



Aid for trade is about helping developing countries address their internal constraints to trade such as cumbersome regulations, poor infrastructure and lack of workforce skills. Trade is crucial to creating an enabling environment for economic growth and development. No country has achieved high and lasting growth without participating in international trade.

Strategic direction

The *Strategy for Australia's Aid for Trade Investments* articulates how aid for trade supports the aid program's key objectives of reducing poverty and lifting living standards through sustainable economic growth. It encourages innovation, including by partnering with the private sector and promoting market-based solutions.

The Australian Government has set an aid for trade target of 20 per cent of the total aid budget by 2020, which is consistent with the level of similar investment by other key donors and the increasing demand from developing countries, especially in the Pacific.

Australia's aid for trade priorities include trade and investment policy, trade facilitation, global value chains, private sector development, services, economic empowerment of women, knowledge and skills development, infrastructure and agriculture.

In 2016-17, Australia's aid for trade expenditure is expected to reach \$748 million or 19.5 per cent of Australia's total aid budget.

An evaluation by the Office of Development Effectiveness found Australia's trade facilitation investments have been effective in building capacity and improving the lives of the poor.

Aid for trade plays a prominent and cross-cutting role in the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), including:

- SDG 2—ending hunger, achieving food security and promoting sustainable agriculture
- SDG 7—access to affordable and sustainable energy
- SDG 8—decent work and economic growth
- SDG 9—building resilient infrastructure, promote inclusive sustainable industrialization and foster innovation
- SDG 13—taking urgent climate change action
- SDG 14—conserving and sustainable use of the oceans, seas and marine resources for sustainable development
- SDG 15—promoting sustainable use of territorial ecosystems, sustainably manage forests, combat desertification, land degradation and halt biodiversity loss.

| Aid for Trade Program: Sectors | 2015-16 Estimated Outcome (\$m) | 2016-17 Budget Estimate (\$m) |
|--------------------------------|---------------------------------|-------------------------------|
| Infrastructure & trade | 459.0 | 503.0 |
| Agriculture, fisheries & water | 219.9 | 227.4 |
| Effective governance | 19.5 | 17.7 |
| Grand total | 698.3 | 748.0 |

Investment examples

Trade Facilitation

- **World Bank Trade Facilitation Support Program**— assisting partner countries undertake trade reforms in order to implement the WTO Agreement on Trade Facilitation.
- **The Global Alliance for Trade Facilitation**— utilises private sector expertise and resources to encourage reform by lowering the cost of trade in developing countries.

Trade Negotiations

- **Enhanced Integrated Framework**— identifies constraints to trade in least developed countries, implements capacity building activities and integrates trade into their national policy processes.
- **Services Negotiations**— supporting the Institute for International Trade to deliver trade in services training to demonstrate how services might contribute to sustained and inclusive economic growth, particularly in relation to the use of the WTO Least Developed Countries Services Waiver.

Investment and Finance

- **World Bank Investment Climate Program**— helping developing countries to undertake domestic reforms to improve the regulatory environment for domestic and foreign investment.

Supply Chain and Labour

- **International Labour Organisation Better Work Program**— improving workplace conditions and reducing gender discrimination in export factories in developing countries, in partnership with the Gender Equality Fund.

Health and Disability

- **Health Research**—working with the World Intellectual Property Organization (WIPO) to place scientists from developing countries in the world's leading research organisations to develop better treatment options for neglected tropical diseases, malaria and tuberculosis.
- **Bringing Books to the Visually Impaired**— supporting WIPO to help the visually impaired access educational materials.

Other key aid for trade investments include support to: the WTO Global Trust Fund; the Australia - WIPO funds in trust; the Asian Development Bank Trade Finance Program; and the McCabe Center for Law and Cancer.