

AUSTRIA

WHAT IS YOUR AID FOR TRADE STRATEGY?

1. Do you have an aid-for-trade strategy and what are the key elements in this strategy?

The “Three-Year Programme on Austrian Development Policy” is the central planning document of the Austrian Development Cooperation (ADC). In its yearly updates it defines geographical and thematic priorities for the next period. In its edition 2007-2009 for the first time one chapter will be devoted to “Aid for Trade” announcing that Austria will take a small share in EU commitments with regard to *trade related assistance*.

From the Austrian point of view the successful integration of partner countries into the world economy needs besides an open trade policy both, the development and strengthening of productive and trade related capacities and an adequate infrastructure. For future interventions the following elements have been identified:

- **Strengthening of trade capacity:** Improvement of import/export procedure, of sanitary and phytosanitary standards, necessary tax reform etc.
- **Regional approach:** Supporting regional organisations and institutions of regional integration with the implementation of Economic Partnership Agreements (EPA).
- **Development of capacity to negotiate:** Organisations in partner countries/regions which are relevant for private sector strengthening will be supported by creating capacities to negotiate within WTO.
- **Support of productive capacity** by improving the *business environment* for private investment and business start ups. In addition, better access – especially for SME –to financial services and business development services. Bearing in mind that more and more international trade relations are embedded into transnational value chains, in the future the Austrian Development Cooperation (ADC) will more focus on the development and integration respectively into transnational value chains.
- **Trade related infrastructure:** ADC intends to increase its engagement in multilateral infrastructure programmes. For instance, ADC already contributes to the *EIB- Infrastructure Trustfund* being part of the *EU-Africa Infrastructure Partnership* which is quite relevant for trade due to its focus on regional and transcontinental interconnectivity.
- **Fair trade to strengthen local economic cycles:** ADC supports fair trade initiatives.

2. *How has this strategy evolved since the December 2005 WTO Ministerial Conference?*

As pointed out, the strategic announcement in the “Three Year Programme 2007-2009” is the first of this kind. In general, the “support of productive capacity” is a more traditional approach, whereas the direct “strengthening of trade capacity” and the “regional approach” are intended to get more importance in the future.

3. *How does this strategy address regional aid-for-trade challenges?*

The “Three Year Programme” formulates explicitly the aim of supporting regional organisations and institutions of regional integration with the implementation of EPA.

HOW MUCH AID-FOR-TRADE DO YOU PROVIDE?

SCOPE

4. *How do you define aid-for-trade (i.e. which types of programme and project do you consider trade-related)?*

ADC follows a holistic approach; the ADC definition is in conformity with the strategic elements for future interventions listed under Question 1. Usually, the most relevant fields of activity are:

- Strengthening business environment and investment climate in partner countries
- Capacity building and improving access of MSMEs to business development services
- Supporting private sector development in partner countries via so called “business partnerships” – fostering cooperation between European and partner country companies
- Contributions to trade related infrastructure initiatives

METHODOLOGY

5. *How do you allocate the aid-for-trade share in individual projects and programmes?*

No specific methodology in practice.

COMMITMENTS

6. *According to your aid-for-trade definition, what were your commitments by category for the period 2002-2005 and in particular for 2005?*

No doubt, in all years the category “Support of productive capacity” has been the most relevant one.

Following the Austrian reports to the TCBD database, in 2005 €7,8 Mio. were devoted to the category “support of productive capacity”, whereas € 20.000,- for “capacity to negotiate”.

In 2006, €3,3 Mio. were devoted to “support of productive capacity”, €22.000,- for “capacity to negotiate” and €1,5 for trade related infrastructure via a contribution to the “Private Infrastructure Development Group (PIDG)”.

In addition, over the last years the Austrian Ministry for Economic Affairs and Labour contributed an annual amount of €200.000,- to the WTO - *Global Trust Fund* aiming at the improvement of the negotiation capacity of partner countries.

PLEDGES

7. Describe any aid-for-trade pledges you have made at or since the December 2005 WTO Ministerial Conference.

No pledges since then.

8. What is your medium-term (beyond 3 years) financial plan for aid-for-trade?

ADC undertakes a lot of effort to scale up its bilateral TA component within Austrian ODA. Under the condition that ADC will get supplementary funds as from 2009, in the medium term a tripling of commitments will be envisaged.

Future interventions will also include the category “*Strengthening of trade capacity*” and “*Supporting regional organisations with the implementation of Economic Partnership Agreements (EPA)*”

HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

MAINSTREAMING

9. How do you ensure that aid-for-trade is effectively integrated in your overall development strategy and programming both at head quarters and in-country?

The topic AfT is now embedded into the central planning document of the Austrian Development Cooperation, the so called “*Three-Year Programme on Austrian Development Policy*”. AfT interventions will be implemented via well proven channels of multi annual country programmes, bilateral regional programmes and co-funding of multilateral programmes. Two examples shall illustrate ADC engagement in co-funding of multilateral activities:

- Contribution to UNIDO, dedicated to quality control, capacity building and implementation of trade related international or regional standards
- Envisaged contribution by the Ministry of Finance to the World Bank initiative on capacity building for regional integration and trade policy concerning agricultural goods. The initiative focuses first on building/strengthening research capacity to analyse interregional agricultural trade flows, to analyse the impact of existing arrangements, etc. Second, direct strengthening of trade negotiation capacities and third publication and dissemination of results.

10. Have you recently strengthened your in-house aid-for-trade expertise and how is this expertise deployed to link policies with operations?

Not yet.

OWNERSHIP

Refers to developing countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.

- 11. What approach do you follow in your country assistance plan, when national development strategies lack a strong trade development component?**
- 12. How do you encourage and support policy dialogues on aid-for-trade among key stakeholders in partner countries?**

ALIGNMENT

Refers to donors basing their overall support on partner countries' national development strategies, institutions and procedures.

- 13. Are you using the partner countries' policy planning and budgeting framework as the basis for the provision of your aid-for-trade programmes?**

In the first instance AfT interventions will be implemented via two channels: co-funding of multilateral programmes/initiatives and in cooperation with regional organisations, for instance in Africa. So ADC interventions will be indirectly aligned with partner countries.

HARMONISATION

Refers to donor, actions being more harmonised, transparent and collectively effective.

- 14. Do you coordinate aid-for-trade analyses and programming with other donors at the country level, given that its scope often exceeds the capacity of any single donor?**

ADC focus is on regional and multilateral level, not so much on country level

- 15. Are you increasing the amount of aid-for-trade for regional and/or multilateral programmes? (If you are a regional or multilateral agency, are you managing an increasing amount of aid-for-trade?)**

Yes definitely, ADC intends to increase its amount for regional and/or multilateral programmes– see question 9 and 13.

MANAGEMENT FOR RESULTS

Refers to both donors and partner countries managing resources and improving decision making for results.

- 16. What objectives and timeframes do you set for your aid-for-trade strategy and programmes? How do you measure success?**

Enforced engagement in Aid for Trade will be based on the condition that ADC will – as part of the international scaling up process - dispose of additional ODA funds in 2009. So, enforced engagement can start from 2009.

- 17. What evaluation methodologies do you apply to your aid-for-trade projects and programmes?**

Standard evaluation procedure to AfT projects being part of multi annual country programmes will be applied. Contributions to AfT programmes of multilateral organisations will be evaluated by the respective organisation.

18. Do you cooperate with partner countries, other donors and stakeholders in joint monitoring and evaluation of aid-for-trade projects and programmes?

Not yet.

DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?

Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.

19. Do you engage with partner countries, regional organisations, other donors and stakeholders in reviewing progress towards the fulfilment of your aid-for-trade policy and programme commitments?

Not yet.