

EU Results Framework Indicator methodology note

1. Indicator name
Proportion of EU funded international cooperation and development assistance contributing to aid for trade directed towards least developed countries
2. Technical Definition
<p>The indicator is included at Level 3 of the EU Results Framework and aims to report the percentage of EU funded international cooperation and development assistance contributing to aid for trade that is specifically directed to least developed countries on an annual basis in terms of commitments. Only funds under the financial instruments managed by European Commission’s Directorate General for International Cooperation and Development (DG DEVCO) are included.</p> <p>In line with the OECD Development Assistance Committee (DAC)¹, “aid for trade” is defined as those activities with the following purpose codes:</p> <ul style="list-style-type: none"> • Trade policy and regulations • Economic infrastructure • Building productive capacity • Trade-related adjustment <p>The EU uses the UN definition of Least Developed Countries²: “low-income countries confronting severe structural impediments to sustainable development”. This list is updated by the UN Committee for Development every 3 years and is available on their website.</p>
3. Rationale (including which policy priority, and how is this indicator linked to that policy priority)
<p>Aid for trade is assistance provided to support partner countries' efforts to develop economic capacities and expand their trade as leverage for growth and poverty reduction.</p> <p>The World Trade Organisation (WTO) launched the concept in 2005.</p> <p>The new European Consensus on Development reiterated the EU’s commitment to supporting aid for trade, especially for the least developed countries, in para 51: “The EU and its Member States will combine the skills and resources of the private sector with supportive Aid for Trade, trade policies and instruments, and economic diplomacy. They will promote Aid for Trade to support the implementation of the 2030 Agenda to address better the trade and productive capacity needs of developing countries. The needs of least developed countries (LDCs) and landlocked developing countries (LLDCs), for whom trade facilitation and trade infrastructure are key development drivers, as well as of SIDSs, should be taken into account.”</p>

¹ <https://www.oecd.org/dac/aft/Aid-for-trade-sector-codes.pdf>

² <https://www.un.org/development/desa/dpad/least-developed-country-category.html>

In 2017, the European Commission updated the strategy in the European Commission’s Communication on *Achieving Prosperity through Trade and Investment: Updating the 2007 Joint EU Strategy on Aid for Trade*, and relevant Council Conclusions, committing to: “Increase the proportion of EU and Member States’ aid for trade directed towards Least Developed Countries with a vision to progressively achieve one fourth of total EU aid for trade by 2030”.

4. Data calculation (including any assumptions made)

Data will be sourced from the internal systems (CRIS/data warehouse) of European Commission’s Directorate General for International Cooperation and Development (DG DEVCO).

Step 1- For a given year, a set of Decisions will be selected using the following criteria:

- a. Instruments: those managed by DG DEVCO³;
- b. Commitment date (VISA ORDO): between 1st of January and 31st of December of the year to be reported;
- c. Decision’s DAC CRS code:

Headings	CRS Codes
Trade policy and regulations & Trade-related adjustment	33110, 33120, 33130, 33140, 33150, 33181
Economic infrastructure	21010-21081, 22010-22040, 23010-23082
Building productive capacity, including trade development	24010-24081, 25010, 25020, 31110-31195, 31210-31291, 31310-31391, 32110-32182, 32210-32268, 33210

- d. Benefitting zone: any country included in the UN list of least developed countries in the year to be reported.

Step 2 – The commitments corresponding to the list of Decisions selected in Step 1 will be added up in order to compute the absolute value of EU funded international cooperation and development assistance that is committed to supporting trade with least developed countries.

Step 3 – For the same year, a second list of Decisions will be selected using only criteria 1(a) through 1(c) from Step 1. The commitments corresponding to this second list of Decisions will be added up in order to compute the absolute value of EU funded international cooperation and development assistance that is committed to supporting trade in general.

Step 4 – The number calculated in Step 2 will be divided by the number calculated in Step 3 in order to calculate the percentage of the commitments for EU funded international cooperation and development assistance contributing to aid for trade that is specifically directed to least developed countries.

³ DCI, EDF, EIDHR, Nuclear Safety, IcSP and Greenland

A standard extraction is executed from DG DEVCO's internal systems (data warehouse), following the criteria above every year.
5. Level of disaggregation
N/A
6. Is it used by another organisation or in the framework of international initiatives, conventions, etc? If so, which?
The use of DAC purpose codes and the Trade development markers are standard practice amongst OECD DAC members who report yearly on the resources that target trade development.
7. Other issues