



# REPLIES OF THE EUROPEAN COMMISSION AND OF THE EUROPEAN EXTERNAL ACTION SERVICE TO THE EUROPEAN COURT OF AUDITORS' SPECIAL REPORT

**EU aid for trade for least developed  
countries**

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This document presents the replies of the European Commission and the European External Action Service to observations of a Special Report of the European Court of Auditors, in line with Article 265 of the [Financial Regulation](#). These replies are to be published by the European Court of Auditors together with the Special Report.

# I. THE COMMISSION REPLIES IN BRIEF

The **Aid for Trade (AFT) initiative** was launched by the World Trade Organisation (WTO) in 2005 and focuses on support to Developing countries to participate better in global trade. Its underlying premise is that increased trade will lead to an increase in economic activity, which will create jobs and alleviate poverty.

In 2007, the EU adopted its own Aft strategy based on the WTO Aft Initiative, which was updated in 2017. Among other things, this updated Aft strategy aimed to mobilise private investment, integrate sustainability aspects and progressively increase the share of joint EU and Member States Aft directed towards least developed countries (LDCs) to 25 % of total EU Aft by 2030.

The EU together with its Member States are the world's largest donor of all Aid for Trade provided (36 % of global flows in 2022, the latest year for which data is available). In 2021, the adoption of the **Global Gateway** meant a new European strategy to support trade and investment and to boost smart, clean and secure links in priority sectors. Included in the Global Gateway strategy is a stronger inclusion of and focus on the private sector in the delivery of the EU's development objectives.

The Commission welcomes the ECA report which provides important conclusions about the state of EU Aid for Trade and the recommendations for how to take this work into the future to ensure trade can be used as a tool for sustainable development. As the policy context has changed since 2017, not least considering the adoption of Global Gateway together with new geopolitical and geoeconomic currents, the time is opportune to re-examine some of the aims of the Aft strategy.

The Commission **accepts** the ECA's recommendations.

## II. REPLIES TO THE RECOMMENDATIONS

### **Recommendation 1 - Develop an aid for trade action plan for least developed countries**

**To meet the objective of increased focus on least developed countries, the Commission should:**

- (a) carry out a detailed analysis of the reasons why EU aid for trade for least developed countries has not increased; and**
- (b) based on this analysis, reassess whether the 25% funding target is still appropriate and, if any funding target is maintained, establish a dedicated action plan for least developed countries with specific and realistic aid for trade milestones, if necessary, dividing these countries into sub-groups based on their particular needs, challenges, trade potential and objectives.**

**Target implementation date: End 2026**

The Commission **accepts** recommendation 1(a) and 1(b).

An analysis of the reasons why EU 25% aid for trade funding target for LDCs was not achieved will be carried out.

Furthermore, the Commission is currently mapping the general procedures for how funding is allocated to different countries and regions, this has a direct impact on funding available for LDCs and hence for AfT for LDCs. However, the Commission and the EEAS cannot pre-empt the post-2027 programming principles as well as the political and policy priorities, and the related necessary work to be done by the Commission services and the EEAS with the support of the EU delegations.

## **Recommendation 2 - Enable least developed countries to benefit fully from Global Gateway support for aid for trade**

The Commission should either incorporate the objectives of the EU aid for trade strategy in Global Gateway, especially for least developed countries or explicitly show how Global Gateway should support these objectives.

Target implementation date: Mid 2026

The Commission **accepts** this recommendation.

The main components of the aid for trade concept (building productive capacity, economic infrastructure as well as trade policy and regulations) are already incorporated in the Global Gateway strategy for the most relevant parts. This is exemplified by the latter's focus on infrastructure, including renewable energy and digital. The 360° approach of the Global Gateway includes supporting an enabling trade and investment environment of which trade policy and regulations are an important part. This will however be more clearly communicated, when and where possible, and be more explicitly discussed.

In addition, Global Gateway flagship projects are already being implemented in LDCs and the main EU financing instrument to implement Global Gateway and leverage investments is the European Fund for Sustainable Development+ (EFSD+). The EFSD+ includes specific provisions to ensure that LDCs can benefit fully from all its modalities.

## **Recommendation 3 - Scale up results and ensure economic sustainability of EU aid for trade interventions in least developed countries**

**During the planning and implementation phases of EU aid for trade interventions in least developed countries, the Commission should focus particularly on scaling up results and ensuring the economic sustainability of projects. For example, it should require beneficiaries to develop a business plan where appropriate or to implement measures to mitigate the risk of losing acquired technical expertise due to high staff rotation.**

Target implementation date: End 2026

The Commission **accepts** this recommendation.

The challenges identified are not Aid for Trade specific, nor limited to Aid for Trade, and will therefore be addressed as part of the general approach within the Commission in this regard.

The Commission is committed to continuously increasing the effectiveness of development interventions. The Commission is also in favour of simplifying (i.e., using a limited number of indicators) and of ensuring a consistent use of those indicators. Project delivery and monitoring is further being improved by inter alia the introduction of the Operational System (OPSYS). The information gathered in this process at the end of the project cycle will inform future projects and contribute to their sustainability. During the project it will be used to discuss possible amendments to project design or implementation.

## **Recommendation 4 - Better coordinate EU aid for trade between EU delegations in least developed countries and EU delegations with regional responsibilities**

The Commission should improve coordination between EU delegations in LDCs and EU delegations with regional responsibilities when designing, implementing and monitoring regional programmes. This may include the establishment of country-specific design and implementation mechanisms to ensure that regional trade-related programmes meet the specific needs of individual least developed countries, and a more integrated project governance structure.

Target implementation date: End 2026

The Commission **accepts** this recommendation.

The challenges identified are not Aid for Trade specific, nor limited to Aid for Trade, and will therefore be addressed as part of the general approach within the Commission in this regard.

Coordination between headquarters and EU delegations, and among regional and bilateral delegations, is important for development effectiveness. Regional programmes are mostly channelled through the Secretariat of the relevant regional communities, through which partner countries express their needs. The latter provides important input into the formulation of the action and of the decision regarding which activities will be carried out and in which country. In other words, it is not only the interaction between Commission services that defines the (effectiveness) of an intervention.

## **Recommendation 5 - Improve monitoring and reporting on EU aid for trade for least developed countries**

In order to better prepare new EU Aft interventions in least developed countries, the Commission should:

- (a) make reporting on its aid for trade support timelier and more meaningful by reducing time lag, reporting on payments as well as commitments and including estimated breakdowns of regional programmes per least developed country.**

**(b) regularly review and follow up any aid for trade action plan for least developed countries (see recommendation 1b), for example based on indicators defined for each sub-group of least developed countries.**

**Target implementation date: End 2026**

The Commission **accepts** recommendation 5(a) and 5(b).

With regards to recommendation 5(a), the Commission has identified certain shortfalls in the reporting and will work on improving the scope of the reporting by including payments, country allocations and income categories in the next and future editions of the report. Given the current processes in place and means of administration of both commitments and payments for all programmes (not only AfT) under the responsibility of the Commission, it is however not feasible at this moment to reflect any estimated breakdown of regional programmes in the reporting.

With regards to recommendation 5(b), should any funding target be maintained (see recommendation 1b), the action plan based on this funding target will be regularly reviewed.