and agricultural products), which can in turn lead to highly volatile revenues due to the price boom and bust nature of the market. Recent calculations by United Nations Conference on Trade and Development (UNCTAD, 2022) indicate that 45 African economies (out of 54) are commodity dependent (i.e. 83 per cent of African countries have a share of primary commodity exports to total merchandise exports comprised between 70 per cent and 99 per cent).

As global value chains experience tremendous pressure as a result of unprecedented trade tensions, geopolitical events and physical climate shocks, trade partners and key supply chain players, including multinational enterprises, are examining ways to strengthen supply chain resilience through diversification. Being home to vast reserves of critical raw materials needed for the digital and green transition (e.g. a fifth of the world's reserves of metals and minerals required for electric cars production are in Africa), the continent has the opportunity to diversify and reset its economy toward higher value outputs in global trade (UNCTAD, 2023).

Africa has a number of comparative advantages it can harness to increase diversification of its economy. Reserves of critical raw materials constitute important comparative advantages in high-technology-intensive supply chain industries, where Africa could be well positioned as a production centre and grow its domestic markets, tapping into the world's youngest and fastest-growing population (UNCTAD, 2023).

Africa can already seize opportunities created by the African Continental Free Trade Area and increase the utilization rate from existing trade preferences – such as the US African Growth and Opportunity Act and EU Everything But Arms schemes – to build regional value chains and productive capacity (World Bank, 2022). Aid for Trade can play a role in seizing such opportunities, including by supporting investment in adequate infrastructure as well as the availability of human capital and technology.**

* See https://www.wto.org/english/news_e/news22_e/dtech_28jul22_e.htm.

** See <https://www.oecd.org/development/africa/platform-investment-productive-transformation-africa.htm>.

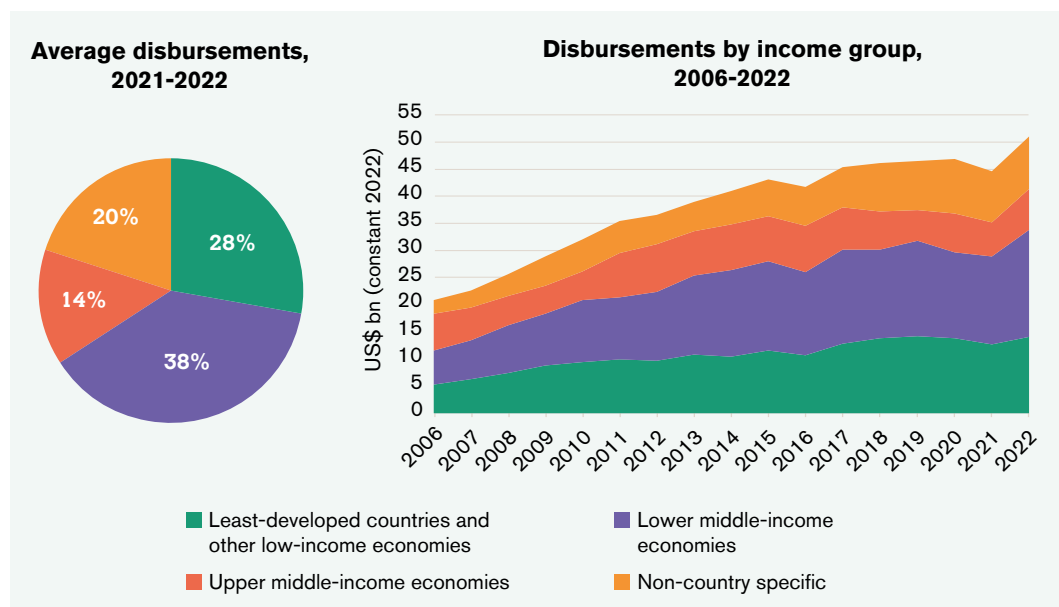
Scaling up support to LDCs in line with international commitments

Aid for Trade disbursements increased across all income groups in 2022, with the largest increase in lower middle-income economies (+22 per cent) followed by upper middle-income economies (+21 per cent) and LDCs and other low-income economies (+11 per cent) (see Figure 13). This increase follows a general decline in 2021, which had seen a drop by 8 per cent in disbursements to LDCs and other low-income economies, a decrease of 12 per cent for upper middle-income economies

and a small increase for lower middle-income economies (+2 per cent). In 2022, Aid for Trade disbursements to LDCs reached US\$ 14 billion, which represented 28 per cent of total Aid for Trade disbursements. This is higher than the share of LDCs in total ODA flows, but it marks a decreasing share of LDCs in Aid for Trade disbursements since 2020.

Since 2006, Aid for Trade disbursements to LDCs and landlocked developing economies (LLDEs) have totalled US\$ 189 billion and US\$ 114 billion, respectively. Small, vulnerable economies (SVEs)⁸ have also received US\$ 35 billion in financing. Figure 14 shows

Figure 13 Aggregate and share of disbursements by income group
(In US\$ billion and as a share of total disbursements)



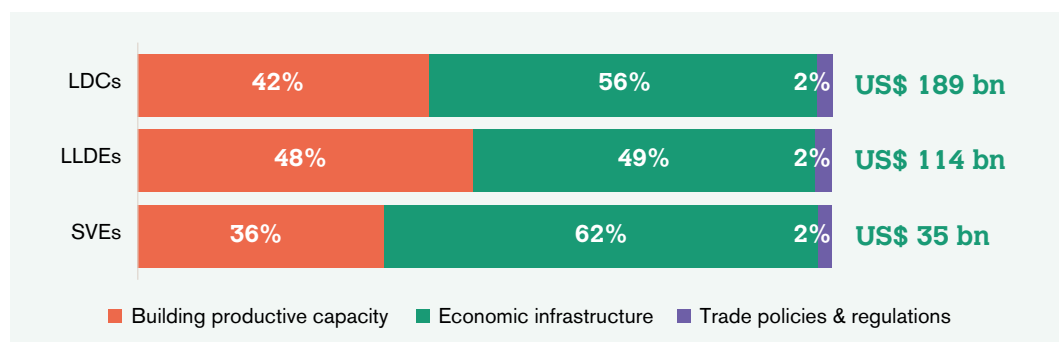
Source: OECD Creditor Reporting System.

that LLDEs have received the highest proportion of direct support for building productive capacity, with SVEs receiving the highest proportion for economic infrastructure.

The focus on LDCs is embedded in the objectives of the Aid for Trade Initiative. This priority has been reiterated in various fora. In

2021, the adoption of the Doha Programme of Action for the Least Developed Countries for the Decade 2022-2031 (DPoA)⁹ integrated a commitment to significantly increase Aid for Trade support to LDCs, with an objective to double Aid for Trade support by 2031 respective to 2018 levels. With US\$ 13.8 billion disbursed in Aid for Trade to LDCs in 2018, compliance with the

Figure 14 Breakdown of Aid for Trade flows, 2006-2022



Source: OECD Creditor Reporting System.

DPoA goals would require that disbursements to LDCs in 2031 amount to US\$ 27.7 billion. To achieve this, disbursements to LDCs would need to increase by at least 5.5 per cent in real terms every year between 2018 and 2031, leading to total disbursements equivalent to US\$ 17.1 billion in 2022. Despite notable growth in 2022, Aid for Trade support to LDCs remains far below this objective. As of 2022, meeting the DPoA targets implies an average annual growth rate in disbursements to LDCs of 7.8 per cent.

Maintaining concessionality levels is essential to effectively support LDCs and other low-income economies

The evolution of financing modalities confirms a longer-term trend that favours loans over grants. The trend was particularly marked in 2022, which resulted in a widening gap in the share of loans (65 per cent) versus grants (35 per cent) (see Figure 15). It is worth noting, however, that grant levels have remained relatively stable, making loans the main driver of growth in Aid

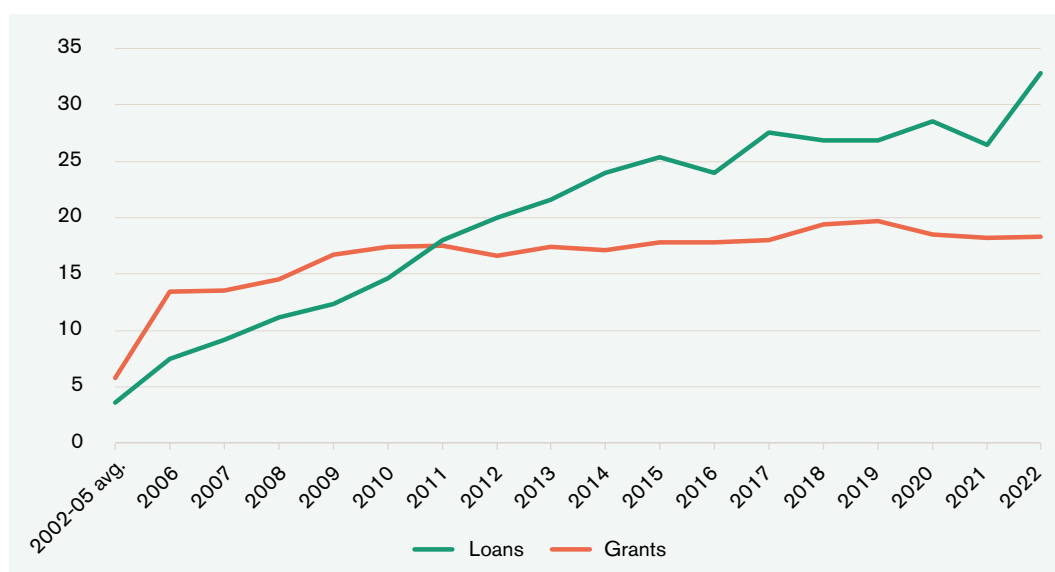
for Trade disbursements, without implying a decrease in the most concessional forms of support. Maintaining concessionality levels is crucial – especially to provide effective support to partner countries that need it the most.

Results from the M&E exercise indicate that 53 per cent of partner country respondents face the situation in which they are receiving an increasing share of Aid for Trade in the form of loans and a declining share of grants. Among them, 84 per cent perceive the situation as a challenge which prevents governments achieving their trade objectives. Several respondents further noted the challenge that concessional loans may pose in terms of debt sustainability in countries where fiscal space is already constrained.

Trade-related other official flows complement ODA to finance trade-related needs

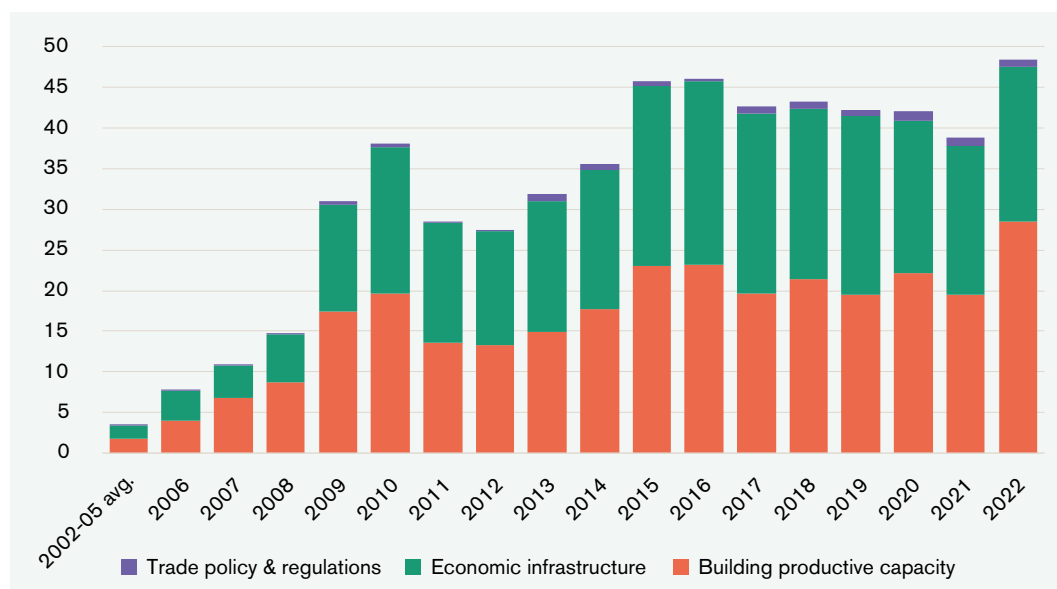
Ensuring that financing instruments are fit for purpose is a key consideration to secure resources for development while delivering on

Figure 15 Evolution of grants and loans, 2002-2022
(In US\$ billion)



Source: OECD Creditor Reporting System.

Figure 16 Trade-related other official flows, 2006-2022
(In US\$ billion)



Source: OECD Creditor Reporting System.

commitments to leave no one behind. While grants remain essential for certain activities and country contexts, various financing instruments can complement grants or be best suited for certain projects. For example, loans may be a useful instrument to support large and long-term infrastructure projects implemented in partnership with the private sector. The use of low concessional resources can also complement ODA and help ensure access to finance for a range of objectives that may not all be best served by ODA alone. In that regard, trade-related other official flows have long played an important role in supporting trade objectives in developing economies.

In 2022, disbursements of official interventions that do not meet the concessionality thresholds of ODA increased by 25 per cent, reaching US\$ 50 billion. This increase was driven by support allocated to building productive capacity, in particular to support mining and minerals projects, and banking and financial services. A total of 83 per cent of trade-related

other official flows were disbursed through multilateral institutions in 2022 (see Figure 16).

Private finance mobilization has become a key source of trade-related financing

Leveraging instruments, particularly channelled through the private sector, can also help unlock additional resources for development from the private sector. Sustainable development financing needs may not all be best met by official donors. Private investment can also play an important role in financing a range of development objectives and contribute to the development of local markets. Blended finance mechanisms can help attract commercial capital towards projects that contribute to sustainable development, thereby enlarging the total amount of resources available to developing economies, complementing their own investments and ODA inflows to finance the SDGs and Paris Agreement. According to OECD data, in 2022, a total of US\$ 54 billion

was mobilized through official interventions in trade-related sectors, which represents 88 per cent of total resources mobilized through official interventions (see Figure 17).

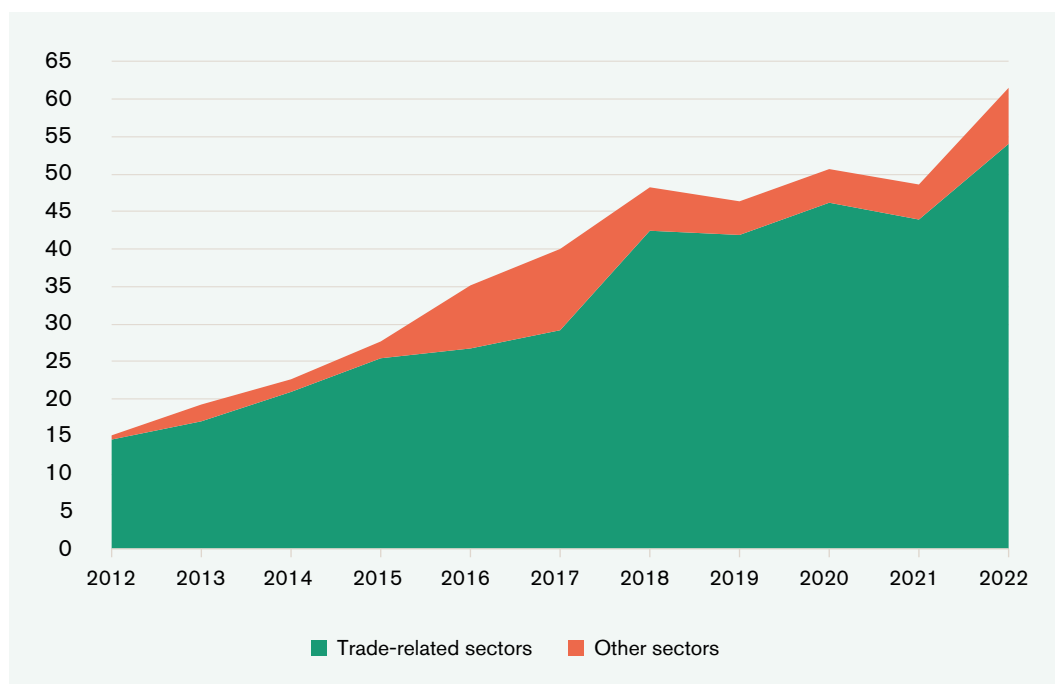
Support delivered through South–South and Triangular cooperation is growing

Recent data based on the Total Official Support for Sustainable Development (TOSSD) provide insights into support delivered through South–South and Triangular cooperation. TOSSD is an international standard for measuring the full array of resources to promote sustainable development in developing economies. In 2024, TOSSD became an international forum, acting independently and hosted at the OECD. TOSSD data include information on South–South and Triangular cooperation,

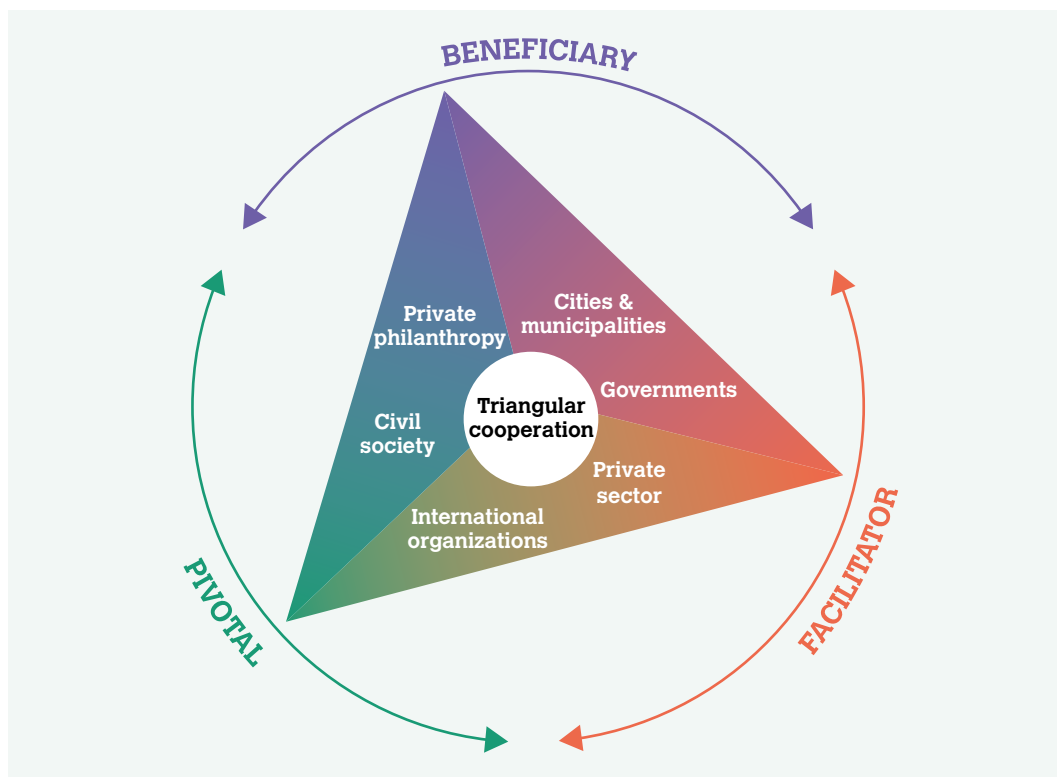
where South–South designates a broad framework of collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains and can take place on a bilateral, regional, intraregional or interregional basis to enable the exchange of knowledge, skills, expertise and resources to meet their development goals through concerted efforts. Triangular cooperation is framework of collaboration complementing both North–South and South–South cooperation (see Figure 18). Triangular partnerships involve at least three partners:

- (i) a beneficiary partner that requests support to tackle a specific development challenge;
- (ii) a pivotal partner that has relevant domestic experience in addressing the issue in a context similar to that of the beneficiary country;

Figure 17 Private finance mobilized through official interventions, trade-related sectors versus other sectors, 2012–2022
(In US\$ billion)



Source: OECD Creditor Reporting System.

Figure 18 Understanding Triangular cooperation

Source: See figure 1.1 of OECD (2022).

- (iii) a facilitator partner, that helps connect the other partners and supports the partnership financially and/or with technical expertise.

While trends may also reflect a growing number of reporters, TOSSD data indicate that South–South cooperation is gaining ground. In 2022, total support delivered through South–South cooperation amounted to US\$ 1.6 billion, which represents a 10 per cent increase from 2020 levels. This amount includes both concessional and non-concessional forms of support. Triangular cooperation is also gaining ground, from approximately US\$ 10 million in 2020 to US\$ 60 million in 2022.¹⁰ Scaling up South–South and Triangular cooperation on Aid for Trade can help diversify cooperation modalities and foster innovative and collaborative ways to promote trade and sustainable development.¹¹

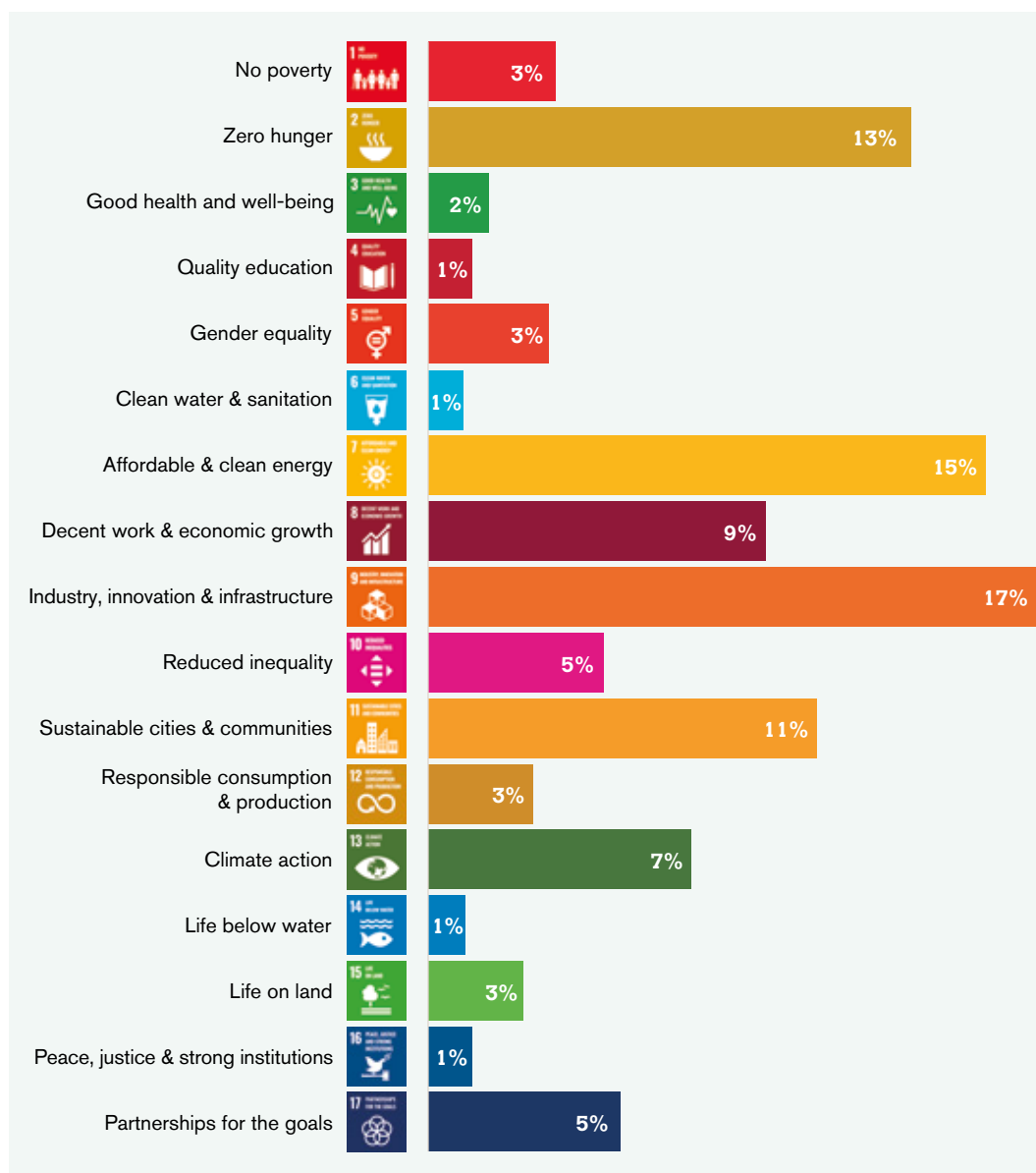
Promoting sustainable and inclusive trade

Similarly to broader ODA, Aid for Trade is increasingly called upon to achieve a range of objectives. The results from the M&E exercise indicate that partner countries and donors believe that Aid for Trade can contribute to all SDGs. In addition, 97 per cent of partner countries that participated in the M&E exercise foresaw future needs in financing trade-related SDG priorities. Sectoral and policy priorities may in that sense co-exist and overlap. For example, support given to trade-related infrastructure may support trade expansion and export diversification, while at the same time contribute to economic transformation and environmental transition.

These findings are corroborated by the analysis of Aid for Trade flows, which shows that Aid for Trade projects target all SDGs (see Figure 19). In 2021-2022, SDG 9 (industry, innovation and infrastructure) attracted the

largest amount of Aid for Trade disbursements, followed by SDG 7 (affordable and clean energy), SDG 2 (zero hunger), SDG 11 (sustainable cities and communities) and SDG 8 (decent work and economic growth).

Figure 19 Average share of Aid for Trade disbursements, 2021-2022
(In per cent)



Source: OECD Creditor Reporting System.

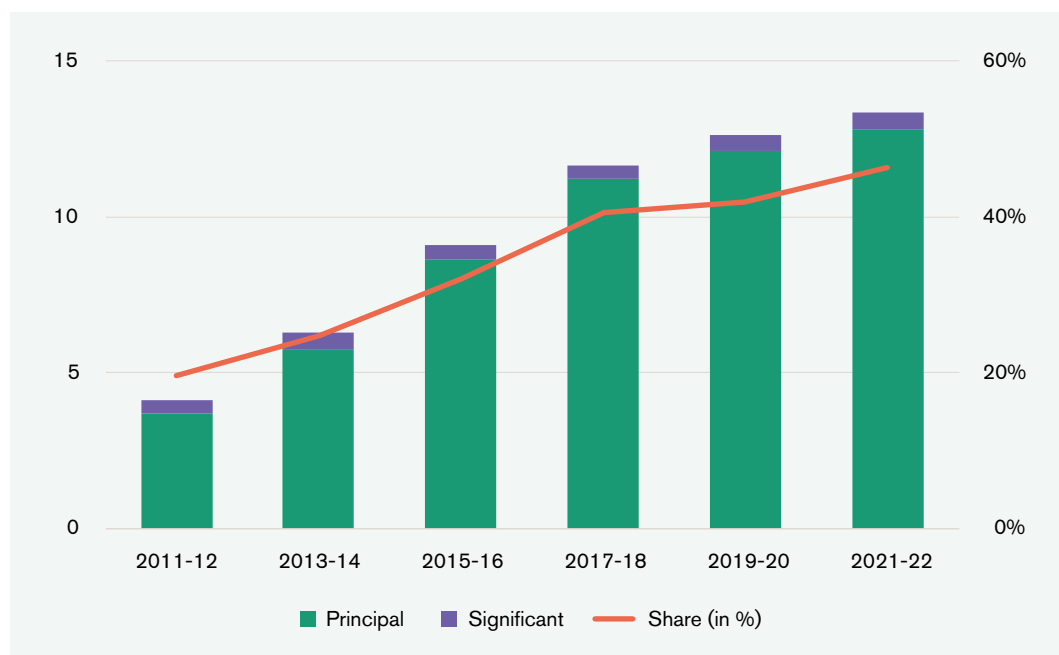
Gender equality and empowering women remain an important Aid for Trade focus

Promoting gender equality and women's economic empowerment remains an important Aid for Trade focus. OECD data indicate that average Aid for Trade commitments from bilateral donors including an objective to promote gender equality grew by 6 per cent between 2019-2022 and 2021-2022, reaching 46 per cent of total Aid for Trade commitments (see Figure 20). This is notable in the context of broader evolutions of gender-related ODA in 2021-2022, which saw a 2 percentage point decrease over that period. Asia attracted 44 per cent of gender-related Aid for Trade commitments in 2021-2022, followed by Africa (29 per cent), Latin America and the Caribbean (7 per cent), Europe (5 per cent) and Oceania (0.5 per cent).

There are also important linkages to other Aid for Trade categories in promoting women's economic empowerment, such as trade facilitation. Women traders are often at an even greater disadvantage to meet the significant cost and time demands of complex trading requirements, since they own and manage smaller businesses than men do, and they have less time due to an increased burden of unpaid work. Societal structures and norms can also hamper women's opportunities, including legal frameworks. Availability of trade-related information, automation and streamlining of border processes can be particularly important for women-led firms, as they can help reduce the costs of engaging and enhancing participation in international trade (Korinek *et al.*, 2021; OECD, 2023c). In the digital era where more small parcels cross international borders and offer new opportunities for women-led businesses to engage in trade, issues such as trade facilitation are taking on greater significance (López González and Sorescu, 2021).

Figure 20 Average Aid for Trade commitments with a gender equality objective, 2011-2022

(In US\$ billion and as a share of total commitments)



Source: OECD Creditor Reporting System.

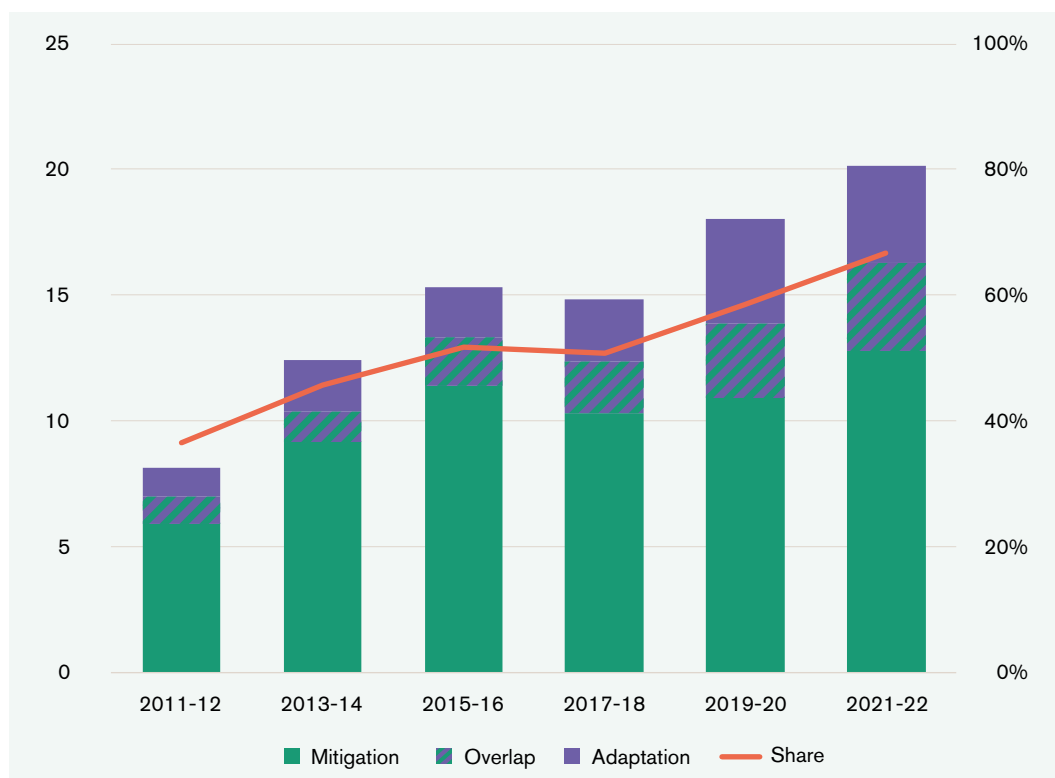
Aid for Trade has a role in supporting climate-related objectives

Aid for Trade can also play a role in supporting climate-related objectives. A total of 91 per cent of donors foresaw future needs in financing trade-related aspects of climate change. Climate change also ranked high in partner country priorities, as 77 per cent of respondents indicated that Aid for Trade can help finance climate action. In 2021-2022, average climate-related Aid for Trade commitments from bilateral Development Assistance Committee donors amounted to US\$ 20 billion, which represented 67 per cent of bilateral Aid for Trade commitments for that period. This is significantly higher than the share of climate-related ODA for that period.

Climate-related Aid for Trade increased by 12 per cent between 2019-2020 and 2021-2022, after a small decline in 2017-2018 (see Figure 21). The increase was driven by a growth in Aid for Trade related climate mitigation (+18 per cent), while climate adaptation declined by 3 per cent. Climate mitigation represents 80 per cent of total climate-related Aid for Trade commitments – and there is scope to significantly increase support to adaptation.

Aid for Trade can help respond to the climate challenge in various ways. More frequent extreme weather events and rising sea levels will have direct consequences on trade. The infrastructure of supply, transport and distribution chains are likely to become more vulnerable to disruptions and require future climate-proof investments.

Figure 21 Average climate-related Aid for Trade commitments, 2011-2022
(In US\$ billion and as a share of total commitments)



Source: OECD Creditor Reporting System.

In addition, trade and trade policies can play a key role in maximizing countries' positive contribution to environmental sustainability. Increased trade in goods and services can contribute towards more effectively managing environmental issues. Open markets can improve access to new technologies that reduce the use of inputs such as energy, water and other environmentally harmful substances. Barriers to trade in environmental goods are also barriers to the dissemination of key environmental technologies which are not otherwise widely available. By accessing cleaner inputs, domestic firms can apply their specific capabilities to new opportunities in the global value chains of renewable industries.

Trade policies can also support: the diffusion of goods, services and technologies for the collection, waste management and recycling of goods; improving access to repair and re-manufacturing operations of polluting products; and the creation of markets for environmentally sound and effective clean substitutes. Such policies promote the circular economy and should be present at all stages of a product's life cycle. This would significantly contribute to reducing pollution from products such as plastics or provide access to inputs for environmentally friendly products such as lithium-ion batteries for electric vehicles (Yamaguchi, 2022; Moisé and Rubinova, 2023; Moisé and Tresa, 2023).

ENDNOTES

1. See <https://www.un.org/sustainabledevelopment/blog/2023/04/press-release-with-clock-ticking-for-the-sdgs-un-chief-and-barbados-prime-minister-call-for-urgent-action-to-transform-broken-global-financial-system>.
2. *Recommendations of the Task Force on Aid for Trade*, WTO document WT/AFT/1, 27 July 2006.
3. See <https://www.mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declaration.pdf>.
4. *Abu Dhabi Ministerial Declaration*, WTO document WT/MIN(24)/DEC, 4 March 2024.
5. See <https://www.oecd.org/dac/triangular-cooperation>.
6. The OECD Seed Schemes provide an international framework for the certification of varietal identity and purity of agricultural seed moving in international trade. In total, 61 countries from around the world currently participate in the OECD Seed Schemes.
7. See <https://www.uneca.org/stories/african-countries-trading-more-outside-the-continent-than-amongst-themselves%2C-eca-report>.
8. SVEs are WTO members that account for only a small fraction of world trade. They are particularly vulnerable to economic uncertainties and environmental shocks (see https://www.wto.org/english/thewto_e/minist_e/min11_e/brief_svc_e.htm).
9. General Assembly resolution 76/258, *Doha Programme of Action for the Least Developed Countries*, UN document A/RES/76/258, 6 April 2022.
10. Data available at <https://tossd.org>.
11. See <https://www.oecd.org/dac/triangular-cooperation>.