



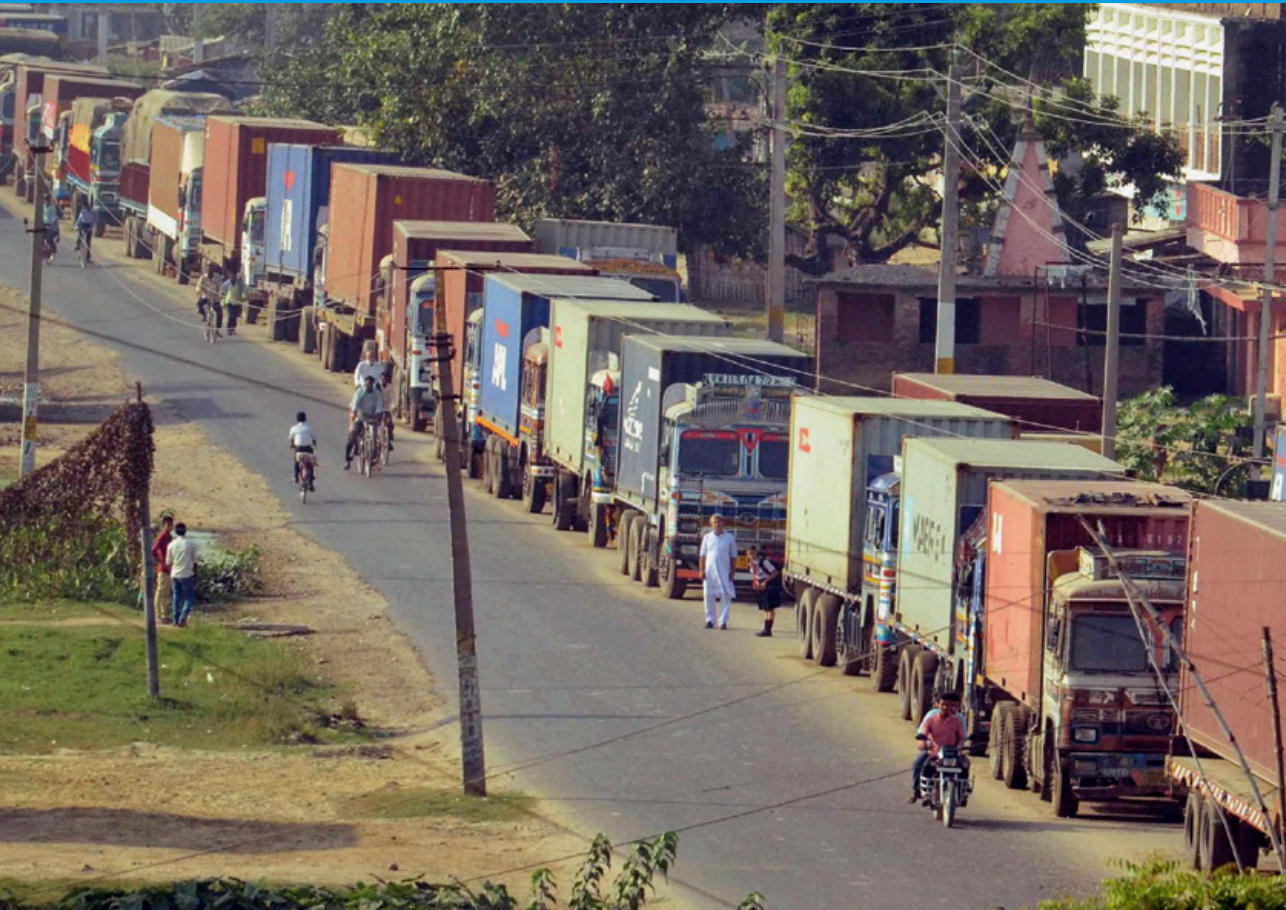
Ministry of Foreign Affairs

# IOB Evaluation

## Better Ways of Trading

Evaluation of Technical Assistance for Trade Policy and Regulations

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December 2017



## Preface

Aid for Trade (Aft) is defined as technical and financial assistance that helps developing countries, in particular least developed countries (LDCs), to overcome trade capacity and infrastructural constraints, in order to enhance their integration into the global trading system and the world economy. This evaluation looks at one specific area of Aft: technical assistance (TA) for trade policy and regulations (TP&R). The aim of TA for TP&R is to help developing countries build the capacity to formulate trade policy, participate in trade negotiations, implement agreements, build the required institutions, and create the regulatory framework to facilitate trade.

This evaluation assesses whether the Netherlands' funding of TA for TP&R in the period 2007-2016 has reached its objectives and enhanced the integration of developing countries into the world trading system and the world economy. It looks at all of the steps in the process, from policy formulation to results.

The evaluators distinguished three Dutch policy priorities in this small but important type of development assistance: (i) trade policy and negotiating capacity; (ii) trade facilitation; and (iii) standards. Part of the evaluation of these three categories looks at the execution of the programmes and answers the question: were things done right? Another part assesses the likelihood that the TA affected trade. This part answers the question: did the Netherlands finance the right things? Whereas the answer to the first question is generally positive, the second question leads to answers of a different nature. The evaluation assesses the likely effect on trade of improved trade policy and negotiating capacity as positive, but difficult to determine. It assesses the effect of trade facilitation on trade as positive under certain conditions. However, the evaluation could not find a significant effect on trade of the vast majority of the TA for standards.

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This evaluation is part of a larger policy review of all expenditure under article 1 'Sustainable Trade and Investment' of chapter 17 of the Government Budget, due in 2020. The evaluation complements other IOB evaluations of private sector development programmes that will contribute to the 2020 policy review on the Netherlands' policies on aid, trade, and investment.

This evaluation was conducted by Jan Bade, Martine de Groot, and Irene Ebrahimi Darsinouei. Otto Genee, Antonie de Kemp and Bart van Rijsbergen provided internal quality support. A reference group consisting of independent experts professor Bernard Hoekman and professor Peter A.G. van Bergeijk and policymakers Ronald Roosdorp, director of IMH, and Bert van Geel, strategic policy advisor of DDE, advised on the report.

The staff of the Permanent Representation of the Netherlands in Geneva and the Embassies of the Kingdom of the Netherlands in Kampala and Cotonou have given valuable input as well.

The final responsibility for the report remains with IOB.

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## List of acronyms and abbreviations

ABSSA	<i>Agence Béninoise de Sécurité Sanitaire des Aliments</i> – Benin Food Safety Agency
ACP	African, Caribbean and Pacific Group of States
ACWL	Advisory Centre on WTO Law
AfT	Aid for Trade
AIS	<i>Accion Internacional para la Salud Bolivia</i> – Health Action International Bolivia
APIEx	<i>Agence de promotion des investissements et des exportations du Benin</i> – Benin Investment and Export Promotion Agency
ASC	Aquaculture Stewardship Council
ATN	African Trade Network
AWEPON	African Women’s Economic Policy Network
BCI	Better Cotton Initiative
BEMO	<i>Beoordelingsmemorandum</i> – project appraisal document
CB	Capacity building
CBI	<i>Centrum tot Bevordering van de Import uit ontwikkelingslanden</i> – Centre for the Promotion of Imports from developing countries
CCC	Clean Clothes Campaign
CCIB	<i>Chambre de Commerce et d’Industrie du Bénin</i> – Chambre of Commerce of Benin
CFA	<i>Communauté Financière Africaine</i> – African Financial Community
CIN	Consumer Information Network
CNV	<i>Christelijk Nationaal Vakverbond</i> – National Federation of Christian Trade Unions in the Netherlands
COFTA	Cooperation for Fair Trade in Africa
COMESA	Common Market for Eastern and Southern Africa
CRS	Creditor Reporting System
CSO	Civil society organisation
CSR	Corporate social responsibility
CUTS	Consumer Unity & Trust Society
DANIDA	Danish International Development Agency
DAWS	<i>Landelijke Vereniging van Wereldwinkels</i> – Dutch Association of World Shops
DCP	Department of Crop Protection
DDE	<i>Directie Duurzame Economische Ontwikkeling</i> – Department Sustainable Economic Development
DDR	Doha Development Round
DENIVA	Development Network of Indigenous Voluntary Associations
DfID	Department for International Development
DRC	Democratic Republic of the Congo
DSU	Dispute Settlement Unit of the WTO
DTIS	Diagnostic trade integration study
EAC	East African Community
EC	European Commission
ECOWAS	Economic Community of West African States
ECTs	Electronic cargo tracking system

EFTA	European Free Trade Association
EIF	Enhanced Integrated Framework
EKN	Embassy of the Kingdom of the Netherlands
EPA	Economic partnership agreements
ESA	Eastern and Southern Africa
EU	European Union
EUR	Euro (€)
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
FINE	FLO, IFTA (currently WFTO), NEWS! and EFTA
FLO	Fairtrade International
FMO	<i>Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden</i> – Dutch Entrepreneurial Development Bank
FNV	<i>Federatie Nederlandse Vakbeweging</i> – The Netherlands Trade Union Confederation
FSC	Forest Stewardship Council
FSI	Floriculture Sustainability Initiative
FSP	Farmer Support Programme
FT	Fair Trade
FTA	Free Trade Agreement
FTO	Fair Trade Original
FWF	Fair Wear Foundation
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GoU	Government of Uganda
GRAPAD	<i>Groupe de Recherche et d'Action pour le Promotion de l'Agriculture et du Développement</i>
GTJ	Globalising Trade Justice
GVC	Global value chain
IAC	International Agricultural Centre/Wageningen University & Research Centre
ICBT	Informal cross-border trade
ICCO	<i>Interkerkelijke Coördinatie Commissie voor Ontwikkelingshulp</i> – Interdenominational Coordination Committee for Development Aid
ICS	Internal control system
ICSR	International corporate social responsibility
ICTSD	International Centre for Trade and Sustainable Development
ICT	Information and communication technology
IDEAS	International Trade – Development – Economic Governance – Advisory Services
IDH	<i>Initiatief Duurzame Handel</i> – the Sustainable Trade Initiative
IF	Integrated framework
IFTA	International Fair Trade Alliance
IICA	Inter-American Institute for Cooperation on Agriculture
ILO	International Labour Organization
IMF	International Monetary Fund
IMH	<i>Directie Internationale Marktordening en Handelspolitiek</i> – Department of International Trade Policy and Economic Governance

INESC	Institute for Socioeconomic Studies
IOB	<i>Directie Internationaal Onderzoek en Beleidsevaluatie</i> – Policy and Operations Evaluation Department
IPPC	International Plant Protection Convention
ISO	<i>isoc/ isos</i> (equal) – International Organization for Standardization
ITC	International Trade Centre
ITTC	Institute for Training and Technical Cooperation
KCSA	Kenya Civil Society Alliance
KST	<i>Kamerstuk</i> – Parliamentary Paper
LDC	Least developed country
LNV	Agriculture, Nature and Food Quality
LPI	Logistics Performance Index of the World Bank
M&E	Monitoring and evaluation
MASP	Multi-annual strategic plan
MC	Ministerial Conference of the WTO
MDF	Management for Development Foundations
MDG	Millennium development goal
MDTF-TD2	Multi-Donor Trust Fund for Trade and Development phase 2
MFA	Ministry of Foreign Affairs of the Netherlands
MTR	Mid-term review
Mwengo	Mwelekeowa Ngo
NEWS!	Network of European World Shops
NGO	Non-governmental organisation
NTB	Non-tariff barrier
NTM	Non-tariff measure
NTP	Netherlands Trainee Programme
NUCAFE	National Union of Coffee Agribusiness and Farm Enterprises
NVWA	<i>Nederlandse Voedsel- en Warenautoriteit</i> – the Netherlands Food and Consumer Product Safety Authority
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health (original name <i>Office International des Epizooties</i> )
OPM	Oxford Publishing Group
OSBP	One-stop border post
PASCiB	<i>Plateforme des Acteurs de la Société Civile au Bénin</i> – Platform of civil society actors in Benin
PG	Project grant
PPG	Project preparation grant
PPM	Production and processing method
PPP	Public-private partnership
PRSP	Poverty reduction strategy paper/plan
PSD	Private sector development
PSO	Private sector organisation
PTA	Preferential trade agreement

## List of acronyms and abbreviations

PvdA	<i>Partij van de Arbeid</i> – Labour Party
PwC	PricewaterhouseCoopers
R&D	Research and development
RBM	Results-based management
REA	Rapid evidence assessment
REC	Regional Economic Community
RI	Regional integration
ROCB-WCA	Regional Office for Capacity Building – West and Central Africa
RSPO	Roundtable on Sustainable Palm Oil
RTA	Regional trade agreement
RTC	Regional training centre
RTP	Regional training plan
SADC	Southern African Development Community
SAPS	Southern Africa People's Solidarity Network
SEATINI	Southern and Eastern African Trade, Information and Negotiations Institute
SECO	<i>Secrétariat d'État à l'économie</i> – Swiss Secretariat for Economic Affairs
Sida	Swedish International Development Cooperation Agency
SNV	Netherlands Development Organisation (previously known as <i>Stichting Nederlandse Vrijwilligers</i> – Foundation of Dutch Volunteers)
SOMO	<i>Stichting Onderzoek Multinationale Ondernemingen</i> – Centre for Research on Multinational Corporations
SOS	<i>Komitee Steun Onderontwikkelde Streken</i> – Committee for Support to Underdeveloped Regions, later to become <i>Stichting Steun Ontwikkelings-Streken</i> – Society for Support to Developing Regions
SPS	Sanitary and phytosanitary (standards)
SSA	Sub-Saharan Africa(n)
STDF	Standards and Trade Development Facility
TA	Technical assistance, also used to indicate financial and technical assistance
TA for TP&R	Technical assistance for trade policy and regulations
TANGO	Tanzania Association of NGOs
TBT	Technical barriers to trade
TFA	Trade Facilitation Agreement
TFAF	Trade Facilitation Agreement Facility
TFF	Trade Facilitation Facility
TMEA	TradeMark East Africa
TMF	<i>Thematisch Medefinancierings Programma</i> – Thematic Co-Financing Programme of the Netherlands
ToC	Theory of change
TP&NC	Trade policy and negotiating capacity
TP&R	Trade policy and regulations
Tralac	Trade Law Centre for Southern Africa
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UDHR	Universal Declaration of Human Rights
UFEA	Uganda Flower Exporters Association
UK	United Kingdom

UNBS	Uganda National Bureau of Standards
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
US	United States
USAID	United States Agency for International Development
USD	United States dollar
VVD	<i>Volkspartij voor Vrijheid en Democratie</i> – People’s Party for Freedom and Democracy
WBTS	World Bank Trade Strategy
WCO	World Customs Organization
WAEMU	West African Economic and Monetary Union, also known as <i>Union Économique et Monétaire Ouest-Africaine</i> (UEMOA)
WEF	World Economic Forum
WFTO	World Fair Trade Organization
WG	Working group
WHO	World Health Organization
WITS	World Integrated Trade Solution
WRR	<i>Wetenschappelijke Raad voor het Regeringsbeleid</i> – Scientific Council for Government Policy
WTO	World Trade Organization
ZNF	<i>Zuid-Noord Federatie</i> – South-North Federation





## Main findings and recommendations



## Description of the subject

Technical assistance for trade policy and regulations (TA for TP&R) is a small but important part of Aid for Trade (Aft). TA for TP&R fundamentally affects the extent to which other categories of Aft, such as productive capacity building and trade-related infrastructure, can be successful. This form of Aft intends to help developing countries build their capacity to negotiate favourable trade terms, implement multilateral and bilateral trade commitments, reform national trade policies, facilitate trade processes and procedures, and build trade-enhancing institutions, including standardising and conformity assessment bodies.

In line with the 2005 Aid for Trade Initiative, the overall goal of Dutch Aft policy in the period 2007-2016 was to assist developing countries 'to implement and benefit from the World Trade Organization (WTO) Agreements and more broadly to expand their trade' (WTO, 2005, par. 57). The Netherlands reported all of the expenditures evaluated in this report to the OECD and WTO as Aft in support of this goal. Over time, the Netherlands' Aft focused less on WTO Agreements and more on the broader objective of trade expansion. The official policy on Aft over the whole period was to facilitate the integration of least developed, low-, and middle-income countries into a predictable rules-based, global trading system. The resulting increase in trade flows would lead to economic development and poverty reduction in a sustainable and inclusive manner.

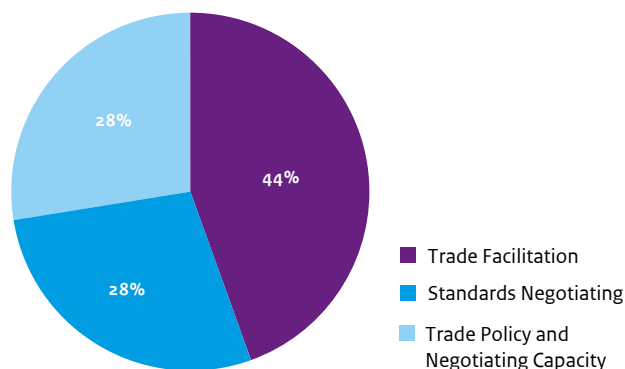
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Dutch policy and the interventions that were financed focused on three main categories of TP&R:

- trade policy and negotiating capacity (TP&NC);
- trade facilitation; and
- standards.

The figure below shows the relative shares of these three categories.

### Dutch bilateral and multilateral expenditure on TA for TP&R (EUR 162.3 million, from 2007-2016)



Source: financial administration MFA (Piramide).



From 2007 to 2016, the Netherlands spent a total of EUR 162.3 million on TA for TP&R programmes. The sample of projects and programmes selected in this evaluation accounts for 79% (approximately EUR 128.2 million) of total TA for TP&R between 2007 and 2016.

Technical assistance to strengthen trade policy and negotiating capacity consisted mainly of funding studies, training, internships, lobbying, and advisory services. TA on trade facilitation and TA for standards, on the other hand, involved a great deal of institutional development in developing countries. The reason for distinguishing standards as a subcategory is that the Netherlands finances a great deal of TA for standard setting, standard promotion, and standard compliance and control (enforcement). This covers both public (mandatory) standards and private (voluntary) standards (the latter often prescribing production and processing methods). Private standards are not set by international standardising bodies or trade agreements, and are therefore not classified by OECD/WTO as international standards. TA for standards differs from TA for trade facilitation, as it does not automatically lead to a reduction in trade costs.

Dutch policy on trade policy and negotiating capacity emphasised two priorities: (i) Support developing countries to enhance their knowledge and awareness of the role that trade can play in development by integrating trade policies into development strategies, and (ii) Build the capacity to negotiate more favourable trade terms in international trade negotiations. Initially the policy focused on support to Geneva-based institutions, such as the International Centre for Trade and Sustainable Development (ICTSD), the Advisory Centre on WTO Law (ACWL), and WTO's Netherlands Trainee Programme (NTP). Later, the emphasis shifted towards mainstreaming trade policy into national and regional development strategies. For this, the Netherlands supported Tralac, ICTSD, and the Zuid-Noord Federatie (ZNF), for their programme on Globalising Trade Justice (GTJ), and recently once again the Enhanced Integrated Framework (EIF).

With regard to trade facilitation, the emphasis was on reducing the complexity of trade regulations and procedures and improving the timeliness of trade logistics. The reduction in trade costs and transit time is expected to increase access to and competitiveness on international markets and participation in international value chains. As for improving regulations, one can think of customs rules, tax rules, security rules, visa formalities, sanitary and phytosanitary (SPS) controls, transport rules, trade licensing, e-customs procedures, insurance, pre-shipment inspection, and custom clearance procedures. To improve trade facilitation, the focus was on supporting multilateral organisations including TradeMark East Africa (TMEA), the World Bank's Trade Facilitation Facility (TFF), the World Bank's Multi-Donor Trust Fund on Trade Development II (MDTF-TD2), and the World Customs Organization (WCO) Regional Office for Capacity Building in West and Central Africa (ROCB-WCA).

With regard to standards, the policy emphasis was on creating awareness of the trade-facilitating role of public standard development and compliance, strengthening the institutional framework in developing countries, and their participation in international standardising bodies. Support to the Standards and Trade Development Facility (STDF) was

an important instrument for implementing this policy. Over time, the emphasis and support shifted to Dutch private sector and NGO initiatives for private standards based on non-product-related production and processing methods, notably through the Sustainable Trade Initiative (IDH), Solidaridad, Fair Trade Original (FTO), and the Fair Wear Foundation (FWF). This evaluation only assessed the *trade effects* of international standards and certification, both public and private. It did not evaluate the impact of these standards on environmental sustainability, labour rights, or poverty. Nor did it evaluate the parts of these programmes<sup>1</sup> that enhanced productivity and their effect on trade (these parts are not included in the expenditure overview either).

## Approach of the evaluation

Dutch policy on AfT is clear about the ultimate objective: the Netherlands provides AfT to increase trade and trade diversification in developing countries, assuming that it will lead to economic growth, and that it will have an overall positive effect on poverty reduction. An evaluation of TA for TP&R should therefore investigate the link between TA for TP&R and trade performance, as well as the assumptions about the effect of trade on economic growth and poverty. Attributing better trade performance to technical assistance for policies, agreements, and rules and regulations is too difficult, however, as the interventions affect trade only indirectly through mechanisms that are influenced by many variables. This evaluation therefore takes a three-step approach. First, it looks at effectiveness of the TA programmes in terms of tangible (induced) outputs. Did the interventions establish the preconditions for improved local and multilateral trade policy and did they improve the negotiating capacity? Did the interventions simplify, harmonise and improve trade regulations and procedures? And, did they enhance trade-facilitating standard compliance? Second, it assesses the relation between these (induced) outputs and the interventions policy financed by the Netherlands. Finally, it tries to validate the intervention logic to see if the interventions contributed to the ultimate objective of AfT, namely more trade and trade diversification, economic growth, and poverty alleviation.

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In line with this reasoning, the objective was to answer the following central evaluation question:

*Has the technical assistance for trade policy and regulations financed by the Netherlands between 2007 and 2016 achieved its intended results?*

The approach of this evaluation was to provide insight into and evidence of:

- the way the interventions fit into the overall Dutch trade and development policy;
- the way the interventions are supposed to serve the formulated development goals;
- the achievement of intended and induced outputs; and
- the likely (intermediate) outcomes of the programmes.

<sup>1</sup> These were reviewed by IOB's private sector development evaluation and the review of IDH. The delineation and effect of standards on trade-enhancing factors such as value chain management and risk are discussed in chapters 1 and 5.

Dutch policy on TA for TP&R was analysed by reviewing policy briefs, letters to Parliament, online interviews with and speeches by (former) ministers, interviews held with policy officers, and policy descriptions in programme appraisal reports.

Outputs (concrete deliverables) and induced outputs (intended, attributable results of direct outputs) of the selected programmes were evaluated based on desk research, interviews with policy officers and executing organisations in the Netherlands, and field visits. Primary data collection took place through interviews and during field visits to Geneva, Uganda, and Benin. These field visits were used to interview programme officers, executing agencies as well as policymakers, beneficiaries, and other stakeholders. Existing project and programme evaluations complemented the research inputs.

The likelihood that the expected outcomes were the result of the intervention was assessed based on information derived from interviews, existing (internal and external) evaluations, and collected empirical evidence. Primary data collection on induced outputs consisted of interviews and concentrated on the beneficiaries of the trainee programmes and capacity building programmes and on programme officers, executing agencies, as well as policymakers. The collected data and views were triangulated, where possible, to obtain an accurate picture of the outputs and outcomes. The assessment of the likelihood of an outcome effect on trade was largely based on evidence in the empirical literature.

## Main findings

### On trade policy and negotiating capacity

- 1) *The technical assistance for trade policy supported by the Netherlands increased the knowledge levels and institutional capacity of beneficiary developing countries, resulting in enhanced participation in WTO and more coherent trade-enhancing national and regional policies.*

Support by the Netherlands to WTO, other Geneva-based organisations, and regional organisations that build capacity on trade policy provided developing country policymakers with knowledge as well as a framework for national, regional, and international trade policy. The impact at the national level has been substantial. Trade has become an integrated part of national policy in developing countries, often with functioning coordination mechanisms in place. The impact of the technical assistance provided by WTO and other Geneva-based organisations was significant, not only on multilateral but also on regional trade negotiations, which often follow negotiation methods similar to those used by WTO. The effectiveness of the institutional capacity building programmes depended on the general quality of governance and on political ownership in the recipient countries.

- 2) *The extent of the positive effect of improved trade policy and negotiating capacity on trade differed widely. The impact on trade depended on how deep, broad, and rapid trade reforms were, on the wider trade-related environment, and on the capacity of the economy to benefit and adjust.*

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Better institutional capacity is not an end in itself. The impact on trade depends on actual trade reforms, the wider trade-related environment, trade facilitation, including investments in trade-related infrastructure, and the capacity of the economy to take advantage of trade reforms. This capacity depends on the extent of systematically linking private sector development (PSD) policy with trade policy. The success of trade policy depends on a consistent broader policy approach targeted at easing constraints that limit the economy's ability to take advantage of trade opportunities. The World Bank's Doing Business indicators show that some countries, including least-developed countries (LDCs) such as Rwanda, Uganda, Lesotho, and Nepal, are managing to ease these constraints, while others, such as Nigeria, Benin, Bangladesh, and Sudan, are struggling for various reasons and are therefore benefiting less from improved trade policy and negotiating capacity.

### On trade facilitation

- 3) *Trade facilitation programmes supported by the Netherlands reduced transaction costs and are likely to have contributed substantially to increased trade and gains from trade in beneficiary developing countries.*

Most trade facilitation programmes achieved the projected outputs. These were predominantly achieved in the areas of enhancing imports, formal trade, and trade in goods. Little attention was paid to the importance of facilitating international payments and trade finance (see recommendations for details). The programmes reduced trade costs and transport time, and thereby increased the potential gains of trade. Based on the empirical literature, and monitoring and evaluation (M&E) of the programmes, these programmes proved to be effective forms of Aid for Trade, as they boosted and diversified trade.

- 4) *The continuity and success of the trade facilitation programmes depended on the extent of alignment with the recipient governments' policies, the involvement of the private sector, and on how successful vested interests, donor coordination, and integration in national private sector development policies were addressed.*

The trade facilitation programmes contributed to better trade performance and competitiveness (of both imports and exports). However, to ensure continuity, the institutional and regulatory improvements require better embedding in national governance structures. Programmes performed better when the private sector and civil society organisations (CSOs) were involved. In the LDCs visited, the success of trade facilitation programmes was partly hampered by a lack of alignment with government policy, lack of political support, resistance from vested interests, poor donor coordination, and limited integration into national development policies.

### On standards

- 5) *The activities on standards awareness and capacity building by STDF, which also focus on compliance and institution building, are likely to have increased trade and facilitated the integration of developing countries into the global trading system.*

Most developing countries struggle with standards compliance. Stringent international standards often affect their exports and imports negatively. Exports are negatively affected by non-compliance (rejection) and high compliance costs, whereas imports are mainly negatively affected by an increase in the cost price. The exception is when international standards are also introduced into their domestic market. Then the overall net effect on trade proves to be positive. This exception is important because it justifies building general institutional capacity and government oversight on standards, such as national standards bureaus that work on standard setting, standard implementation, and standard enforcement. This is the kind of capacity building supported by STDF. The technical assistance provided by STDF is likely to have had a positive effect on trade performance and the participation and adaptation of beneficiary developing countries in the global trading system. The whole process of project selection, management, monitoring and evaluation, however, is relatively costly and puts pressure on the STDF's resource-constrained secretariat.

- 6) *The activities of Dutch NGOs on standard setting and compliance, which are often based on covenants with international trading and retail companies based in the Netherlands, have hardly had any effect on enhancing trade value and diversification in beneficiary developing countries.*

The likely effect on trade of the support for the Fair Wear Foundation's activities has been at best minor, if not negative. Supporting governments to enforce ILO labour standards, not only for exports but also for domestic markets, is likely to have a more positive effect on trade value than improving working conditions only in the export sectors with foreign brands and exporting companies. Note that we evaluated the effect that the FWF has had on trade, not the effect on labour conditions.

There is no evidence of a better trade performance to justify spending Dutch development funds to introduce higher voluntary standards and support compliance to these standards by producers, as was done by IDH, Solidaridad, and FTO. The latter's programmes affected trade by boosting productivity (trade development) as a reward for working towards

certification. The standard-setting part of these programmes was often not sustainable and rarely managed to affect the national standards set for the domestic market, which was also not a goal of these programmes. The standard-setting, certification and compliance part of these programmes did not affect trade in a substantial and positive way.<sup>2</sup> The work of these programmes on standards had the same narrow focus as the FWF programme: the standards are only export- and private sector-oriented. Successful interventions promoting competitiveness and trade have introduced more stringent standards not only for exports but also for the domestic market,<sup>3</sup> which usually required oversight by government institutions and the involvement of national standards bodies. The Dutch organisations that were supported focused strongly on traditional developing countries' export products, consumed but not produced in Europe. Empirical evidence from many studies that were used for this evaluation, however, demonstrates that trade gains from standards in developing countries are primarily enjoyed at a regional level (the effects of standards harmonisation and mutual recognition). An expansion of trade to (non-regional) third country markets mainly occurs if standard compliance leads to trade diversification (which usually means competing with products produced in third countries).

## Recommendations

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An important goal of the evaluation was to learn about the strengths and weaknesses of the TP&R programmes that are financed by the Netherlands and their likely impact, in order to advise on how the effectiveness of the programmes can be improved. For the sake of consistency, the recommendations are categorised by intervention category.

### On trade policy and negotiating capacity

- 1) *When supporting programmes on capacity building and trade policy, commit for at least ten years to enhance their effectiveness.*

Programmes on capacity building and policy support require long-term (multi-)donor funding. The fact that multilateral trade negotiations in the WTO are currently in dire straits is no reason to stop multilateral technical assistance for trade policy and negotiating capacity, such as the support to ICTSD, ACWL, and the NTP. On the contrary, this kind of technical assistance may help developing countries to become the new demanders for a rules-based global trading system. Commitments for a period of at least ten years would also incentivise the executing organisations to set up proper M&E systems with baselines and to develop analytical capacity to measure impact and sustainability. For example, organisations could create feedback loops using the networks of people who benefited from capacity building and training. Such commitments could also prevent donor countries from using their support as a lever to strengthen their negotiation positions in trade negotiations.

<sup>2</sup> In a separate impact evaluation, IOB will assess the effect of the Netherlands' international corporate social responsibility (ICSR) policy. This evaluation did not look at the effects of private international standards that specify production methods on the environment, on working conditions, or on individual farmers.

<sup>3</sup> See Swann (2010).

2) *Enhance the linkages to private sector development and general development policies.*

Trade policy and negotiating capacity programmes can benefit from a broader perspective on trade by explicitly incorporating policies that address behind-the-border constraints affecting the enabling environment for the private sector. Linkages could be strengthened to private sector development and more general development policies for partner countries, including those aimed at strengthening good governance and the rule of law. Giving developing countries more of a say in setting programme priorities could improve their awareness of regional trade opportunities and would tailor programmes more to the needs of LDCs. This could also make it easier to involve the domestic private sector and CSOs in developing countries that work on trade and PSD policies.

3) *Do not compromise on the selection criteria of trainees.*

The success of training programmes on TP&NC depends primarily on the selection of 'high potential' trainees and their (re)placement in permanent representations in the WTO or trade ministries afterwards. Withstanding pressure to compromise on the selection criteria and placement requirement is essential. Traineeship programmes could also include trainees from a more multidisciplinary background (not only lawyers and economists). This would stimulate discussion, broaden the perspectives within ministries and permanent representations in Geneva, and encourage trade policy to be more broadly supported by other ministries, the private sector, and CSOs.

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4) *Strengthen the coordination and monitoring of the support of programmes on trade policy and negotiating capacity by the Netherlands.*

The permanent representation in Geneva is in a better position than policy officers in The Hague to select, finance, manage, and monitor TA programmes on trade policy and negotiating capacity that are implemented by organisations in Geneva. Better integration into the broader Dutch aid and trade policy can reinforce the effectiveness and efficiency of the programmes. A joint intervention strategy of policy officers in The Hague, Geneva, and from Dutch embassies in partner countries could improve the effectiveness and efficiency of the programmes and make them more country specific. One could consider organising debates on the best intervention strategies by policy officers, who work in The Hague, Geneva, and at the Dutch embassies in selected beneficiary countries. For countries where the Netherlands is active on trade and PSD, the publication of a regular WTO trade policy review, a diagnostic trade integration study update, or an investment policy review would provide a logical moment for these debates, as was once proposed by the permanent representation in Geneva. Apart from representatives of the permanent representation of that particular country, the permanent representation of the Netherlands could invite organisations based in Geneva and other donors to participate in this process.

## On trade facilitation

- 5) *Be aware of the lopsided effects of trade facilitation, when efforts concentrate on quick results, and on facilitating only formal trade and trade in goods, and on either imports or exports.*

Trade facilitation programmes need to focus on enhancing both exports and imports; both sides require attention to strengthen participation in global value chains and to avoid the negative effects of growing trade deficits. They also need to focus on facilitating trade in services, in addition to trade in goods. Trade in services, such as logistical and business support services, tourism, ICT, or the movement of labour, requires other types of facilitation measures than trade in goods. If trade facilitation has adverse effects on small, informal traders, programmes also need to help informal traders to cope with the changes. Furthermore, trade facilitation programmes must address non-trade issues, such as constraints on holding a bank account in a foreign currency. Ensuring that the effects of the interventions are sustained is another issue, especially when reforms require institutional capacity or specific ICT infrastructure. Maintaining institutional capacity after a reform paid for by donors is expensive. Donors have to pay more attention to funding the recurrent costs of trade facilitation in poorer developing countries.

- 6) *Improve the alignment of trade facilitation programmes with recipient governments' trade policies, involve the private sector more, and link the programmes with private sector development.*

Full ownership of beneficiary governments is a prerequisite for effective trade facilitation programmes with lasting results. Trade facilitation programmes need to be integrated into national private sector policy and need to focus not only on bottlenecks in trade logistics, but also on the enabling environment 'behind the border'. Integration into national development policy requires close monitoring of the effects on poverty, gender, and the spread of HIV (by lorry drivers). Recipient countries need support to set up a coordinating unit on trade facilitation to keep oversight. Private sector support can speed up implementation and stimulate maintenance and continuity. The Global Alliance for Trade Facilitation, although it only focuses on the TFA and not on 'behind the border constraints', provides useful guidelines.

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- 7) *Improve donor coordination of trade facilitation programmes to avoid duplication and uncoordinated interventions and to reduce the administrative burden on recipients.*

Improved donor coordination can enhance the efficiency and effectiveness of trade facilitation programmes, and thereby avoid overburdening developing countries' administrative and infrastructural capacity. Policy officers at Dutch embassies can play an essential role by providing insight into the local context and make valuable contributions to increase the likelihood of the programmes' success in all phases.

- 8) *Take the political economy into account.*

Because trade facilitation produces winners and losers, implementing organisations need to involve all stakeholders. The effect on and the resistance of losers have to be reckoned with. Involving the private sector and CSOs in recipient countries may provide information on potential losers and can mobilise political support. Political risk and special interests require broadly supported mitigation strategies.



9) *Invest in a thorough impact analysis of the trade facilitation programmes' effect on trade.*

Analysis is paramount to increase our knowledge on the effects of different trade facilitation interventions on trade, thereby differentiating between soft and hard infrastructure. Even the evaluations of the largest trade facilitation programmes, such as TMEA and TFF show how difficult it is to measure the extent of the attribution or contribution of these programmes to trade. Trade diversion and shifts from informal to formal trade may overestimate the effects of the programmes, whereas a lack of competition may reduce the effect of reductions in trade costs. High-quality geographically disaggregated baseline data on formal trade, informal trade, and prices will enable impact assessments which could help to improve the programmes.

## On standards

10) *Organise the support for capacity building on international standards more efficiently.*

Encourage STDF to limit itself to the selection and financing of project preparation and projects that can improve STDF's network and support its function as a knowledge platform for best practices. STDF is qualified and well situated to do project selection, but too small to do other tasks such as management, monitoring, financial management, and project evaluation. STDF can outsource these activities on a case-to-case basis even more than it currently does, for example to the Food and Agriculture Organization (FAO), the World Bank, or a suitable bilateral donor.

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Institution building required for standards compliance can be more effective when capacity building focuses on concrete standards that are linked to trade facilitation programmes.

National standard organisations in developing countries need to focus on export standards as well. Doing so will enable these countries to reap the trade benefits from regional standards harmonisation and mutual recognition. These organisations can also play a role in avoiding non-compliance with increasingly stringent standards requirements by high-income importing countries.

11) *Capacity building on compliance with international standards has to spill over to compliance for the domestic market.*

Donor programmes on the setting, implementation, development, and control of standards need not be limited to exports or imports, but also need to help and build capacity for the domestic market. Where feasible, internalising international standards has proven to enhance developing countries' capacity on standard setting and compliance, and to stimulate their trade performance in general.

12) *Private standard setting and certification activities in developing countries have to generate lasting effects and need to involve recipient government institutions.*

Donor funding for covenants concluded with international trading and retail companies and producers to comply with labour standards and/or produce in an environmentally more sustainable way should not be qualified as Aid for Trade, as these production and process standards generally do not increase trade or total export revenue. Donors who have decided to fund the branding of sustainable trade labels, training and certification of producers of

primary commodities have mostly ended up backing farmer/extension type of programmes, which have resulted in a proliferation of private standards in developing countries. Potential new donor programmes on standards should be based on their sustainable impact on the environment, labour conditions, and income growth, and the extent of recipient governments' involvement, rather than on their trade orientation. Dutch NGOs could be encouraged to reorient part of their programmes towards assisting governments and standardising bodies in developing countries to build their capacity to monitor and control at least the official standards.



1

# Objectives and delineation

## 1.1 Introduction

This evaluation looks at technical assistance for trade policy and regulations (TA for TP&R)<sup>4</sup> financed by the Netherlands between 2007 and 2016. TA for TP&R is part of Aid for Trade (Aft): a larger set of interventions that aims to assist developing countries in building the institutions, infrastructure, and productive capacity needed to integrate into the global trading system. The global trading system can only function properly and continuously if it is predictable, fair and rules-based, and benefits all countries. Unfortunately, as pointed out by numerous studies<sup>5</sup>, the international trading system is, a priori, not fair. Differences in economic power, geographical accessibility, national policies, imperfect information, asymmetric capacities to mitigate risk, asymmetric access to capital, collusion, unfair competition due to dumping and subsidies, exchange-rate policies, tariffs, preferential tariffs, and non-tariff barriers to trade may all lead to an uneven distribution of benefits. Because the governments of many developing countries lack adequate means and capacity to prioritise and implement trade capacity building, the international community provides assistance in the form of Aid for Trade. Whether this is done only to help developing countries or also to preserve the international trading system and its benefits to developed countries is difficult to distinguish. 'The Netherlands wants to move forward with the world and the Netherlands wants to move forward in the world.' This policy statement, made in *A World to Gain: A new Agenda for aid, Trade and Investment* (2013: p. 5), illustrates the new combined Dutch policy on 'foreign trade' and 'development cooperation'. This evaluation, however, looks only at the development effects of TA for TP&R and does not evaluate its effects on Dutch trade. In this first chapter, we define the subject, formulate the evaluation questions, list the selected sample of programmes, categorise these programmes, and summarise the evaluation methodology.

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## 1.2 Defining technical assistance for trade policy and regulations

Because trade is a broad and complex activity, Aid for Trade is also broad and not easy to define (wto.org, 2016). Aft has been defined in many ways, and according to some definitions it comprises more than 25% of total official development assistance (ODA). This study uses the internationally agreed definition formulated by OECD and the WTO. According to this definition, Aft encompasses the financial and technical assistance (TA) provided to developing countries, 'to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade' (WTO, 2005, par. 57). Under this definition, the following categories of Aft are defined (Oecd.org, 2017a):

<sup>4</sup> In this study, Aid for Trade, confined to trade policy and regulations, is referred to as 'TA for TP&R'. The broader term Aid for Trade is used for all of the categories combined.

<sup>5</sup> An excellent article on the subject is Brown, A. G. and Stern, R. M. (2007), 'Concepts of fairness in the World Global Trading System'. *Pacific Economic Review*, Vol. 12, pp. 293-318.

1. technical assistance for trade policy and regulations;
2. trade-related infrastructure;
3. productive capacity building (including trade development);
4. trade-related adjustment; and
5. other trade-related needs.

Category 1, the focus of this evaluation, is geared towards helping developing countries build the capacity to negotiate favourable trade terms, implement multilateral and bilateral trade commitments, reform national trade policies, facilitate trade processes and procedures, and build trade-enhancing institutions, including standardising and conformity assessment bodies. Moving down the categories, the scope of AfT broadens and becomes less trade policy specific, and widens to assistance to build trade-related infrastructure and productive capacity, and, in its widest form, assistance for economic adjustment, (re)distributive measures, and trade-related needs.

### 1.2.1 Defining TA for TP&R

TA for TP&R aims to help developing countries to deliver on multilateral and bilateral trade commitments, improve domestic policymaking and the regulatory environment, facilitate trade processes, and strengthen the bargaining power of developing countries in international trade negotiations. TA for TP&R fundamentally affects the extent to which other categories of AfT (such as productive capacity building and trade-related infrastructure) achieve their intended results. As will become evident from the policy reconstruction set out in chapter 2, Dutch TA for TP&R can be naturally subdivided into three subcategories. First, the Netherlands helped developing countries to enhance their knowledge and awareness of the role that trade can play in development, to integrate trade policies into development strategies, and to build their negotiating capacity to secure favourable trade terms. Second, there was an emphasis on reducing the complexity and cost of trade regulations and procedures. Third, support was given to develop and comply with international standards and strengthen the ability of public and private agencies in developing countries to implement and enforce these standards. This evaluation is organised around these three subcategories. They are referred to as: ‘trade policy and negotiating capacity’, ‘trade facilitation’ and ‘standards’.

Strengthening trade policy and negotiating capacity is mainly implemented through studies, training, internships, lobbying, and advisory services at the multilateral level. Contrary to this, TA for trade facilitation and TA for standards involves a great deal of institutional development in developing countries. The reason for classifying ‘TA for standards’ as a separate category is that the Netherlands finances a great deal of TA for standard setting, promotion, compliance, and control (enforcement). This includes not only public standards (regulation), but also private standards, mainly based on production and processing methods, which are often not part of international agreements and are therefore not categorised as public standards by OECD/WTO. The work on standards also differs from that on trade facilitation as it does not automatically lead to a reduction in trade costs. Support provided for regional trade policy and regulations is seen as a cross-cutting category with elements of the three categories mentioned above.

The OECD/WTO reporting system provides an alternative categorisation of TA for TP&R in six subcategories, as shown in table 1.1.

<b>CRS code</b>	<b>Description</b>	<b>Clarifications</b>
33110	Trade policy and administrative management	Trade policy and planning; support to ministries and departments responsible for trade policy; trade-related legislation and regulatory reforms; policy analysis and implementation of multilateral trade agreements, e.g. technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) except at the regional level (see below); mainstreaming trade in national development strategies (e.g. poverty reduction strategy papers); wholesale/retail trade; unspecified trade and trade promotion activities.
33120	Trade facilitation	Simplification and harmonisation of international import and export procedures (e.g. customs valuation, licensing procedures, transport formalities, payments, insurance); support to customs departments, tariff reforms.
33130	Regional trade agreements (RTAs)	Support to regional trade arrangements, including work on technical barriers to trade and sanitary and phytosanitary measures (TBT/SPS) at the regional level; elaboration of rules of origin and introduction of special and differential treatment in RTAs.
33140	Multilateral trade negotiations	Support for developing countries' effective participation in multilateral trade negotiations, including training of negotiators, assessing the impact of negotiations; accession to the WTO and other multilateral trade-related organisations.
33150	Trade-related adjustment	Contributions to the government budget to assist the implementation of recipients' own trade reforms and adjustments to trade policy measures by other countries; assistance to manage shortfalls in the balance of payments due to changes in the world trading environment.
33181	Trade education/ training	Human resources development in trade. Includes university programmes in trade.

Source: *aid-for-trade statistical queries* – OECD.

Table 1.1 shows a categorisation of TA for TP&R based on Creditor Reporting System (CRS) codes.

These official codes are used in the Netherlands' project database and for reporting official development assistance to the OECD's Development Assistance Committee. The three subcategories applied in this evaluation consists of the following CRS codes:

- Trade policy and negotiating capacity: CRS codes 33110, 33140, 33150;
- Trade facilitation: CRS code 33120; and
- Standards: CRS codes 33110 (partly) and 33130.

This relation between codes and subcategories enabled the arrangement of the selected Dutch programmes into the three specific subcategories. In turn, the subcategories make it possible to draw conclusions at a higher level of aggregation than the programme level. It is important to note that only one CRS code can be assigned to an aid programme. This means that aid programmes with other CRS codes than the ones listed in table 1.1 may contain TP&R elements. This is especially the case for general programmes on public service delivery and governance, on tax reform, and on commercial rule of law. Therefore, we have underestimated the amount spent on TA for TP&R in this study.

The Ministry of Foreign Affairs' Department of International Trade Policy and Economic Governance (IMH) is largely responsible for TA for trade policy and negotiating capacity, whereas the Department of Sustainable Economic Development (DDE) handles most activities related to trade facilitation and standards.

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A detailed description of the three subcategories that form the core of this evaluation is provided below.

#### *Trade policy and negotiating capacity*

TA for trade policy and negotiating capacity refers to the overall set of interventions intended to enhance the beneficiary's negotiating position in trade negotiations and ensure that national policies promote growth and development and comply with international agreements. This category includes interventions to enhance the beneficiary's capacity to identify trade needs, such as country studies, data collection, and the provision of information, and to negotiate favourable trade agreements, e.g. by training the beneficiary in WTO law and negotiation skills. However, trade policy is not only about negotiating trade agreements. Therefore, this category also includes interventions that assist developing countries in effectively translating agreements into trade and economic policies and subsequently in implementing and enforcing policies and regulations at the regional and national level.

#### *Trade facilitation*

Trade facilitation programmes aim to make trade within a country and across borders faster, cheaper, and more predictable, while guaranteeing that safety and quality standards are met (UNECE, 2012). The enhanced connectivity and competitiveness that results from trade facilitation should enable developing countries to specialise and integrate more into global value chains (GVCs). TA for trade facilitation includes technical assistance to develop physical infrastructure, also known as 'hard infrastructure', and technical assistance to improve regulatory infrastructure, also known as 'soft infrastructure'. Technical assistance



for hard infrastructure includes roads, ports, and ICT hardware. Technical assistance for soft infrastructure includes the effective implementation and enforcement of customs rules, tax rules, trade licensing, e-customs procedures, foreign exchange regulations, and compliance with technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) standards. This evaluation focuses only on those aspects of trade facilitation programmes that address soft infrastructure capacity building. Technical assistance for improving hard infrastructure is beyond the scope of TA for TP&R and thus falls outside the scope of this evaluation.

### Standards

The International Organisation for Standardization (ISO) defines a standard as the ‘document, established by consensus and approved by a recognised body that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context’ (ISO, 2004: p.1). Standards can be categorised by function or by the defining agent (Maskus and Wilson, 2001). The categorisation by function distinguishes between ‘product standards’, ‘production and processing method (PPM) standards’ and ‘labelling standards’. Product standards refer to the physical characteristics that a good possesses. PPM standards refer to the conditions under which the products were made, which can be product related, such as standards on organic farming, or non-product related, such as certain labour conditions and environmental requirements. Labelling standards specify the manner in which information is provided to users. Categorisation by defining agent divides standards broadly into ‘private standards’ (simply known as ‘standards’), which are voluntary and arise from market forces, and ‘public standards’, which are set by the government and are mandatory, often defined as ‘regulations’. In this evaluation we use the term standards for both voluntary (private) standards and legally binding public standards (regulations), but we make the distinction between private standards and public standards where necessary. Dutch support to standards programmes focused on all three different functions and both on public and private standards. The evaluation looked at those programmes that were categorised as TA for TP&R and reviewed the effects of capacity building on standards on the objectives of Aid for Trade.

## 1.3 Evaluation questions

Policies, institutions, infrastructure, and regulations play an important role in facilitating the integration of developing countries in the global economy. When discussing the importance of AfT in general, OECD also mentions the importance of regional trade agreements, lower investment barriers to multinational corporations, high-quality infrastructure, speed, and flexibility of cross-border movement of physical goods and information, effective legal and regulatory systems, efficient systems, and the capacity of domestic firms to contribute to the supply chain (OECD, 2013, as stated in OECD/WTO, 2013). Confined to TA for TP&R the World Economic Forum (WEF) emphasises that reducing non-tariff barriers to trade could increase GDP up to six times more than reducing tariffs. It mentions the importance of border administration, clear regulations, coordination between agencies, and globally harmonised electronic forms and data-exchange (WEF, 2013).



Since the Netherlands' TA for TP&R is part of ODA, it must have the 'promotion of the economic development and welfare of developing countries' as its main objective.<sup>6</sup> The Netherlands provides this technical assistance to increase trade and trade diversification, which is assumed to lead to economic growth, and to have an overall positive effect on poverty reduction. An evaluation of TA for TP&R should therefore investigate the link between TA for TP&R and trade performance, as well as the assumptions on the nexus between economic growth and poverty reduction.<sup>7</sup> However, attributing better trade performance to technical assistance for policies, agreements, rules and regulations is too difficult as the interventions only affect trade indirectly through mechanisms that are influenced by many variables. This evaluation therefore takes a three-step approach. First, it looks at Dutch policy objectives and intended (induced) outputs with respect to TA for TP&R. Second, it assesses the effectiveness of the policy implementation in terms of tangible (induced) outputs. Did the interventions lead to improved local and multilateral trade policy and negotiating capacity, trade facilitation, and standard compliance? Finally, it tries to validate the intervention logic to see if the interventions contributed to the ultimate objective of aid for trade, i.e. more trade and trade diversification.

In line with this reasoning, the objective of this evaluation is to answer the following central evaluation question:

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*Has the technical assistance for trade policy and regulations financed by the Netherlands between 2007 and 2016 achieved its intended results?*

To answer the central evaluation question, the following sub-questions are addressed:

1. What was the Ministry of Foreign Affairs' policy with respect to supporting TA for TP&R between 2007 and 2016?
2. What were the intended (induced) outputs of the programmes financed by the Netherlands between 2007 and 2016?
3. Were these (induced) outputs achieved?
4. Was Dutch support in the area of TA for TP&R between 2007 and 2016 coherent with and complementary to interventions financed by other donors (bilateral and multilateral)?
5. What evidence is there for the effectiveness of AfT in general and TA for TP&R in particular in increasing trade, enabling economic growth and reducing poverty?

<sup>6</sup> See the OECD DAC definition of ODA (Oecd.org, 2017b). It is important to note that general support to the WTO is not 'ODable', not even for a small percentage. So even though the world trading system can be seen as a global public good that also contributes to development, the regular contribution of the Netherlands to the WTO is not evaluated as AfT. This study only looks at expenditure that qualifies as ODA. Some of the technical assistance, however, facilitates developing countries in benefitting from this global good that is regulated by the WTO. In that sense, the global good character of the world trading system is important for AfT.

<sup>7</sup> The assumption of a positive and significant trade-growth nexus has been studied extensively and is discussed in the next chapter, together with the relation between trade and poverty alleviation. The positive effects of trade on poverty alleviation may be direct, through enhanced income as a result of trade, or indirect, as a result of trade-induced growth (because of more innovation and competition) or increased stability of supply, demand, and prices. However, an increase in trade may also increase poverty under certain conditions, e.g. through an effect on inequality.

The last evaluation of Dutch TA for TP&R dates back to 2003. Major changes since then in bilateral and multilateral policies on trade and development, as well as new insights on AFT, justify this revisit. The narrow scope of the study will allow us to maximise the potential for learning.<sup>8</sup> The conclusions of this evaluation will provide building blocks for the policy review of the aid, trade, and investment agenda, due in 2020. This study complements other IOB evaluations that will contribute to that review, such as the 2014 private sector development (PSD) evaluation. Jointly these evaluations will inform policy discussions on potential synergies between trade and development policies. The lessons learned from the programmes financed by the Netherlands in the period 2007-2016 on TA for TP&R will also provide relevant inputs for discussions on the future direction of the Aid for Trade Initiative and the implementation of the Agreement on Trade Facilitation.<sup>9</sup>

## 1.4 Dataset and selection of programmes

Not all programmes reported as TA for TP&R are good candidates for evaluation. Some are too small or too specific, such as contributions to conferences and side events of ministerial meetings, or not at all representative of the category TA for TP&R.<sup>10</sup> The selection of programmes was based on size and type of intervention. After discarding programmes that were too specific and non-representative for the category TA for TP&R, a selection was made that covered nearly all programmes to which the Netherlands contributed more than EUR 1 million. The selected programmes and their budgets are presented in table 1.2. The selected sample of programmes accounts for 79% (approximately EUR 128.2 million) of total TA for TP&R between 2007 and 2016.

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One element that should be taken into account is the heterogeneity of the programmes in the sample, even when classified under the same group heading. This study will nevertheless try to evaluate them as part of one of the three categories, looking at their common characteristics so that general conclusions and recommendations can be made. Details on the programmes can be found in appendix 1.

<sup>8</sup> In their 2013 review and monitoring exercise of the AFT Initiative, OECD and WTO state that 'evaluations undertaken by donors often have such a wide focus – on various countries, sectors, instruments and dependent variables – that at times clear conclusions that would promote learning are lost' (OECD/WTO, 2013: p. 152).

<sup>9</sup> In December 2013, the Netherlands signed 'the Bali Package'. As part of the Bali Package, the Netherlands committed to the Trade Facilitation Agreement, containing provisions for expediting the movement, release and clearance of goods, including goods in transit. The Trade Facilitation Agreement is discussed more extensively in chapter 2.

<sup>10</sup> An example of an excluded programme is the funding of the Centre for the Promotion of Imports from developing countries (CBI). CBI provides technical assistance for trade development, a category of AFT outside the scope of this study. CBI was evaluated by IOB in 2015, in the study 'Aided Trade' (IOB, 2015).

Table 1.2 Selected programmes: their primary goals and expenditure		
Programme	Primary goal(s)	Expenditure 2007-2016 (EUR)
<b>Trade policy and negotiating capacity</b>		
Globalising Trade Justice (GTJ)	Policymakers are informed about (the dangers of) globalisation	351,279
International Centre for Trade and Sustainable Development (ICTSD)	Policymakers are informed about policy developments in the trade and sustainable development field	11,077,117
Advisory Centre on WTO Law (ACWL)	Developing countries successfully participate in WTO dispute settlement and trade negotiations	4,813,719
Netherlands Trainee Programme (NTP)	Officials from developing countries are empowered and informed on matters dealt with in WTO	2,982,344
Trade Law Centre for Southern Africa (Tralac)	Policymakers in SSA are informed about issues relating to EPAs	1,492,505
<b>Trade facilitation</b>		
Regional Office for Capacity Building-West and Central Africa (ROCB-WCA)	Customs administrations are modernised and reformed, and regional cooperation is increased	974,883
Trade Facilitation Facility (TFF)	Trade facilitation systems are modernised and improved	10,341,174
Multi-Donor Trust Fund Trade and Development phase 2 (MDTF-TD2)	Countries' capacity to trade is improved in the areas of: trade competitiveness and diversification, trade facilitation, market access, and international trade cooperation	4,842,502
TradeMark East Africa (TMEA)	Regional integration is improved through enhanced trade facilitation	48,705,332
<b>Standards</b>		
Standards and Trade Development Facility (STDF)	Projects in the area of SPS standards are successfully developed, coordinated, and implemented	4,726,609
Sustainable Trade Initiative (IDH)	Companies implement sustainability standards and obtain relevant certifications	13,352,877
Solidaridad	Farmers and workers comply with new, enhanced sustainability standards.	10,641,422
Fair Trade Original (FTO)	Sustainable supply chains are set up, farmers participate in those supply chains, and obtain relevant certifications	3,316,662
Fair Wear Foundation (FWF)	Labour conditions for garment workers are improved in compliance with ILO standards	10,590,508
<b>Total:</b>		<b>128,208,933</b>

Table constructed based on appraisal documents and financial administration MFA, 2007-2016.

## 1.5 Methodology and limitations

We used a combination of primary and secondary data to answer the sub-questions listed in section 1.3. Secondary data were the main source of information, however. The analysis of Dutch policy on AfT in general and TA for TP&R in particular was based on a review of policy briefs, letters to Parliament, online interviews with and speeches by (former) ministers, interviews held with policy officers, and policy descriptions in programme appraisal reports. The analysis also took EU policy and Dutch positions in international organisations such as the World Bank and the WTO into account.

The assumption that trade has a positive effect on economic growth and poverty reduction was reviewed on the basis of the economic literature, both theoretical and empirical. Indeed, there is a substantial body of literature on the effect of trade on economic growth and poverty reduction.

Outputs (concrete deliverables) and induced outputs (intended, attributable results of direct outputs) of the selected programmes were evaluated based on desk research, interviews with policy officers and executing organisations in the Netherlands, and field visits. The desk research first looked at programme planning, progress reports, final reports, and other reports and included an assessment of (in)coherence and in some cases value for money. This exercise provided an assessment of the direct output of the programmes that were supported by Dutch financial contributions. The second phase of the desk research looked at induced outputs. Existing evaluations of the programmes commissioned by the Netherlands, other donors, and the implementing agencies provided information supplementary to the sources mentioned above. Primary data collection on induced outputs took place in the form of interviews with policy officers in The Hague and Dutch executing agencies, and during field visits to Geneva, Uganda, and Benin. The field visits were used to interview Dutch programme officers, executing agencies, policymakers, beneficiaries, and other stakeholders in developing countries, and in some cases for fact finding.

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Primary data collection took place during visits to Geneva, Uganda, and Benin. Geneva was selected because of the presence of policymakers from developing countries that work there and the fact that many executing agencies have their offices in Geneva. Uganda and Benin were selected because these partner countries are non-fragile, least-developed countries (LDCs), where relevant programmes were being implemented not only financed by the central budget in The Hague, but also by the delegated aid budgets of the Dutch embassies in these countries. This increased the involvement of the embassies and made them important sources of information on programme execution, outcome, and donor coordination. In addition, both countries have substantial amounts of transit trade with neighbouring countries, which increases the potential benefits of trade policy and facilitation.

The evaluation went an extra mile to obtain information on the likelihood that the expected outcomes have been achieved. This assessment was based on interviews and existing internal and external evaluations. Primary data collection concentrated on the beneficiaries of the programmes. Where possible, the collected information was

triangulated, i.e. verified by two or more sources, in order to obtain an accurate picture of the outputs and outcomes. The empirical literature was the main source used to assess the likelihood that the outcomes were achieved. Therefore, the empirical literature was also used to discover which interventions were most suitable to achieve the policy goals. The literature on the effectiveness of TA for TP&R for trade is essential because it is the main source of evidence suggesting that the induced outputs of the programmes will lead to more trade and more trade diversification. It is therefore crucial to the validation of the intervention logic (see next chapter).

Based on this methodology the evaluation of TA for TP&R provides insight into:

- how the interventions fit into the overall Dutch policy on trade and development;
- how the interventions are supposed to serve the development goals;
- the (induced) outputs; and
- the likely outcomes of the programmes.

The emphasis, however, is on the programmes' induced outputs, in order to better understand why these programmes were financed, and how they could possibly be improved.

There are some challenges and limitations to the methodological approach. First, as indicated, the methodology relies partly on assumptions and on causalities that are only validated by secondary sources. Second, the CRS codes are sometimes arbitrarily chosen by policy officers, which may make it difficult to get a full overview of the subject. Third, effects on informal trade are not fully taken into account, either in the programmes or in the literature. Fourth, it should be noted that TA for TP&R focuses on trade in goods rather than trade in services. This evaluation was not able to explain that choice. Fifth, programmes tend to address either exports or imports, which makes it hard to assess the overall effect on trade. Sixth, some programmes focus explicitly on exports to Western markets rather than on trade in general, including in regional markets. The limitations of focusing on such specific trade destinations were not evaluated. Finally, this evaluation did not look at the effects of development policy coherence on trade. This means that the reform of the Common Agricultural Policy of the European Union (EU), for example, was not evaluated as a form of Aid for Trade.

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## 1.6 Organisation of this report

Chapter 2 provides an overview of Dutch policy, the intervention logic, and the portfolio and expenditure on TA for TP&R of the Netherlands. Chapters 3, 4, and 5 provide the evaluation findings and conclusions for the three respective categories: trade policy and negotiating capacity, trade facilitation, and standards. A more detailed description and assessment of the individual programmes in the sample is provided in appendix 1. The evaluations of the individual programmes provide insight into the establishment and objectives of the programmes, their donors, systematic reviews and existing evaluations, findings on outputs, induced outputs, likely effects of the interventions, and conclusions.





2

## Policy reconstruction, portfolio, and intervention logic



## 2.1 Introduction

Dutch Aid for Trade policy aims to enhance developing countries' integration into the world trading system, facilitate economic growth, and reduce poverty. Whereas this final goal has remained unchanged over the years, the more specific policy objectives and instruments have varied over time. Every minister for development cooperation has made his or her own choices and has emphasised different aspects, reflected by preferences for countries, channels, organisations, subjects, and methods.

This chapter is organised as follows. First, section 2.2 gives an overview of Dutch policy on trade and development over time, with a special emphasis on AfT, and presents conclusions on what this policy has meant for TA for TP&R. This section ends with the portfolio, because the choice of interventions is an integral part of policy. Subsequently, we reconstruct an intervention logic that was based on that policy (section 2.3). The intervention logic explains how the chosen approach and selected instruments lead to the achievement of the policy objectives. Finally, section 2.4 discusses empirical evidence on the relation between trade and economic growth and poverty reduction.

## 2.2 Aid for Trade in the Netherlands' policy on trade and development

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This section provides a reconstruction of the policy on trade and development over the years. Without knowledge of the policy objectives, it is impossible to review the particular intervention choices. We briefly discuss the evolution of the policy on trade and development prior to 2007 to understand how AfT has come to the stage it has reached and what role it plays in Dutch policy on trade and development today. There is very little in the trade and development policy specifically related to TA for TP&R. Therefore, this policy overview is rather general on trade and development with more detail on AfT and TA for TP&R, when possible.

### 2.2.1 Dutch policy prior to 2007

Trade has always been part of Dutch development policy. Initially, the focus was on continuing historical links and historical colonial trade flows, such as the trading of spices, cocoa, coffee, tea, rubber, and tin. In later years, the trade began to diversify. Until the late 1990s, Dutch development policy with respect to trade was based on promoting export and import substitution. The idea was that exports would give developing countries the foreign currency needed to buy capital goods and that high tariffs would protect emerging and new (infant) industries. Support to the United Nations Conference on Trade and Development (UNCTAD), the Economic and Social Commission for Asia and the Pacific (ESCAP), and Regional Economic Communities (RECs) in Africa was combined with more specific support for exporting companies in developing countries, through the Centre for the Promotion of Imports from developing countries (CBI). This policy was not very effective, as trade flows between developing and developed countries did not change much and continued to consist mainly of primary commodities and manufactures on the basis of preferential



tariffs. The impact of these trade preferences was often offset by overvalued exchange rates in the exporting developing countries. And the high rates of import protection led to inefficient production rather than new industries.

Structural adjustment, enforced by the International Monetary Fund (IMF) and the World Bank, and GATT- and WTO-induced preference erosion, combined with impressive examples of export-led growth in Asia, changed the attitude of many developing countries towards trade. As a result, policies based on self-sufficiency and import substitution were abandoned. Just as countries such as Brazil, India, and Chile began to open up unilaterally and lead by example, Dutch development thinking began to change as well. It changed from advocating infant industry protection to stressing the beneficial impact of openness and competition on productivity. It changed from stressing the need for preferences to stressing the need for lower transaction costs. These transaction costs were very high as a result of poor infrastructure, a lack of economies of scale, and poorly developed regulatory institutions, and were a larger barrier to trade than tariffs ever were.

This change in development thinking on trade in the Netherlands led to a change in policy with the appointment of Eveline Herfkens (1998-2002), a former Permanent Representative of the Netherlands to the WTO, as Minister for Development Cooperation. Minister Herfkens put trade policy and policy coherence for development centre stage. Aft was placed primarily in the context of a more equitable, multilateral rules-based trading system. Development assistance was used for capacity building, to give developing countries more negotiating capacity through better information and enhanced negotiation skills. Support was given to organisations and programmes such as the International Centre for Trade and Sustainable Development (ICTSD), the Advisory Centre on WTO Law (ACWL), the Trade Law Centre for Southern Africa (Tralac), the Zuid-Noord Federatie (ZNF), and the Netherlands Trainee Programme (NTP). Minister Herfkens stated that the WTO system functioned like a 'rich man's club' (Trouw, 2001). Development cooperation would need to assist developing countries in claiming their rightful positions in negotiations and adjust the WTO agenda to also serve their needs. Dutch support was provided accordingly to achieve those purposes. She further urged developing countries to change their development strategies by integrating trade and development policies into them and by assisting the private sector in developing countries to overcome obstacles to trade (Trouw, 2001). Trade policy for development was also promoted by the Netherlands at the EU level in view of the EU's unique competence for trade. In 2001, the EU decided on zero tariffs for LDCs under the Everything but Arms initiative, as part of their Generalised System of Preferences. The EU also pleaded for lower tariffs among developing countries to stimulate South-South trade.

The change in Dutch development policy, with a new focus on trade, coincided with developments at the WTO level. Launched in Doha, Qatar in 2001, the 9<sup>th</sup> WTO Trade Round, the Doha Development Round (DDR), officially put development at the heart of the agenda. Technical assistance and capacity building were recurring components in the Ministerial Declaration (WTO, 2001). This was strongly supported by the Netherlands and was also in line with the EU's position. As part of the Doha Round, the Aid for Trade Initiative was officially launched in Hong Kong at the Ministerial Conference in 2005.

Box 2.1 provides a detailed overview of the Aid for Trade Initiative.

**Box 2.1**      *The Aid for Trade Initiative*

The WTO's Aid for Trade Initiative was officially launched at the Hong Kong Ministerial Conference in 2005. Technical assistance for capacity building had been part of the Doha agenda since the start of the Round in 2001. The Doha Declaration acknowledged the need for technical assistance to complement the trade liberalisations under negotiation (WTO, 2001). In the Ministerial Conference of 2005 this technical assistance was officially endorsed as the Aid for Trade Initiative.

The Hong Kong Ministerial Declaration confirmed the importance of AfT for developing countries 'to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade' (WTO, 2005, par. 57). Following Hong Kong, a Task Force was formed in 2006, to identify how the AfT Initiative would need to be operationalised. Its mission was threefold: determine the scope of AfT; determine how to deliver AfT; and determine who should manage the transfers.\* The Task Force report (WTO, 2006) made explicit recommendations. Regarding the scope of the agenda, it suggested that the AfT Initiative should reach beyond traditional TA for institutional capacity building. It recommended including programmes for building infrastructural and productive capacity as well, and even going beyond this, into support for adjustment and other trade-related needs.\*\* The Task Force recommended that WTO develop a global platform to monitor progress and share best practices and lessons learned. By 2017, WTO and OECD has co-organised six thematic Global Reviews. These reviews were accompanied by the publication of *Aid for Trade at a glance* reports.

The Task Force's report did not make any explicit recommendations regarding the financial and institutional design for monitoring transfers. The AfT institutional framework for delivering AfT was designed in a horizontal manner,\*\*\* built on the progress of existing programmes and channels, pursuing more and better AfT delivery rather than designing a new global fund for AfT. Within this horizontal framework, several (multilateral) institutions now play a coordinating role in the delivery of funds, the implementation of projects, and the M&E of results. These include the World Bank, EIF, and the STDF, the latter both being hosted by the WTO.

\* Stiglitz and Charlton (2006) have classified these three aspects as the 'needs question': What should be funded, the 'instrument question': in what form should funds be given, and the 'institutional question': who should manage the transfer.

\*\* As outlined in chapter 1, the WTO specified six areas on the AfT agenda, namely: (1) trade policy and regulations; (2) trade development; (3) trade-related infrastructure; (4) building productive capacity; (5) trade-related adjustment; and (6) other trade-related needs.

\*\*\* In a horizontally structured AfT framework, funds are delivered via different, independent (pre-existing) channels. Conversely, the design of a vertical mechanism implies that funds will be channelled through a single organ to manage the collection and allocation of AfT, e.g. through a separate fund.

Minister Agnes van Ardenne (2002-2007) followed in the footsteps of her predecessor, advocating trade integration for developing countries: 'By providing trade-related assistance we, and other development partners, will help poor countries develop their trade competitiveness, and thus strengthen their economies in their gradual integration into the global economy. A big shift for many economies, which requires measures to protect vulnerable groups, and capacity building to effectively take those measures: Aid for trade. I am shifting the focus of Dutch development assistance to that aim' (Van Ardenne, 2004).

Worldwide, new types of import barriers, in particular TBTs and SPS standards, started to proliferate during the years that minister Van Ardenne was in office. This happened in anticipation of the reduction of tariffs, domestic support, and export subsidies in the Doha Round, and because of increased environmental awareness and consumer concerns about product and food safety, especially in developed countries. It was recognised that this would restrict the impact of trade reforms on development in developing countries. The Netherlands' policy objective to assist in building SPS capacity was emphasised in the joint policy note of the Ministry of Agriculture, Nature, and Food Quality (LNV) and the Ministry of Foreign Affairs. It noted that SPS capacity constraints, such as the lack of certified laboratories, improper regulations, and unqualified personnel made it difficult to comply with international standards (KST 28.318-2, 2002). The Netherlands increased the number of support programmes and public-private partnerships (PPPs). These programmes and PPPs increased the capacity of producers in developing countries to comply with international standards and even private standards, which often go beyond or differ from public standards, but which are *de facto* a condition for exporting to Western markets. These programmes are part of trade development, however, and therefore fall outside the scope of this evaluation. Several policy notes also addressed the need to support developing countries in building the necessary expertise and negotiation skills to participate in the international standard-setting organisations (KST 28.318-2, 2002; KST 29.237-1, 2003). Developing countries gave examples of the misuse of SPS and TBT measures to protect developed countries' markets and stressed the need for having scientific evidence as justification rather than invoking the precautionary principle.<sup>11</sup> In response to this, the Netherlands started to support STDF and standard-setting programmes by the World Bank.

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### 2.2.2 2007-2010: from development-friendly trade agreements to facilitating trade

Because 'it is simply not true that the tide of globalisation is lifting all the boats' (Koenders, 2007, speech), Minister Bert Koenders (2007-2010) emphasised that a Dutch Aft strategy should be designed to help developing countries translate trade agreements into inclusive economic growth. Trade and economic growth policy needed to be integrated into the poverty reduction strategy papers (PRSPs) of developing countries. Minister Koenders decided to strengthen the role of producer organisations, trade unions, knowledge

<sup>11</sup> The precautionary principle is part of the SPS Agreement. When faced with situations where little or only unreliable evidence is available for the assessment of risks to health or the environment, countries have the right to adopt appropriate provisional SPS measures to protect against risks under the precautionary principle (UNCTAD, 2005). The precautionary principle can be applied for a 'reasonable amount of time' while in the meantime, the additional scientific information is being obtained.

institutions, civil society, and media in partner countries to achieve more ownership and local support for trade agreements that would benefit developing countries and have an impact on poverty. This approach was expected to encourage dialogue and expand the institutional capacity in terms of knowledge and expertise. Minister Koenders emphasised the role of trade policy to promote inclusiveness and sustainable growth, which he saw as important conditions for achieving the Millennium Development Goals (MDGs) 1, 7 and 8.<sup>12</sup> A concrete example of how this policy was implemented was the start of the Sustainable Trade Initiative (IDH) in 2008, a PPP that supports the organisation and establishment of sustainable commodity chains. The policy note 'Our Common Concern' (2007) addressed Aft only in broad terms, but was specific on the regulatory role for governments in developing countries in support of PSD and economic growth. The note highlighted support instruments such as trade facilitation, knowledge building, administrative justice, and combating corruption (MFA, 2007).

In 2007, the Council of the EU and the Representatives of the Governments of the Member States meeting within the Council, adopted conclusions on the 'EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries'. These were completely in line with Dutch policy: 'The EU will seek to broaden significantly the inclusion of trade and Aft in poverty reduction and national development strategies by 2010, through:

- enhanced joint policy dialogue;
  - supporting partner countries' use of participatory processes, including local civil societies and trade actors (e.g. private sector, consumer organisations, producer organisations) when establishing poverty reduction and national development strategies; and
  - engagement with other donors and international financial institutions to that end.'
- (Council of the European Union, 2007: p. 6). The conclusions stated in particular that the EU would help facilitate, implement and adjust to trade reform and liberalisation paying specific attention to their impact on poverty reduction, in response to partner countries' own trade-related priorities, in the context of poverty reduction strategies (Council of the European Union, 2007).

<sup>12</sup> MDG 1: To eradicate extreme poverty and hunger; MDG 7: To ensure environmental sustainability; and MDG 8: To develop a global partnership for development.

**Box 2.2** *The EU Aid for Trade Policy*<sup>13</sup>

On 15 October 2007, the EU Council adopted the EU Aid for Trade Strategy aimed at supporting developing countries integrate into world trade. The strategy is a joint EU policy initiative, providing for a double and complementary focus on more resources to Aft and better impact on development objectives, especially with a view to poverty reduction. The EU Aft Strategy is articulated around five key activities:

- Scaling-up total EU Aft in general as well as increasing the specific funding of Trade Related Assistance to reach EUR 2 billion annually by 2010 (EUR 1 billion from EC, EUR 1 billion from EU member states), as promised by the EU in 2005;
- Enhancing the impact and pro-poor focus of EU Aft;
- Increasing EU-wide and member states' donor capacity in line with globally agreed aid effectiveness principles;
- Supporting the ACP regional integration process; and
- Ensuring an effective monitoring and reporting to sustain the process of implementing commitments.

EU Aft is delivered as other EU aid, following agreed Aid Effectiveness principles. This means going through policy dialogue, needs assessments, inclusion of priorities into national and regional development strategies (such as Poverty Reduction Strategy Papers), and formulation of response strategies on this basis. This is the only way to ensure ownership, coherent programmes and sustainability.

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Dutch and EU development policy further stimulated regional integration among developing countries to promote global integration. The 'Our Common Concern' policy note (2007) stressed the importance of LDCs fully exploiting their trade potential. It called on rapidly growing middle-income countries to open up to least developed countries' products. It also advocated asymmetrical market access and flexible rules of origin under the economic partnership agreements (EPAs) (MFA, 2007). Dutch and EU assistance to regional integration included efforts to build the capacity to negotiate and implement regional agreements as well as efforts to stimulate regional trade through trade facilitation. The latter process included technical assistance to modernise and harmonise (customs) procedures and institutional arrangements, including TBTs and SPS standards (Council of the European Union, 2007). This policy concretely led to Dutch and EU support for the World Customs Organization (WCO) for the West and Central Africa region. Regional integration was a cross-cutting priority for all three subcategories of TA for TP&R. In 2009, a working paper on Aft formalised Dutch policy along the lines of what the Netherlands had reported to the OECD (the DDE Aid for Trade, Working Paper, 2009). Based on this paper, the Netherlands decided to support the World Bank Multi-Donor Trust Fund on trade development.

<sup>13</sup> Copied from the website of the European Commission (EC, 2009).

### 2.2.3 2010-2012: Budget cuts, supply-side constraints and value chains

In 2010, the new centre-conservative government cut the budget for development cooperation from 0.8% to 0.7% of GDP. Secretary of State Ben Knapen (2010-2012) reduced the number of themes, concentrating assistance on areas where the Netherlands held a comparative advantage, and reduced the number of partner countries from 33 to 15 (KST 32.500-V-15, 2010).

In line with the recommendations of the Dutch Scientific Council for Government Policy (WRR, 2010),<sup>14</sup> Dutch policy on trade and development remained focused on the establishment of a fair and rules-based international trading system. The latter would give developing countries the necessary support and space in negotiations to look after their interests. Support to the institutions based in Geneva therefore continued.

Support to bilateral PSD programmes, including AFT programmes, was not restricted to the 15 partner countries. Support to the social sectors was partly phased out, putting more focus on economic sectors: 'The emphasis will be on self-reliance, as we move from aid to investment' (KST 32.500-V-15: p. 2). Dutch businesses got more involved in the implementation of development programmes and projects. The PPP with Solidaridad is an example (see KST 32605, no. 56, 2011). This PPP supported the setting up of business support offices in developing countries to facilitate value chain development and the export of commodities that are of strategic economic importance to the Netherlands and have a large environmental impact. Solidaridad organised 'Roundtables' that included local farmers' organisations as well as large multinational companies such as Rabobank, Unilever, Coca Cola, Suikerunie, Nutreco, and Friesland Campina. The increase of domestic, regional, and international sales by the private sector in developing countries became an indicator of success. In 2011, the Netherlands decided to support TradeMark East Africa (TMEA), which focuses on trade facilitation.

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### 2.2.4 2012: A new agenda for aid, trade, and investment

In 2012, a new coalition government of the liberal conservative party (VVD) and the labour party (PvdA) created a new ministerial post: Foreign Trade and Development Cooperation. Combining trade and development was expected to generate synergy. Both the Netherlands and developing countries were to benefit from a more coherent policy on aid, trade, and investment. Trade and investment became more prominent in development policy, because 'no country can develop with aid alone' (Ploumen, 2015, speech). The implicit assumption behind that remark was that trade and foreign direct investment (FDI) – which provides access to capital, technology, markets, and management – are necessary to boost PSD in developing countries. Minister Ploumen particularly encouraged the promotion and support of Dutch exports and investment through government instruments (subsidies and loans), expecting this to boost inclusive growth and poverty reduction in developing countries. Although she continued to stress the importance of institutions and a conducive business climate, she put more emphasis on the role of the private sector and the importance of FDI than her predecessors.

<sup>14</sup> Knapen was a member of the WRR before becoming Secretary of State.

In the 'A World to Gain' policy note (2013), Minister Ploumen underscored her strong commitment to provide technical assistance and capacity building to developing countries for trade facilitation so as to reduce trade costs. The note promised to help low- and middle-income countries acquire the necessary knowledge of the trading system, its procedures, and dispute settlement (ACWL was mentioned), in order to give them more influence (MFA, 2013).

On standards, minister Ploumen wrote: 'Products traded on European markets are subject to strict safety, sustainability and packaging standards. These standards are a barrier to products from low- and middle-income countries. They protect our consumers but indirectly give our manufacturers a competitive advantage. Rather than lowering our standards, we will encourage producers from developing countries to comply with them' (MFA, 2013: pp. 21-22). Several processes were initiated to create sector-specific international corporate social responsibility covenants (ICSR-covenants), e.g. in the garment and textiles industry. The ICSR-covenants are a multi-stakeholder initiative, bringing together businesses, NGOs, knowledge institutes, and the Dutch government, to address societal risks, such as violations to human rights, labour rights, and the environment. Standards have also been a focal area of the EU's AFT strategy. The 2012 EU Communication on 'Trade, growth and development' describes the need to strengthen developing countries' compliance with domestic and international labour and environmental standards (EC, 2012).

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Similar to her predecessors, Minister Ploumen prioritised the completion of the EPAs in her policy. She emphasised the benefits of the EPAs for developing countries in ICTSD's *Bridges Africa* review. She stated that Europe provides developing countries' products with a large consumer market. At the same time, the integration of developing countries into European value chains would create opportunities for technical solutions and innovations from Europe to strengthen developing countries' business sectors (Ploumen, as stated in *Bridges Africa*, 2014). The EPAs were also expected to boost regional cooperation and trade among the African, Caribbean and Pacific Group of States (ACP countries). Regional integration would not only provide a larger internal market, but also encourage developing countries to form blocks to create a stronger global position for themselves in trade negotiations.

In December 2013, the Netherlands and all other WTO members signed the WTO's Bali Package. This package included a commitment to ratify and implement the Trade Facilitation Agreement (TFA) (see box 2.3). By signing the Bali Package, the Netherlands promised to assist developing countries with the necessary technology and investments for building the institutional infrastructure to streamline and harmonise customs formalities, procedures, and documentation requirements. The TFA was a breakthrough in the negotiations since the start of the Doha Round. It differed from earlier WTO agreements because this was the first time a WTO Agreement that linked the implementation of commitments by developing countries to the availability of technical assistance.

**Box 2.3**     *The Trade Facilitation Agreement*

At the WTO's 9<sup>th</sup> Ministerial Conference held in 2013 on Bali, Indonesia, WTO members concluded negotiations on the Trade Facilitation Agreement (TFA), which was the first multilateral trade agreement negotiated and adopted by all WTO members since the start of the Doha Round. In February 2017, the TFA entered into force. The agreement was part of the wider 'Bali Package', which aims to lower trade barriers worldwide. The TFA is divided into three different sections.

Section I of the agreement contains provisions to expedite the movement, release and clearance of goods, through cheaper, faster and more transparent border transactions\* (WTO TFAF, 2015). Moreover, this section includes provisions to encourage customs cooperation and enhance regional integration. According to the 2015 WTO World Trade Report, the full implementation of these measures has the potential to lead to an additional export value of between USD 1.8 trillion and USD 3.6 trillion (WTO, 2015a).

Section II of the agreement contains the specifications for special and differential treatment for developing countries and LDCs. It includes articles on the implementation period and the provision of technical assistance for building the necessary capacity to implement the provisions. With trade barriers being particularly high in developing countries, and with substantial potential efficiency gains on border procedures, proponents of the TFA argue that it will benefit these countries in particular.

Section III contains provisions that establish a permanent committee on trade facilitation at the WTO and require members to have a national committee to facilitate the coordination and implementation of the TFA.

The TFA came at an important moment, providing momentum for the continuation of multilateral negotiations in the Doha Round, which focuses on integrating developing countries into the WTO's rules-based international trading system. The commitment of WTO members to providing technical assistance is seen as a down payment to developing countries to conclude the Doha Round.

More critical voices have expressed their concerns with the current imbalances in the agreement. For instance, a report published by the Geneva-based South Centre argued that because the TFA does not address priorities to increase production and to invest in hard infrastructure, it will primarily lead to the facilitation of imports and increase trade deficits in developing countries (South Centre, 2013). Another criticism reflects the concern that developing countries are better off with tailored agreements that allow them to reform in their own manner, rather than through multilateral agreements with binding obligations (South Centre, 2013).



The success of the TFA will depend on the implementation of trade facilitation and the technical assistance provided to help developing countries tailor the agreement to also benefit their exports and build trade capacity. The agreed technical assistance falls completely within the AfT category of TP&R.

\* *The integration of border posts and mandatory electronic payments (i.e. through the implementation of electronic single windows) are at the basis of these reforms.*

### 2.2.5 Policy objectives and interventions

The overarching goal of Dutch AfT policy in the period 2007-2016 was to facilitate the integration of low- and middle-income countries into a rules-based global trading system, so that increased trade flows would lead to economic development and poverty reduction in a sustainable and inclusive manner. Three explicit policy objectives for TA for TP&R contributed to this overarching goal and led to the specific interventions that are the subject of this evaluation.

First, Dutch and EU TA for TP&R had to enhance the role of trade policy in development. For this, support was given to strengthen developing countries' trade policy and negotiating of capacity. The emphasis was twofold. First, emphasis on knowledge and creating awareness of the role that trade could play and of the advantages of a rules-based trading system, also for developing countries. Second, emphasis on technical assistance to build the developing countries' capacity to negotiate trade terms, which would facilitate their economic development. This translated into support to the institutions based in Geneva, such as the ICTSD, ACWL, and the WTO (the Netherlands Trainee Programme (NTP)). Later, the emphasis shifted to integrating trade policy into national and regional development strategies. For this, support was given to ICTSD, Tralac, ZNF for their Globalising Trade Justice (GTJ) programme, and more recently (in 2016) to the Enhanced Integrated Framework (EIF).

A second policy objective has been trade facilitation to reduce the complexity and cost of regulations and procedures for developing a country's trade. Trade facilitation can reduce the cost and time of trade, thereby increasing developing countries' access to and competitiveness in international markets. As for improving regulations, one can think of customs rules, tax rules, security rules, visa formalities, sanitary and phytosanitary (SPS) controls, transport rules, trade licensing, e-customs procedures, insurance, and clearance procedures. Instruments to improve trade facilitation include TMEA, WCO, the World Bank MDTF-TD2, and the World Bank TFF.

Third, Dutch and EU development policy underlined the role of standards, such as SPS and TBT standards. This generated activities to reduce border rejection, maintain a market share in existing markets, and increase access to new markets. Initially the emphasis was on creating awareness of the trade-facilitating role of standard compliance, strengthening the institutional framework in developing countries, and their participation in international standard bodies. Support to STDF was in line with this. Later on, more emphasis and support was given to private sector initiatives, notably through IDH, Solidaridad, Fair Trade Original (FTO), and the Fair Wear Foundation (FWF).

Regional integration played a cross-cutting role. European and Dutch development policy emphasised the role of regional development strategies, regional market development, regional trade facilitation, and regional harmonisation and mutual recognition of standards. The idea was that regional integration could serve as a stepping stone to global integration. As developing countries gradually set and complied with higher standards, they would eventually enter high-standard markets. Regional integration would also allow developing countries to act as a trade block in trade negotiations, giving them a stronger bargaining position.

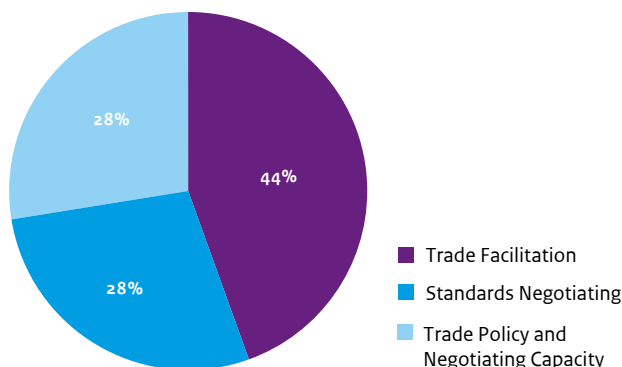
An example of support for trade policy and negotiating capacity with a strong focus on regional integration is the support to Tralac, including Tralac's EPA Programme. Regional integration was an important objective in the programme. Support to the ICTSD's EPA programme also specified the need to promote regional integration in African countries. An example of a trade facilitation project with a focus on regional integration is the effort by the World Bank's TFF programme to reduce the transaction time and costs of trade for compliant economic operators along the Abidjan-Lagos road corridor in Ghana and Côte d'Ivoire and at their main ports.

Finally, support to STDF is an example of a programme that also focuses on regional integration within the standards category. STDF provided funding to the Inter-American Institute for Cooperation on Agriculture (IICA) and its country members to comply with the SPS Agreement, in essence to encourage regional integration.

### 2.2.6 TA for TP&R portfolio and expenditure

During the period 2007-2016, a total of EUR 162.3 million was spent on TA for TP&R programmes. Figure 2.1 shows the distribution of expenditure across the three subcategories.

**Figure 2.1** Dutch bilateral and multilateral expenditure on TA for TP&R (2007-2016)

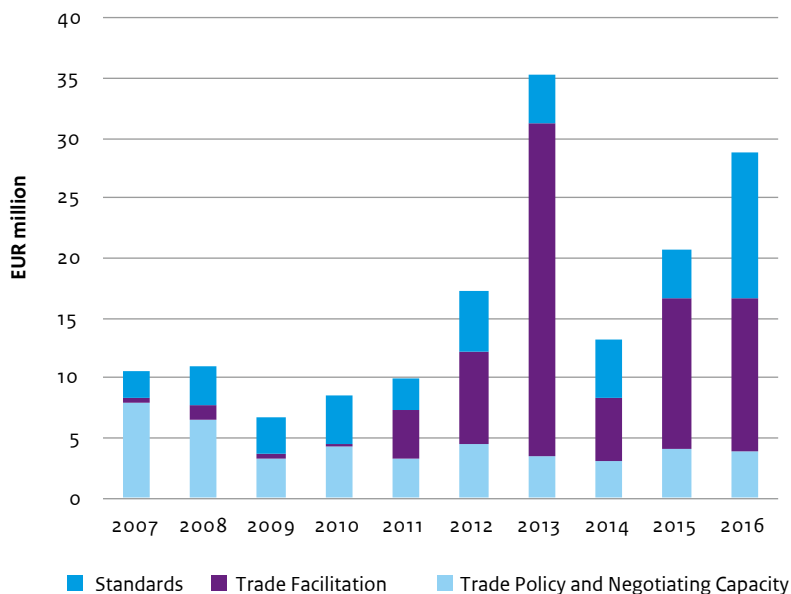


Source: financial administration MFA (Piramide).

Figure 2.1 shows that trade facilitation programmes received the largest share of the budget that was spent on TA for TP&R between 2007 and 2016. Total spending on trade facilitation programmes in this period equalled EUR 72.3 million. Support to TMEA, TFF, and MDTF-TD2 formed the bulk of the expenditure in this category (accounting for over 88% of trade facilitation expenditure). The shares of expenditure on standards and trade policy and negotiating capacity, which amounted to EUR 45.4 million and EUR 44.7 million respectively, were smaller. Support to STDF, IDH, Solidaridad and FWF formed the bulk of the expenditure on standards programmes (together almost 87% of funding in this category). Support to Geneva institutes (e.g. ACWL, ICTSD, and NTP)<sup>15</sup> made up the greater share of expenditure on trade policy and negotiating capacity programmes (71% of this category).

Figure 2.2 shows expenditure on TA for TP&R over time. The share of trade facilitation programmes increased from EUR 0.6 million (5% of total TA for TP&R) in 2007 to EUR 12.8 million (44%) in 2016. Spending on standard programmes also increased, from EUR 2.3 million (21%) in 2007 to EUR 12.1 million (42%) in 2016. As a result, relatively speaking funding for trade policy and negotiating capacity programmes decreased over time. However, the absolute amounts in this category also decreased. Whereas it still accounted for EUR 7.9 million (74%) in 2007, by 2016 this had been reduced to EUR 3.9 million (14%).

**Figure 2.2** Dutch bilateral and multilateral expenditure on TA for TP&R (2007-2016)

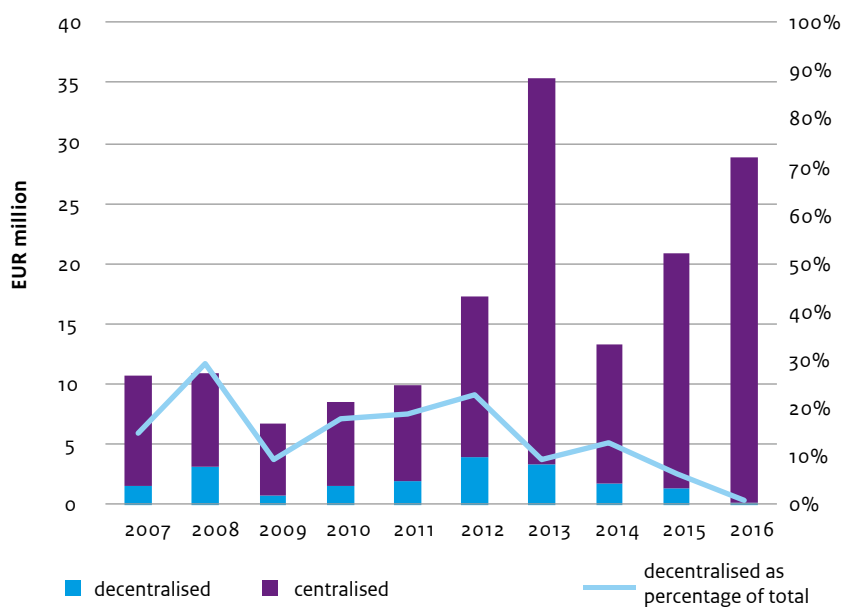


Source: financial administration MFA (Piramide).

<sup>15</sup> This also includes programmes that are not part of the sample.

Figure 2.3 shows the division of labour between the Ministry for Foreign Affairs in The Hague and the Embassies of the Kingdom of the Netherlands (EKNS). Almost all of the programmes were financed from central budgets. DDE was responsible for the majority of the programmes in the dataset (75%, equalling EUR 121.1 million for the period 2007-2016). Only a small part of the programmes (11.8%, equalling EUR 19.2 million for period 2007-2016) was supported by the embassies' decentralised budget. Annual expenditure from decentralised budgets never exceeded EUR 4.0 million. Figure 2.3 also shows the percentage of decentralised expenditure as a percentage of total spending on TA for TP&R. This percentage has decreased over time, to 0.7% in 2016.

**Figure 2.3** Centralised versus decentralised TA for TP&R expenditure (2007-2016)



Source: constructed using data from financial administration MFA (Piramide).

## 2.3 Intervention logic

Our study of Dutch policy over the years revealed that policies concentrated on what should be attained rather than how. Policy objectives were clearly formulated, although in general terms and in terms of outcome. There were many objectives related to trade and Aid for Trade in general, but very few on TA for TP&R in particular. How the policy objectives were supposed to be achieved was hardly ever described in policy documents. How they were thought to be achieved was evident from the selection of interventions. Of course, behind this selection was the expectation that the interventions could attribute or at least contribute to the policy objectives. To make this relation clear and verifiable, we constructed an

intervention logic (figure 2.4) that schematically shows how interventions are expected to lead to results. This intervention logic was constructed based on information obtained from policy officers, programme and project proposals, and appraisal reports. Policy officers agreed with the intervention logic and often referred to theoretical and empirical literature to underpin the assumption that increasing trade and trade diversification leads to economic growth and poverty alleviation, the objectives of development cooperation.

The WTO AFT Task Force outlined multiple goals for Aft. They include assisting developing countries to: increase exports, increase market access, build supply-side capacity, increase adjustment capacities, enhance regional integration, improve growth prospects, and reduce poverty (WTO, 2006). In this evaluation, we combined these goals in two overarching goals: trade growth and trade diversification and examined the intensive margin (current traders/countries trade in greater volumes) and the extensive margin (more markets and more diversified products).

Figure 2.4 Reconstructed intervention logic

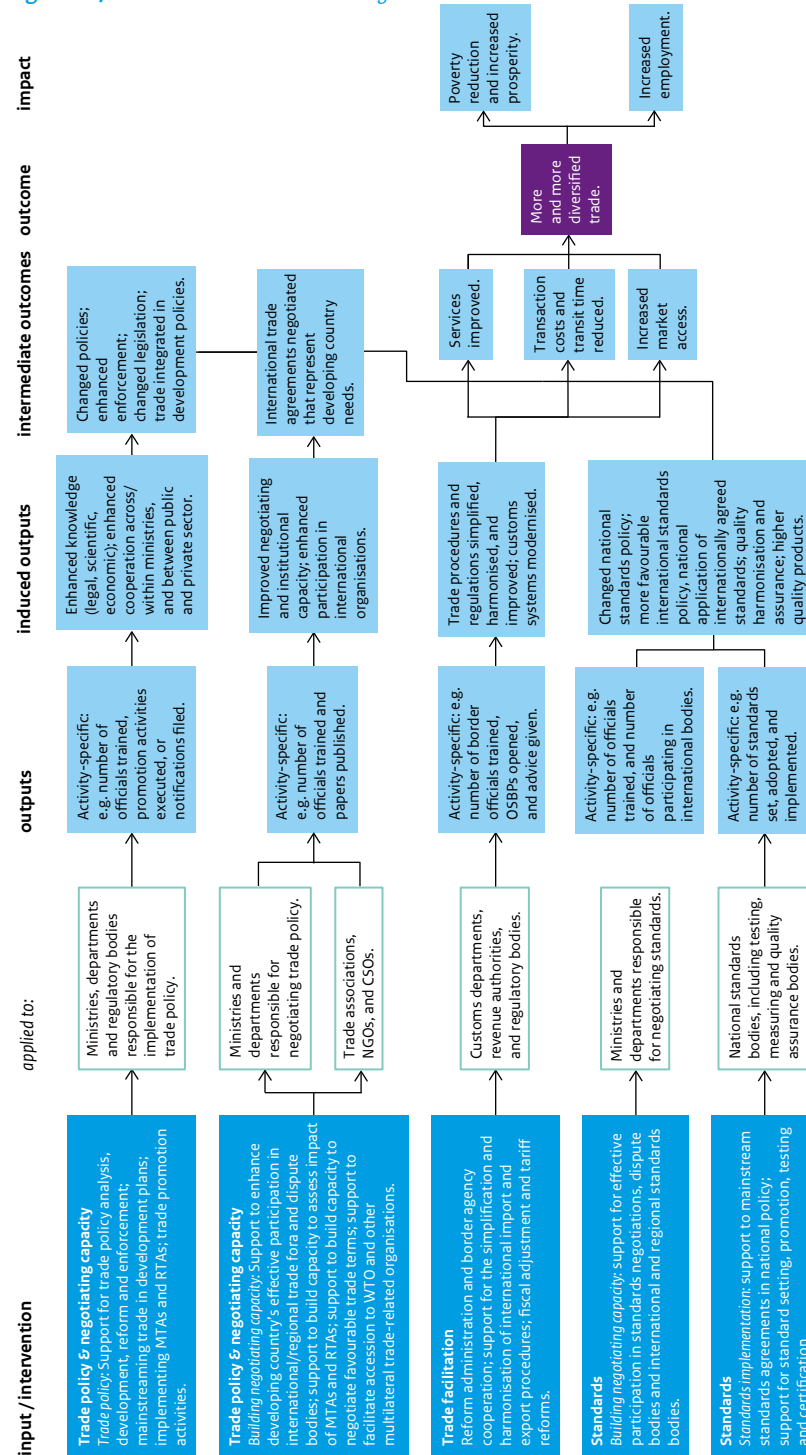


Figure 2.4 shows the steps and processes that should lead from the interventions to more and/or more diversified trade. *Interventions* comprise activities such as training, traineeships, national trade and development analyses, website development, reform of procedures, and academic papers and publications. *Outputs* are the direct immediate results of the TA, which are within the sphere of control of the executing agent. Measurable outputs include the number of officials or trainees trained, national trade analyses and diagnostic studies done, websites that went live, website visits, and papers published. *Induced outputs* are the direct result of the outputs provided by the TA, but are beyond the control of the providers of TA. Induced outputs consist of improved participation in negotiations, as well as the ability to affect the results of negotiations, tax reforms, trade policies integrated into national development strategies, streamlined customs procedures, improved participation in international standard setting, and enhanced levels and enforcement of standards. The intermediate outcomes are the stepping stones to more and increasingly diversified trade. TA for TP&NC first requires a change of policy or a different outcome of trade negotiations as intermediate outcomes. The other interventions lead more directly to the three intermediate outcomes: improved services, lower trading costs, and increased market access. Achieving these intermediate outcomes and their effect on the final outcome, namely more trade and more diverse trade, takes time. This makes attribution very difficult. Attribution is almost impossible if we look at the expected impact in terms of poverty alleviation, increased prosperity, and employment. Nevertheless, this last step is necessary to make the intervention logic consistent with Dutch development policy.

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The intervention logic distinguishes between the three categories of interventions that we defined in chapter 1. Interventions under TA for trade policy and negotiating capacity are listed in two separate boxes. The top intervention box describes activities that support countries primarily in developing, implementing, and enforcing trade policy and integrating trade policy in development strategies. The second intervention box describes activities directed at building institutional capacity to negotiate favourable trade terms. The road from TA for trade policy and negotiating capacity to actual trade is longer than from TA for trade facilitation to trade. To visualise that, two stages of intermediate outcomes were incorporated into the intervention logic.

Interventions to improve the infrastructural capacity, which fall within the scope of TA for TP&R, are interventions directed at the regulatory infrastructure, as explained in chapter 1. This soft infrastructure includes customs rules, tax rules, security rules, visa formalities, transport rules, trade licensing, e-customs procedures, duty payments, insurance, and clearance procedures. Because TA for physical infrastructure is outside the scope of this study, it is not included in the intervention logic.

The lower two intervention boxes describe interventions dealing with standards, distinguishing between support for standard setting and negotiating capacity and support for the implementation of standards. Regarding the first box, one can think of activities that enhance negotiators' knowledge on standards and on national limitations so they can negotiate favourable standards in international standard-setting bodies. The second box refers to support that enhances national standard bodies' and other institutions' abilities to

learn about, implement, maintain, and control standards, in order to reduce rejection from export markets and enhance trade. The Netherlands has financed interventions that assist in developing recipient countries' institutional framework with respect to standardisation, testing, and quality assurance services. This support included both public and private institutions and the regulatory framework within which they operate.

We have constructed more detailed intervention logics for the three categories of programmes in chapters 3, 4, and 5. Similarly, we have also constructed intervention logics for the individual programmes, which can be found in appendix 1. Because the intervention logic presented in figure 2.4 provides an aggregated description, it deviates somewhat from the intervention logics of the individual programmes and from the intervention logics constructed for the three categories.

## 2.4 Empirical evidence on trade-led economic growth and poverty reduction

Maximising linkages with the rest of the economy and increasing adjustment capacities are goals that are part and parcel of any trade-enhancing policy. Regional integration, inclusive growth, and poverty reduction may be the results of trade, but they require a great deal more than trade alone. Chapters 3, 4, and 5 evaluate the achieved outputs and induced outputs and their likely effect on trade and trade diversification. The remainder of this chapter looks at the assumptions that complete the intervention logic. We answer the question of whether trade growth and trade diversification have led to economic growth and poverty reduction by reviewing the empirical evidence in the economic literature. Key questions are: is there an effect of trade on growth and poverty, is the effect positive or negative, and what is the extent of the effect?

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### 2.4.1 The effect of trade on economic growth

Economic theory generally supports the conclusion that trade positively affects economic growth. The underlying effects of this relation consist of both static and dynamic effects. In traditional trade theory, trade allows a country to specialise production and reallocate resources more efficiently according to its comparative advantage. Other static benefits that can be realised through trade include improved efficiency from increased competition and economies of scale and scope due to the created larger and new (international) market(s). Consequently, the (static) effect of an increase in trade (e.g. as result of a tariff reduction) is a one-off increase in output and a (short-run) increase in the rate of economic growth (Nowak-Lehmann, 2000). According to dynamic trade theory, trade also creates additional dynamic effects. These effects enhance the rate of output growth in the long run, as additional resources (e.g. human and physical capital and foreign exchange) become available or as a result of learning by doing (also with respect to marketing). Dynamic effects include the accumulation of capital via a spillover effect of technology and R&D embodied in imported goods. Access to foreign exchange and learning by doing in market penetration may also cause such dynamic effects. Finally, the indirect effects of trade, such



as enhanced quality of macroeconomic policy and increased x-efficiency<sup>16</sup> may also influence the rate of economic growth in the long run (Nowak-Lehmann, 2000).

Empirically proving the theoretical relation between trade and economic growth is not easy.<sup>17</sup> A wide array of empirical literature exists on the trade-growth nexus. Empirical studies include different indicators to measure this relation. Indicators used include the effect of ‘trade openness’ on income or the effect of ‘trade liberalisation’ on economic growth. On the effect of trade on growth, the weight of the evidence indicates that there is indeed a positive correlation (Busse and Königer, 2012; Higgins and Prowse, 2010; Winters and Masters, 2013). Several studies further distinguish between imports and exports and find positive effects on growth for both (e.g. Busse and Königer, 2012). Positive effects have been found for countries at all levels of economic development, also for developing countries (Busse and Königer, 2012; Brückner and Lederman, 2012). The empirical evidence shows that the extent of the effect of trade on income depends on structural characteristics, for countries as well as for different groups of people within a country. Higgins and Prowse (2010) find that important factors influencing the extent of the effect include the types of goods that are traded, political power structures, the investment climate, and macro-economic variables. Improving the trade-related aspects of a country’s business and investment climate, and creating an ‘enabling environment’ is therefore necessary to harness the growth potential of trade. The enabling environment can be defined as the institutional and infrastructural setting, including standards and customs, regulations, policies, trade agreements, and trade-related infrastructure. A country’s enabling environment can therefore facilitate or hinder a business in its ability to connect to GVCs. The importance of the enabling environment for the trade-economic growth relation underpins the relevance of TA for TP&R programmes that address the enabling environment. TA for TP&R can help developing countries to achieve more trade-led economic growth.

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#### 2.4.2 The effect of trade on poverty reduction

Economic theory suggests that there are several channels through which trade can reduce poverty. A direct effect of trade on poverty stressed in trade theory is that it improves returns to production factors that the trading country is abundant in. For developing countries, which are generally abundant in labour (with wages lower than international averages) and scarce in capital (with interest rates higher than international averages), trade is expected to help reduce poverty and improve income distribution. It can achieve the latter by improving wage and employment conditions. Trade theory further postulates that trade generates competition that increases product variety and lowers the price of products, including products bought by poor consumers. Trade can also indirectly help to reduce poverty through economic growth and macroeconomic stability. As mentioned when discussing the trade-growth nexus, trade creates economies of scale and scope, and facilitates the diffusion of knowledge and technological progress that enhance productivity. The resulting increase

<sup>16</sup> Improvement of x-efficiency describes processes that enhance efficiency in a less-than-perfectly competitive world. Improvements include better management and more productive staff, also in sectors other than the exporting sectors.

<sup>17</sup> See, for example, Brückner and Lederman (2012); Winters et al. (2004); and Rodriguez and Rodrik (2000) for a more detailed discussion.

in production boosts incomes and government revenue. The use of government revenue in a pro-poor manner, including spending on safety nets, education, and healthcare, will benefit the poor. Finally, trade reduces the impact of local economic shocks, such as food shortages, directly affecting poverty, or through the creation of more macroeconomic stability.

Empirical research on the trade and poverty nexus, however, has shown more ambiguous results. The findings generally conclude that trade does have the effect of reducing poverty (Winters and Martuscelli, 2014; Winters et al., 2004; EC, 2015). However, the evidence also shows that the relation is complex. Indeed, the effect differs across countries, and the extent of the effect is contingent on certain preconditions and contextual factors. In a 2008 cross-country assessment of the relationship between trade, development, and poverty reduction CUTS found that the same set of policies resulted in distinct outcomes in different country contexts (CUTS, 2008, as stated in Higgins and Prowse, 2010). Winters and Martuscelli (2014) reviewed the trade and poverty literature and concluded that the impact of *trade reform* varies case by case, depending on the pre-existing economic situation of the country, the type of reforms, and the poor's main sources of income (Winters and Martuscelli, 2014). Le Goff and Singh (2013) empirically studied the effect of *trade openness* on poverty and found that the effect may depend on complementary reforms that help a country take advantage of international competition. Analysing a panel of 30 African countries over a 30 years period they found that trade openness tends to reduce poverty in countries where financial sectors are deep, education levels high, and governance strong (Le Goff and Singh, 2013). An empirical study by the European Commission (EC) (2015) on the effect of *export performance* on poverty provided strong empirical evidence that exports and trade in general have the effect of reducing poverty, but also found that the impact is contingent on having access to credit: 'Key findings from the empirical exercise point towards a poverty reducing impact of exports, if combined with a better access to credit, which ensures that businesses can enter the market and profit from the opportunities offered by the export market' (EC, 2015: p. 6).

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### 2.4.3 The role of Aid for Trade

The idea behind using ODA to enhance trade in developing countries is that trade is an effective and efficient way to increase economic growth and welfare, including poverty alleviation. Aft has been provided to help developing countries improve their trade performance and better integrate into GVCs, thereby meeting certain preconditions that allow for a positive effect on growth and poverty reduction. Aft intends to help overcome structural and capacity constraints that hamper trade, in order to maximise the positive effects of trade on growth and poverty. 'Aid for Trade should be programmed to optimise the positive, and limit the negative impact of trade expansion on poor people' (Higgins and Prowse, 2010: p. 12).

The effect of AfT (all categories) on trade has been studied from multiple angles. Studies include AfT disaggregated by sector, category of aid,<sup>18</sup> geographical region, quantifiable outcomes, such as trade costs and transit time, and a combination of these approaches.<sup>19</sup> The empirical findings on the effectiveness of AfT have been somewhat mixed. Overall the bulk of the evidence shows a positive and significant effect on trade performance, but the impact tends to vary considerably depending on the income level and geographical region of the recipient country, and on the areas of trade capacity that are addressed by the AfT (Basnett et al., 2012). Various studies conclude on the basis of cross-country regression analysis that trade facilitation and institutional infrastructure are the most effective categories of AfT in terms of trade performance (Cali and Te Velde, 2011; Hühne et al., 2013; Basnett et al., 2012).

Hühne et al. (2013) find that AfT increases recipient exports to donors as well as recipient imports from donors. Their estimations suggest that a doubling of total AfT would imply an increase of 5 per cent of recipient exports to donors and an increase of 3 per cent of recipient imports from donors. This is in line with findings by Helble et al. (2012) and contradicts the, in the words of Hühne et al., ‘skeptical view that donors grant AfT primarily to promote their own export interests’ (Hühne et al., 2013: p. 16). Hühne et al. find that their conclusion on trade between donors and recipient countries also holds when disaggregating AfT into its three subcategories ‘economic infrastructure’, ‘productive capacity’ and ‘trade policy and regulations’. Interestingly, they find TP&R to be the most effective form of AfT. A doubling would be associated with a ten per cent increase in recipient exports. This is in line with similar findings by Cali and Te Velde (2011) and Helble et al. (2012).

<sup>18</sup> For instance, defined by (groups of) CRS codes, such as AfT disaggregated according to Aid for Trade policy and regulations, aid for economic infrastructure, and aid for productive capacity.

<sup>19</sup> For an elaborate overview of different studies and their results, see for instance Basnett et al. (2012) and Te Velde (2015).





3

## Trade policy and negotiating capacity

### 3.1 Introduction

The trade-related development policies of the Netherlands and the EU have emphasised the need for TA for TP&R to build trade capacity in developing countries to facilitate their integration into the rules-based global trade system. An important aspect of this type of technical assistance is building trade policy and negotiating capacity (TP&NC) to enhance developing countries' ability to reform trade policies, integrate trade policies into national development strategies, and negotiate favourable trade terms in regional and international trade negotiations and dispute settlements.

This chapter provides the overall findings on the technical assistance (co-)financed by the Netherlands on trade policy and negotiating capacity. It covers several elements. First, we discuss the achieved output and induced output to assess effectiveness. Second, we review the role donor coordination has played in achieving these outputs and induced outputs. We look at donor coordination because engagement with other donors was mentioned in the 2007 conclusions by the Council of the EU and because donor coordination can improve the efficiency of the technical assistance programmes. Third, we draw conclusions about the likelihood that the outputs and induced outputs have contributed to the achievement of expected outcomes. Finally, we present our conclusions on the implementation and results of this type of technical assistance.

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### 3.2 Achieved output and induced output

The programmes evaluated as part of TA for trade policy and negotiating capacity are ACWL, ICTSD, NTP, GTJ, and Tralac. A detailed, individual assessment of each of these five programmes is provided in appendix 1. Together these five programmes account for EUR 20.7 million (46.3% of total spending on TA for TP&NC) for the period 2007-2016. The outputs, induced outputs, and expected intermediate outcomes that fall within the scope of this study are presented in the intervention logic in table 3.1 in more detail than in figure 2.4.

Table 3.1 Intervention logic TA for trade policy and negotiating capacity		
Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>• People trained;</li> <li>• Departments reinforced;</li> <li>• Studies and research done and disseminated;</li> <li>• Seminars, workshops, visits, and campaigns organised;</li> <li>• Trade needs assessments executed;</li> <li>• Websites launched and maintained;</li> <li>• Dialogue platforms organised;</li> <li>• Policy and legal advice given;</li> <li>• Networks created and maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• Better understanding of international trade agreements;</li> <li>• Better understanding of the WTO system and the different positions that the WTO members hold in trade negotiations;</li> <li>• Enhanced cooperation across and within ministerial departments;</li> <li>• Enhanced knowledge (legal, scientific, economic) and improved negotiation skills;</li> <li>• Increased involvement of private sector and civil society in beneficiary country;</li> <li>• Enhanced participation in international organisations and trade and dispute bodies;</li> <li>• Better position in regional and international trade negotiations and dispute settlements.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced implementation of trade policies;</li> <li>• Enhanced trade law enforcement;</li> <li>• Changed policies;</li> <li>• Changed legislation;</li> <li>• Trade policies integrated into development strategies;</li> <li>• More favourable trade terms.</li> </ul>

### 3.2.1 Achieved output

Data on achieved outputs were obtained from programme and project proposals, appraisal reports, (annual) plans, internal reviews, evaluations, and interviews with policy officers, beneficiaries, international organisations, and representatives from the programmes.

The programmes in question all documented their direct outputs, providing qualitative and quantitative data. NTP maintained a database of alumni, including data on the number of trainees trained annually, per region, and from LDCs, as well as data on what position alumni hold in ministries. The number of people trained annually corresponded with the intended number of trainees. In addition, the study trips that were planned, such as visits to Clingendael and the Port of Rotterdam, went ahead. For ACWL, data provided on the achieved outputs included a tally of legal opinions and advice provided by subject and by level of development (GNP/capita), and information on alumni of ACWL's traineeships. Because ACWL used a demand-driven approach, there were no specific quantified targets. ICTSD provided quantified documentation on direct outputs such as website visitors, participants in organised events, seminars and dialogues, and the number of subscriptions to *Bridges*.<sup>20</sup> ICTSD had a high level of output. It produced many papers, actively used social media, and organised numerous events. The output of Tralac and the GTJ programme also generally went according to plan. Our findings on the achieved outputs correspond to those

<sup>20</sup> Since 1997, ICTSD has been publishing *Bridges*, a tool to disseminate information and knowledge on global trade and related topics, discussed from a sustainable development perspective. In addition to *Bridges*, ICTSD also publishes regional and thematic periodicals, including *BioRes* (on the nexus of trade and environment) and *Bridges Africa* (with an African perspective on trade).

in evaluations, which consistently indicate that the planned outputs have generally been achieved (e.g. Ecorys, 2010; PwC, 2014; Saana Consulting, 2014b).

Yet there are differences in monitoring and evaluation. ICTSD puts a great deal of effort into the M&E of outputs. ICTSD's M&E system, which has a detailed log frame with specific targets for all outputs, makes it possible for them to easily measure and assess their achievements. ICTSD has published several impact reports and reported on the follow-up of recommendations made in earlier evaluations. This willingness to be flexible and continuously improve its M&E system is expected to contribute to the quality of ICTSD's outputs. And indeed, evaluations have described ICTSD's knowledge products as 'impartial', 'real-time' (with an excellent ability to identify emerging priority areas), and of 'high quality', and its dialogues as 'fruitful' (Turner, 2008; Saana Consulting, 2014c). NTP, ACWL, and Tralac had more basic M&E systems in place. These organisations' M&E systems provided only limited information on the quality of outputs. Evaluations of training and conferences typically asked about client satisfaction, only providing the subjective appreciation of the usefulness and the quality of outputs. For certain other outputs, there was no information whatsoever about the quality. ACWL provided very limited information on outputs from dispute settlement support and legal advice, because of the confidential nature of its services. While understandable, this made it difficult to assess the quality of outputs. These findings were confirmed by the 2014 PwC evaluation of ACWL, which stated that the restricted access to performance data made it difficult to determine the effectiveness of ACWL's outputs (PwC, 2014). GTJ did not have an M&E system in place at all. The available documentation and the single evaluation indicated that generally outputs were produced. But in the absence of an M&E system, it is impossible to draw conclusions about the quality of the outputs.

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External evaluations qualify the papers, contributions, conferences, and curricula of the supported organisations as highly relevant. The quality of M&E systems is an indicator of the professionalism of the organisation, reduces the risks of mistakes and therefore of implementation costs, and increases the chance of successful and sustainable outcomes. This was confirmed by the assessments of the files, the progress reports, evaluations, and the interviews with policy officers, managers of the executing agencies, and stakeholders who benefitted from the activities.

### 3.2.2 Achieved induced output

Unlike the generally convincing measurement and achievement of outputs, the measurement and reporting of induced outputs was more limited. Nevertheless, evaluations and interviews were used to provide some idea of the direct effects of achieved outputs. To gain insight into the effect of the traineeships at NTP, ACWL (the Secondment Programme), and Tralac (the Scholarship Programme), several former trainees, their supervisors at ministries, and other parties involved were interviewed.



### Traineeships

The information on the effect of the traineeships was positive and indicated that the traineeships were helping to change trade policies, increase the integration of trade into national development policy, and enhance negotiating capacity in trade negotiations. The induced outputs that were mentioned and described included enhanced knowledge (legal, scientific, economic) and improved negotiation skills. The training improved the alumni's knowledge of trade issues and WTO policy/law, and the alumni were able to show how they had disseminated their knowledge since returning to their ministries. Activities they had undertaken on their return included establishing a unit to monitor AFT in all ministries, initiating high-level interdepartmental policy dialogues, participating in regional and WTO negotiations, and providing advice to the minister of trade and country delegates on WTO trade policy/law. Given the small size of many trade departments and the now senior positions of former trainees in these trade departments,<sup>21</sup> the impact of the induced outputs was substantial. The alumni also mentioned that participating in the WTO process and attending meetings increased their understanding of the WTO system and created a better understanding of the different positions on trade issues of various member countries and of the constraints that their countries faced. Trainees became ambassadors of the WTO system and WTO policy/law and helped LDCs understand how effective participation in negotiations can provide trade opportunities. They had a positive effect on the LDCs' awareness of and participation in the WTO system, as well as on their trade policy formulation and negotiating capacity in general.

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Another induced output that was mentioned was the integration and increased importance of trade policy in national development strategies. To illustrate this, a superior of an alumnus from the ACWL Traineeship noted that the Ministry of Trade had moved up in the hierarchy of ministries, and that programmes such as the ACWL Traineeship has contributed to this change. The evidence collected indicated a ripple effect that increased the effectiveness of the programmes.<sup>22</sup>

The extent of the effect on policy, legislation, and trade agreements depends on the country's institutional capacity and general quality of governance, however. The effectiveness of LDCs participating in the WTO depends on their level of institutional capacity and awareness of the role of the WTO system. Traineeships can strengthen this capacity and awareness, but cannot raise the general level. Tralac, for instance, noted that 'Institutional capacity is as necessary as individual competencies, if trade is to contribute to the achievement of longer-term development priorities, such as employment creation and poverty alleviation. ... Lack of institutional capacity in many government departments, and other organisations in Africa, is a key challenge for effective policymaking and implementation. Management of policy processes, to ensure that all stakeholders contribute to and buy into policy, presents important challenges' (Tralac, 2006: pp. 5-6). The importance of a certain minimum level of capacity was also mentioned in interviews. A former lecturer in Tralac's Scholarship Programme noted that the level of the course was high, and required a post-graduate level and a certain minimum level of professionalism from the scholars.

<sup>21</sup> Several former trainees were promoted to high-level positions at ministries.

<sup>22</sup> An extensive description of the induced outputs can be found in appendix 1.

A policy focus on LDCs therefore requires simultaneous and coordinated assistance to increase the trade policy capacity of LDCs both at home and in Geneva. Cooperation among LDCs and peer reviews can play an important role in this process. The WTO's Sub-Committee on LDCs provides a platform for cooperation that could be better used. The Permanent Representative of the Netherlands, who currently holds the chair of this sub-committee, could be instrumental.

#### *Legal services*

According to the former trainees interviewed and the evaluations and literature on ACWL, the legal opinions and dispute settlement support provided by ACWL created more effective negotiating positions for the beneficiary countries (Bown, 2009; PwC, 2014). However, given the confidential nature of the support and the absence of an appropriate performance framework, the extent of this effect could not be assessed. Because Dutch development policy focuses on LDCs, the LDCs' limited use of ACWL's specific legal advice and Dispute Settlement Unit (DSU) for litigation support is important. Yet the search for reasons was inconclusive. A lack of knowledge of ACWL's existence among policy officials in LDCs could be a reason. In Uganda and Benin, knowledge of ACWL was very limited, even in ministries of trade. Several highly positioned officials working on trade in ministries who were interviewed during the field visits were unaware of the existence of ACWL. Dutch policy officials confirmed our findings, stating that ACWL is well known among representatives of LDCs in Geneva, but not in the capitals of LDCs. Another explanation of LDCs limited use of ACWL's services may be their lack of capacity to identify lost market access and their lack of knowledge on the enforcement possibilities that WTO provides (Bown, 2009). Yet the most important reasons why LDCs are not making more use of ACWL may be that they trade primarily under preferential trade agreements, benefit from special and differential treatment provisions in WTO Agreements, and receive other financial benefits that they do not want to jeopardise by litigation in WTO. Despite the limited use of ACWL's legal services by LDCs, they did benefit from the organisation's general legal support, such as the legal support it provided during negotiations on the Trade Facilitation Agreement and on the extension of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) waiver.

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#### *Information services, networks, and dialogues*

The provision of information services, including targeted research, pilot studies, and specific policy support, and the building of networks and dialogues to extend knowledge creation, to facilitate cooperation, and to disseminate information, had positive effects on the institutional capacity in beneficiary developing countries. Reports, studies, and policy research papers, e.g. on the EPAs, provided by organisations such as ICTSD, Tralac, Inzet, BothENDS, and SOMO, proved to be effective instruments that provided developing countries with useful information that enhanced their knowledge. However, the extent of the effect depended on the communication infrastructure that developing countries need so they can easily access the information and the reputation of the organisations that provided the expertise.

To illustrate this, both the interviews and evaluations (e.g. Saana (2014c) and Turner (2008)) provided evidence that ICTSD's information services and the creation and dissemination of knowledge in dialogues helped to enhance the institutional capacity of different private and public sector stakeholders. In Uganda, ICTSD's outputs were highly rated, and used by policy officials to better understand trade issues and prepare for negotiations. Southern CSOs also used that information, e.g. PASCiB<sup>23</sup> in Benin and SEATINI<sup>24</sup> in Uganda. PASCiB used the work of ICTSD to strengthen its position in contributing to national and regional dialogues and its advice to stakeholders on the implications of international agreements. It mentioned Bridges as a useful tool for information dissemination and awareness creation, both for PASCiB and other stakeholders in West Africa. SEATINI in Uganda said it used ICTSD's information platform to learn about EPAs, but also mentioned that ICTSD was too far removed from their ideology and their opinion on how the position of Uganda as a developing country should be strengthened in international trade negotiations, including the EPA with the EU.

The effect of ICTSD's outputs on enhancing institutional capacity is generally rated as high, but it is also influenced by ICTSD's reputation among different stakeholders. The interviews held in Geneva as well as Uganda and Benin showed that policymakers from developed countries view ICTSD as a development organisation, while policymakers from developing countries see them more as a neutral research organisation. CSOs in developing countries, such as SEATINI, stated that ICTSD was too balanced in their analysis. The use of ICTSD's outputs is also determined by the reputation and perception of ICTSD. ICTSD indicated that whether the knowledge obtained by country representatives in Geneva reached officials in capitals depended on the capability of the country delegates to communicate this knowledge. In general, ICTSD found that country delegates from LDCs have more difficulty acting as knowledge brokers. The fact that not all LDCs have permanent representation in Geneva further reduced the likelihood that knowledge created and acquired in Geneva reached policy officials in the capitals of LDCs.

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### Support to CSOs

CSO networks are important, not only to inform the public and policymakers on trade policies and specific trade effects, but also to increase support for trade policy as a vehicle for sustainable development. CSOs hold governments accountable, and enhance policy implementation and trade law enforcement. The achieved induced outputs by the GTJ programme that supported CSOs was limited as far as could be assessed and depended heavily on the existence and maintenance of long(er)-term relations and trust between Northern and Southern CSOs. The GTJ programme only succeeded in empowering those Southern partners that the ZNF organisations had known already for a long time. In other

<sup>23</sup> *Plateforme des Acteurs de la Société Civile au Bénin* – Platform of civil society organisations in Benin. PASCiB is a platform that aims to enhance the transparent and effective involvement of Beninese CSOs in the process of developing, implementing, and monitoring and evaluating development policies and programmes.

<sup>24</sup> The Southern and Eastern African Trade, Information and Negotiations Institute. SEATINI is an NGO that aims to advocate the position of non-governmental stakeholders in WTO negotiations and enhance civil society's understanding of the challenges of globalisation, the complexities of the WTO system, and the effect of (multilateral) trade agreements.

cases, the outputs of this programme have hardly had any sustained effect because the CSOs that were 'empowered' with knowledge and negotiating capacity were very small and had limited absorptive and institutional capacity. Some of them do not even exist anymore.

### 3.3 Donor coordination

As was explained already, we looked specifically at donor coordination because of its role in EU Aft policy and as an indicator of efficiency. Donor coordination is also one of the five pillars of the Paris Declaration of 2005. Under the harmonisation principle, donor countries and organisations have committed themselves to 'coordinate their actions, simplify procedures, and share information, to avoid duplication' (Oecd.org, 2017c).

In the past, concrete steps were taken to improve donor coordination on Aft, notably through the Integrated Framework for Trade-Related Technical Assistance (IF). The IF was established in 1997 as a coordination mechanism to strengthen and streamline the trade-related assistance delivered by the World Bank, the International Trade Centre (ITC), IMF, UNCTAD, UNDP, and WTO to 49 eligible LDCs. It focused on three activities: help LDCs meet WTO requirements and ensure the compatibility of laws with WTO commitments; assist in devising strategies to benefit from and ensure trade regime conformity with trade agreements; and enhance LDC capacity to analyse trade policies and problems facing the external sector. The IF provided a channel to facilitate technical assistance for capacity building in LDCs, and doing this through harmonised and complementary donor efforts. The Netherlands was an active and supportive member of the IF. In 2007, the Enhanced Integrated Framework (EIF) replaced the IF. The Netherlands had strong reservations with respect to the Trust Fund that was created by the EIF, doubting its efficiency and additionality. EIF's Annual Report 2013 (p. 39) reports that for the period 2008-2013, the cost of EIF's Trust Manager and Executive Secretariat was USD 26 million or 34% of total disbursements (EIF, 2013), proving the Dutch criticism correct. Nevertheless, the Netherlands finally decided to join the EIF in 2016, contributing EUR 400,000, underscoring its importance as a coordinating platform. The EIF continued the work of the IF, facilitating cooperation between donors, the six core partner agencies,<sup>25</sup> several observer agencies, and other development partners, who are supporting LDCs to:

- integrate trade into national development strategies;
- set up structures needed to coordinate the delivery of trade-related technical assistance; and
- build capacity to trade, also addressing critical supply-side constraints.

Furthermore, the OECD's reporting system and the bi-annual publication of *Aid for Trade at a Glance* provide insight into donor support for trade. Despite the existence of a platform and the publication of data, donor coordination in practice has remained limited. This is the case for coordination at the headquarters level and on the ground in beneficiary countries.

<sup>25</sup> The agencies were IMF, ITC, UNCTAD, UNDP, World Bank, and WTO.

Only three of the five Dutch programmes in the sample of this evaluation that were categorised as trade policy and negotiating capacity programmes were supported by other donors, namely two multilateral organisations in Geneva (ICTSD and ACWL), and one regional one (Tralac). And even those were supported by only a few main donors, although they indicated that they had been trying to broaden their support base for many years. The lack of donor coordination can possibly be explained by donor countries' reluctance to provide aid in areas where they lack expertise. EU member states do not act as a harmonised, single donor in providing TA for trade policy and negotiating capacity. They all have their own national programmes, often executed by their own national organisations on specific themes that they have expertise on. This reduces donor coordination.

#### *Donor coordination and the Dutch Embassies*

Policy officers in Benin and Uganda, where there are Embassies of the Kingdom of the Netherlands, were not very familiar with TA for trade policy and negotiating capacity. This is surprising because Uganda's ambassador to the WTO was the coordinator of the LDC group in 2014 and 2015, and Benin's ambassador succeeded her in 2016. Since the WTO's Sub-Committee on LDCs was chaired in 2015-2016 by the ambassador of the Netherlands to the WTO, one would have expected more bilateral contact at the country level on TA for trade policy and negotiating capacity. The embassies in Benin and in Uganda were working on trade issues, but emphasised that working with the private sector was often easier than working with the government. This could be attributable to the fact that the Netherlands does not give on-budget support anymore in these countries and that it is strongly promoting Dutch enterprises. So, while the Netherlands actively pushed for the 'Nairobi package'<sup>26</sup> (e.g. on cotton) in Geneva, the EKN in Cotonou did not discuss these issues at the national level. On a positive note, the EKN in Cotonou was seen by many government agencies as being strongly associated with EIF, which was not even supported by the Netherlands at the time. These contacts could be explained by the focus on PSD and Dutch support of the Chamber of Commerce of Benin, the national coordinator of EIF programmes.

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### 3.4 Likelihood of outcomes

Developing countries have less bargaining power in multilateral trade negotiations than developed countries. Developing countries have traded mostly under preferential regimes (providing better trade terms than the most-favoured-nation treatment under the WTO Agreement) and have limited bargaining power as a result of the negligible market access they can give or withhold. On top of that, developing countries face institutional capacity constraints that limit their negotiating capacity. Key constraints identified include a lack of awareness of the role of (multilateral) trade policy in national development strategies and the limited availability and depth of human, financial, and technical resources to adequately prepare for and participate in trade negotiations (e.g. Murphy, 2007, UNCTAD, 2010, and Commonwealth Secretariat, 2015).

<sup>26</sup> Deliverables of the WTO Ministerial Conference in Nairobi in 2015.

Anecdotal evidence obtained from the interviews indicated that the studies and training improved the beneficiaries' negotiating capacities and influenced negotiation positions. Whether these induced outputs have contributed to more favourable trade terms, and if so, how much, and whether they can be attributed to the interventions, could not be concluded on the basis of these interviews and the desk study of reports and evaluations. Systematic empirical evidence on the effect of TA for trade policy and negotiating capacity on developing countries' negotiation positions and, most importantly, the outcome of trade negotiations (more favourable trade terms for improved services, reduced trade costs, and increased market access) is not available.

Nevertheless, to shed some light on the importance of this type of TA, the effects of trade agreements on trade and economic development are analysed. In 2015, the UK's Department for International Development (DfID) published a rapid evidence assessment (REA) of the effect of free trade agreements (FTAs) on economic development. The REA concluded that FTAs generally have a positive effect on the FTA members' trade flows (DfID, 2015a). Several studies reviewed in the REA have shown that FTAs have a positive effect on trade and economic development (DfID, 2015a). The fact that the agreements were not seen to have any negative effects means that there is nothing to support the assumption that TA for TP&NC failed. However, the extent of the effect was found to differ widely. It depended on how deep, broad, and rapid the trade reforms were, the wider trade-related environment, and the capacity of the economy to increase the supply of products for which there was now more demand thanks to the FTA. There is also limited evidence that FTAs encourage investment, technology transfer, and firm upgrading (DfID, 2015a). Rigorous research findings on the effect of FTAs on employment, income distribution, environment, and government revenue were absent. The REA emphasised that the success of trade policy depends on a consistent broader policy approach of easing constraints that limit the economy's ability to take advantage of the opportunities created by the FTA. This means that other forms of AfT, such as trade facilitation, should complement TA for trade policy and negotiating capacity.

### 3.5 Conclusion

A general conclusion that can be drawn from the reports, evaluations, and fieldwork is that Dutch support to organisations that build trade policy and negotiating capacity provided policymakers in developing countries with knowledge and instruments to reform and implement national, regional, and international trade policy. Positive effects (induced output) were found on direct beneficiaries, and on the quality of the work of CSOs and at ministries in developing countries. Dutch support helped developing countries to better integrate trade policy into their national policies, with often well-functioning coordination mechanisms in place. The programmes required a certain level of institutional capacity and local ownership in order to be effective, i.e. to achieve the intended induced outputs and (intermediate) outcomes.

However, the effectiveness of these programmes could be further improved by enhanced donor coordination. There is ample scope for the EIF or the WTO to take the lead on donor coordination. Recipient governments have too little influence on the programmes. The monitoring of the programmes by the Netherlands requires better communication and exchange of information between policy officers in The Hague and Geneva, and embassies in partner countries. That could reinforce the effectiveness as well as the ownership and efficiency of the programmes. The impact of the programmes on trade depended on how deep, broad, and rapid the resulting trade reforms were on the wider trade-related environment and on the capacity of the economy to benefit and adjust. The wider trade-related environment depends on trade facilitation and trade-related infrastructure, whereas the capacity of the economy to benefit and adjust depends on systematically linking PSD policy with trade policy. The success of trade policy depends on a consistent broader policy approach targeted at easing constraints that limit the economy's ability to take advantage of the opportunities created.







4

## Trade facilitation

## 4.1 Introduction

The integration of developing countries into the rules-based global trade system requires more than good policy and negotiating skills. Making it easier and cheaper to trade is important to reap the benefits of trade agreements (see section 3.4). Reducing red tape such as unnecessary, non-transparent, and duplicative procedures facilitates the transit of goods of services and reduces transaction costs. This increases the competitiveness of a country's exports and imports and may lead to the trading of previously non-traded goods and services and stimulate competition, innovation, and economic growth.

This chapter provides the overall findings on the technical assistance (co-)financed by the Netherlands on trade facilitation. This chapter is organised in the same way as chapter 3. First, we discuss the achieved output and induced output to assess effectiveness. Second, we assess the role that donor coordination played in achieving outputs and induced outputs to be able to say at least something about efficiency. Third, we draw conclusions about the likelihood that the outputs and induced outputs have helped to achieve the expected outcomes. Finally, we present conclusions about the implementation and results of this type of technical assistance.

## 4.2 Achieved output and induced output

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The four selected programmes that are part of TA for trade facilitation are TradeMark East Africa (TMEA), the World Bank's Trade Facilitation Facility (TFF) and Multi-Donor Trust Fund for Trade and Development phase 2 (MDTF-TD2), and the World Customs Organization's (WCO) Regional Office for Capacity Building for the West and Central African Region (ROCB-WCA).<sup>27</sup> Together, these programmes accounted for approximately EUR 64.9 million, covering almost 90% of total expenditure on TA for trade facilitation over the period 2007-2016. TMEA was the 'heavyweight' in the sample, accounting for EUR 48.7 million. TFF received EUR 10.3 million, MDTF-TD2 EUR 4.8 million, and ROCB-WCA only a little less than EUR 1.0 million. The relative weight of each programme was taken into account in drawing the overall conclusions. The intervention logic in table 4.1 presents in more detail than figure 2.4 the outputs, induced outputs, and expected intermediate outcomes that fall within the scope of our study.

<sup>27</sup> A detailed, individual assessment of each of these trade facilitation programmes is provided in appendix 1.

<b>Output</b>	<b>Expected induced output</b>	<b>Expected inter-mediate outcome</b>
<ul style="list-style-type: none"> <li>• Training, conferences, workshops, and country dialogues (e.g. to build institutional capacity of policymakers and policy enforcers involved in customs harmonisation and simplification);</li> <li>• Advice, technical support, and awareness-raising campaigns for policy reform, institutional change, and implementation of new regulations;</li> <li>• Analytical, diagnostic, and (pre) feasibility studies;</li> <li>• Data collection;</li> <li>• Project design and pilots;</li> <li>• Establish knowledge management systems and design trade facilitation strategies and policy guidelines;</li> <li>• Institutional support for regional cooperation (secretariats and involvement of PSOs and CSOs);</li> <li>• Establishment and operationalisation of one-stop border posts (OSBPs);</li> <li>• Digitalisation of trade procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced awareness of role of trade facilitation procedures on competitiveness and better trade data available;</li> <li>• Enhanced knowledge on where to find bottlenecks in trade corridors;</li> <li>• Tariff reforms and fiscal adjustment;</li> <li>• Reduced red tape/corruption, better documentation of trade procedures (e-trade);</li> <li>• Number of roadblocks and weighbridges reduced;</li> <li>• Enhanced involvement of PSOs and CSOs;</li> <li>• More transparency in laws and regulation;</li> <li>• Less duplication and more efficiency of trade procedures;</li> <li>• Enhanced regional and international harmonisation of laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• More regionally integrated value chains;</li> <li>• Improved services;</li> <li>• Better tax collection;</li> <li>• Reduced transaction costs and transit time;</li> <li>• Increased market access.</li> </ul>

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#### 4.2.1 Achieved output

An extensive review of existing documentation, such as programme and project proposals, appraisal reports, annual plans, internal reviews, annual reports, evaluations, complemented by interviews with policy officers, the executing organisations and beneficiaries, provided an overall positive picture of the direct outputs delivered by the four trade facilitation programmes. With some variation in timeliness and quality, direct outputs were delivered.

TMEA's annual reports indicated that it managed to establish the planned one-stop border posts (OSBPs) in East Africa. It also conducted needs assessments, facilitated the development of national policies for regional integration, and trained committees and authorities. Although some delays were registered, the achieved outputs were qualified as satisfactory and at times above expectation (Sida, 2013b). TMEA was commended by beneficiaries for its result-oriented approach, its high degree of responsiveness and flexibility, and its involvement in projects, in addition to providing funding and supporting beneficiaries throughout the full process of projects (Sida, 2013b). TMEA was warned, however, that it is in danger of doing too many things and not focusing enough (Sida, 2013b).

Documentation on the outputs of the two World Bank programmes also indicated that the level of output achievement was up to standard. The achieved outputs for TFF included research and studies, pilot projects, Roundtables, support to improve transit and border management, customs procedures, and the setup of single windows. The outputs delivered by MDTF-TD2 included the development of trade competitiveness diagnostics, global datasets, such as the LPI<sup>28</sup> and the WITS database<sup>29</sup>, and toolkits. These outputs were all part of the 'global window'.<sup>30</sup> The 'national/regional window' delivered conferences, research reports and studies, such as feasibility studies for customs modernisation. Delays in the allocation of funding and implementation of the activities are not uncommon in World Bank programmes. The review of internal documentation and external evaluations revealed these delays (e.g. Saana Consulting, 2015 and Itad, 2015). The visits to Uganda and Benin confirmed that the World Bank projects had suffered extensive delays. These delays were caused by internal World Bank processes, such as slow disbursements of funds, but also by external factors, such as political change in Benin. Despite the delays, World Bank programmes were capable of achieving the intended outputs, which is not surprising, given that the World Bank is a strong organisation, with good monitoring and reporting systems.

WCO's ROCB-WCA programme, however, did not perform well on direct outputs. One of the programme's few successes was the establishment of regional training centres (RTCs) to assist WCO members in modernising reforms and customs. Most of the other direct outputs were not achieved or were below target. Only 6 of the 12 planned training sessions to implement the regional training plan<sup>31</sup> (RTP) were actually held. Surveys designed to obtain information on the progress of customs modernisation had very low response rates. None of the seven planned management workshops were held. The participation of middle managers working in customs in a WCO traineeship programme was below target (a total of 8 rather than 14 participants) and the website was not launched (WCO Annual reports 2009, 2010, 2011; WCO final report 2009-2012). The reasons cited for this poor performance included a lack of own funds or supplemental external funding, a lack of recognition of the need for an RTP, and a lack of accredited experts in the region to give training.

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If we were to disregard the ROCB-WCA programme, which accounts for only a marginal share of Dutch trade facilitation funding, then the general conclusion would be that the trade facilitation programmes were well executed and direct outputs were delivered. Yet there is something to be said about the type of interventions that were chosen. The missions to Uganda and Benin revealed some important caveats to the trade facilitation programmes that may also apply to interventions in other countries.

<sup>28</sup> The World Bank Logistics Performance Index (LPI) is a benchmarking tool that measures the relative ease and efficiency with which products can be moved into and inside a country. The LPI weighs six key dimensions of trade logistics. See <https://lpi.worldbank.org/> for more information on the LPI.

<sup>29</sup> The World Bank World Integrated Trade Solution (WITS) is a trade database that enables users to query several international trade databases. The database contains, among other things, data on export, import, re-exports, re-imports, tariffs, and non-tariff measures.

<sup>30</sup> MDTF-TD2 allocated funds via two different windows: the global window and the national/regional window.

<sup>31</sup> RTPs were to be drafted and implemented as part of regional development strategies for WCO members.

First, trade facilitation measures have focused, at least in Benin and Uganda, on imports rather than on exports. This was surprising because of the mercantilist bias that usually prevails in Geneva. As most of the imports into Benin are re-exported to Nigeria, the emphasis on imports in Benin was understandable. Cotonou has to compete with Lagos and Lomé. The emphasis on imports in Uganda can be explained by the fact that most of the larger exporters are non-Ugandan. There simply has been little lobbying to facilitate exports. While this may explain the import bias for both Benin and Uganda, it has contributed to both countries' trade deficit and their dependence on donors and foreign lending. Only recently have things been changing in Uganda, with the president emphasising the importance of exports to reduce the current account deficit and of Uganda's attempts to advocate regional integration and promote itself as a 'land-linked' country.

Second, trade facilitation has focused mainly on enhancing formal trade, whereas more people have been involved in informal trade. Anecdotal evidence has indicated that this may have affected poverty and inequality in a negative way. All the reviewed programmes devoted attention to informal trade, but sometimes to formalise it rather than to facilitate it. Nevertheless, there are some good pro-poor examples of developing semi-(in)formal trade.<sup>32</sup>

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Third, trade facilitation programmes have focused on trade in goods. What this implies is not immediately clear. There is little research that puts the comparative advantages of trading goods versus trading in services side by side. OECD suggests that regulatory heterogeneity in the service sectors as measured by the OECD Service Trade Restrictiveness Index may generate costs equivalent to tariffs of between 20% and 75% (OECD, 2017). Nevertheless, during the field research, the service sectors (such as tourism) were hardly mentioned in relation to trade facilitation. The only time services were mentioned was in relation to working in Kenya, and it concerned reducing travel time for bus passengers between Kampala and Nairobi as a result of improved border procedures. Given the increased relative importance of tourism in LDCs, which has been mentioned in international trade fora and during our field visits, enhancing the focus on tourism in trade facilitation programmes and AfT in general could possibly help to increase the impact of trade facilitation.

Fourth, all of the officials interviewed emphasised the importance of regional trade and trade with emerging markets. In Uganda, for instance, interviewees mentioned the African problem of importing goods from China and exporting goods to the EU, which involves the costly transport of empty containers. To ensure that products are exported to and imported from multiple markets, thus increasing the extensive margin of trade, African trade must find a way to penetrate different, new geographical markets. Regional and emerging markets could provide a solution. The officials that we interviewed stressed the importance of export and import diversification as they felt it would reduce the problem of empty containers and decrease trade costs.

<sup>32</sup> See, for example, the donor support provided to Women in Informal Cross Border Trade (ICBT), discussed in box 4.1.



Fifth, the interviewees stated that not enough is being done about financial regulatory reform. For instance, it is not possible yet to open a Naira (the Nigerian currency) bank account in Benin, nor is it possible to have a West African franc (CFA) account yet in Nigeria. Money transfers between the two countries are difficult and costly. An example of how financial regulatory reform can be stimulated is CBI's support to the Investment and Exports Promotion Agency (APIEx)<sup>33</sup> in Benin, which aims to address and ultimately reduce currency exchange constraints. Initiatives such as APIEx's are valuable examples of necessary financial reforms to facilitate trade.

#### 4.2.2 Achieved induced output

Evaluating the achieved induced outputs was more problematic than direct outputs. The ability of the organisations to measure and report them have varied. Overall, the findings for the sample programmes provide good evidence that the programmes contributed well to the intended induced outputs. This conclusion relies heavily on the large share that TMEA and TFF occupy in the sample and the positive findings for these programmes.

The overall impression of TMEA is that it scored well on induced outputs. Documented induced outputs for TMEA included a reported reduction of non-tariff barriers (NTBs), more effective and efficient border agencies and procedures, and improved women traders' awareness of the East African Community's (EAC) regional integration and trade policy. Furthermore, TMEA performed well in its efforts to measure and evaluate its work. TMEA had an M&E framework in place that included monitoring induced outputs. This system measured changes to which TMEA had contributed and estimated to what extent these changes can be attributed to TMEA's efforts. The changes that the estimates attributed to TMEA were substantial and often exceeded what was forecast. Providing convincing evidence rather than estimates of attribution has been difficult, however. A 2013 review by Sida recommended improving M&E of attribution (Sida, 2013b).

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Overall, the two World Bank programmes have been acclaimed for their demand-driven approach. Case studies have suggested that the programmes contributed to the induced outputs listed in table 4.1. However, a common factor in both programmes is their weak M&E results framework, which makes it difficult to determine to what extent the outputs contributed to induced outputs and which induced outputs can be attributed to the programmes. The evaluation of TFF shows clear evidence, for the overall programme, that a contributing relationship exists. The evaluation of the MDTF-TD2 was inconclusive on this aspect, however. The programmes were criticised by evaluators for insufficient monitoring of cross-cutting issues, such as the effects on gender, environment, and poverty.

Anecdotal evidence about the performance of TFF indicates that the capacity of customs agencies actually increased. This includes improved management capacity to drive customs reforms, enhanced technical capacity to apply international standards, and increased coordination of agencies active at the border (Saana Consulting, 2015). However, as mentioned above, the TFF log frame did not provide a useful tool for reporting on results

<sup>33</sup> Agence de Promotion des Investissements et des Exportations (APIEx) du Bénin.

(Saana Consulting, 2015). Consequently, there is no robust evidence at the project level that can be aggregated to demonstrate that TFF achieved the intended induced outputs (Saana Consulting, 2015). Despite this lack of measurement and reporting on the direct effect of outputs, the positive findings for selected cases by evaluators provided adequate reason to conclude that such an effect did indeed exist. Saana Consulting concluded that ‘there are positive result stories from across the representative, and non-representative, samples that show good evidence that the TFF has been successful in delivering projects, which respond to the overarching aims, the vision, goal and purpose of the TFF’ (Saana Consulting, 2015: p. 36).

The evaluation by Itad (2015) provides examples of the MDTF-TD2 programme’s outputs that are being used by beneficiaries to develop policy and strategy. These examples were based on consultations, document reviews, and case studies. The evaluation provides evidence of global window outputs such as research products and databases that were quoted and used in policy/strategy dialogues (Itad, 2015). The evaluation also cited the use of outputs produced under the national/regional window. Analytical support provided to the Economic Community of West African States (ECOWAS) was used in regional policy dialogues. Support provided to set up a dialogue on the impact of non-trade measures (NTMs) in Cambodia led to the identification of feasible policy options to streamline NTMs (Itad, 2015). Whereas the evaluation found ample evidence of the MDTF-TD2’s potential to contribute to the trust fund’s objectives, it found little systematic reporting on induced outputs (Itad, 2015). The dissemination and use of the outputs do not provide evidence of the extent to which there was improved knowledge and acquired capacity to identify trade needs, reform trade policies, and reduce trade barriers. Such a relation may exist, as statements made by interviewees suggest. Yet few of the statements on induced outputs have been substantiated by supporting evidence (Itad, 2015). ‘There were few examples to demonstrate the degree to which MDTF-TD2-funded activities inform and influence national development strategies’ (Itad, 2015: p. 49). The evidence obtained in the reviews provided insight into a few case studies and standalone examples, but it was not sufficient to draw comprehensive conclusions that pertain to a portfolio of 139 grants (Itad, 2015). In fact, the evaluation concludes that there are ‘deficiencies in the results framework’ and an ‘absence of a well-developed theory of change’, and that ‘there is no systematic and aggregate reporting against the MDTF-TD2, and therefore the World Bank Trade Strategy (WBTS), results framework [...]’. Hence, it is very difficult to track the implementation of 139 grants at the output, outcome and impact levels, which limits the ability to draw conclusions about the impact of MDTF-TD2 and how the fund has contributed to delivery of WBTS’ (Itad, 2015: p. 59). The MDTF-TD2 programme may have achieved induced outputs, yet the evidence to substantiate this is inconclusive.

ROCB-WCA did not achieve its intended induced outputs for the simple reason that it did not deliver the majority of the planned outputs in the first place. Yet some of the outputs may have had an effect. However, there is no reliable information on the implementation of regional strategic plans due to a low response rate to the survey. Annual reports provided no clear evidence that the programme helped to improve the understanding of the requirements and regulations for regional integration by customs. The institutional

capacity at the RTCs was insufficient to help members reform and modernise customs procedures. This was confirmed in the interviews. Implementation delays, WCO's limited institutional capacity, and a lack of funding were identified as constraints. Interviewees also mentioned that limited political willingness to reform customs hampered the programme's chances of success (as discussed in the paragraph below). They were unable to identify whether any of the intended induced outputs had been achieved.

#### *Local ownership and political will*

The evaluations and the fieldwork show that trade facilitation is a highly political issue, the success of which depends on the local context. What works reasonably well in East Africa does not necessarily work in West Africa. The success of trade facilitation programmes depended largely on the political and administrative will to implement and enforce reforms. The WCO programme felt the lack of political will to reform. Indeed, a similar programme had been successfully implemented in the East and Southern African (ESA) region (the WCO ESA-ROCB programme), but the West and Central African ROCB programme supported by the Netherlands largely failed.

Analyses of the political economy of trade facilitation by Saana Consulting (2016a), the World Bank (2016b), and Engel and Jouanjean (2015) clarify the importance of political support. Engel and Jouanjean have stressed that in West Africa it is 'pertinent to pay attention to the role of specific vested interests and cartels that have a strong influence in circumventing trade policies to reduce trade costs. The role of uncompetitive freight and trucking markets, for example, can also help explain the inefficiency of many ports, border crossings, and other infrastructure integral to regional commerce'. (Engel and Jouanjean, 2015: p. 12) Widespread bribery in the region is another important factor. The prevalence of corruption at checkpoints throughout the region makes it difficult to reduce the number of roadblocks. These findings are in line with the analysis in the 2011 multi-annual strategic plan (MASP) of the EKN in Benin. The MASP stated that good governance was being challenged by clientelism, a lack of motivation, political interference, bureaucratic inefficiency, and corruption (MFA, 2011). Borderless Alliance, an organisation providing data on the number of bribes, delays, and checkpoints along corridors in West Africa, found that the number of checkpoints along some of the corridors in West Africa had actually gone up again. Another issue raised in the interviews was the stiff competition between the harbours of Cotonou and Lomé, with trade moving to Lomé at a time when the crisis in Nigeria had hit both harbours. That was not exactly the right time, nor were they the ideal conditions to facilitate trade along the Abidjan-Lagos corridor (assisted by part of the TFF programme), including the trajectory from Lomé to Lagos through Benin. The Beninese ministries avoided answering questions on this subject.

Local ownership and political support are vitally important. Not only for the implementation of trade-facilitating measures, but especially for the continuity of the intervention's effects. The findings in Benin and the literature on the importance of political support suggest that limited political support was an irrevocable constraint to the success of the ROCB-WCA programme and some parts of the TFF programme.



### *Involvement of other local stakeholders*

The engagement of CSOs and private companies is important to hold government institutions accountable for the proper implementation of policies and regulations, and for the dissemination of information and capacity building among stakeholders, such as the users of corridors. To compare rulemaking in different countries, the World Bank ranks them based on transparency, public consultation, impact, accessibility, and appeal and review opportunities (Rulemaking.worldbank.org, 2017a). Of the 44 lowest scoring countries, 25 are LDCs. Public consultation is important to build support and counter or mitigate possible negative effects. The World Bank found that ‘poorer countries have significantly less transparent and consultative rule-making processes than their richer counterparts. Less than one-third of low-income countries notify the general public of proposed new business regulations and publish draft texts in a place where stakeholders can view them (on websites or in the federal register). This is compared to 81% of high-income countries. And slightly over half of the Sub-Saharan African (SSA) countries (25 of 46) make texts of proposed regulations public before their enactment’ (Rulemaking.worldbank.org, 2017b).

Interviews in Benin revealed that donors and the private sector considered the government a constraint or an obstacle to be avoided in trade facilitation efforts, rather than a driving or supporting force. In Uganda, the situation was perceived to be better, although there too the private sector and donors have little trust in the efficacy of the government. This leads us to conclude that without political will, engagement, and effective enforcement, it is highly likely that corruption, crime, roadblocks, and inefficiency will continue. Worse, these problems will undermine the effectiveness of trade facilitation programmes. It is therefore important that the political economy is fully taken into account in the design and implementation of trade facilitation programmes. The involvement of the private sector and CSOs in recipient countries can help to mobilise political and public support and hold government authorities accountable. Organisations such as Borderless Alliance deliver accurate and transparent data on non-tariff barriers (NTBs) and create platforms for dialogue for private-public sector stakeholders. They provide a strong mechanism to create political will and promote effective enforcement. The involvement of CSOs can help to identify the effects of trade facilitation on poverty, provide information on the potential losers of trade policy reforms, and mitigate the negative effects.<sup>34</sup>

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## 4.3 Donor coordination

A lack of donor coordination has been an important problem for the efficient delivery of trade facilitation programmes. Whereas at the national level recipient governments sometimes rise to the challenge of coordinating donors, at the regional level the Regional Economic Communities are generally too weak and often depend too much on donor funding. Neither the World Bank nor the EU are willing or able to play the required coordinating role. As a result, there is a lack of overview and there is duplication. Despite the role of EIF, organisations are not coordinating their work in LDCs. Several evaluations highlighted this

<sup>34</sup> Such as the support provided to CSOs that help women traders in cross-border trade.

problem. Turner and Fink (2013) pointed out the challenges that donors face coordinating and aligning support for West African regional integration efforts. In part, this can be attributed to logistical and geographic issues. Communication is not easy with USAID, the EC, DfID or the World Bank, who manage their regional operations respectively from Ghana; Nigeria and Brussels; Nigeria and Washington, D.C., Nigeria and Ghana. The evaluations of the World Bank programmes (TFF and MDTF-TD2) not only criticise cooperation with other donors, but also suggest that there is room for more and better cooperation within the World Bank. Work financed by trust funds is not always mainstreamed in World Bank operations and policy dialogue. Box 4.1 provides an illustrative example of a lack of donor coordination in Uganda. The EU has also been confronted with the challenges of coordinating support. In interviews, the people responsible for trade at the EU offices in Uganda and Benin admitted that they had no overview of trade facilitation programmes financed by EU member states and knew even less about the activities of other donors.

**Box 4.1** Donor support to women in informal cross-border trade (ICBT)

Supporting women in informal cross-border-trade (ICBT) in Uganda was addressed by the following programmes, often supported by the same donors, including the Netherlands:

- UNECA's African Trade Policy Centre, supported by the Canadian International Development Agency, published a study in 2009, called *Gender Dimensions of Cross Border Trade in the East African Community* by Masheti Masinjila. It revealed why women benefit from informal trade at the Kenya-Uganda and Rwanda-Burundi borders.
- TradeMark East Africa supported a study by the Eastern African Sub-Regional Support Initiative for the Advancement of Women on female informal cross-border traders in 2012.
- ITC and the Uganda Export Promotion Board trained 500 women in 2015 as part of a project called Facilitating Women in Informal Cross Border Trade in Uganda to become formal traders.
- MDTF-TD2 did a study on female traders working on the various borders between DRC and neighbouring countries Burundi, Rwanda, and Uganda in 2011, in particular on the effect of this trade on food security.
- In 2015 the World Bank announced that it would start the Great Lakes Trade Facilitation Project for Africa to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders. Despite the description of the programme it includes infrastructure, notably a highly contested new airport in Kigali.
- TMEA and the Uganda Women Entrepreneurs Association Limited started a USD 500,000 joint venture project called Women in Trade for over 4,000 urban women traders in 2015.
- Since 2012, TMEA has been working with 25 women traders' cooperatives in Rwanda to improve cross-border trade with the DRC, Burundi, Tanzania, and Uganda.

The interviews revealed that the organisations may be aware of activities by others, but there is no detailed knowledge, nor did we find incentives or initiatives, to suggest that they have attempted to create synergy. There is a ‘let a thousand flowers bloom’ mentality.

## 4.4 Likelihood of outcomes

The considerable trade costs and transit times in developing countries, and for SSA traders in particular, have highlighted the importance of trade facilitation for better trade performance and economic development, and hence a great deal of attention is being devoted to the evaluation of the effects<sup>35</sup> of trade facilitation.

TMEA has made substantial efforts to go beyond the induced output levels and measure the effect of its efforts on the cost and time of transport, an intermediate outcome. To monitor progress in the northern and central corridor, a results meter was developed by Project Economics Consulting. The results meter tries to measure the extent to which time and cost reduction in the corridors can be attributed to TMEA. The analysis, however, is based on bold assumptions, such as the extent to which TMEA's efforts have helped to improve handling time in the ports (5%), what the conversion rate of saved time is in terms of costs (USD 490/day), and what the effect is of reduced costs on trade based on research by Limao and Venables (2001). Nevertheless, it is an interesting attempt to estimate outcomes. The results meter estimated that between 2011 and 2014, TMEA managed to reduce transport time for a container travelling from Dar es Salaam or Mombasa to Bujumbura or Kigali by 9.0%, compared to the 2011 baseline compiled by the World Bank (Project Economics Consulting, undated). This attributable reduction in time compares to an overall improvement in the corridors of 14.1% during the same period. Therefore, TMEA accounted for 64% of the reduction. TMEA's interventions during that same period resulted in an estimated 18% decline in the economic cost of transport based on an estimated value of transport time of USD 490/day. This decline in cost and time is estimated to have generated an 8.1% growth in trade to/from the EAC, attributable to TMEA interventions (Project Economics Consulting, undated). The figures presented by TMEA on reduced trade costs and increased trade are not unrealistic, because part of the political change in regional integration and the enhanced emphasis on exports can also be attributed to TMEA's advocacy. This makes TMEA a successful programme in terms of its effect on cross-border trading and on rules and regulations.

The ROCB-WCA project did not deliver the expected outputs and induced outputs. The conclusion therefore is that it had no impact on trade.

As discussed in section 4.2.2, the World Bank programmes do not measure or report induced outputs sufficiently. Nor do they attempt to measure intermediate outcomes.

<sup>35</sup> For more information, see the report on the fifth WTO Aid for Trade Global Review (WTO, 2015b) and the joint OECD/WTO publication *Aid for Trade at a Glance* (2015), which were dedicated to the theme ‘Reducing trade costs for inclusive, sustainable growth’.

This makes it difficult to assess the overall likelihood that Dutch support has positively affected trade and trade diversification. The likelihood can only be estimated quantitatively by using cross-country data or very accurate price information (see remark on TMEA below). We have reviewed the empirical literature in order to conclude what the likelihood is that the programmes have affected trade and trade diversification. What follows is a summary of these studies, complemented by findings from observations and the opinions of people that were interviewed.

Empirical studies on trade facilitation using cross-country data have found that it has had a positive and significant impact on trade. The coefficients that were found in cross-country studies (Limao and Venables, 2001) were used by TMEA to estimate the effect of induced outputs (transit time reduction and transport cost reduction) on trade. TMEA's results meter reported on the likely effect on trade of improved corridor conditions attributable to TMEA at the end of phase one (2016), based on the targets TMEA had set at the project level. They estimated that if TMEA were to meet its targets exactly by the end of phase one, which it almost did, the end-to-end corridor transport time (from Mombasa to Bujumbura) would have decreased by 17.1%, attributable to TMEA. The estimated economic cost of transport would then have fallen by 33.1%. This, in turn, would (if the assumptions are right) have increased trade by 15.4%.

The bulk of empirical studies found that aid for trade facilitation (in monetary terms) had a positive effect on trade, specifically on export performance (e.g. Cali and Te Velde, 2011; Portugal-Perez and Wilson, 2012). Cali and Te Velde (2011) found that aid for trade facilitation reduced trade costs and significantly improved exports.<sup>36</sup> Studies that specifically looked at the impact of aid for trade facilitation in SSA countries showed similar findings (Cali and Te Velde, 2011; Ivanic et al., 2006). Ivanic et al. (2006) found that aid for trade facilitation reduced export costs worldwide on average by about 0.3%. For the SSA region, aid for trade facilitation reduced trade costs by approximately 1.9% for all destinations, 2.4% for exports to developed countries, and even 3.7% for exports to Europe and Central Asia (Ivanic et al., 2006). Note that these results seem to contradict the observations in Uganda and Benin, namely that trade facilitation programmes were import-oriented. However, it is possible that exports in those countries also benefited more from the programmes than imports, even though exports were not targeted.

Some research on trade facilitation explicitly distinguished between its effect on the probability to trade (the extensive trade margin) and its effect on trade volume (the intensive margin). Beverelli et al. (2015) studied the effect of trade facilitation<sup>37</sup> on export diversification (an extensive margin effect). The authors found that trade facilitation had a significant positive effect on the number of exported products and the number of export destinations.

<sup>36</sup> Costs were measured on the basis of the time and handling costs of transporting a 20-foot container to (or from) the port of departure (or entry). Included were the costs of documentation, administrative fees, and in-country transport fees. Tariffs and trade taxes were excluded.

<sup>37</sup> Their study defined trade facilitation as 'the narrow definition of trade facilitation'. The definition covers trade facilitation activities defined under the TP&R category of this study.

Different levels of development may have led trade facilitation to have different effects. Moisé et al. (2013b) researched the impact of various bilateral trade facilitation measures<sup>38</sup> on the intensive margin of bilateral trade. The dataset included 107 countries at various stages of development. The research revealed an overall positive impact of trade facilitation measures on bilateral trade flows. For low-income countries, the most significant positive effect found was the harmonisation and simplification of documents.

The evidence from empirical studies provides valuable insight into our efforts to identify a relationship between the programmes we are studying and the observed changes in trade. For the four programmes in question, there is no primary data on the effects of the evaluated programmes. Even for TMEA the effects are calculated based on assumptions rather than actual measurements. A decrease in transport time and costs and an increase in trade have indeed been registered, but a direct causal relationship between the two has not been proven. However, given the statistical significance of the coefficients found in the literature, it seems likely that the decrease in time and costs has contributed to the increase in trade. It is therefore also likely that TMEA and TFF have positively influenced the competitiveness of tradeable goods and even turned non-traded goods, such as fresh produce, into tradeable goods.

| 84 | It is important to note that trade statistics only measure registered trade (in some countries both formal and informal, but not to the same extent). There may have been a considerable shift from informal to formal trade and from unregistered to registered trade. In that case, the effect of trade facilitation on trade creation may have been smaller than estimated by the trade data. To cross-check the results, we would need a time series on the prices of tradeable goods to see whether less costs lead to more demand and supply across borders. The overall independent evaluation of TMEA, which is currently ongoing, is expected to provide this type of cross-checking. A measurable effect is the increase of the number of people crossing the border by bus. TMEA reports suggest that the number of people going from Kampala to Nairobi to sell and buy goods has increased. This can be attributed to the lower cost of border crossing or to the EAC's integration process. Both are supported by TMEA.

There is little to say about the likely effect of the MDTF-TD2 programme on trade. The uncertainty about whether outputs have led to induced outputs of trade facilitation makes it impossible to draw any conclusions on the likely effect on trade. MDTF-TD2 has probably drawn attention and funds to trade facilitation, and it may even have specified what the most effective interventions are. But the extent to which this has improved or facilitated the interventions is unclear. This means it is impossible to determine whether the programme is likely to have led to more trade and more diversified trade.

Given that the ROCB-WCA programme barely achieved any induced outputs, it is highly unlikely that it has had a significantly positive effect on trade.

<sup>38</sup> Measures included trade-related information, the simplification and harmonisation of documents, governance and impartiality, fees and charges, and the streamlining of procedures.

### *Political context and outcome*

Similar to the importance of political support in achieving induced outputs, political support is also essential for trade facilitation to have an effect on outcomes in terms of enhanced trade and trade diversification. Overall political support can be augmented by integrating trade policy into general development policy, as we concluded in chapter 3, and by paying attention to cross-cutting issues such as gender, HIV (lorry drivers), and poverty. This would make the benefits of trade (facilitation) widespread and inclusive. The integration of trade policy is not only important to gain support in government, but also because the success of trade facilitation depends on so-called 'behind-the-border measures'. This term was used by Hoekman and Nicita (2008) to indicate policy-induced costs that affect trade, other than tariffs and the NTBs that only increase the cost of crossing borders. Indicators such as the World Bank's LPI and Ease of Doing Business Index shed light on the importance of these behind-the-border factors and the necessary measures to improve them. African countries are disproportionately disconnected from global, regional, and even neighbouring markets and usually have weak institutions. The average rankings for SSA on the Ease of Doing Business Index of 2016 show that the most room for improvement is in the categories of 'Getting Electricity' (149), 'Trading across Borders' (136), and 'Paying Taxes' (131) – all areas where SSA countries rank last among developing country regions. It takes an exporter in the SSA region 108 hours and USD 542 on average, compared with a global average of 64 hours and USD 389, to complete border compliance procedures when conducting cross-border trading (World Bank, 2016a). Another illustrative example of behind-the-border constraints are frequent power cuts and the resulting high cost of diesel for back-up generators. This contributed, for example, to the failure of a plant for soluble coffee in Uganda that could have potentially exported to other African countries and Europe.

## 4.5 Conclusion

Trade facilitation programmes have a potentially major effect on trade. There is substantial evidence to suggest that they also boost trade and diversify trade in practice, and that they are one of the most effective ways of stimulating economic development. In LDCs, their success is partly hampered by a lack of donor coordination and alignment, a lack of political support, resistance from vested interests, and a lack of integration in national development policies. The donor programmes do not always pay enough attention to cross-cutting issues, informal trade, services, exports, and financial regulation. They could benefit from more involvement by CSOs and the private sector. Nevertheless, the effects on trade are likely to be significant and according to the empirical literature larger than those of most other trade-enhancing programmes.





5

## Standards

## 5.1 Introduction

The development policies of the Netherlands and the EU have emphasised the importance of technical assistance for standards in developing countries to facilitate the integration of products from developing countries into global value chains. This technical assistance has included capacity building for public standards, such as standards addressed in WTO's SPS and TBT Agreements, as well as capacity building for private standards. Standards are part of trade regulations. Technical assistance for standards that is used in cross-border trade is therefore part of TA for TP&R, the subject of this evaluation. Standards can both facilitate and hamper trade. Technical assistance is meant to facilitate trade by reducing transaction costs and rejection from export markets, and by providing access to new markets, as well as maintaining and increasing the market share in existing markets.

This chapter provides the overall findings on technical assistance for standards, (co-)financed by the Netherlands. It assesses whether the programmes on standards have achieved their outputs and induced outputs. As mentioned before, only those parts of the funded programmes are evaluated that fall within the scope of the study, i.e. TA for TP&R. In the case of standards, this includes technical assistance to developing countries to participate in international standard setting and to develop and improve their own national policy on standards, national standard setting, promotion, testing, certification, and enforcement. Both public and private standards have shown a trend towards becoming more stringent over time. International public standards are negotiated internationally in standardising bodies. The TBT and SPS Agreements of the WTO encourage WTO members to use or refer to such standards when setting their own standards and require that the WTO be notified. Private standards are developed by the private sector. They can be set unilaterally and often determine the characteristics of products that actually enter markets. The private standard programmes evaluated in this study often aspired sector-wide acceptance of higher private standards, and they provided technical assistance for compliance for producers in developing countries. The programmes used these private standards to influence production methods and other conditions in developing countries and to satisfy consumer demands and concerns in the EU.

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This evaluation does not question the legitimacy of raising standards nor does it evaluate the effect of these standards on food safety, food security, health, labour conditions, producer income, productivity, or the environment. We are only evaluating the effect of standards on trade. The non-trade concerns that are targeted by these programmes are excluded from the evaluation. In monetary terms, this means that we disregarded more than 85% of the expenditures on programmes for private standards. The assessment confines itself to those parts of the programmes that deal with standards for tradeable products. The judgements do not apply to the full programmes. Consequently, the induced outputs also need to be associated with outputs of activities that address standard-related parts of the activities (see table 5.1). After the assessment of achieved (induced) outputs, we discuss international support as well as local ownership and its efficiency, under the heading of donor coordination. Finally, we evaluate whether the work on standards is likely to have led to more and more diversified trade. Our conclusions are based on the assessment of the programmes and on empirical evidence in the economic literature.



## 5.2 Achieved output and induced output

The programmes in our sample that provide technical assistance for standards are: the Standards and Trade Development Facility (STDF) and the Fair Wear Foundation (FWF), which promote public standards; and Solidaridad, the Sustainable Trade Initiative (IDH) and Fair Trade Original (FTO), which work with private standards (for a detailed assessment of these programmes, see appendix 1). Together, the technical assistance for standards in these programmes accounted for approximately EUR 42.6 million over the period 2007-2016 (almost 94% of total expenditure on programmes on standards). EUR 15.3 million went to the two public standards programmes and EUR 27.3 million to the three private standards programmes. The outputs, induced outputs, and expected intermediate outcomes of the technical assistance for standards are presented (in more detail than in table 2.4) in the intervention logic in table 5.1. Data on achieved outputs and induced outputs have been obtained through extensive review of existing documentations, such as programme and project proposals, appraisal documents, (annual) plans, internal reviews, annual reports, and evaluations, complemented by interviews with policy officers, the executing organisations, and beneficiaries.

<b>Output</b>	<b>Expected induced output</b>	<b>Expected intermediate outcome</b>
<ul style="list-style-type: none"> <li>• Design of needs assessments, feasibility studies, and capacity building projects;</li> <li>• Collection and dissemination of standards information and data (incl. website development, publishing of manuals, and training sessions);</li> <li>• Organisation of Roundtables and specification of standards;</li> <li>• Promotion of international standards;</li> <li>• Government involvement in interventions;</li> <li>• Strengthening inter-ministerial cooperation and enhanced participation in standard-setting bodies;</li> <li>• Development, promotion and implementation of labels;</li> <li>• Harmonisation and promotion of sustainable standards;</li> <li>• Training of policy officers;</li> <li>• Development and improvement of partnerships and networks between different stakeholders;</li> <li>• Organisation of campaigns/promotional events.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved beneficiary and global awareness on standards;</li> <li>• Reduced certification costs;</li> <li>• Uniform quality of traded products;</li> <li>• Enhanced credibility of labels and more demand for certified produce;</li> <li>• Enhanced involvement in standard setting and compliance of private sector and civil society in beneficiary country;</li> <li>• More effective participation of developing countries in international organisations and standard-setting bodies;</li> <li>• Improved capacity on standards at ministries and other government institutions;</li> <li>• Improved capacity at ministerial departments to take part in international standards negotiations;</li> <li>• International standards formulated that take into account developing countries' interests and needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Lower rejection rates;</li> <li>• Increased quality;</li> <li>• Lower transaction costs;</li> <li>• Increased demand for certified products;</li> <li>• More certified and higher-quality products traded;</li> <li>• New products traded.</li> </ul>

### 5.2.1 Achieved output and induced output of international public standards programmes

Dutch support to organisations working on international public standards included support to the two organisations in the sample, STDF, which works on SPS measures, and FWF, which works on labour standards. Other funding included support to the Codex Alimentarius of the Food and Agriculture Organization (FAO) and the World Health Organization (WHO), which provides international standards, guidelines, and codes of practice for trade in all sorts of food. Even though the Codex Alimentarius Commission is an important body in the field of international public standards, its programme was not included in the sample. The reason for this is that the programme focuses on enhancing the participation of developing countries, in particular LDCs, in Codex Alimentarius meetings. Although this participation may affect the institutional capacity of developing countries to negotiate more favourable international standards, this effect is very difficult to assess. In combination with the small size of the programme, this led to the exclusion from the sample.

#### *The Standards and Trade Development Facility*

STDF is a global partnership set up by the WTO, the World Bank, WHO, the World Organisation for Animal Health (OIE) and FAO. It coordinates the development aspects of international SPS standard setting by disseminating knowledge, strengthening collaboration, building capacity, and promoting developing countries' participation in the three standard-setting organisations.<sup>39</sup> STDF is a small organisation, and its secretariat is hosted by WTO. The STDF has a dual role. First, it serves as a knowledge platform and global coordinator. In this role, STDF disseminates knowledge and good practices, provides capacity assessment tools, brings together global networks, and coordinates capacity building efforts. Second, STDF provides support and funding for the development and implementation of SPS capacity building projects.

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STDF's role as a knowledge platform and global coordinator has generated outputs such as briefings,<sup>40</sup> general lessons from project evaluations, capacity assessment tools, a Virtual Library<sup>41</sup> for knowledge dissemination, and the organisation of events, training activities, and workshops. The need for STDF as a knowledge platform and global coordinator has been described by Henson et al. (2000), who found that developing countries have difficulty effectively participating in discussions on SPS matters. One of the key constraints they identified was the low level of know-how among delegates from developing countries, especially compared to the expertise of delegates from major developed countries (Henson et al., 2000). The three external evaluations of STDF in the last 15 years have confirmed the relevance of STDF as a platform. The overall performance of the STDF is judged to be good and in many important areas very good. Slorach (2008) states: 'It carries out an important role that no other single body would be able to accomplish ...' (p. 24) and 'Coordination is one of the two principal aims of the STDF and it is primarily in this area, rather than acting simply as a project funder, that its future probably lies, since here it has a comparative advantage and can play a unique role in assisting developing countries in the future' (p. 21).

<sup>39</sup> The International Plant Protection Convention (IPPC), Codex Alimentarius (both part of FAO), and OIE.

<sup>40</sup> STDF publishes briefings, which address specific topics related to SPS technical cooperation.

<sup>41</sup> See appendix 1 for more details.

This partnership has pooled the in-depth and diverse knowledge of its five different organisations in the form of documents, tools, and dialogues. The 2008 evaluation already concluded that with an expert base of five partner organisations, its donors, and observer organisations, STDF has a high level of expertise in standards and development-related areas (Slorach, 2008). The 2014 mid-term review (MTR) confirmed this and stated that STDF ‘has coordinated an on-going collaborative discussion of the problems at well-attended workshops, which have highlighted the need for coordinated responses by partners, donors, developing countries, and other stakeholders’ (Saana Consulting, 2014a: p. v). STDF’s role as knowledge platform and global coordinator was cited as a significant added value by most members of the STDF Working Group, partners, donors, and experts from developing countries, and a reason for their continued support and participation (Saana Consulting, 2014a). The evaluations also noted that despite an efficient and effective secretariat (Slorach, 2008), it was not always able to fulfil its role as a coordinating forum properly. The reasons for this were the time-consuming procedures for the review and the approval of project grants (PGs) and project preparation grants (PPGs) (Saana Consulting, 2014a).

These findings on the quality and relevance of STDF’s outputs were confirmed by the interviews that were held in The Hague, Geneva, Uganda, and Benin, which also provided some evidence of induced outputs. One respondent highlighted the fact that the STDF’s briefings help developing countries become more aware of SPS-related requirements. Policy officials in Benin mentioned STDF’s website as a valuable source of information that creates awareness of SPS requirements.

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Despite the positive statements about raising awareness of the trade-facilitating role of standards, this has not (yet) led Uganda or Benin to focus proper attention on standards in their trade policies. In both countries, trade policy on standards focused mainly on import control, rather than on promoting exports. The quality of imported products was a genuine concern because of disease control and food safety. The controls served however also as a non-trade import barrier. The Uganda National Bureau of Standards (UNBS) did not make use of STDF’s services. This can be explained by the fact that UNBS was hardly aware of STDF’s existence, let alone its outputs. STDF has managed to increase developing countries’ participation in international standard setting and awareness of the importance of standards for trade, but there is still room for improvement at the country and regional levels. Better results-based management was recommended by the 2014 MTR in this respect.

Existing evaluations emphasise the difficulty of measuring the effects (induced outputs) of STDF’s role as a platform. The 2014 MTR, for example writes: ‘Although it seems clear that the activities produced the required results, it is difficult to accurately quantify the level of any contribution, or indeed the level of achievement of the outputs themselves. Moreover, it seems reasonable to expect that the core activities contributed towards the outcome of ‘increased coordination in the provision of technical cooperation on SPS issues’ covered by the STDF mandate. The strength of this contribution (and the degree to which the outcome was achieved) again is not clear as there are no specific indicators to measure.’ (Saana Consulting, 2014a: p. 25).

Based on interviews and secondary data, the MTR concludes, however, that ‘the STDF has been successful in increasing the focus on SPS issues at the core of the Aft Initiative as well as in the DTIS reports commissioned by the EIF’ (p. 37).

STDF’s second role is to fund the design and delivery of SPS projects, and build capacity on standards in developing countries. As a fund for designing SPS projects, STDF started the implementation of 57 PPGs, with a total value of USD 2.1 million, over the period 2007-2016. As a fund for implementing SPS projects, it started 60 new PGs during this period, with a total value of USD 57.0 million.<sup>42</sup> STDF exceeded its target of 40% of PPGs and PGs addressing capacity constraints and capacity building in LDCs and other low-income countries. Donors noted that the grants programme allowed them to extend the range of their TA programmes on SPS issues at a fraction of the cost they would incur if they were to do it themselves. This was reportedly a critical factor in their decision to support STDF (Saana Consulting, 2014a).

During the visits to Benin and Uganda, the following PGs were reviewed: the Beninese SPS information system project,<sup>43</sup> the Beninese total diet study for SSA project<sup>44</sup> (ongoing, not only in Benin), and the project to strengthen standard controls in the Ugandan floriculture sector.<sup>45</sup>

In Benin, both projects suffered serious delays. These delays were the result of problems at the ministerial level, caused by an almost complete lack of ownership and by the generally poor institutional capacity of the beneficiary agencies. The SPS information system was set up within the Chamber of Commerce (CCIB). The project trained people, set up a focal points network and notification system, and developed a website. However, the system eventually collapsed because there was a lack of finance and ownership. The start of the total diet study took two years, as it took a long time to get the Beninese Food Safety Agency (ABSSA)<sup>46</sup> up and running. Data collection started in 2016.

The Ugandan floriculture project was successful. It brought all relevant parties together and set up a well-functioning control system. Like the projects in Benin, the Ugandan project was subject to delays, caused by capacity constraints at the level of the Government of Uganda (GoU) (e.g. shortage of qualified staff and delays in the delivery of contracted services).

<sup>42</sup> A total of 78 PPGs (with a total value of USD 2.6 million) and 76 PGs (with a total value of USD 61.8 million) have been approved from inception until and including 2017. See <http://www.standardsfacility.org/projectpreparationgrants> and <http://www.standardsfacility.org/projectgrants> for more details on the grants. Data obtained in October 2017.

<sup>43</sup> STDF/PG/127: ‘SPS information system in Benin’ ran from 2008-2011 to improve information flows on SPS requirements. The proposal was written with EU support in 2007.

<sup>44</sup> STDF/PG/303: ‘Regional total diet study for Sub-Saharan Africa’ (2014-ongoing) aims to strengthen the capacity of risk managers to implement international standards based on good knowledge of hazards, risks, and exposure levels to harmful substances in commonly produced and consumed food.

<sup>45</sup> STDF/PG/335: ‘Strengthening phytosanitary controls in the floriculture sector in Uganda’ ran from 2012-2015.

<sup>46</sup> *Agence Béninoise de Sécurité Sanitaire des Aliments*.

IOB's findings on the delayed achievement of outputs in Uganda and Benin were not exceptional. The reviews of STDF confirm that delays are common. The 2014 evaluation mentioned that 30% of the projects required a time extension (Saana Consulting, 2014a). Lack of continuity was also mentioned as an issue. Both issues were often due to circumstances outside the control of the project, such as a lack of institutional capacity, funding, or high staff turnover (Saana Consulting, 2014a).

The fact-finding efforts during the visits to Uganda and Benin led to the following conclusions on direct results. The Beninese SPS information system project essentially failed, as the system collapsed. However, there were some longer-lasting effects. The project led to the decision which department should represent Benin in the Codex Alimentarius Commission and to a protocol for food safety crises. Indirectly the establishment of ABSSA was the result of the awareness created by the project (FAO, 2011). ABSSA, part of the Ministry of Agriculture, started almost from scratch again in 2013, supported by Belgium, STDF, and FAO. Thus far, the data collected and processed in Benin as part of the total diet study for SSA have helped to enhance awareness on chemical contamination and bacteria, and on the trade-reducing effect of non-compliance to certain standards.

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The Ugandan project achieved the intended induced outputs and generated good results. The project managed to improve standard controls in the floriculture sector, which resulted in a sharp decrease in the number of SPS-related rejections of consignments and a stronger cooperation between the different stakeholders, namely the Department of Crop Protection (DCP), Uganda Flower Exporters Association (UFEA), Makerere University, the Netherlands Food and Consumer Product Safety Authority (NVWA), and IPPC.<sup>47</sup> To guarantee continuity, UFEA developed and operationalised a control system. The organisation of regular audits for compliance at farms improved under the STDF project, resulting in better monitoring and learning, and a reduction of audit time, from four to only one day. The system was still in place at the time of our visit in 2016. The project provided a blueprint for similar projects in other sectors in Uganda, but so far, there has been no spillover effect.

Despite the delays and discontinuities in Benin and Uganda, our overall conclusion, based on our own research and available evaluations, is that the projects funded by STDF achieved the planned outputs and that there is anecdotal evidence of induced outputs. The problems that were encountered stress the importance of taking the institutional and political context, within which projects are implemented, into account as they can irrevocably constrain the success of the project.

#### *The Fair Wear Foundation*

The Fair Wear Foundation (FWF) is a European multi-stakeholder initiative, with its office located in Amsterdam, the Netherlands. FWF does not provide a compliance label or certificate. Instead, it is an international verification institute. It verifies workplace conditions in companies in sourcing countries, based on the core conventions of ILO and the Universal

<sup>47</sup> The STDF project ran from 2012 to 2015. Between 2014 and 2016, the number of SPS-related interceptions decreased from 35 to 2.

Declaration of Human Rights (UDHR). It primarily uses the private sector as the channel to achieve this goal. So rather than setting standards, FWF promotes compliance. FWF-accredited monitors verify workplace conditions in participating factories in 15 garment-producing countries in Asia, Europe, and Africa<sup>48</sup> and keep track of improvements. FWF's approach consists of issuing FWF memberships to clothing companies. By 2016, 81 companies (representing 120 brands) held an FWF membership. This membership shows the clothing company or brand's commitment to FWF-organised multi-stakeholder coalitions to reform labour conditions. Besides clothing companies, other stakeholders include sourcing factories, trade unions, NGOs, and sometimes local governments. Apart from the memberships, FWF's direct outputs include factory audits, complaint investigations, the production of country studies, new/improved tools and guidelines, research and dissemination of obtained knowledge, and Roundtable meetings with stakeholders. FWF has generally achieved its outputs according to plan. Yet until recently, FWF did not monitor whether its members improved their performance over time. Since 2016, FWF has started to work on a theory of change.

Assessing FWF's induced outputs has been constrained by the absence of a proper M&E system or external evaluations of FWF. No data could be obtained during the visits to Uganda and Benin, because there are no FWF members that source from these countries. Consequently, progress reports, interviews in the Netherlands, and general research on labour standards in the economic literature provided insight into achieved induced outputs and intermediate outcomes of FWF's work (see appendix 1). FWF mentioned in an interview that it had achieved better labour conditions in the factories that its members source from. However, FWF acknowledged that given the small share of FWF members in total global production, the impact at the industry level is marginal. Other induced effects that FWF mentioned are increased awareness and knowledge of improved labour conditions worldwide, and the uptake of best practices and lessons learned. In 5.4.1, the likely effect on trade will be addressed.

### 5.2.2 Achieved output and induced output of private standards programmes

IDH, Solidaridad, and FTO all aim to enhance the environmental, social, and financial sustainability of global value chains in which small producers from developing countries are involved. The three organisations have often formed coalitions or partnerships,<sup>49</sup> but they apply alternative approaches.

IDH's approach relies on public-private partnerships consisting of donor governments, NGOs, trade unions, and progressive multinationals (e.g. Unilever, Cargill, Ikea, and Mars). Together with partners committed to sustainable production, IDH promotes, encourages, and supports the certification of producers in developing countries. IDH calls itself a neutral convenor and certification neutral. This means that IDH does not set standards and does not have its own labels. Instead, it supports other voluntary certification programmes (such

<sup>48</sup> Around 80% of the production by FWF members comes from Bangladesh, China, India, and Turkey (fairwear.org, 2017).

<sup>49</sup> For instance, in IDH's Cocoa Improvement Programme 2008-2012, Solidaridad was the implementing party.

as UTZ Certified, the Forest Stewardship Council (FSC), the Rainforest Alliance,<sup>50</sup> and the Aquaculture Stewardship Council (ASC)) as instruments to achieve more sustainability in value chains. IDH's approach starts with a select group of producers of primary commodities in developing countries that supplies a lead multinational company. The demonstration effect of this selected group is meant to eventually spill over to other producers and other companies.

Solidaridad uses an alternative approach that addresses issues of sustainability in a sector-wide manner. Solidaridad looks for companies as partners that are willing to act as front runners, have impact in the sector due to volume or strong brand reputation, and have an innovative approach towards sustainable supply chain development. Instead of emphasising compliance with private standards, Solidaridad first stresses the need to increase productivity in the sector. The approach also focuses on lifting all producers in the sector, instead of only devoting attention to those willing to adopt new production methods and meet standards compliance.

FTO's approach combines the promotion of sustainable production methods with fair trade schemes for commodities such as coffee, tea, cocoa, fruit juice, and coconut milk. Fairtrade schemes offer a minimum price and an explicit price premium (the 'social premium') to participating farmers or cooperatives. The fairtrade standard includes various social and environmental standards, such as a decent income or living wage, no forced or child labour, and no hazardous labour conditions. FTO uses its own value chains to guarantee and maintain the standards. This approach primarily translates consumer concerns into a change in producers' behaviour.

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All three approaches accompany their support of certification schemes<sup>51</sup> with measures that aim to improve the effects of trade. This is achieved by offering better trading conditions (e.g. better prices), better market access (e.g. facilitating direct buyer-supplier links and promoting the certificate in end markets), and facilitating enhanced product quality (Oya et al., 2017). In addition to the support of certification schemes, the three organisations are all involved in activities that enhance the effectiveness of these schemes and the underlying standards. This includes support to national platforms in developing countries to expand the support base in civil society, the private sector, and local authorities. Despite the different approaches, all three organisations address issues that are not addressed (enough) by national governments and they all focus mainly on products for export.

An important feature of IDH, Solidaridad, and FTO is their work on improving production standards for primary commodities that are not produced in Western countries (e.g. coffee, cocoa, palm oil, cashews, and soy). The advantage is that these products are recognised by end consumers as 'Third World' products associated with development needs. This facilitates the moral appeal of the labelled products. The fact that Western companies

<sup>50</sup> Rainforest Alliance and UTZ Certified have announced their intention to merge and continue as Rainforest Alliance in June, 2017.

<sup>51</sup> E.g. UTZ Certified, Better Cotton Initiative, Fairtrade, and the Roundtable on Sustainable Palm Oil.

dominate the value chain of these commodities also plays an important role. The downside is that the programmes are commodity- and export-specific. This greatly reduces the spillover effect to other sectors.<sup>52</sup>

Most of these three organisations' work concentrates on improving production methods and increasing productivity in a sustainable way. They help producers of products for export increase their production and comply with standards, so that they can use a particular private label. These activities fall under trade development (i.e. another category of AfT). But some important aspects of the programmes fall within the scope of this evaluation in terms of the effect of regulations on trade. These aspects include standard setting, promotion, harmonisation and mutual recognition, implementation, certification, testing and enforcement, and capacity building to reinforce the institutes that certify and audit. We limited our assessment to only those activities. The three organisations' activities on standards generally achieved the planned outputs, which were often quite ambitious. Measured outputs include the publication of studies, reports and training curricula, the training and/or certification of producers, the organisation of and participation in Roundtables, and the development of campaigns to create consumer demand. All three private standards programmes have proper M&E systems on outputs in place, with outputs measured in absolute terms and related to targeted outputs. Their performance on direct output delivery is satisfactory (see appendix 1 for details and references).

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The induced outputs, defined as the direct effects of the activities of the three organisations with respect to standards, are limited and unfortunately not always sustainable. The desk research looked at reporting on: (a) the promotion of uniformity of quality and the effect of standards development on the quantity and value of certified produce, (b) enhanced credibility of labels and more demand for certified products, (c) enhanced involvement in standard setting and compliance of the private sector and civil society in beneficiary countries, and finally (d) improved capacity on standards at ministries and other government institutions.

One of the problems with certification and improving quality, which may increase trade value and create a more predictable supply, is that many of the schemes that promote such standards and certification are not sustainable. The 2014 IOB evaluation on IDH concluded that in the longer run, the share of certified produce quickly decreased, because becoming certified created bigger benefits for small producers than staying certified. In the process of becoming certified, IDH provided training and expertise, which improved productivity, and covered the starting costs of certification. Yet staying certified required producers to continue to pay the recurrent costs of certification, while revenues decreased as premiums on prices were phased out or evaporated as certified production became widespread. Consequently, the relative costs of compliance increased and the incentive to stay certified was often too small to make up for the extra costs. A problem that contributed to this is that

<sup>52</sup> IDH seems to recognise this and has recently initiated a more inclusive approach called 'landscapes'. More details are provided on IDH's website.



there was often not enough demand for the certified product, which forced the producers to sell part of their crops as a conventional product or forego a price premium (IOB 2014b).

Evaluations of Solidaridad also conclude that the effect of certification on producers' incomes is marginal and diminishing quickly (IOB, 2014a). Contributing in a sustainable way to a higher producer price is a problem for all private standards. The reporting on price premiums is mixed. Coffee seems to perform best. UTZ Certified reports a premium of USD 0.05 to USD 0.07 per pound (Riisgaard et al., 2009), which is about 3% of the average producer price, but does not say how much production costs have increased. FTO pays a higher price for coffee. It guarantees a minimum price and pays a 'social premium' (of around 15 cents per pound). This often goes partly to the producer, whereas another portion is for the benefit of the cooperative or for community projects. A lack of demand for its coffee has forced FTO to limit the amounts they purchase from certified farmers. A problem with these premiums is that the effect on the price of non-certified coffee, and therefore the value and volume of the export of non-certified coffee, is unknown. Locally, the effect on non-certified coffee may be positive. Such a positive effect is evident when the cost of collecting coffee is reduced, due to economies of scale or stable producer-buyer relations in certified coffee, and partly transferred to all primary producers (including those that are not certified). The effect can also be positive, if better farming practices spill over and raise the quality of non-certified coffee (Van Rijsbergen et al., 2015). However, at a more macro-level, the overall effect on the price of non-certified coffee may be negative and may offset the positive effects of price premiums.

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For other commodities, there is no premium. In those cases, certification is part of the technical assistance package that also helps producers to increase productivity. This explains why there is a sustainability problem once the technical assistance stops.

The private standards programmes undertake all kinds of activities to increase the involvement and improve the awareness of private sector organisations (PSOs), civil society organisations (CSOs), and local authorities. This is done by engaging in dialogue, e.g. in platforms, and by negotiating about compliance with production method standards. For example, IDH negotiates on the provision of technical assistance in exchange for participation and compliance of the parties that participate in the Roundtables and other platforms. The 2014 Review of IDH is inconclusive about positive spillover effects, but assumes that IDH's work may have contributed to more debate and action by the government and industry in recipient countries (IOB, 2014b). In that way, IDH may have contributed indirectly to the better implementation and enforcement of national legislation on standards.

The negative spillover effects of the private standards programmes did not receive much attention. Examples of possible negative spillover effects include more rainforest being destroyed for (less remunerative) crops instead of palm oil and a shift in child labour from cocoa plantations to even more miserable jobs. These effects also fall outside the scope of this evaluation, as they do not affect trade.

The visit to Uganda provided some evidence that the private standards programmes helped to improve the awareness and enhance the involvement of NGOs and CSOs. One example is the Ugandan National Union of Coffee Agribusiness and Farm Enterprises (NUCAFE), a beneficiary of IDH and FTO. NUCAFE declared that although not comparable to CBI/ITC's very well-received export promotion programme, IDH and FTO had been valuable partners in helping Ugandan exporters become aware of the importance of standards and helped build the institutional capacity of NGOs and CSOs on standards. There does not seem to have been an effect on government institutions in Uganda and Benin, however. As long as exported products were not rejected, compliance with standards for export products was a non-issue for government organisations dealing with standards.

There is sufficient reason to conclude that these three organisations' work on standards had only a limited and temporary effect on the uniformity of the quality of products. Production increased despite the introduction and certification of standards, because technical assistance increased productivity. The effect on price was limited and did not last. Demand for certified products did not keep up with production. The domestic private sector became more involved in the global value chain, but mainly because of productivity increases (e.g. through enhanced producers' knowledge), preferred supplier arrangements, and an autonomous globalisation trend and not so much because of the technical assistance for setting up standards and certification. These advantages could very well have been reached without certification. Good practice in terms of environmental and labour conditions and quality (mainly food safety) of the crops was promoted, but the added value of certification was not clear. Finally, we found no evidence of a significant positive effect of these programmes on government oversight of standards.

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All of this does not imply that the agricultural extension parts of the programmes were not successful. Producers did benefit in other ways than the introduction of the standards: from lessons learned, from economising on pesticide use, and increases in yields, regardless of whether they remained certified (IOB, 2014b). The interviews that were part of this evaluation confirmed this. Enhanced efficiency in production and along the value chain<sup>53</sup> created a more competitive position for developing country producers and traders. Yet no evidence was found that standards played a role in this process.

### 5.3 Donor coordination and local ownership

In 2015, STDF received contributions from 11 donors: Denmark, the EC, Finland, France, Germany, Ireland, the Netherlands, Norway, Sweden, Chinese Taipei, and the United States (STDF, 2016).<sup>54</sup> The interviews held with the secretariat and Dutch policy officers revealed that donors agree that STDF is a key part of the WTO's support infrastructure. Assistance to LDCs and close cooperation with other organisations, such as the EIF on diagnostic studies,

<sup>53</sup> Whether the increased quality or efficiency of production had an effect on income is beyond the scope of this research and hence not included in our conclusions.

<sup>54</sup> STDF's largest donors are Sweden, the Netherlands, and Denmark.

were mentioned in particular. In several cases, projects funded by STDF were part of larger overarching programmes by other donors. Support to ABSSA in Benin is an example. The formalised approach of STDF's capacity building initiatives, with a preparatory phase and a project implementation phase, is also used by several other donors of capacity building initiatives. For instance, EIF supports both the preparatory and implementation phases of capacity building initiatives through two separate types of grants, the tier 1 window (funding of preparatory work) and the tier 2 window (funding the actual implementation). The formalised practices under which projects are run by these different donors – following a systematic approach with similar, distinct stages and the recognition of each other's preparatory outputs as equivalent to their own – allows for more effective donor assistance. It prevents efforts from being duplicated and ensures that the beneficiaries' limited administrative resources are not overburdened.

IDH, Solidaridad, FTO, and FWF are all Dutch private organisations that are supported by the Netherlands government to build capacity in the value chain. Although these organisations are part of larger networks with similar foreign organisations, and despite occasional funding by other donors, de facto they are executive agencies of the Netherlands' official development assistance in the area of private standards. The 2014 IOB study concluded that IDH should improve its cooperation with the Dutch public sector. In particular it should cooperate more with executing agencies of Dutch embassy programmes and collaborate with executive agencies that use other instruments from the Dutch PSD programme (IOB, 2014b). While IDH works with local stakeholder organisations in the field, its cooperation with Western organisations is primarily with other Dutch organisations (such as ICCO, SNV, Agriterra, and MADE-BY). On a more positive note, in 2013 IDH did receive contributions from Switzerland (SECO) and Denmark (DANIDA). But FWF was mainly funded by Dutch organisations: the Ministry of Foreign Affairs and two trade unions, FNV and CNV. This implies that in practice support to these organisations by the Netherlands is a form of tied aid. The focus of these programmes on exports to the EU, and often only to the Netherlands, and their preference for consumer-driven standards result in programmes that are to a considerable extent supply driven, i.e. chosen by the Netherlands rather than the developing countries. This was confirmed during our fieldwork. Neither other donors nor the governments in the recipient countries were aware of the work of these programmes on standards. This has reduced positive spillover effects, learning, scaling up, and efficiency in general.

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## 5.4 Likelihood of outcomes

In this section, we draw conclusions on whether the work on standards by the programmes in the sample are likely to have affected trade, and if so, in what way.

There is a growing body of empirical studies on the effect of standards on trade. The studies generally assess the effect of an increase on the number and/or stringency of standards. They show that public and private standards are typically more stringent in high-income countries than in low-income countries, either because of laws or better enforcement or because of consumer preferences, (Disdier et al., 2015; Ferro et al., 2013). This phenomenon has

generally been termed the ‘North-South standards divergence’. Whether higher standards facilitate or hinder trade is referred to as the ‘standards-as-catalyst’ versus the ‘standards-as-barrier’ perspective. Obviously, Aft for standards should encourage the use of standards from the first perspective and mitigate the effects of standards from the second.

The ‘standards-as-barrier’ perspective emphasises that stricter standards increase compliance costs, and may do so (intentionally or unintentionally) in a disproportionate, protectionist manner. If compliance goes hand in hand with additional fixed costs for both producers and standards bodies, then stricter standards can become an entry barrier. When large investments are needed to comply with destination market standards, fixed costs increase substantially and require larger volumes to make the same profit. Some producers may be able to finance these investments, but others may not. Compliance can also cause variable costs to rise when, for instance, newly adopted product standards demand a higher-quality product, requiring costlier inputs or more capital-intensive production methods. In less developed countries, institutions are not as well developed, and often an adequate infrastructure for standards and compliance is lacking. These countries also suffer from private resource capacity constraints. As a result, exporters from less developed countries generally face higher compliance costs than their competitors in more developed countries (Moïsé et al., 2013a; Arvis et al. 2012; Lord, 2010). These factors explain why empirical studies show that on average developing countries lose market share as standards increase or are harmonised in their destination markets, whereas developed countries gain market share (see Clougherty and Grajek, 2014, or Ferro et al., 2013, for example). Ferro et al. (2013) found that more restrictive standards in destination markets make it less likely that firms export their goods to those markets (a negative extensive margin effect). No statistically significant effect on the volume/value of exports (an intensive margin effect) was found (Ferro et al., 2013). Finally, discrimination, i.e. differences in the actual level of enforcement, with more rigorous enforcement for imports than for domestic supplies, may have a negative effect. This discriminatory effect does not occur with private standards, because they are voluntary and are not enforced at the border. Neither do private standards preclude the possibility of entering a market for non-certified produce, though the produce will often be sold at lower prices. This would change, however, if private standards became public.

The ‘standards-as-catalyst’ perspective emphasises that standards are a potential means to overcome information asymmetry. By creating agreed product and/or production specifications, standards reduce transaction costs and enhance trust, signalling characteristics that would otherwise not be communicated or would come at a high search or quality assurance cost. An important example of standards contributing to risk reduction in developing countries is the common practice of lead firms working with preferred small and medium-sized suppliers or outgrowers. The buying party gets a steady supply that meets a certain standard, while suppliers are guaranteed that they can sell their produce (if they comply) for a ‘fair’ price, which is often set in advance (Oya, et al., 2015; Ruben, 2017). The characteristics can be product related, such as information on product quality and product safety, or non-product related, such as information on labour or environmental conditions. By removing information asymmetries and risk, standards can reduce rejection at the border.

Standards can also provide an incentive for developing countries to improve the institutional efficiency of the value chain or the efficiency of the production process to stay competitive. When developing countries harmonise national standards or mutually recognise each other's national standards, the size or number of market(s) that can be served increases, allowing for economies of scale or a more stable supply, which improves their competitiveness.<sup>55</sup> Finally, standards can increase the value of trade, if higher standards lead to higher prices and the price elasticity of the export demand is smaller than 1.

Which effects dominate, and whether standards catalyse or hamper trade, is influenced by the level of development of the country. The capacity of the government and the industry, and the strengths and weaknesses in the value chains are decisive factors. An active policy to improve the necessary and appropriate management and control by the government or the industry may create new forms of competitive advantage (Jaffee and Henson, 2005). This knowledge provides a theoretical framework for assessing the likely effect of programmes on trade.

#### 5.4.1 International public standards programmes

As described in section 5.2.1, STDF contributes to developing countries' awareness of the importance of international standards for trade and increased coordination in the provision of technical cooperation on SPS issues. In its second role, STDF increases their capacity to develop and enforce standards. These two roles are expected to reinforce one another. In its role as a knowledge platform and global coordinator, STDF effectively enhances developing countries' awareness of the role of standards, and strengthens their participation in standard-setting bodies and negotiations on SPS matters. The main outcome of this is that developing countries are better informed and more aware of potential problems. Their participation in international standard-setting bodies has also increased, but as the World Bank concluded, 'developing countries still have limited influence on the setting of many internationally-recognised standards' (World Bank, 2005: p. 114). The upshot of their participation in standard setting and negotiations therefore is that they gain better knowledge about which compliance problems they need technical assistance for, in order to maintain their access to international markets and enhance their competitiveness. The effect on exports may therefore be indirect. Or there may not be any effect. Creating awareness has not led Uganda or Benin to change their trade policies on standards for exports; in fact, the UNBS was hardly aware of STDF's existence. The effect on trade in these countries was on imports rather than exports. The awareness of the importance of SPS standards encouraged developing countries to reinforce their SPS checks on imports. So the likely net impact of these STDF activities on trade is not clear. Some countries may have used the awareness to maintain their market share in export markets with a positive effect on trade, while others have used it to restrict imports, mainly affecting South-South trade in a negative way.

<sup>55</sup> Chen and Mattoo (2004 and 2008) found, however, that when regional agreements on harmonisation and mutual recognition are reached among developing countries (with stricter harmonised standards), non-participating developed countries generally experienced a positive effect on exports, whereas non-participating developing countries generally experienced a negative export effect.

STDF also provides technical assistance to help reform national standards policy, to implement international standards, and to set up an institutional framework to develop and enforce standards. The need for this was convincingly shown by Wilson and Abiola (2003). The authors found that in several African countries the management and enforcement of standardisation lacked national coordination. Furthermore, national standards were not harmonised, and regulatory roles and responsibilities were allocated across many different national agencies (Wilson and Abiola, 2003). Primary data collection in Uganda and Benin confirmed the need for capacity building. Overall, technical assistance funded by STDF was successful. The 2014 evaluation concludes that the evaluated projects have generally ‘delivered results’, were ‘likely to be success stories’, and were expected ‘to have long-term impacts’ (Saana Consulting, 2014a). Evaluations noted an absence of consistent and detailed M&E procedures for projects (Slorach, 2008; Saana Consulting, 2014a), which explains the words ‘likely’ and ‘expected’. STDF intends to improve its M&E as indicated in the 2015-2019 medium-term strategy (STDF, undated-c).<sup>56</sup> Evaluations indicated, however, that the small size of the STDF Secretariat and the labour intensity of all these small projects create difficulties, especially when follow-up is needed to guarantee sustainable effects. Taking up more M&E work will aggravate this problem. In Uganda, the SPS-related rejection of flower exports sharply decreased. This proves that building capacity will have a positive effect on trade, if only by mitigating the negative effects of standards as barriers. General capacity building on standards will reduce the institutional gap between developing and developed countries and increase the likelihood that developing countries will benefit from harmonised standards, rather than suffer negative consequences. In this respect, developing countries are more likely to experience positive trade effects, if the more stringent standards for exports are also introduced for products sold in the domestic market. In an overview article of numerous studies, Swann (2010) concludes that the adaptation of international standards in the domestic market positively and significantly affects a country’s export and import performance.<sup>57</sup> Clougherty and Grajek (2008 and 2014) explain this effect by noting that the adoption of international standards at home leads to more efficient production processes and more information symmetry in value chains. This is in line with the standards-as-catalyst perspective on competitiveness. It underscores the importance of STDF’s work on general capacity and government oversight in developing countries, for which its role as a knowledge platform and global coordinator is also essential.

In section 5.2, we concluded that FWF helped to increase compliance with respect to labour standards in the participating export companies that supply the Netherlands with garments. Whether this induced output had any effect on trade has never been measured, nor has FWF given it much thought. However, it is unlikely that such an effect would be measurable, given the small share of FWF members in the total (global) garment industry. Theoretically, one would expect an increase in cost to reduce trade, but the effect on productivity could compensate for this. To confirm this, one would need a great deal of data on the impact of

<sup>56</sup> The strategy refers to document 509, which ‘takes the existing M&E activities of STDF a step further by establishing a practical monitoring and evaluation system, which not only reports on activities, but also tracks progress in terms of achieving results’ (STDF, undated-a: p. 1).

<sup>57</sup> This could partly be a proxy for the quality of governance in general, so the extent of the effect should be appreciated with care.

living wages on production cost, on the distribution of profit margins in the value chain, on retail pricing, and on the value of well-established relations, leading to timely delivery and a continuous high-quality supply. Anecdotal evidence indicates that competition among Dutch buying companies is fierce and that Japanese and American brands generally pay higher prices to their suppliers. Asked whether FWF-membership could lead to trade diversion in the case of poor labour conditions or calamities,<sup>58</sup> FWF said that its members were unlikely to divert their orders to other source countries (with better conditions). Instead, they have shown a willingness to use their leverage to improve the situation. As mentioned, the empirical literature (Swann, 2010) indicates that adopting international standards in domestic markets, if possible, has a positive effect on trade (on both exports and imports). In this case, this means that there would be an effect on trade if FWF's activities had a massive spillover effect. In practice, this would require governments and trade unions in the countries where garments are made to enforce core labour rights, not only in export sectors, but all over the country, and in all sectors. This emphasises the importance of involving national and local government authorities, to develop laws and institutions for sector-wide enforcement of labour standards, also for the domestic market. Roundtables and other sector platforms can provide a valuable tool to involve authorities, to create local ownership. FWF was aware of the limitations of its approach and indicated that it had increased its efforts to cooperate with governments.

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#### 5.4.2 Private standards programmes

The reports and findings, as well as the evaluations and interviews on the outputs and induced outputs of the private standards programmes, provide no evidence that the work on standards by IDH, Solidaridad, and FTO had a substantial effect on trade. The standards themselves rarely affect trade volumes, as they specify production methods rather than product quality and because they are not official mandatory and therefore not enforceable standards. If they were enforceable, total volumes would probably decrease. The standards may have affected the competitiveness of the participating producers or the value chain (the standards-as-catalyst perspective), however. Ruben (2017) indicates the possibility of spillover effects to other (non-certified) farmers and spatial externalities at the landscape level. He also mentions likely secondary effects related to behavioural change (risk and trust) and local innovation dynamics. These are short-term effects of the introduction of standards, however, that do not require standards to be maintained for many years or to be internationally promoted. The accompanying technical assistance increased the productivity of the producers, irrespective of the standards. The positive effects on the programmes' export volumes should be attributed to the increases in productivity that came with the private standard certification process, rather than to these private standards themselves. Some of the certified products, such as coffee, reportedly received an export price that was a few per cent higher than non-certified products. For FTO's niche coffee value chain, this was even a few per cent more, but only for less than half of the certified coffee supplied. The effect on price was also more permanent, because FTO managed to sell its labelled products at a premium, partly through direct sales. Although the size of FTO's certified export market is very small, this may have affected the total export value of a few

<sup>58</sup> Such as the Rana Plaza factory in Bangladesh in 2013.

countries in a positive way. However, this effect may have been offset by a very minor negative effect of the premium for certified coffee on the price of non-certified coffee, because of the higher price's effect on supply. The work on standards did not change the comparative advantage of developing versus developed countries, because these organisations concentrated their efforts on products that are rarely produced in developed countries. This suggests that their technical assistance for standard setting has most likely not increased developing countries' integration into the world economy through more and more diverse trade.

The fact that the Dutch support of IDH, Solidaridad, and FTO on standard setting and implementation has not generated a significant effect on trade does not mean that standards never have such an effect. An obvious example is when technical assistance for standards can help to create trade that has not yet emerged or has been prohibited. The export of impala or kudu meat from the EAC and cheese from Masisi in Eastern Congo (once exported to Belgium) are good examples. Harmonisation and mutual recognition of standards can have a significant effect on trade. Especially in the context of regional integration, trade diversion and trade creation opportunities arise through common standards, specialisation, and economies of scale. There is scope for technical assistance in supporting developing countries to harmonise and mutually recognise standards in the process of regional integration. In Uganda and Benin, standards bureaus were far more concerned with imports than with exports. They hampered rather than stimulated trade. The ministers we interviewed, as well as employees of standards bureaus, exporters, and importers in Benin and Uganda, acknowledged that the institutional infrastructure to implement and enforce standards compliance was still very weak.

## 5.5 Conclusion

The general conclusion on the effects of more stringent standards on foreign, regional, and domestic markets is that in developing countries the negative effect of compliance costs dominates the positive effect of economies of scale, with compliance costs negatively correlated with the development level. Developing countries struggle with compliance, and higher standards affect their exports and imports negatively, except when they are in a position to introduce these standards into their domestic market as well.<sup>59</sup> This latter result is important because it advocates building general institutional capacity and oversight on standards, such as for standards bureaus that set, implement, develop, and control standards. This is the kind of capacity that STDF supports, and it is likely that the technical assistance it has been providing has had a positive effect on trade. We can conclude that STDF has helped developing countries to integrate into the world's trading system and the world economy. However, the whole process of project selection, management, and monitoring and evaluation is relatively costly and puts pressure on the resource-constrained secretariat.

<sup>59</sup> This could be explained by the absence of discontinuities. As a result, the compliance costs may be lower whereas the harmonisation and catching-up effect stimulates trade.



The empirical evidence on conditions that need to be met before standards can have a positive effect on trade stresses the importance of having well-functioning institutions on sector-wide standards enforcement, also for the domestic market. FWF's orientation towards exports and the private sector and its exclusive focus on labour standards do not contribute to these conditions. The likely effect of Dutch support to FWF on trade was minor at best, but could also have been negative. Enforcement of ILO labour standards, also for domestic production, could have a more positive effect on trade, however (apart from a more considerable effect on labour conditions). This requires impartial government oversight and therefore a reorientation from private to public.

In the same line of reasoning, no evidence was found to suggest that better trade performances justify Dutch development financing of IDH, Solidaridad, and FTO to introduce or support higher voluntary private standards and compliance. These programmes mainly work on trade development, boosting production and trade volume by improving production methods and the productivity of the farmers they support. The regulatory standards part of these programmes is often not sustainable and unlikely to affect trade in a positive way. These programmes' work on standards has the same narrow focus as FWF: the standards are oriented towards exports and the private sector, whereas successful interventions that can promote competitiveness and trade introduce higher standards into the domestic market and usually require the participation and oversight of government institutions.



# Appendices

## Appendix 1 Assessment of individual programmes under evaluation

In this appendix, we review the selected TP&R programmes (see section 1.4). The individual assessments are the basis of the more aggregated findings in chapters 3, 4, and 5. For each individual programme, we present a brief background and intervention logic. The intervention logics are constructed based on different internal and external sources. These sources include, for instance, programme and project proposals, appraisal documents, annual plans, and interviews. The programme descriptions and intervention logics are followed by IOB's assessments, based on a desk study of progress reports and final reports, evaluations by others, interviews with policy officers, executing agents, and policy officers in beneficiary countries, as well as on theoretical and empirical literature. The assessments review the achieved outputs and induced outputs and evaluate whether the programmes are likely to have contributed to (intermediate) outcomes and Dutch policy objectives. The organisation of a programme is only discussed if it influenced the effectiveness of the programme.

Several programmes have repeatedly received funding from the Ministry of Foreign Affairs, registered under different activity numbers. The assessment (including the construction of the intervention logic) represents the overall objectives and findings of the combined activities. The assessment focuses on trade policy and regulations, which means that other (or even core) objectives of the programme will be disregarded in the assessment (and in the intervention logic).

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### Trade policy and negotiating capacity

#### 1. Advisory Centre on WTO Law (ACWL)

##### *Background*

At the WTO Ministerial Conference (MC) in Seattle in 1999, 29 countries signed the Agreement Establishing the Advisory Centre on WTO Law. The establishment was the result of an initiative by the Netherlands and Columbia. In 2001, the agreement entered into force and ACWL officially started its activities. Important donors of ACWL include Denmark, the United Kingdom, Norway, Canada, and the Netherlands. During the period under examination, the Netherlands provided approximately EUR 4.8 million to ACWL, in the form of core funding.

ACWL also receives income from its non-LDC members, through contributions to the Endowment Fund<sup>60</sup> and fees charged for ACWL's support in dispute settlement procedures. The size of the contributions and fees are determined on the non-LDC member's share in world trade and per capita income (ACWL, undated). LDCs are entitled to all services

<sup>60</sup> The revenues from the Endowment Fund are another source of income for ACWL.

without having to contribute to the endowment fund and have to pay only a modest fee for legal representation in WTO dispute settlements.

ACWL's objective is to assist developing countries and LDCs to overcome their lack of expertise on WTO law and trade dispute management, as well as the institutional, financial, and language<sup>61</sup> constraints to acquire such expertise. By providing legal advice, support in dispute settlement proceedings, and training,<sup>62</sup> ACWL helps developing countries and LDCs to understand their rights and obligations under WTO law and create an equal opportunity for them to defend their interests in WTO dispute settlement proceedings (ACWL, undated). The Secondment Programme, for instance, gives trainees (the primary beneficiaries) direct access to WTO law-related knowledge so they can learn about WTO law, procedures, and agreements. The policy advice and knowledge provided can subsequently be used by administrations in developing country and LDCs (secondary beneficiaries) to reform national policy. Additionally, the beneficiary country's delegates (secondary beneficiaries) can use the obtained negotiation skills and knowledge on WTO law in trade negotiations. The intervention logic associated with these services is described in the table below.

<b>Intervention</b>	<b>Output</b>	<b>Induced output</b>	<b>Expected intermediate outcome</b>
<ul style="list-style-type: none"> <li>• Legal advice;</li> <li>• (Subsidised) legal support in dispute settlement proceedings;</li> <li>• Training;</li> <li>• (Joint) organisation of regional training workshops, seminars, and capacity building programmes;</li> <li>• Dispute-related specialised technical research.</li> </ul>	<ul style="list-style-type: none"> <li>• Legal advice given on potential WTO cases or WTO conformity of domestic laws in the form of legal opinions;</li> <li>• Provision of support by ACWL in dispute settlement;</li> <li>• Training given and certificates awarded;</li> <li>• (Joint) trainings, workshops, seminars, and capacity building programmes organised;</li> <li>• Specialised technical research executed.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced awareness of the role of WTO law in national trade and development policy;</li> <li>• WTO-related activities organised and institutional units set up by and in developing countries and LDCs (e.g. WTO notifications filed and intergovernmental workgroups on WTO law set-up);</li> <li>• More effective negotiation of developing countries and LDCs;</li> <li>• Enhanced effectiveness of developing countries and LDCs in trade disputes (as complainant, respondent, or third party);</li> <li>• Increased WTO jurisprudence from a developing country perspective.</li> </ul>	<ul style="list-style-type: none"> <li>• Trade terms that better represent developing countries' and LDCs' interests;</li> <li>• Enhanced capacity of developing countries and LDCs to handle complex trade disputes;</li> <li>• Enhanced legitimacy of the WTO system.</li> </ul>

<sup>61</sup> Language barriers may be the result of difficulties incurred by the (dis)ability to comprehend a foreign language or by dealing with complex legal jargon, for example.

<sup>62</sup> The Secondment Programme and annual courses on WTO law, for example.



*Findings*

Information on the achieved direct outputs and induced outputs was obtained from annual reports, internal documentation, evaluations and literature, and interviews with policy officers, international organisations, other stakeholders, former trainees, and representatives from ACWL. ACWL’s annual reports document the achieved outputs according to the intervention logic. Annual reports present information on the number of legal opinions provided by subject and by level of development of the beneficiary country (GNP/capita), the number of WTO disputes in which ACWL provided support, the number of training certificates awarded, and annual overviews of the conferences, seminars, and other events which ACWL organised or in which it participated. Annual reports do not provide information on targets, so achieved outputs cannot be compared with targets. ACWL explains the absence of output targets by referring to its demand-based approach and confidential client-attorney relationship, providing assistance on demand. Information on outputs of dispute settlement support and legal advice is constrained by the confidential nature of ACWL’s services. While understandable, this makes it more difficult to assess the quality of these outputs. These findings were confirmed by the 2014 PwC evaluation of ACWL, which stated that the restricted access to performance data made it difficult to determine the effectiveness of ACWL’s outputs (PwC, 2014). An overview of some of ACWL’s outputs is presented in the table below.

Table A1.2 ACWL outputs (2007-2016)										
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>LEGAL ADVICE</b>										
Legal opinions on systemic or procedural issues	48	83	81	94	99	90	116	71	73	69
Legal opinions on measures of country seeking advice	39	61	53	64	71	94	56	70	57	76
Legal opinions on measures of other countries	23	31	60	48	48	47	41	63	51	51
<b>Total</b>	<b>110</b>	<b>175</b>	<b>194</b>	<b>206</b>	<b>218</b>	<b>231</b>	<b>215</b>	<b>204</b>	<b>181</b>	<b>196</b>
<b>DISPUTE SETTLEMENT</b>										
WTO disputes in which ACWL provided support	6	7	6	7	3	8	8	8	10	14
New requests for support in WTO disputes	2	2	3	4	0	5	3	1	4	4
<b>TRAINING</b>										
Certificates of annual training courses awarded	33	32	34	29	31	30	37	37	34	38

Source: constructed from data from ACWL’s annual reports on operations 2007-2016.

LDCs benefit less from ACWL's services than developing countries do. To illustrate, of the 35 trainees that participated in the Secondment Programme, only 9 trainees were from LDCs. LDCs also benefit relatively less from legal advice (opinions on WTO legislation) and dispute settlement support. In the period 2007-2016, only 11% of the legal advice provided by ACWL<sup>63</sup> went to LDCs. And this percentage has fallen over time (16% in 2007, versus 6% in 2016). The greater share of legal advice was provided to middle-income countries that are more actively engaged in trade. ACWL's assistance in dispute settlement proceedings was also mainly provided to middle-income countries, with an average of 3% of support provided to LDCs over the period 2001-2016 (ACWL, 2016). This can be explained by the fact that there are hardly any disputes against LDCs, largely because of their small trading volumes, and by the fact that retaliation would jeopardise development objectives. In their trade with developed countries, LDCs also trade primarily under preferential trade arrangements where the WTO dispute settlement system does not apply to possible trade disputes.

However, institutional capacity constraints of developing countries, particularly LDCs, have also limited the use of ACWL's services. Because ACWL cannot 'ambulance chase', developing countries must already have the monitoring capacity to identify lost market access and be knowledgeable about the WTO and its enforcement process, in order to seek assistance (Bown, 2009). Bown argues that ACWL has primarily affected the intensive margin, by empowering previous users of its services to pursue more dispute cases, rather than affecting the extensive margin, by providing assistance that allows new developing country members, particularly LDCs, to use the Dispute Settlement Understanding<sup>64</sup> (Bown, 2009). The 2014 evaluation of ACWL by PwC also identified these capacity constraints for LDCs to use and benefit from ACWL's services, albeit beyond ACWL's control. PwC concluded that ACWL's LDC strategy should be more proactively defined in order to remedy this (PwC, 2014).

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A lack of awareness of ACWL's existence in the capitals of LDCs was also evident in Uganda and Benin, even in the Ministry of Trade, with the exception of those directly or indirectly involved in the Secondment Programme. Several highly positioned officials working on trade in ministries, who were interviewed during the field visits, indicated that they were unaware of the existence of ACWL. Dutch policy officials confirmed that ACWL is well known among representatives of LDCs in Geneva, but not in these countries' capitals. LDCs' limited use of legal support (relative to middle-income countries) is mainly related to political constraints that LDCs perceive when pursuing their legal rights in the WTO, especially against powerful trading partners. To a certain extent, this prevents the Dutch policy objective to focus on integrating LDCs in the WTO system from being achieved.

Despite the limited use of ACWL's legal support and assistance in dispute settlement procedures by LDCs, they did benefit from the general legal support that was provided, such as the legal support that ACWL provided during negotiations on the Trade Facilitation Agreement and on the extension of the TRIPS waiver.

<sup>63</sup> Calculation based on the data provided in ACWL's annual reports of operations 2007-2016.

<sup>64</sup> The current dispute settlement system is embodied in the Understanding on Rules and Procedures Governing the Settlement of Disputes, commonly referred to as the Dispute Settlement Understanding.

ACWL has a limited M&E system. Satisfaction surveys are ACWL's primary means of evaluating the quality of its outputs. During the period under examination, beneficiaries of direct outputs such as training and legal support reviewed ACWL's services as 'very useful' and the quality as 'highly satisfactory' (ACWL's annual reports of operations 2007-2016).

ACWL does not monitor induced outputs. Assessing attribution effects when moving along the line of the intervention logic in the direction of outcomes is always difficult, but ACWL's limited M&E system has made it even more difficult. ACWL's M&E only looks at directly observable outputs. For instance, there is no systematic monitoring of where trainees go after their training, making it difficult to determine whether and how the acquired institutional capacity is put into use in developing countries. ACWL stresses that the confidential nature of its services on dispute settlement makes it difficult to report on improved use of the DSU by developing countries. Evaluations and interviews held with policy officers, beneficiaries, international organisations, and representatives from ACWL were used, to provide some idea of the effects of ACWL's direct outputs.

To gain insight into the effects of the training activities and traineeships, former trainees and secondary beneficiaries were interviewed. For instance, a former trainee of the Secondment Programme was interviewed in Uganda. Both the alumnus and her supervisors in the ministry perceived the Secondment Programme as very positive. The programme was commended for applying a demand-driven approach, with interactive and practical exercises, and a thorough study of WTO law, which improved the alumnus' knowledge on WTO law. Upon returning from the Secondment Programme, the alumnus was given a position where she advised the Ministry of Trade and delegates from her country on trade policy, on negotiation strategies, on the implementation of international agreements and treaties, and on dispute settlement. She was involved in the EPA negotiations and in formulating the Ugandan position within the EAC, COMESA, and CFTA. The alumnus set up a staffed and equipped unit within the government that is linked to the university business school in Geneva, and she started a high-level policy dialogue in a forum with officials from other departments. Her superior noted that the Ministry of Trade has moved up in the hierarchy of ministries, and that programmes such as the Secondment Programme contributed to this. The alumnus remained in contact with her former fellow trainees, using her network to obtain advice where necessary. This evidence shows a ripple effect that has increased the effectiveness of the programme, beyond Geneva. Whereas the 2004 evaluation by IOB concluded that ACWL had a 'weak' impact on the development of national policy at the interface of trade and development (IOB, 2005), that impact could now, using the same methodology, be rated as 'fair'.

According to existing evaluations and the literature on ACWL, the legal opinions and dispute settlement support created positive effects in terms of strengthening negotiation positions for the beneficiary countries. Bown states, for example, that despite ACWL's inability to affect the extensive margin, the research does show that ACWL has successfully empowered many developing countries with prior, albeit sometimes minimal, Dispute Settlement Understanding experience to secure a better position in the WTO system (Bown, 2009). The evaluation by PwC (2014) calculated that for the period 2007-2013, 77% of the



legal advice that ACWL provided enabled developing countries to participate more effectively in WTO decision-making (PwC, 2014), e.g. on the extension of the transition period in the TRIPS Agreement for LDCs. Furthermore, ACWL's services were found to contribute to the legitimacy of the international trade system. It achieved this because the legal advice provided by ACWL acts as a mechanism to stabilise the WTO system, helping countries evaluate the consistency of their own trade policy measures with WTO obligations (PwC, 2014).

However, the use of specific legal advice and DSU litigation support by LDCs is, as mentioned, still very limited. Capacity constraints and the limited awareness of ACWL's services beyond Geneva restrict the use of its services and the possibility of generating positive induced outputs.

Training activities and traineeships, such as the Secondment Programme, could play an essential role in overcoming the problem of limited awareness of ACWL's legal services in the capitals of LDCs. Indeed, alumni who set up WTO law units and inter-departmental policy dialogues upon returning home help to increase the awareness on ACWL's services within and across the ministries of LDCs.

| 112 | Despite the positive findings during our country visits, and in the literature and evaluations, the ability to measure the extent of ACWL's effect has been constrained by limited performance data and the absence of a proper performance framework. While the confidentiality of most of ACWL's services explains some of the absence of detailed information, the PwC evaluation states on this issue that the demand-driven and confidential nature of ACWL's work should not be an impediment to follow a results-based management approach (PwC, 2014).

Furthermore, ACWL's dependence on external funding from a small donor base remains a matter of concern, as the insecurity of financing affects the amount of work that ACWL can accept (emphasised, for example, in the PwC evaluation (2014) and the Report of the Task Force (ACWL, 2015)). Predictable long-term financing is crucial for the institute's type of work and the quality of the organisation. The fact that these contributions come from developed countries that sometimes are parties in a trade dispute does not affect ACWL's work. It may, however, influence developing countries' choice to use ACWL's services. ACWL is an indispensable organisation in that it guarantees that the WTO's rules-based system is open and balanced, with equal access to dispute settlement. It would therefore make sense if ACWL received core funding from the WTO, or at least a guarantee that the WTO will support ACWL if donors pull out of their commitments.

### Conclusion

ACWL's support has contributed to Dutch policy objectives, as it has helped developing countries to integrate into the rules-based international trading system. ACWL also contributes to the fulfilment of the government's obligation – as stipulated in the Dutch constitution – by promoting enhanced access to justice and the development of WTO

jurisprudence, as well as the development of the international legal order.<sup>65</sup> Overall, ACWL is considered to be highly relevant and to have contributed in a positive way to Dutch development policy objectives, but the exact extent of that contribution has been difficult to establish because of data limitations. However, the positive judgements found in the evaluations and in the literature are in line with our, albeit neither systematic nor representative, research findings. ACWL fulfils an important role in that it helps developing countries to secure more effective positions in negotiations and disputes, which contributes to the legitimacy of the WTO and the international, rules-based trading system. Improvements could be made with respect to the systematic measurement of results and predictable financing.

## 2. Netherlands Trainee Programme (NTP)

### *Background*

The Netherlands Trainee Programme (NTP) was established in 2005 to succeed the Dutch Internship Programme, which had been financed since 1998. NTP was set up to assist LDCs, and comparably small and vulnerable economies, in building the necessary institutional capacity to integrate into the international trading system. The programme offers internships to (essentially junior) public officials, who come to work at the WTO Secretariat and are supervised by WTO staff members. This exposes the trainees (the primary beneficiaries) to the Secretariat's ongoing activities and gives them direct access to, and allows them to participate in, the WTO's work in Geneva. The traineeship teaches trainees about WTO regulation, procedures, and agreements, in order to provide relevant policy advice that can be used by their home country administrations (secondary beneficiaries). A maximum of 15 trainees is accepted each year, who follow a ten-month training period. The selection is done by the WTO Secretariat. NTP falls within a larger set of WTO internship programmes that are core TA products of the WTO's Institute for Training and Technical Cooperation<sup>66</sup> (ITTC). Other internship programmes are the French-Irish Internship Programme (formerly the Mission Internship Programme) and the WTO Accession Internship Programme. During the period under examination, the Netherlands provided approximately EUR 3.0 million of funding to NTP. The intervention logic of NTP is presented below.

<sup>65</sup> Article 90 of the Constitution of the Kingdom of the Netherlands reads: The Government shall promote the development of the international legal order.

<sup>66</sup> The Institute for Training and Technical Cooperation (ITTC) coordinates the WTO's technical assistance and training. Its main objective is to assist beneficiary countries in building trade policy and negotiating capacity.

<b>Intervention</b>	<b>Output</b>	<b>Induced output</b>	<b>Expected intermediate outcome</b>
<ul style="list-style-type: none"> <li>• Training on, for instance, WTO access, EIF, services, agriculture, and trade policy reviews;</li> <li>• Visits to Clingendael, the Dutch Ministry of Foreign Affairs, and the port of Rotterdam;</li> <li>• Meetings with stakeholders (e.g. ministers, labour unions, and the private sector);</li> <li>• Practical training and exercises (including simulations of tariff reduction).</li> </ul>	<ul style="list-style-type: none"> <li>• Trainee attendance in training activities, WTO meetings, and activities of other Geneva-based organisations;</li> <li>• Issue- and country-specific reports and RTA needs assessments;</li> <li>• Practical exercises carried out;</li> <li>• Analysis and review of documents;</li> <li>• Preparatory work on WTO notifications executed.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced knowledge and understanding of the functioning of the WTO system and the role of trade in national development;</li> <li>• Improved coordination of beneficiary country's policy officer across different ministries in the design of trade policy;</li> <li>• Improved trade policy advice of trainees to their own government.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced institutional capacity of developing country/LDC in WTO negotiations;</li> <li>• Beneficiary country is better able to implement its commitments made in WTO agreements;</li> <li>• National policy more in line with WTO agreements.</li> </ul>

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### *Findings*

Achieving direct outputs and the direct effect of outputs has been assessed, based on WTO reports, internal documentation, data, an external evaluation, and interviews with policy officers, international organisations, other stakeholders, former trainees and representatives of NTP. NTP has maintained a database of alumni, documenting participants by year and nationality, and listing the positions the alumni hold in ministries. In the period 2007-2016, 127 trainees participated in a traineeship (with the number of annual trainees generally equal to the intended number of trainees). Of the participants, two-thirds came from LDCs. NTP's outputs included study visits, to Clingendael and the Port of Rotterdam, for example, preparatory work related to WTO notifications, simulations of tariff reduction, the attendance of meetings with delegates, the development of needs assessments, and participation in activities of other organisations, such as UNCTAD, IDEAS, and ICTSD (see, for instance, ITTC, 2011).

ITTC's case study report stated that: 'The WTO is highly committed to the results based management (RBM) process' and 'having a results framework and adequate reporting mechanism [...] will assist in determining whether a positive contribution has been made to building capacity of beneficiary countries' (ITTC, 2011: p. 2). Despite these commitments, there is no clearly defined M&E framework for NTP-specific results. Instead, NTP is part of a coherent, yet not highly sophisticated M&E system of the WTO's trade-related technical assistance (TRTA) programmes.

A very recent evaluation by Saana (2016b) of all WTO capacity building programmes in eight countries, however, does provide some insight into the induced outputs achieved by NTP. The evaluation assessed NTP positively in comparison with the other WTO programmes

(Saana, 2016b,). This confirms the findings in ITTC's report on WTO's TRIA programmes in general, stating (based on anecdotes): 'Trainees found that they gained expertise on WTO matters that enabled them to better handle their responsibilities in their capitals' and that the training had led to strengthened 'analytical, critical thinking, communicative, and collaborative skills' (ITTC, 2011: p. 19). NTP's own reporting shows that women's participation scored well, at 42%.

IOB's findings on the induced effects of NTP's outputs are similar to the NTP-specific findings in Saana Consulting's evaluation and the more general findings of the ITTC report. Several former trainees and supervisors of former trainees were interviewed in Uganda and Benin. Overall, the former trainees and their current supervisors gave NTP a positive evaluation. Supervisors of former trainees emphasised the change in skills and attitude of the former trainees, showing more mature and experienced behaviour. Former trainees mentioned increased confidence as a positive personal effect. One alumnus, for instance, said that having access to data, attending meetings, having contact with NTP staff (on an equal level), and being responsible for specific tasks gave him a sense of being relevant. This increased his confidence and his ability to execute his tasks.

Former trainees also indicated that the traineeship helped them understand why different countries hold different positions in trade negotiations. An alumnus from Uganda mentioned that the traineeship helps trainees not just to read about trade issues, but also to interact with the people that defend different views. 'Instead of seeing it on TV, discussions are brought to life in conferences.' An alumnus from Bangladesh, interviewed in Geneva, underscored this as well, stating that interacting with trainees from different countries and attending WTO meetings helped him understand the policy and negotiation positions of other countries. This kind of understanding enables the beneficiary country to reflect on and strengthen its own position, and contributes to the success of trade negotiations in general.

Furthermore, the visits to the Port of Rotterdam and Clingendael and the meetings with the Dutch private sector and government officials were commended for providing insight in how different stakeholders in the Netherlands interact and engage in dialogue, thus providing the knowledge necessary to establish a negotiation position in line with country needs.

The general conclusion from our findings is that the predominant effect of NTP is that it increases knowledge and offers hands-on experience to trainees on trade issues, WTO policy, and the role of trade in development. Reportedly, policy officers that were new to a ministry of trade or to the field of international trade were able to benefit in particular from NTP, given the practical and interactive experiences it provided.

Former trainees also reported on how they used their knowledge and skills since returning to their ministries, thereby providing insight into whether and how the effect on alumni has trickled down to the ministries. An NTP alumnus from Uganda reported that upon his return to the Ministry of Trade, Industry, and Cooperatives, he discovered that there was little knowledge at the ministry on AfT and the availability of technical assistance. He set up an AfT unit in cooperation with other ministries. Today, the unit is staffed and operational,

and responsible for identifying gaps in the national notification system. The unit draws up Aft funding proposals, and monitors and promotes Aft across Uganda's ministries. This is a good example of how the traineeship can result in a better understanding of the role of trade in development and empower LDCs to benefit from the WTO system. Furthermore, the NTP staff reported that later in their careers, former trainees often end up working in permanent representations in Geneva, and that several former trainees have taken part in WTO negotiations. For example, several NTP alumni participated in the seventh WTO Ministerial Conference as part of their country's delegation. These findings indicate that NTP is able to select the right trainees, and that not only these trainees but also their ministries and countries benefit from the programme in a structural way.

### *Conclusion*

The interviews and desk study findings give good reason to conclude that NTP has helped to enhance the knowledge and skills of the trainees and changed their views on trade. Alumni stated that the programme enhanced their knowledge of the system, critical/analytical thinking, communication skills, and coordination skills. Some also indicated that it changed their view on trade and the benefits of a rules-based system. The fact that trainees work for the WTO Secretariat and not for the permanent representations of their respective countries was mentioned as an important, positive element. Anecdotal evidence indicates that alumni continue to work on trade policy after the traineeship. But drawing evidence-based conclusions on whether NTP has contributed to the integration of LDCs and comparably small and vulnerable economies into the international trading system has been constrained by the absence of an NTP-specific external evaluation and a results framework. Measuring the indirect effects and expected (intermediate) outcomes is especially difficult for interventions that lead to a learning process (human capital and institutional capacity building). Whereas several WTO documents provide information on the induced outputs and expected intermediate outcomes of the traineeship, they are mostly anecdotal and not measured systematically within a results framework with a well-defined yardstick. The external evaluation by Saana Consulting (2016b) on WTO's capacity building programmes noted the difficulty of attributing results to the programme.

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Nevertheless, there is substantial anecdotal evidence that NTP has had a positive effect on the participation of beneficiary countries in the WTO system through the better use of the opportunities that exist and through enhanced capacity of beneficiary country delegations. Also, the better understanding of other countries' negotiating position and the enhanced coordination of stakeholders in trade (negotiation) suggests that NTP has helped to improve the way that LDCs and comparably small and vulnerable economies function in the WTO system.

## **3. International Centre for Trade and Sustainable Development (ICTSD)**

### *Background*

ICTSD is a Geneva-based, non-profit organisation founded in 1996. ICTSD's objective is to influence the international trade system and to advance the goal of sustainable development (ICTSD, 2013). The centre assists NGOs, governments, and other stakeholders in acquiring the necessary knowledge for trade policymaking and effective participation in

negotiations, as well as to create dialogue and connections between stakeholders, and within and across ministries.

Important donors of ICTSD include Denmark, the United Kingdom, Norway, Sweden, and the Netherlands. Dutch funding of ICTSD in the period under examination, categorised as TA for TP&R, amounted to EUR 11.1 million. This was primarily provided via core contributions. As part of the total budget and additional to core funding, in 2013-2014, EUR 271,384 was provided for the EPA project<sup>67</sup> and EUR 750,600 was provided to support the so-called 'E-15 Initiative'.<sup>68</sup> The intervention logic for ICTSD is presented in table A1.4.

<b>Intervention</b>	<b>Output</b>	<b>Induced output</b>	<b>Expected intermediate outcome</b>
<ul style="list-style-type: none"> <li>Information and context analysis (including scoping research);</li> <li>Targeted research and (LDC-specific) background studies (sometimes in cooperation with research centres, think tanks, and universities in LDCs);</li> <li>Broadening and strengthening networks of policy actors and other stakeholders;</li> <li>Dialogue platforms and capacity building events.</li> </ul>	<ul style="list-style-type: none"> <li>Trade policymakers and influencers provided with a regular flow of information, evidence-based data, and context analysis (through reports, publications from e.g. <i>Bridges</i>, studies, and briefs);</li> <li>Expanded and consolidated networks that look at trade from a sustainable development perspective;</li> <li>ICTSD initiatives (dialogues, platforms, and capacity building events) organised.</li> </ul>	<ul style="list-style-type: none"> <li>Trade policymakers and influencers have better insight into the interests and positions of different stakeholders in negotiations: policymakers and influencers provided with strategic entry points in trade negotiations;</li> <li>Better insight of LDCs on their trade needs;</li> <li>Better understanding among stakeholders of the effects of trade agreements (and the potential effects of future agreements, e.g. the EPAs);</li> <li>Better coordination, knowledge sharing, and negotiation between policy actors.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder empowerment: multiple stakeholders are represented in negotiations;</li> <li>LDCs' trade needs well reflected in regional and multilateral trade negotiations;</li> <li>Policy reforms that stimulate sustainable trade and development in developing countries;</li> <li>LDCs have enhanced negotiating capacity in trade negotiations;</li> <li>A more coherent approach of policymakers on sustainable development in trade policy;</li> <li>More credibility and the effective functioning of the WTO system.</li> </ul>

<sup>67</sup> The EPA project was initiated to break the deadlock in the EPA negotiations between the EU and the three sub-regions in Africa (East African Community, Western Africa, and Southern Africa). The programme consisted of various dialogues in Brussels and the EPA regions, as well as region-specific analysis. ICTSD was approached as an 'unbiased facilitator' to carry out these activities.

<sup>68</sup> The E15 project is a highly ambitious initiative, jointly implemented with the WEF. It involves a range of global institutions, experts, and the private sector to produce research and establish dialogue on a range of 21<sup>st</sup> century trade and sustainable development issues. ICTSD convenes the expert groups and conducts research that serves as input. The E15 Initiative was further funded by Switzerland (SECO) and from contributions from ICTSD's core donors.

### Findings

Information on achieved direct outputs and induced outputs was obtained from annual reports, internal documentation, external evaluations, and interviews, with policy officers, international organisations, other stakeholders, and representatives of ICTSD. ICTSD's programme and project proposals provide detailed information on the targeted outputs, and annual impact reports provide information on the achieved outputs. Reporting on measurable outputs includes the number of visits to the website, followers on social media, ICTSD periodicals and their subscriptions, organised events and participation data, blogs, research publications, and articles (see, e.g. the ICTSD 2016 Impact Assessment). Subsequent reviews by Turner (2008), Ecorys (2010), and Saana Consulting (2014c) concluded that ICTSD performed well when it came to achieving outputs. The 2014 review concludes that 'overall, ICTSD has performed well in terms of delivery of activities and outputs' (Saana Consulting, 2014c: p. 13). The level of outputs that was reached and the increase in the number of certain outputs was considered 'impressive' (Ecorys, 2010), and in some areas 'exceeding expectations' (Saana Consulting, 2014c). The quality of outputs was also considered to be high. The reviews indicate that the information and documents that were provided were of high quality, being 'impartial', 'relevant', and 'value-adding', and the dialogues were described as 'fruitful' (Turner, 2008; Ecorys, 2010; Saana Consulting, 2014c). ICTSD's outputs are further valued for the level of expertise and innovativeness. ICTSD has a wide network of experts, country representatives, development organisations, and academic institutions, which they consult and work with on a regular basis in Geneva (Saana Consulting, 2014c).

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In 2007, ICTSD developed an all-encompassing M&E system that provided a planning and monitoring log frame. Following up on recommendations made in evaluations, ICTSD has developed this log frame over time. The M&E system, which includes a detailed framework with specific targets for all outputs, has made it possible to assess ICTSD's achievements. It also contributed to the centre's constant search for ways to improve the quality of outputs and to follow up on the recommendations made in the reviews. In 2014, ICTSD defined seven strategic goals. Under each goal, ICTSD has target outcomes, and beneath that, a number of outputs. ICTSD's role is to deliver at the output level, with the aim of influencing change at the outcome level. The seven strategic goals are:

1. Diverse stakeholder groups engage effectively with each other to advance the global agenda on trade and sustainable development;
2. The Multilateral Trading System functions effectively with rules and structures that inherently promote sustainable development;
3. Policies and rules affecting the trade of agricultural goods improve food security, support environmental sustainability, and enhance poverty reduction initiatives;
4. Trade contributes to sustainable economic growth and poverty reduction in LDCs and Africa;
5. Innovation, creativity, and technology provide solutions to sustainable development challenges;
6. Trade-related policies foster the sustainable use of natural resources; and
7. Policies on climate change, energy, and trade contribute to sustainable development.

According to the annual impact reports: ‘Evidence of impact is collected on a continual basis using a variety of channels, including, *inter alia*, stakeholder feedback and testimonials, subscriber surveys, data analytics, digital media engagement, formal citations and acknowledgements, and inside sources to policy processes.’ (ICTSD, 2016: p. 1). The annual impact reports provide detailed overviews of activities and information on induced output (see the intervention logic). However, although these reports also present expected intermediate outcomes, they do not provide any information on whether they were achieved or the extent of ICTSD’s contribution.

According to the 2014 review, ICTSD made good progress towards advancing sustainable development issues, although it is difficult to attribute changes directly to ICTSD’s work. The review cites specific examples of areas where ICTSD advanced sustainable development issues (Saana Consulting, 2014c: pp. v-vi):

- the launch of negotiations on a new Environmental Goods Agreement in the WTO – there is good evidence to suggest that the content and focus of these negotiations has been influenced by ICTSD’s work;
- the Sustainable Energy Trade Initiative, where ICTSD has worked to bring climate change and sustainable development to the forefront in trade negotiations and policy dialogue;
- the agenda-setting work on trade and sustainable development, through the E15 Initiative; and
- influence on trade negotiations and policy linked to agriculture including a much greater focus on food security.

Stakeholder interviews conducted for the 2014 review, moreover, underline the contribution ICTSD made to the preparation, analysis, and briefing before and during the ninth WTO Ministerial Conference (Saana Consulting, 2014c). According to ICTSD, these appear to have influenced negotiations and contributed to the outcome at Bali.

More moderate results were recorded on policy and negotiations linked to innovation and technology, trade and growth in LDCs in Africa, and natural resources. According to the 2014 review this reflects in part the fact that these were not areas of focus for the Geneva-based policymakers, and in part that African-focused trade issues are more likely to be discussed in the region (Saana Consulting, 2014c).

According to the 2014 review, there are potential areas for improvement in terms of the scope and focus of ICTSD’s work, specifically regarding goal 4, ‘Trade contributes to sustainable economic growth and poverty reduction in LDCs and Africa’ (Saana Consulting, 2014c). The review states that there is less consistency and continuity regarding the EPAs, LDCs and services, and value chains under this goal relative to the other goals. Interventions are more project-based and the review states: ‘there is a risk that donor preferences, rather than ICTSD strategic priorities, are driving strategic choices’ (Saana Consulting, 2014c: p. 14).



The 2014 review presented a list of recommendations that included the following:

- ICTSD should refine and focus its strategy in relation to LDCs and Africa under Goal 4 – referring specifically to the fact that ICTSD should avoid a situation where projects set priorities;
- ICTSD should develop a more focused methodology for tracking its contribution to key policy changes/ negotiations (through case stories or contribution analysis);
- Value for Money should be included as a criterion for selecting projects and target; and interventions;
- Formalising external consultation on strategic choices, by establishing an advisory committee.

The 2014 review notes that ICTSD's impartiality has led to limited direct engagement with the sub-committee on LDCs and its constituency (Saana Consulting, 2014c). Whereas this did not undermine ICTSD's performance, it may have decreased the effect that ICTSD had on one specific Dutch policy objective: the inclusion of LDCs. When interviewed, ICTSD admitted that whether the knowledge obtained by country representatives located in Geneva reached officials in capitals very much depended on the capacity of the country delegates located in Geneva. It stated that country delegates from LDCs are often less able to act as knowledge brokers.

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Furthermore, the reviews note that financial constraints have made planning difficult for ICTSD. These constraints were linked to ICTSD's small donor base and the restricted time period of donor commitments (Turner, 2008; Ecorys, 2010; Saana Consulting, 2014c).

From interviews held in Uganda and Benin, IOB found that ICTSD's outputs are being used to build knowledge. The centre is well known in these countries to all stakeholders that deal with trade policy issues. In Uganda, the Ministry of Trade, Industry, and Cooperatives even requested ICTSD to do some work for them. ICTSD's outputs were highly rated and were used to better understand trade issues and prepare for negotiations. NGOs and CSOs in Uganda and Benin were positive about the contribution of ICTSD's work to their work on trade policy. For instance, the Beninese CSO PASCiB<sup>69</sup> used ICTSD's work to strengthen its position as a contributor to national and regional dialogues and provide advice to stakeholders on the implications of international agreements. It mentioned Bridges as a useful tool for information dissemination and awareness creation, both at PASCiB and among other stakeholders in West Africa. SEATINI<sup>70</sup> in Uganda also used ICTSD's information on EPAs to enhance its knowledge.

Despite these positive findings of the effect of ICTSD's outputs on institutional capacity, SEATINI also mentioned that it did not appreciate ICTSD's impartiality. Whereas the interviews revealed that policymakers from developing countries see ICTSD as a neutral

<sup>69</sup> *Plateforme des Acteurs de la Société Civile au Bénin* – Platform of civil society organisations in Benin. PASCiB is a platform that aims to enhance the transparent and effective involvement of Beninese CSOs in the process of developing, implementing, and monitoring and evaluating development policies and programmes.

<sup>70</sup> The Southern and Eastern African Trade, Information and Negotiations Institute. SEATINI is an NGO that aims to advocate the position of non-governmental stakeholders in WTO negotiations and enhance civil society's understanding of the challenges of globalisation, the complexities of the WTO system, and the effect of (multilateral) trade agreements.

research organisation, CSOs in developing countries found ICTSD to be too scientific and not on their side politically. They questioned ICTSD's independence, because donors with specific trade interests finance ICTSD. SEATINI stated that ICTSD was too far away from their ideology and their opinion on the right way of strengthening Uganda's position (as a developing country) in international trade negotiations, such as in negotiations on the EPA with the EU. The 2014 review also described the effects of ICTSD's impartiality, stating that the centre's impartiality limits the kind of support to particular interest groups or countries. 'Whilst this is a worthy principle, ICTSD should remain pragmatic as this could limit their strategic impact particularly in relation to supporting LDCs' (Saana Consulting, 2014c: p. 17).

In Geneva, representatives of various institutions and delegations confirmed that ICTSD's research is an important input for trade policy and negotiating capacity building. ICTSD has definitely helped developing countries to redefine their trade policies and move away from import-substitution policies to more open trade policies, and to integrate trade policy into development policies.

The use of Geneva-based ICTSD's outputs (knowledge that is created and acquired in Geneva) and the related effect of these outputs is also determined by the capability of the country delegates in permanent representations to communicate this knowledge to officials in the countries' capitals. ICTSD indicated that whether the knowledge obtained by country representatives in Geneva reaches officials in capitals depends on the capability of the country delegates to communicate this knowledge. In general, ICTSD considered country delegates of LDCs to have fewer means at their disposal to act as knowledge brokers. The fact that not all LDCs have permanent representations in Geneva further reduces the chance that the knowledge created and acquired in Geneva reached policy officials in the capitals of LDCs.

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As mentioned before, ICTSD has made extensive efforts to develop its M&E system. According to the 2014 review, ICTSD's efforts to revise its log frame have made it more straightforward to measure the achievement of outputs, although it is still very hard to trace attribution to induced outputs and outcomes (Saana Consulting, 2014c). The review suggests that ICTSD should 're-focus its analysis so it spends more time exploring lessons learned from successes and failures and reviewing the organisations specific contribution to new decisions, policies, negotiations and agreements' (Saana Consulting, 2014c: p. vi). However, the costs and benefits of this need to be assessed first. The review tested, in interviews with donors and ICTSD, whether it was sufficient for ICTSD to generate knowledge, build awareness, and bring the right stakeholders to the table, or if they needed to influence policy and decision-makers directly in order to be considered successful. The general view of ICTSD management and a core number of donors was that ICTSD should be assessed on their contribution to facilitating change, and not just empowering stakeholders. This would imply that more emphasis is needed on measuring ICTSD's contribution at the (intermediate) outcome level.

### Conclusion

IOB concludes that ICTSD is a valuable generator of impartial outputs, providing demand-driven, real-time information, as well as innovative, supply-driven insights that provoke dialogue. ICTSD is valued for its broad network and high level of expertise. All interviews

confirm that ICTSD is an important organisation that plays an indispensable role in promoting a rules-based, equitable, fair, and sustainable world trading system. The work by ICTSD not only influences trade and development thinking in Geneva, but in developing countries as well, where it contributes to better regional integration policies and better trade policies.

Based on evaluations and interviews with stakeholders in Uganda, Benin, and Geneva, there is enough evidence to conclude that ICTSD's efforts have contributed to build trade policy and negotiating capacity. ICTSD's outputs certainly contributed to the induced outputs and outcomes listed in the intervention logic, which is confirmed by convincing evidence. The extent of this contribution is not known, however, and would require systematic M&E. We therefore recommend that ICTSD measures and presents its contributions in a better way. It needs to augment its logical framework towards a theory of change (ToC) and perform a contribution analysis on a regular basis. A first step would be to add assumptions to its logical framework and specify the actors and the actions that are required to proceed from outputs to outcomes. Presenting progress on outcome, possibly based on indicators, would be a second step, even if it is only possible to conclude that ICTSD contributed to these outcomes and if it is not possible to indicate which (part of) outcomes can be fully attributed to ICTSD's activities. Finally, reporting on the strategic planning of staff, activities to broaden the financial (donor) basis, and the concrete influence of developing countries on the research agenda could dispel misperceptions by donors that these issues do not get enough attention.

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#### 4. Trade Law Centre for Southern Africa (Tralac)

##### *Background*

The Trade Law Centre for Southern Africa (Tralac) is an independent, non-profit organisation founded in 2002, with financial support from the Swiss State Secretariat for Economic Affairs (SECO) (Tralac, 2017). Tralac's mission is to build trade law and policy capacity in East and Southern Africa, to enable the countries in these regions to develop their trade capacity and to ensure that trade contributes to development, within a rules based international trade system (Tralac, 2017). Beneficiaries of Tralac's work include governments, actors from the private sector, and CSOs. Its mission is pursued through activities including research, the provision of legal advice and information on international trade law matters, and through workshops, conferences, and training. During the period under examination, important donors of Tralac included Switzerland, the United Kingdom, Australia, Sweden, and the Netherlands. During this period, Tralac received approximately EUR 1.5 million from the Netherlands, categorised under TA for TP&R. A large share (40%) of Dutch funding was dedicated to a project called 'Maximising benefits from EPAs for Southern and Eastern Africa'.<sup>71</sup> The Netherlands was the only donor for this project. Another project, accounting for 42% of the funds, was called 'Scholarship Funding Support for Postgraduate Diploma in Trade Law and Policy Management',<sup>72</sup> set up to enhance trade law and policy competences of scholars,

<sup>71</sup> The 'Maximising benefits from EPAs for Southern and Eastern Africa' project was part of a comprehensive programme (Tralac's EPA Programme) to support the ESA and the Southern African Development Community (SADC) configurations, to negotiate and implement EPAs that enhance development at the country and regional levels.

<sup>72</sup> From here on referred to as the 'Scholarship Programme'.

and subsequently the ministerial departments and organisations they work in. The remaining funding (19% of funding) was used to help Tralac enhance its reputation and strengthen the coordination of Tralac with the EKN in Pretoria. An intervention logic, limited to the interventions that are part of TA for TP&R, is presented in table A1.5.

**Table A1.5 Tralac intervention logic**

Intervention	Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>Trade-related analyses and research;</li> <li>Training on e.g. technical issues in trade negotiations, WTO law, regional integration, and EPAs;</li> <li>Conferences and dialogues;</li> <li>Scholarship funding.</li> </ul>	<ul style="list-style-type: none"> <li>Trade-related analyses and research executed;</li> <li>News articles, trade briefs, working papers, and monographs published;</li> <li>Training activities held;</li> <li>Conferences and dialogues visited by stakeholders;</li> <li>Published working papers;</li> <li>Graduation of scholars in trade policy and policy management course;</li> <li>Increased awareness of the effects of trade agreements and enhanced participation in trade negotiations.</li> </ul>	<ul style="list-style-type: none"> <li>Beneficiary countries have increased knowledge of technical/substantive issues in trade negotiations;</li> <li>Participation of scholarship graduates in international trade negotiations;</li> <li>Enhanced negotiators' ability to secure negotiation positions and negotiate favourable trade terms;</li> <li>Transfer of individual knowledge of scholars to the organisations they work for;</li> <li>National trade policy needs identified;</li> <li>Enhanced stakeholder participation and awareness of role of trade.</li> </ul>	<ul style="list-style-type: none"> <li>Improved negotiating capacity (incl. on technical issues);</li> <li>Enhanced institutional capacity among all stakeholders on technical issues, trade agreements (incl. EPAs), and their implication;</li> <li>International trade terms more tailored to beneficiary countries' needs;</li> <li>Enhanced regional integration.</li> </ul>

*Findings*

Information on achieved direct and induced outputs was obtained from biannual reports and annual plans, internal documentation, evaluations and literature, and interviews with policy officers, international organisations, other stakeholders, and a former lecturer. Desk research based on assessments by policy officers and Tralac's annual reports indicate that Tralac was successful in producing a wide variety of outputs, including working papers, trade briefs, conferences, training, and a well-visited website. However, for the 'Maximising benefits from EPAs for Southern and Eastern Africa' project, Tralac's reporting lacked accuracy,<sup>73</sup> and some outputs did not fully reach the targeted level<sup>74</sup> (information based on

<sup>73</sup> Reporting periods overlapped, information was provided on activities that fell outside of the scope of the project supported by the Netherlands, and information on activities that did fall within the scope of the project (such as trade briefs) was missing or only provided on request (information obtained from internal communication).

<sup>74</sup> The planned yearly output of six EPA trade briefs and three EPA working papers was not achieved (information obtained from internal communication).

internal documentation). Yet a broader range of services was produced. In consultation with the Netherlands, and responding to new demands that arose while the project was being implemented, a legal advisory facility and a broader range of analytical outputs were provided, all within the project budget. This demonstrates Tralac's ability to adjust to beneficiary needs and to achieve outputs in a cost-efficient manner. The Scholarship Programme is also commended for its outputs and the quality of these outputs. The programme successfully produced graduates and a series of working papers, for instance on WTO compatibility and the WTO Trade Policy Review. A former lecturer in the Scholarship Programme emphasised the quality of the programme. Some of the aspects mentioned include the interdisciplinarity of the course and the hands-on method applied, with practical exercises of situations that trainees were likely to encounter in their work.

The evaluation of Tralac by Saana Consulting (2014b) also concluded that Tralac delivered high-quality outputs. The evaluation states that in some areas of work, Tralac has even exceeded expectations (Saana Consulting, 2014b). In line with our findings, the evaluation concluded that Tralac's reporting left room for improvement (Saana Consulting, 2014b).

Evaluating the realisation of *induced outputs* proved more difficult. Tralac did not develop a sufficient M&E system to track progress and measure *ex-post* results. Consequently, there is a lack of insight on whether and how Tralac's support increased the knowledge and skills of negotiators, and how this translated into enhanced trade policy capacity and concrete negotiating positions. However, information obtained in interviews, from the desk study, and from existing evaluations provides some (mostly anecdotal) evidence of induced outputs.

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The additional demand for a legal advisory facility and a broader range of analytical outputs indicates that the stakeholders in the EPA negotiations had a demonstrable interest in the support provided by the EPA programme. This makes it likely that the EPA programme led to induced outputs.

There is stronger evidence that the Scholarship Programme led to the anticipated induced outputs. The ministry's monitoring reports and completion documents conclude that participants of the postgraduate training course were often employed to represent their countries in international positions (MFA, 2012a). Furthermore, many participants were promoted within their organisations (MFA, 2012a), which can be seen as an indication, albeit weak, of the course's added value. The former lecturer interviewed said that the course was designed to create change at the organisational level. The training course targeted young professionals, who (after completing the course) were able to transfer their knowledge to others within the organisation. The knowledge the students 'bring' to their organisations or national delegations is primarily technical expertise. According to the lecturer, the organisations and negotiators have used this expertise to negotiate more effectively, and to better implement trade policies. The strengthened institutional capacity described in internal reports and by the former lecturer, indicates that the outputs generated induced outputs.

In line with our general findings, the 2014 evaluation also concluded that, overall, Tralac's outputs have helped to strengthen institutional capacity. The evaluation concluded that Tralac delivered high-quality outputs, which are actively used by beneficiaries in trade policy debates and negotiations (Saana Consulting, 2014b).

The extent to which the projects and programmes contributed to induced outputs was also found to depend on the institutional capacity and general quality of governance of the country (and, in the case of the Scholarship Programme, of the organisation) the alumni returned to. In its funding request for the Scholarship Programme, for instance, Tralac noted that 'Institutional capacity is as necessary as individual competencies, if trade is to contribute to the achievement of longer-term development priorities, such as employment creation and poverty alleviation. ... Lack of institutional capacity in many government departments, and other organisations in Africa, is a key challenge for effective policymaking and implementation. Management of policy processes, to ensure that all stakeholders contribute to and buy into policy, presents important challenges' (Tralac, 2006: pp. 5-6). Whereas the Scholarship Programme aimed to enhance the institutional capacity of African government departments and organisations, a certain level of institutional capacity is already required at the beginning of the programme in order for induced outputs to take place. The importance of a certain level of institutional capacity was also mentioned in interviews. The former lecturer in Tralac's Scholarship Programme noted that the course was demanding, which required a post-graduate level and professionalism from the participants in order for the outputs to translate into induced outputs.

### Conclusion

Overall, Tralac has provided a wide array of different, highly rated outputs in a cost-efficient manner, and at times, it exceeded expectations. Whereas the realisation of induced output could not be established in a systematic way, there are enough indications that Tralac's outputs contributed to enhanced trade policy and negotiating capacity. Yet even when outputs could be related to induced outputs, a clear attributive effect could not be found, given the multitude of interventions at work (also by other donors and other programmes) and the lack of a proper M&E system. To be able to monitor for results and to (better) attribute results to induced outputs and even (intermediate) outcome achievement, Tralac must improve its M&E system. Nevertheless, IOB's overall conclusion is that Tralac's activities have contributed to building trade policy and negotiating capacity.

## 5. Globalising Trade Justice (GTJ)

### Background

The Zuid-Noord Federatie (ZNF – *South North Federation*) was set up in 1991, as an alliance of 15 fair trade, environmental, human rights, and development organisations. Its members included, among others, Fair Trade (Fair Trade Organisation and Fair Trade Assistance), Hivos, Inzet,<sup>75</sup> BothENDS, the Dutch Association of World Shops (DAWS), SNV, SOMO, Wemos, and Solidariteitsfonds XminY. ZNF was set up to 'provide a forum for exchange of

<sup>75</sup> Inzet became part of BothENDS in 2003. In the remaining evaluation of GTJ, BothENDS will refer to Inzet, also for the work done by Inzet prior to 2003.

policy-views amongst its members and to strengthen and coordinate joint advocacy-projects and campaigns on crosscutting north-south issues' (ZNF, 2002: p. 3).

Under the ZNF umbrella, a joint programme was developed in 2003 called Globalising Trade Justice (GTJ). The central feature of this programme was to empower Southern partners to become better equipped to lobby together for the protection of (economic, social, and cultural) human rights in trade agreements. The proposal identified four criteria of success: '1. Participating Southern CSOs can show a clear record of lobbying their governments to include human rights concerns in trade and investment negotiations; 2. Economic literacy on trade and investment agreements is raised to a level that enables an informed public and parliamentary debate in Southern countries, Europe and the Netherlands on trade policies and priorities; 3. Southern small-scale producers and consumers have made their voice and interests clearly heard in international NGO networks and coalitions; and 4. Tangible proposals are tabled and public acceptance is raised to promote a better coherence between trade and human rights law' (ZNF, 2002: p. 4). Five organisations were responsible for the implementation of GTJ: Fair Trade (FT), DAWS, Wemos, BothENDS, and SOMO. The ZNF secretariat coordinated the activities. The five organisations and the ZNF Secretariat received funding of EUR 240,000 each, under the Thematic Co-Financing Programme of the Netherlands (TMF). Of this budget, approximately EUR 350,000 was contributed in 2007 and 2008, i.e. in the period covered by this evaluation. Interventions were categorised into three themes. SOMO and BothENDS worked on 'Trade, Market Access and Investment'; Wemos implemented a rights-based programme on 'Trade and Health'; while DAWS and FT focused on 'Fair Trade'. ZNF was dissolved in 2006, but the programme continued until 2007.

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The intervention logic for GTJ is presented in table A1.6, categorised by theme. A 2008 evaluation by Management for Development Foundation and the International Agricultural Centre of Wageningen University & Research Centre (MDF/IAC) (2008) was clear about the proposal: 'The logical frameworks for the 3 main components in this multi-actor project are presented in different ways and are not very consistent with each other. Only 1 out of the 3 logical frameworks is clearly distinguishing between outputs and outcomes' (MDF/IAC, 2008: p. 42).

Table A1.6 GTJ intervention logic				
	Intervention	Output	Induced output	Expected inter-mediate outcome
BothENDS/SOMO	<ul style="list-style-type: none"> <li>• Research and studies;</li> <li>• Seminars;</li> <li>• Funding to participate in WTO meetings/ workshops;</li> <li>• Inputs and funding for advocacy and local awareness campaigns.</li> </ul>	<ul style="list-style-type: none"> <li>• Research and studies carried out and information exchanged with partners;</li> <li>• Seminars held;</li> <li>• Partners' participation in WTO meetings/ workshops;</li> <li>• Lobby and awareness campaigns organised.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced knowledge of Southern partners on effects of trade agreements in Southern countries (e.g. on EPAs);</li> <li>• Enhanced representation of Southern NGOs/ CSOs in WTO meetings;</li> <li>• Enhanced negotiation and lobbying capacity of Southern NGOs/CSOs;</li> <li>• Enhanced stakeholder awareness of effects of trade agreements.</li> </ul>	<ul style="list-style-type: none"> <li>• More effective participation of Southern NGOs/ CSOs in national, regional, and international policy debates on trade and investment agreements;</li> <li>• Better representation of Southern countries' needs in trade agreements.</li> </ul>
Wemos	<ul style="list-style-type: none"> <li>• Research and studies;</li> <li>• Inputs and funding for advocacy and local awareness campaigns;</li> <li>• Identify Southern partner NGOs/ CSOs to introduce to existing networks or to set up new networks.</li> </ul>	<ul style="list-style-type: none"> <li>• Research and studies carried out;</li> <li>• Enhanced knowledge of national needs;</li> <li>• Information and positions shared with other Southern NGOs/ CSOs and networks to strengthens lobby capacity;</li> <li>• Campaigns organised;</li> <li>• Southern NGOs/ CSOs identified and networks established.</li> </ul>	<ul style="list-style-type: none"> <li>• More knowledge and lobbying capacity of Southern NGOs/ CSOs;</li> <li>• A strong health, food, and trade-related network;</li> <li>• More effective (joint) lobbying capacity of NGOs/CSOs at the national and international levels;</li> <li>• More dialogue and enhanced public awareness of the primacy of the right to health over economic and trade law.</li> </ul>	<ul style="list-style-type: none"> <li>• Trade agreements that reflect the primacy of the right to health over economic and trade law, both at national and international levels.</li> </ul>



Table A1.6 GTJ intervention logic

	Intervention	Output	Induced output	Expected intermediate outcome
FT/DAWS	<ul style="list-style-type: none"> <li>Workshops, conferences, and seminars;</li> <li>Research;</li> <li>Attendance FINE<sup>76</sup> advocacy steering group and other relevant meetings;</li> <li>Development and promotion of an Internal Control System (ICS) and Quality Management System (QMS) models for certification;</li> <li>Activities to increase public and political awareness of the need for fair trade in developing countries and the Netherlands;</li> <li>Organisation of World Fair Trade Day;</li> <li>Development of website.</li> </ul>	<ul style="list-style-type: none"> <li>Workshops, conferences, and seminars organised and attended by Southern NGOs/CSOs;</li> <li>Research executed and reports developed;</li> <li>Knowledge and information shared with partners;</li> <li>Participation in FINE- and other relevant meetings;</li> <li>ICS and QMS models for certification of Fairtrade developed and promoted;</li> <li>Awareness campaigns organised;</li> <li>World Fair Trade Day organised;</li> <li>Website developed.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced cooperation with Southern partners (e.g. in networks);</li> <li>Enhanced cooperation of networks overall;</li> <li>Common advocacy agenda developed, with more active involvement of Southern organisations in developing the agenda;</li> <li>ICS- and QMS-models more widely used in international quality assurance procedures;</li> <li>Campaigns, events, and website have raised increased awareness and political attention.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced lobbying capacity of Southern and international fair trade organisations;</li> <li>Better representation of fair trade in international trade negotiations;</li> <li>Enhanced integration of Fairtrade standards and monitoring and quality systems in international trade agreements;</li> <li>Integration of fair trade-related trade issues in the political debate in Southern countries, the EU, and the Netherlands;</li> <li>Strengthening of the worldwide fair trade network;</li> <li>Enhanced integration of Southern fair trade organisations in the FINE network.</li> </ul>

### Findings

The programme consisted of three separate projects. The ZNF Secretariat coordinated the programme, disseminated the results, represented the organisations, and did its own research. Because of the differences between the three projects, they are assessed individually. Following that, we provide some remarks on the role of the Secretariat. Information on achieving direct and induced outputs was obtained from annual reports, internal documentation, evaluations and literature, and interviews with policy officers, international organisations, and other stakeholders.

<sup>76</sup> FINE stands for the informal association of four trade networks, established in 2000, namely Fairtrade Labelling Organizations International (FLO), International Federation of Alternative Trade (IFAT, later known as the International Fair Trade Association (IFTA) and now the World Fair Trade Organization (WFTO)), Network of European World Shops (NEWS!), and the European Fair Trade Association (EFTA).

### *Trade, Market Access and Investment*

BothENDS provided support to NGOs/CSOs in several African countries. Support was provided to the Development Network of Indigenous Voluntary Associations (Deniva) in Uganda, the Tanzania Association of NGOs (TANGO), and the Zambia Association for Research and Development (ZARD). All three organisations had already participated in past WTO conferences. SOMO provided support to its partners in South Africa: Mwelekeowa Ngo (Mwengo) in Zimbabwe and Southern Africa People's Solidarity Network (SAPSN) in South Africa. Progress reports indicated that the direct outputs included the production of research, the provision of information to partners, support to the 'Stop EPA campaign',<sup>77</sup> travel expenses for partners (to go to WTO meetings), lobbying material, and a workshop on the use of a manual.

Unfortunately, the progress reports provide very little information on the effects of these outputs. Although the success criteria were listed in the proposal, there was no reporting on progress based on these criteria. To get some insight into the achieved induced outputs under the 'Trade, Market Access and Investment' theme, IOB interviewed two Southern partners that received support from BothENDS during our field visits: SEATINI<sup>78</sup> in Uganda and GRAPAD<sup>79</sup> in Benin. Both organisations valued BothENDS as a Northern partner and both mentioned the support to the Stop EPA campaign as a concrete example. The Stop EPA campaign was supported by many NGOs, and though GTJ's contribution was relatively small, the Stop EPA campaign had the effect of raising awareness and political attention, both in the EU and in the countries of the Southern partners. SEATINI and BothENDS exchanged analyses of political processes, which enhanced the lobbying capacity of both organisations. To put the effect of the intervention into perspective, it is important to mention that SEATINI also received support from USAID, Oxfam, CUTS, and TMEA, and has worked with NGOs from Sweden, Germany, Italy, and the United States. Furthermore, the cooperation between BothENDS and SEATINI was not only financed by the GTJ programme, but it has continued afterwards.

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In 2006, MDF/IAC looked at the GTJ programme as part of a larger evaluation of TMF (published in 2008). MDF/IAC concluded that GTJ had contributed to the '10 Points Plan' with the Coalition for Fair Trade (Coalitie voor Eerlijke Handel, 2005). The 10 Points Plan was considered to have influenced the 2005 WTO MC in Hong Kong. This plan was welcomed by the Dutch Parliament and the ministers of Economic Affairs and for Development Cooperation. MDF/IAC was very positive about a conference organised by ZNF in Nairobi in 2004. This conference brought together over 40 African NGOs. MDF/IAC states that this conference and follow-up activities contributed to the following outcomes:

- The formation of the African Trade Network (ATN), which was encouraged by GTJ initiatives, among other things (Econews, Kenya – BothENDS, the Netherlands);
- Putting Kenyan NGOs and the government far ahead in terms of information and preparation for the WTO MC in Hong Kong (Econews, Kenya – SOMO, the Netherlands); and

<sup>77</sup> The Stop EPA campaign was launched in 2004 and supported by 30 NGOs from Africa and the EU. In addition to BothENDS, other NGOs included ICCO and Oxfam International.

<sup>78</sup> Southern and East African Trade Information and Negotiations Institute.

<sup>79</sup> Groupe de Recherche et d'Action pour la Promotion de l'Agriculture et du Développement – Research and Action Group for the Promotion of Agriculture and Development.

- The same holds for preparations for the EPA negotiations in 2006 (Econews, Kenya – SOMO/BothENDS, the Netherlands).

This seems to be an overoptimistic assessment of contribution, however. Indeed, the establishment of the new Kenya Civil Society Alliance (KCSA), supported by GTJ, and the drafting of a constitution failed to get support from other Kenyan CSOs.

Based on the information obtained from reports, interviews, and the evaluation by MDF/IAC, there is enough information to conclude that the intended outputs were delivered and that the project contributed to its intended induced outputs. Little can be said, however, about the extent of this contribution. The fact that the Southern NGOs still maintain contact with BothENDS and SOMO is positive and an indication that the network is still operational. But it is a condition for joint lobbying rather than an outcome.

### *Trade and Health*

Direct outputs achieved by Wemos include research papers, lobbying activities in international fora, and the participation of Southern partners in international meetings. However, an overview of the project's budget reveals that a major part of the money was spent on campaigns and lobbying in developing countries (see MDF/IAC, 2008). Wemos worked with several Southern NGOs and CSOs, such as Arambe in Benin, CIN<sup>80</sup> in Kenya, AIS<sup>81</sup> in Bolivia, and INESC<sup>82</sup> in Brazil. However, Wemos also admits in its reporting that it failed to achieve a number of objectives, such as building a strong food, trade, and health network and public acceptance of the primacy of the right to health over trade.

To get more insight into the effects of Wemos' work, we tried to approach Arambe in Benin. Unfortunately, the organisation could not be found. An old website talked about an awareness campaign by Arambe in 2003 on basic health and food. However, a healthcare worker in a clinic in the area where Arambe used to hold office said she had worked there for 19 years and was not aware of Arambe or a campaign. Campaigns organised by other NGOs and CSOs that partnered with Wemos may have been more successful, but without proper M&E systems to substantiate the effectiveness of this work, conclusions cannot be drawn.

The evaluation by MDF/IAC (2008) provides some positive findings on induced outputs, but these findings are based on a single visit to Kenya. It reported on CIN's achievements with respect to a Patient's Rights Charter drafted and presented to the Kenyan government and the introduction of a chapter of consumer rights in the draft constitution of Kenya (MDF/IAC, 2008). However, the evaluation failed to explain GTJ's role in reaching these results. The evaluation report is not concrete. It reads: 'The key for this success is, as observed by the expert team during interviews, the professional confidence that CIN could build among the Kenyan government officials. This confidence was based on convincing evidence CIN could show on the basis of sound research and information from reputed

<sup>80</sup> Consumer Information Network (CIN).

<sup>81</sup> Acción Internacional para la Salud Bolivia – Health Action International Bolivia.

<sup>82</sup> Institute for Socioeconomic Studies (Brazil).

international NGOs and networks' (p. 44). Then the report states: 'The TMF project cannot claim this success alone. More donors are working with CIN.' (p. 44). But that does not prevent them from suggesting that TMF played a substantial part: 'Before the start of the GTJ project, CIN was mainly Nairobi based and mostly oriented towards local consumers. With respect to changes that have occurred over the year, CIN refers to a mind-shift from 'street emotion oriented' to 'table dialogue oriented'. [...] The expert team is convinced that this result can be attributed in particular to the tripartite partnership. Of course this success 'has many fathers', but the expert team was able to observe that CIN, Wemos, and AIS themselves were the main contributors to this success' (p. 44). This attribution was not substantiated in the evaluation, however. It may only have been based on the words of the apparently strong and influential president of CIN at the time. Internet research revealed that CIN has shifted its focus to CSR and tobacco, thereby concentrating on the limited aspects of health and trade.

Most organisations supported by this project were very small in size (less than ten employees), and some have ceased to exist. Therefore, it is difficult to make an overall conclusion on effects. But it seems fair to conclude that the project has, at best, contributed to advocacy on trade and health issues and has informed and stimulated the participating organisations. Unfortunately, the network was not very strong, and fell apart.

#### *Fair Trade*

Internal documentation and the 2008 evaluation of TMF by MDF/IAC describe the achieved outputs. The achieved outputs are in line with the proposal, although there were no details in the reporting about the number of workshops. International conferences were held (in Arusha), the COFTA<sup>83</sup> network was created, a delegation went to the WTO MC in Hong Kong, and work was done on an Internal Control System and a Quality Management System. Unfortunately, this initiative to improve quality by labelling and control did not succeed. Tangible outputs were the incentive for the World Fair Trade Day and the development of a website.

There is no reporting on induced outputs. Nevertheless, the judgement of the 2008 evaluation by MDF/IAC was also rather positive about this project. The creation of the COFTA network and the fact that a Kenyan organisation adopted quality standards as a side effect of the ICS efforts were seen as indicators of success. FT and DAWs were involved in the setup of COFTA, which is still up and running and now has 174 member organisations in 24 African countries. But so was FINE, whose secretariat was run by FT and IFAT (now WFOT) at the time. The exact role of GTJ is not specified, neither in progress reports, nor in the evaluation.

For the Fair Trade theme, we therefore conclude that most of the outputs on capacity building were achieved, but, with the possible exception of COFTA, the extent of the contribution to induced outputs cannot be established.

<sup>83</sup> Cooperation for Fair Trade in Africa.

### *The role of the ZNF Secretariat*

The ZNF Secretariat participated in international networks and took care of overall coordination. The Secretariat's staff also travelled, lobbied, did research, and organised seminars and conferences. These activities targeted international NGO networks, where they represented the ZNF member organisations. The Secretariat was also responsible for the internal organisation of ZNF (keeping the programme with all its different targets and activities coherent) and ZNF's PR objectives with respect to the programme. The main documented output of the ZNF Secretariat was the organisation of a conference in Nairobi, in December 2004, with all partner organisations almost 40 of ZNF's members to prepare for the WTO MC in Hong Kong, in 2005.

The conference was deemed a success. MDF/IAC writes: 'A joint partner seminar was organised by the bureau of the South-North Federation with the help of local consultants, and took place from 8 to 10 December 2004 in Nairobi, Kenya. Close to 40 East African partner organisations from 5 African countries participated, together with the 6 Dutch NGOs. An East African contact group has been set up to share information on the civil society consultations that take place in East Africa and to prepare a common agenda in the run up to the WTO MC in Hong Kong, in December 2005. It also helped the Dutch partners in the GTJ programme to understand better the possibilities, as well as the limitations, for close co-operation between the food and health, the market access and investment, and the fair trade chapters of the programme.' (MDF/IAC, 2008: p. 40).

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MDF/IAC is also very clear on the cooperation and reporting of ZNF: 'Co-operation is rather more an objective than an asset in this project. It is the character of the content of this advocacy and networking project that makes it difficult to report concisely and clearly. The expert team has observed that the project implementers (both in the South and the North) do not show to be good management reporters. Information is provided mostly at the activity and output level and this is done in a rather chaotic way, while information on outcome and impact is scattered and not sufficiently addressed' (MDF/IAC, 2008: p. 42).

### *Conclusions*

Overall, GTJ proved to be a highly ambitious programme. More or less all of the outputs were achieved, but the beneficiaries were often very small organisations and some have ceased to exist. The programme generally contributed to the capacity of CSOs in developing countries to influence trade policy, but the extent of the effects of the networks and advocacy on trade policy and negotiating capacity is not clear. The main successes seem to have been the 2004 Nairobi conference in preparation of the 2005 MC in Hong Kong and the establishment of COFTA. The induced outputs of the programme were not monitored. The MDF/IAC evaluation concluded that GTJ contributed to many important developments, which influenced trade policy. It concluded: 'The objectives of the GTJ were already met at the time of evaluation and in most cases were beyond expectation' (MDF/IAC, 2008: p. 46). But the evaluation did not explain how GTJ contributed to these objectives. Therefore, these things may simply have coincided.

GTJ did not create the expected synergy. The fact that ZNF fell apart during the implementation of the programme was telling. The organisations that were supposed to build networks could not sustain their own network.

## Trade facilitation

### 6. TradeMark East Africa (TMEA)

#### *Background*

TradeMark East Africa (TMEA) is an East African not-for profit company limited by guarantee, established in 2010 to support the growth of trade – both regional and international – in East Africa. TMEA focuses on ensuring that gains from trade result in tangible gains for East Africans. TMEA was funded by the United Kingdom, Belgium, Denmark, Sweden, Finland, the Netherlands, and later also by Canada and the United States. With the aim of growing prosperity in East Africa through trade, TMEA aims to increase trade by unlocking economic potential through: (1) Increased physical access to markets, (2) an enhanced trade environment, and (3) improved business competitiveness (trademarkea.com, 2017). TMEA is the world's largest trade facilitation programme and had a budget of USD 560 million for 6 years (2010-2016). In line with the focus of our study, only those projects of TMEA that fall within the scope of TA for TP&R should be reviewed. In practice, however, the work on infrastructure is almost impossible to untangle from the institutional and regulatory work. One-stop border posts (OSBPs) require new buildings, because all of the agencies involved in import and export clearance have to work together. Therefore, these new buildings are an indispensable prerequisite and part and parcel of TP&R. Other examples of TMEA projects include strengthening national capacity for policymaking, setting up dialogue platforms, and implementing EAC trade initiatives.

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For the period 2007-2016, the Netherlands supported TMEA with approximately EUR 48.7 million. This accounted for 67% of total Dutch support for trade facilitation between 2007 and 2016, but less than 10% of TMEA's overall budget. TMEA's other important donors during that period included the United Kingdom, Denmark, Belgium, and Sweden. The Netherlands' support to the overall TMEA programme amounted to EUR 41.6 million, paid from the central budget. The Uganda country programme received EUR 7.1 million (15.8% of the total programme's budget) from the delegated budget of the Embassy of the Kingdom of the Netherlands (EKN) in Kampala (MFA, 2012b). The Uganda country programme, TMEA's second largest country programme after Kenya, was a five-year programme (2011-2016) containing numerous different projects designed to facilitate trade and regional integration (RI) in Uganda. Part of the EKN support was earmarked for facilitating informal women's trade. TMEA has collaborated with the Ugandan government (GoU), the private sector, CSOs, and other development partners to implement this country programme. TMEA's overall intervention logic for TA for TP&R is presented below. The items have been aggregated.

Interventions	Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>• Development of OSBPs, port berthing facilities, and single windows;</li> <li>• Training activities/workshops;</li> <li>• Capacity building (CB) among government officials, producers, and traders;</li> <li>• Consultancy advice in regional negotiations;</li> <li>• Strengthening of the EAC Secretariat;</li> <li>• CB on standards for tradable goods;</li> <li>• CB on border management;</li> <li>• Set up of PSO/CSO dialogue platforms.</li> </ul>	<ul style="list-style-type: none"> <li>• OSBPs and port berths developed and operational;</li> <li>• Trainings/workshops given;</li> <li>• Border management improved;</li> <li>• Procedures and standards harmonised;</li> <li>• EAC Secretariat supported on trade facilitation policy;</li> <li>• Activities organised to include PSOs and CSOs in trade and RI policies;</li> <li>• Comprehensive framework for RI designed;</li> <li>• Set up of PSO/CSO dialogue platforms.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved implementation of trade laws and regulation;</li> <li>• Enhanced capacity and efficiency of transport infrastructure;</li> <li>• Effective trade systems, agencies, and procedures at the national and regional levels;</li> <li>• Enhanced knowledge sharing and participation of PSOs and CSOs in trade policy and RI negotiations;</li> <li>• Reduced NTB reporting;</li> <li>• Improved processes for traders, especially women;</li> <li>• Strengthened EAC regional trade integration capacity (including standards harmonisation and reduction of tariffs and NTBs).</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced transport time and costs;</li> <li>• Fewer instances of border rejection;</li> <li>• Increased ease of trading across borders;</li> <li>• Enhanced business environment for trade/improved trade-supporting services;</li> <li>• Efficient trade logistics services;</li> <li>• Improved export capability.</li> </ul>

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### Findings

Information on achieving direct and induced outputs was obtained from annual reports, internal documentation, evaluations and literature, and interviews with policy officers, international organisations, other stakeholders, and representatives of TMEA.

TMEA has an excellent reporting system on outputs. TMEA has a highly elaborate results framework with outputs and end-of-project outcomes defined for all 185 projects. Every project identified progress. TMEA's annual reports provide detailed information and score the extent to which outputs met expectations. A quick scan of these reports revealed that most projects and especially the larger ones performed well. Even the projects in South Sudan managed to succeed quite well under difficult circumstances.

Outputs achieved under the country programmes include, for example, the establishment of several fully operational OSBPs,<sup>84</sup> the development of needs assessments, support to

<sup>84</sup> For instance, the establishment of the OSBP at the Burundi-Tanzania frontier in 2015, the OSBP at the Uganda-Rwanda frontier in 2015, and OSBP at the Kenya-Uganda frontier.

develop revenue authorities,<sup>85</sup> and the design and launch of Electronic Cargo Tracking Systems (ECTs) in Rwanda and Uganda.<sup>86</sup> Outputs achieved under regional programmes include studies,<sup>87</sup> training activities, the development of a national policy for regional integration, and the operationalisation of the East African Monitoring System<sup>88</sup> (see TMEA's annual reports for more achieved outputs). Although some delays were registered, the achievement of outputs was qualified as satisfactory, and at times even above expectation (Sida, 2013b). TMEA has been commended by beneficiaries for its result-oriented approach, its high degree of responsiveness and flexibility, and its involvement in projects in addition to providing funding. Indeed, it has supported beneficiaries throughout the full process of projects (Sida, 2013b).

TMEA's wide scope of activities has received some criticism, however. The 2013 Sida evaluation indicated that TMEA was running the risk of doing too many things and not focusing enough (Sida, 2013b). An example of this is TMEA's involvement in agricultural policy and production-enhancing programmes. One could argue that the introduction of standards and standards control is part of the trade environment, but training farmers to reach these standards, as TMEA does with SEATINI in Uganda, seems a step too far.

TMEA performed well in its efforts to measure and evaluate its work. Annual progress reports provide an overview of the TMEA programmes' induced outputs. These reports, which are based on more specific country and project reports, document progress in attaining induced outputs (called 'expected end-of-project outcome' by TMEA). These induced outputs are scored depending on achievement. The overall impression is that TMEA also scored well on achieving these induced outputs (see TMEA, 2014). TMEA's 2014 progress report provides details on the achievement of several induced outputs, including reduced NTBs<sup>89</sup> and increased women's awareness of EAC's Regional Integration and Common Market Protocol<sup>90</sup> (TMEA, 2014). The achieved induced outputs are also documented in impact stories reports. To illustrate, the 2015 impact stories report tells about a small business owner to illustrate how border procedures have improved between the border of Tanzania and Burundi, making it easier for the business owner to do business. Two separate border posts (Kabanga, Tanzania and Kobero, Burundi) have been integrated into one border post, and border procedures have been regionally harmonised, digitised, and

<sup>85</sup> For example, support was given to Burundi's Revenue Authority to facilitate tax reforms (IT and customs management).

<sup>86</sup> In Uganda, IOB visited the Electronic Cargo Tracking System of the Uganda Revenue Authority (URA). The ECTs makes it possible to digitise customs, seal tax leakages and tame the diversion of goods on transit. The ECTs was developed and made operational for the project, and business and URA staff were trained to use the system.

<sup>87</sup> For instance, freight logistics studies.

<sup>88</sup> The East African Monitoring System is used to report on the implementation status of the EAC Common Market Protocol and decisions by the Summit and Council of Ministers.

<sup>89</sup> Following advocacy meetings held by the Ministry of Trade, Industry, and Cooperatives in Uganda with relevant national and regional stakeholders, and bilateral meetings held with Rwanda, 10 NTBs were eliminated. The NTBs that were eliminated included the removal of police roadblocks and checkpoints and the removal of the Kenyan requirement to provide a bank guarantee.

<sup>90</sup> The African Women's Economic Policy Network trained 160 women traders in Masaka, Kampala, Mbale and Gulu in Uganda. Reportedly, the levels of awareness on EAC's Regional Integration and Common Market Protocol increased from 20% to 85% (TMEA, 2014).



streamlined, thereby enhancing the efficiency of cross-border processes and eliminating unnecessary NTBs (TMEA, 2015).

To monitor progress in reducing transport costs and transit time (an intermediate outcome) for the Northern and Central corridor, a Results Meter was developed by Project Economics Consultants. The Results Meter tries to measure the extent to which time and cost reduction on the corridors can be attributed to TMEA. The analysis is based on bold assumptions, such as the size of the contribution of TMEA's efforts to improve handling time in the ports (5%), the conversion rate of time into costs (USD 490/day), and on the effect of reduced costs on trade (based on research by Limao and Venables (2001)). Nevertheless, it is an interesting attempt to measure outcome. The Results Meter estimated that between 2011 and 2014, TMEA has reduced the transport time for a container to travel from Dar es Salaam or Mombasa to Bujumbura/Kigali by 9.0%, relative to the 2011 baseline compiled by the World Bank (Project Economics Consulting, undated). This attributable reduction in time compares to an overall improvement on the corridors of 14.1% during that period. Thus, TMEA accounted for 64% of the reduction. During the same period, TMEA's interventions resulted in an estimated 18% decline in the economic cost of transport based on an estimated value of transport time of USD 490/day. This decline in cost and time is estimated to have generated an 8.1% growth in trade to/from the EAC, attributable to TMEA interventions (Project Economics Consulting, undated).

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The Results Meter also forecasts corridor conditions attributable to TMEA at the end of Phase 1, based on the targets TMEA has set at the project level. Should TMEA exactly meet its targets by the end of Phase 1, the end-to-end corridor transport time will fall by 17.1%, attributable to TMEA. The economic cost of transport will fall by 33.1% and trade will grow by 15.4% (Project Economics Consulting, undated).

External reviews also provide positive findings for TMEA's work. By the end of the second year, Saana Consulting (2012) concluded that in general TMEA can be viewed as an innovative and unique vehicle to deliver regional AfT in Africa (Saana Consulting, 2012). Compared to other regional trade and integration programmes, TMEA performed well, having booked good progress and achieved some noteworthy initial results (Saana Consulting, 2012).

An evaluation ordered by Sida and carried out at the end of 2013 by BKP Development Research & Consulting GmbH underscored the noteworthy performance of TMEA and specifically addressed TMEAs achievement in addressing cross-cutting issues in its programmes (Sida, 2013b). The evaluation stated that TMEA performed better on cross-cutting issues than the World Bank's Trade Facilitation Facility. Yet it concluded that in terms of staffing it could do better on gender, environment, and poverty (Sida, 2013b).

An external overall impact evaluation of TMEA by the Oxford Policy Management (OPM) Group started in 2016, but it is only expected to present a final report in 2019. TMEA measures its success through four main indicators:

1. increase in total value of exports from the EAC region to the rest of the world (target of 10%);
2. reduction in average time for trucks crossing selected borders (target of 30%);
3. reduction in average time to export/import a container from Mombasa or Dar es Salaam to Rwanda or Burundi (target of 15%); and
4. increase in intra-regional exports compared with total exports from the region (target of 25%).

OPM will look at these indicators. Furthermore, the evaluation will look at direct and indirect effects on poverty.

Interviews with policy officers, TMEA staff, other donors, and representatives from beneficiary governments confirmed that TMEA was successful, but they also confirmed the recommendations that TMEA needs more focus, a better M&E system that provides evidence of an attribution to the impact on trade and poverty, a simpler results framework, and more gender and environmental impact specialists.

### Conclusions

Overall, IOB finds that the conclusions in the 2013 review still stand. TMEA is well established and has grown into a major regional trade development player. The programme has achieved significant outputs and end-of-project outcomes (induced outputs), but delays mean (intermediate) outcomes and impact may also be delayed.

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Its broad focus puts TMEA at possible risk of not achieving its critical trade development goals within the agreed time frame. The country programmes have created a 'silo' culture and this means that TMEA risks losing its critical regional dimension. TMEA's 'increased trade' goals may be reached – but it may prove difficult to attribute success to TMEA's interventions, given the limited output achievement by that date. The external evaluation by OPM, due in 2019, will hopefully shed more light on the effects on trade and poverty that can be attributed to the half a billion euros that have been spent.

## 7. Multi-Donor Trust Fund for Trade and Development phase II (MDTF-TD2)

### Background

In 2011, the World Bank issued its new Trade Strategy. This World Bank Trade Strategy (WBTS) was the framework that the World Bank used in the years to come to address the trade dimension of its core work. The WBTS identified the primary axes for World Bank engagement and support activities and areas where action is likely to have the greatest positive impact in terms of helping developing countries to enhance their export performance and integrate further into the world economy (Hoekman, 2013). Support activities were envisioned to help developing countries design better export policies, reduce trade costs, and enhance productivity.

To implement the WBTS, and following the previous Multi-Donor Trust Fund, the Multi-Donor Trust Fund for Trade and Development phase II (MDTF-TD2) was launched in 2012. The MDTF-TD2 is the World Bank's largest source of donor funds for analytical trade work. The fund received a total of USD 34.5 million<sup>91</sup> in pledges from the United Kingdom, Sweden, Switzerland, the Netherlands, Norway, and Japan (Itad, 2015). Dutch contributions to the fund totalled approximately EUR 4.8 million (16.5% of the fund's total budget).

The objective of the MDTF-TD2 was to deepen understanding of trade-related issues, support the mainstreaming of trade within the World Bank's operations, and enhance trade support through research, the development of knowledge products, toolkits, and diagnostics. Activities included demand-driven analytical work and capacity building activities. The selected activities were categorised according to four different priority areas, as outlined in the WBTS:

1. trade competitiveness and diversification;
2. trade facilitation, transport logistics and trade finance;
3. support for market access and international trade cooperation; and
4. managing shocks and promoting greater inclusion.

Certain activities supported trade policy and could be classified under TA for trade policy and negotiating capacity, rather than under TA for trade facilitation. However, the bulk of the activities focused on trade facilitation in a broad sense, i.e. border management and behind-the-border activities that improve the enabling environment for trade. Therefore, this programme is categorised under trade facilitation. The envisaged outcome was the improved trade performance of developing countries, through increased competitiveness, trade diversification, exports in services, and enhanced logistics (MFA, 2012c).

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MDTF-TD2 allocated funds via two different windows: the national/regional window and the global window. The grand share of funding, approximately 70%, was allocated via the national/regional window (Itad, 2015). Regional/country work in Africa was financed by this type of funding. The other 30% was allocated via the global window, to central units in the World Bank working on trade-related activities, including data collection, research and advocacy, e.g. in the context of the G20 or the WTO (Itad, 2015). The intervention logic for the overarching MDTF-TD2 programme is presented in table A1.8.

<sup>91</sup> Latest data found.

Table A1.8 MDTF-TD2 intervention logic				
	Intervention	Output	Induced output	Expected intermediate outcome
Global window	<ul style="list-style-type: none"> <li>Global research and data collection;</li> <li>Global advocacy.</li> </ul>	<ul style="list-style-type: none"> <li>Global research executed and knowledge obtained and disseminated;</li> <li>Global trade information provided (incl. databases) and used;</li> <li>Global advocacy performed.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced global knowledge on trade policy;</li> <li>Changed opinions as a result of advocacy;</li> <li>Multilateral policy/strategy dialogues facilitating more global consensus on trade and development policies.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced trade costs and transit time;</li> <li>Increased market access and improved competitiveness of beneficiary countries.</li> </ul>
National/regional window	<ul style="list-style-type: none"> <li>Research and diagnostics;</li> <li>Policy analysis and guides;</li> <li>Data collection/surveys;</li> <li>Development of toolkits and assessments;</li> <li>Knowledge management, platforms, and dissemination;</li> <li>TA and training;</li> <li>Conferences and workshops;</li> <li>Consultations and country dialogues;</li> <li>Project preparation.</li> </ul>	<ul style="list-style-type: none"> <li>Research and diagnostics performed;</li> <li>Policy analysis and guides produced;</li> <li>Data collected/surveys done;</li> <li>Analytical toolkits and assessments developed;</li> <li>Knowledge-management, platforms and dissemination organised and executed;</li> <li>TA and training held;</li> <li>Conferences and workshops held;</li> <li>Consultations and dialogues held;</li> <li>Policy guides and project preparation activities formulated.</li> </ul>	<ul style="list-style-type: none"> <li>WB staff and developing countries use assessments, analytic tools, policy guides, research and diagnostics, and data;</li> <li>Developing countries use, and have obtained knowledge from consultations, workshops, and dialogues;</li> <li>WB and developing countries use and obtain information from project appraisal studies;</li> <li>Developing countries have increased knowledge of current national/regional bottlenecks and trade needs;</li> <li>Developing countries have increased capacity and knowledge to adopt national/regional trade facilitation policies and reform measures for trade policy mainstreaming;</li> <li>Developing countries have implemented reform measures;</li> <li>Developing countries have mainstreamed trade in national development strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced trade costs and transit time;</li> <li>Increased market access and improved competitiveness of beneficiary countries;</li> <li>Improved services.</li> </ul>

### Findings

The achieved outputs and induced outputs have been assessed, based on programme documentation, evaluations, and interviews with policy officers, international organisations, World Bank representatives, and other stakeholders. Examples of outputs achieved under the global window include Trade Competitiveness Diagnostics, global datasets,<sup>92</sup> practical toolkits,<sup>93</sup> and inputs for M&E.<sup>94</sup> Examples of outputs achieved under the national/regional window are technical assistance provided to modernise customs operations, research and studies,<sup>95</sup> and conferences<sup>96</sup> (DfID, 2016). The evaluation by Itad (2015) indicates that the MDTF-TD2 was flexible in its provision of support. It provided demand-driven support and was able to respond quickly to changing priorities and needs, both internally and externally (Itad, 2015). However, targets were not always reached and delays were not uncommon. By 2015 (the initial end date of the programme), outputs had fallen short of the target. A 12-month extension made it possible to achieve the target, and even a little bit more.

Reviews revealed that delays in implementation were due to the slow disbursements of funds (Itad, 2015; DfID, 2016). Interviews held during field visits in Benin and Uganda indicated that delays in allocating funds and the implementation of projects is common for World Bank projects in general. Internal WB processes, but also external factors, caused these delays. Furthermore, MDTF-TD2 has been criticised for having provided little information on cross-cutting issues, such as gender, environment, and poverty. Whether this is due to the inadequate coverage of these issues or to the lack of reporting on these issues is unclear.

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Evidence of achieved induced outputs, however, has been harder to find. The evaluation by Itad (2015) provided examples of MDTF-TD2-funded outputs that were used to inform and influence beneficiaries in policy and strategy formulation. These examples were based on consultations, document reviews, and case studies. The evaluation also provided evidence of the dissemination, quotation, and use of research products and databases (global window outputs) in policy/strategy dialogues (Itad, 2015). In addition, there are also examples of evidence of the use of outputs produced under the national/regional window. These include analytical support provided to ECOWAS, which has been used in policy dialogues. Another example is support to organise a dialogue on the impact of non-tariff measures (NTMs) in Cambodia, which identified feasible policy options to streamline NTMs (Itad, 2015). Whereas the evaluation found ample evidence that MDTF-TD2 had the potential to contribute to the fund's objective, it found little systematic reporting on induced outputs (Itad, 2015). The dissemination and use of the outputs does not provide evidence on the extent of improved knowledge and the acquired capacity to identify trade needs, reform trade policies, and reduce trade barriers. Such a relation may indeed exist, as statements made by interviewees suggest. Yet few of the statements on induced outputs are

<sup>92</sup> For instance, the Logistics Performance Index (LPI) and the World Integrated Trade Solution (WITS).

<sup>93</sup> For instance, toolkits for border management and trade and transport facilitation assessments (DfID, 2016)

<sup>94</sup> For instance, lorry driver surveys and port dwell time surveys.

<sup>95</sup> For example, the study on the full implementation of the ECOWAS common external tariff: a study of the facilitation of transport in the WAEMU (UEMOA).

<sup>96</sup> For example, the conference held in the DRC/Rwanda on cross-border trade in the Great Lakes.

substantiated by supporting evidence (Itad, 2015). As stated by Itad (2015), ‘there were few examples to demonstrate the degree to which MDTF-TD2 funded activities inform and influence national development strategies’ (p. 49). Furthermore, the evidence obtained in the reviews provided insights into a few case studies and standalone examples, which did not provide enough reason to draw comprehensive conclusions that pertain to the entire portfolio of 139 grants (Itad, 2015). In fact, Itad concluded that there are ‘deficiencies in the results framework’ and an ‘absence of a well-developed theory of change’ and that ‘there is no systematic and aggregate reporting against the MDTF-TD2 (and therefore WBTS) results framework [...] Hence, it is very difficult to track the implementation of 139 grants (at output, outcome and impact levels), limiting the ability to draw conclusions on the impact of the MDTF-TD2 and how the fund has contributed to delivery of the WBTS’ (Itad, 2015: pp. 58-59). Thus, the MDTF-TD2 programme may have been effective in achieving induced outputs, after all, though there is inconclusive evidence to substantiate such an effect.

#### *Conclusion*

IOB concludes that MDTD-TD2 has provided a diverse array of products and services that contributed to increased beneficiaries’ awareness of trade (bottlenecks) and enhanced their ability to mainstream and reform trade policies. The fund also enhanced global research, databases, and advocacy for trade and development, leveraging additional resources. The fund has been praised for its flexibility and demand-driven approach, but has been constrained by delays in the allocation of funds and implementation of projects. Though numerous outputs have been achieved, the fund’s weak reporting mechanism and absence of a well-developed ToC has made it impossible to determine whether and to what extent the projects have contributed to induced outputs and (intermediate) outcomes.

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## **8. Trade Facilitation Facility (TFF)**

### *Background*

The Trade Facilitation Facility (TFF) was launched in 2009, as a four-year, multi-donor trust fund to help developing countries meet their obligations under trade agreements and to take better advantage of global trade opportunities. The facility was managed by the World Bank and funding was provided by the United Kingdom, the Netherlands, Sweden, and Canada (Saana Consulting, 2015). The Netherlands provided approximately a quarter (EUR 10.3 million) of the total budget of USD 52.7 million.

By investing in activities to improve trade facilitation systems, the TFF focused on reducing trade costs, increasing trade volume, investment, and jobs. The definition of trade facilitation was deliberately broad, so that it could accommodate the range of constraints faced by low-income countries. The term trade facilitation referred to the ‘infrastructure, institutions, services, policies, procedures, and market-oriented regulatory system that enable firms to conduct international trade on time and at low costs’ (Njinkeu and Hartmann, 2015: p. 2). Support was provided to countries and Regional Economic Communities (RECs). The facility’s portfolio consisted of 71 projects, or Grant Fund Requests, with project values ranging from USD 15,000 to USD 3.25 million. Almost three-quarters of the total USD 52.7 million was spent on transport and logistics (32%) and

customs and border management (40%) (Njinkeu and Hartmann, 2015). Although low-income countries in Sub-Saharan Africa (SSA) were the major beneficiaries (79% of the funding), the facility also financed activities in low-income countries in Asia, Latin America and the Caribbean, the Middle East and North Africa, and Eastern and Central Europe (Njinkeu and Hartmann, 2015). The TFF was closed in 2015. The intervention logic, depicted table A1.9, is confined to interventions that fall under the definition TA of TP&R. This means that infrastructure such as road construction (which was sometimes part of a project) has been left out of the intervention logic.

<b>Intervention</b>	<b>Output</b>	<b>Induced output</b>	<b>Expected intermediate outcome</b>
<ul style="list-style-type: none"> <li>• Data collection, analyses, and information sharing (e.g. dissemination through trainings and workshops);</li> <li>• Scoping, (pre)feasibility, and pilot activities;</li> <li>• Support for the modernisation of border management institutions and processes, and for the reorganisation of trade-supporting services (e.g. logistics and border security).</li> </ul>	<ul style="list-style-type: none"> <li>• Data collected and inefficiencies in border procedures and trade facilitation systems identified, documented, and analysed, and findings shared;</li> <li>• (Pre)feasibility and scoping studies used to design project proposals;</li> <li>• Pilot projects executed and activities expanded/replicated;</li> <li>• Border management institutions and processes reformed and modernised;</li> <li>• Improved organisation of trade supporting services.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased awareness on trade facilitation, to reduce trade bottlenecks, and the role of trade mainstreaming in development plans;</li> <li>• Improved capacity to develop policies;</li> <li>• Reformed trade procedures and regulations at the national and regional levels;</li> <li>• Increased trade-related soft infrastructure development at the national and regional levels;</li> <li>• Increased efficiency/capacity of trade gateways and corridors and trade-supporting services.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved services;</li> <li>• Reduced trade costs and transit time;</li> <li>• Increased market access and improved competitiveness of beneficiary countries' exports.</li> </ul>

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### Findings

Information on achieving direct and induced outputs was obtained from annual reports, progress reports, internal documentation, evaluations and literature, and interviews with policy officers from the Dutch Ministry of Foreign Affairs, international organisations, and other stakeholders. Other important stakeholders interviewed include Borderless Alliance, an independent organisation that provides a sub-regional platform for leading companies involved in trade to facilitate trade by reducing borders.<sup>97</sup>

<sup>97</sup> See <http://www.borderlesswa.com> for more information on the work of Borderless Alliance.

The achieved outputs include time-release studies, advocacy notes, project preparation and scoping missions (e.g. for the establishment of single windows and OSBPs), Roundtables, pilot projects, and projects on such issues as the harmonisation of road specifications and customs collaboration (see, for instance, TFF, 2013; Njinkeu and Hartmann, 2015). The annual reports document outputs and progress, categorised by geographical region and implementation level (national, multi-national, or regional) (TFF, 2013). The DfID evaluation conducted by Saana Consulting states that TFF projects respond to the policies, strategies, and needs of the beneficiaries (Saana Consulting, 2015). There is sufficient evidence to say that TFF projects are demand-driven. Saana Consulting (2015), for instance, notes that TFF has been managed in an adaptive and pragmatic way, delivering outputs that respond to beneficiary needs (Saana Consulting, 2015). This increases the likelihood that projects are relevant.

However, internal reports and external reviews also mention delays in the disbursement and implementation of approved funds (e.g. TFF Donor Community, 2013; TFF, 2013; Saana Consulting, 2015). The TFF programme took two years longer than the four years originally planned.

The fact that World Bank operations in West Africa are coordinated in Abuja and Accra, and operations in East Africa are coordinated in Nairobi, made it very difficult to obtain information on induced outputs during our field visits to Benin and Uganda. The small local World Bank offices in Benin and Uganda were hardly aware of the TFF programme. In Benin, this was surprising, because almost USD 10 million was spent in West Africa and country projects were undertaken in seven countries, including Benin (Njinkeu and Hartmann, 2015). It was less surprising in Uganda, since there was no country programme there. Although a great deal of coordination and management can be done from a distance, by email and occasional visits, the lack of knowledge at the local World Bank offices was worrying, as it must have jeopardised synergies with other World Bank programmes, not to mention donor coordination, policy dialogue, and country ownership.

Furthermore, existing evaluations mention that it is difficult to draw conclusions about achieved induced outputs, as TFF has been poor at times at monitoring and evaluating them. Indeed, the Saana Consulting evaluation notes that the TFF's M&E system was weak and inadequate as a framework for reporting results. The World Bank did not submit a robust log frame for approval by donors until 2012. Even after the log frame was put into place, output, outcome, and impact indicators were not set in a clear and consistent manner, and the log frame could not be used to report on results (Saana Consulting, 2015). At the project level, this has constrained the ability to generate a robust evidence base, to assess whether TFF's outputs have resulted in induced outputs (Saana Consulting, 2015). It also stated that the M&E process should have addressed cross-cutting issues (like gender, HIV, and poverty) more systematically within the project (Saana Consulting, 2015).



Having said that, there are several positive stories about results in individual projects. Positive result stories describe induced outputs that indicate the increased capacity of customs, for instance. Examples include improved management capacity to drive customs reforms, enhanced technical capacity to apply international standards, and increased coordination of border organisations (Saana Consulting, 2015). Therefore, despite the lack of proper M&E to fully substantiate the effect of TFF outputs on induced outputs, the positive findings for individual reports give good reason to conclude TFF achieved the induced outputs in general and has contributed to (intermediate) outcomes. Saana Consulting states that 'there are positive result stories from across the representative, and non-representative, samples that show good evidence that the TFF has been successful in delivering projects, which respond to the overarching aims, the vision, goal and purpose of the TFF' (Saana Consulting, 2015; p. 36).

Furthermore, the evaluation has been positive about TFF in capitalising on and creating synergies with other World Bank initiatives and other development organisations and programmes (including the World Bank MDTF-TD2) and WCO and TMEA programmes (Saana Consulting, 2015).

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An essential result achieved by TFF (which is not concretely defined in the intervention logic, but which indirectly added to the extent and sustainability of results) has been in the area of creating awareness of the importance of the role of trade facilitation in trade and development. This was not only the case for developing countries: TFF increased awareness of the importance of trade facilitation in the whole world. As mentioned in the DfID project completion review (2015b): 'Perhaps the single most important contribution of TFF operations has been the elevation of trade facilitation as a priority in the global community' (DfID, 2015b: p. 2).

### Conclusion

Overall, IOB concludes that TFF has been a relevant instrument for trade facilitation. TFF delivered projects that responded well to the needs of the beneficiary countries and which effectively contributed to the objective of improving trade facilitation systems in developing countries. The programme performed well on outputs, although delays were not uncommon.

The programme was criticised for the lack of proper M&E at the induced output and outcome level, and for not having an M&E system that looked at the impact on cross-cutting issues like gender, HIV, and poverty. Nevertheless, the existing evaluations have concluded that, despite the lack of proper M&E to substantiate the effect of TFF outputs on induced outputs, the positive findings presented for individual reports give good reason to suggest that TFF achieved the induced outputs in general and has contributed to the intended (intermediate) outcomes. No conclusions could be drawn on results at the (intermediate) outcome level. But there was sufficient evidence to conclude that TFF has helped to increase awareness among the global community on the importance of trade facilitation and triggered the development of additional World Bank projects and loans related to trade facilitation (DfID, 2015b).

## 9. Regional Office for Capacity Building for West and Central Africa (ROCB-WCA)

### *Background*

In 1952, the convention establishing the Customs Cooperation Council entered into force, with the objective of enhancing the efficiency and effectiveness of customs administrations worldwide. In 1994, the council adopted the informal name World Customs Organization (WCO) to better reflect the organisation's global approach (Basel.int, 2017).

WCO has initiated several capacity building programmes. The Columbus Programme is one of WCO's most significant capacity building programmes, initiated in 2006 to sustainably modernise customs and implement trade facilitation standards and procedures in developing member countries. The Regional Office for Capacity Building for West and Central Africa (ROCB-WCA) was set up as part of the overarching Columbus Programme. The ROCB-WCA was set up in Abidjan, Côte d'Ivoire, in 2008. The 'Support to ROCB in the WCA region' project (referred to as the ROCB-WCA project) was initiated to find support for its further establishment. This support included funding for recurring costs and backing for the development initiatives it mandated to undertake to increase the effectiveness, efficiency, transparency, and predictability of customs rules and procedures in the WCA region (MFA, 2009). From 2009 to 2012, the Netherlands financed this project, for a total sum of almost EUR 975,000. The Netherlands was the only donor for this particular ROCB-WCA project (MFA, 2009). Yet the WCO received other funding for support in the WCA region from donors such as Belgium, the EU, Finland, France, Sweden, Switzerland, and the World Bank. At the time the project concluded, WCO was in negotiations with the African Development Bank and the EU to fund projects for the WCA region for the 2013-2017 period. An intervention logic of the ROCB-WCA project is presented in table A1.10.

<b>Intervention</b>	<b>Output</b>	<b>Induced output</b>	<b>Expected intermediate outcome</b>
<ul style="list-style-type: none"> <li>• Collection, analysis, and publishing of statistics relevant for regional customs;</li> <li>• Draft and implementation of a Regional Training Plan (RTP) (as part of the Regional Strategic Plan (RSP));</li> <li>• Execute baseline study on progress of ROCB-WCA members on modernising customs and implementing the RSP (2009-2012) implementation;</li> <li>• Draft of training strategy for Regional Training Centre (RTC) in Ouagadougou, Burkina Faso;</li> <li>• Setting up second RTC;</li> <li>• Launch of website and publication of information on ROCB's activities;</li> <li>• Efforts to identify funding from the region;</li> <li>• CB activities;</li> <li>• 7 management workshops;</li> <li>• WCO Fellowship Programme training of 14 customs middle managers.</li> </ul>	<ul style="list-style-type: none"> <li>• Data collected, analysed (e.g. to identify policy gaps), and published;</li> <li>• RTP drafted and implemented;</li> <li>• Baseline study completed;</li> <li>• Training strategy for RTC in Ouagadougou designed;</li> <li>• Second RTC established;</li> <li>• ROCB-WCA website launched and information on ROCB's activities published;</li> <li>• Identification of regional sources of funding;</li> <li>• CB activities carried out;</li> <li>• Management workshops held and attended;</li> <li>• Customs middle managers participated in WCO Fellowship Programme.</li> </ul>	<p>At ROCB-WCA level:</p> <ul style="list-style-type: none"> <li>• Improved liaison between WCO Secretariat and members;</li> <li>• Improved coordination and information exchange with RECs;</li> <li>• Better promotion of WCO instruments and conventions;</li> <li>• Improved dialogue with private sector on SAFE framework of standards<sup>98</sup>;</li> <li>• Improved commitment to implement RSP;</li> <li>• Improved implementation and maintenance of RSP;</li> <li>• Increased institutional capacity and understanding and buy-in for holistic development;</li> <li>• Greater regional integration of customs;</li> <li>• Improved support in business case development for potential donors;</li> <li>• Identification of donor funding;</li> <li>• Improved management of regional training and learning infrastructure;</li> <li>• More WCO accredited experts from WCA;</li> <li>• Reduced costs of training and assistance through use of regional experts;</li> <li>• Improved management of regional training and learning infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased national revenue collection;</li> <li>• Improved services;</li> <li>• Reduced trade costs and transit time;</li> <li>• Better (regional) market access.</li> </ul>

<sup>98</sup> The SAFE framework of standards is an instrument that contains supply chain security and facilitation standards. See <http://tfp.unece.org/contents/wco-safe.htm> for a thorough explanation of the SAFE framework standards.

Table A1.10 ROCB-WCA intervention logic			
Intervention	Output	Induced output	Expected intermediate outcome
		<p>At WCO member level: Enhanced effectiveness, efficiency, transparency, and predictability of customs regulations and procedures through:</p> <ul style="list-style-type: none"> <li>• Improved insight of members on work of WCO on standards;</li> <li>• Increased ability to understand standards and convert these in administrative changes;</li> <li>• Increased ability of customs to influence and administer government policy and international standards;</li> <li>• Enhanced capacity and better implementation of WCO agreements and conventions;</li> <li>• Establishment of an Authorised Economic Operators pilot programme in both sub-regions;</li> <li>• More officials with understanding of holistic development;</li> <li>• Increased ability to identify organisational development needs;</li> <li>• Increased number of structures for organisational development;</li> <li>• Improved governance and integrity in customs and trade;</li> <li>• Increased acceptance for and use of modern customs techniques and rules;</li> <li>• Increased number of Revised Kyoto Convention<sup>99</sup> studies to determine the level of compliance;</li> <li>• Establishment of a pan-regional private sector consultative committee.</li> </ul>	

<sup>99</sup> Providing the updated and revised version of the convention that aimed to simplify and harmonise customs procedures.

### Findings

Information on achieved direct and induced outputs was obtained from annual reports, internal documentation and interviews with policy officers and beneficiaries. No specific evaluation of the ROCB-WCA project was found, but an evaluation of WCO's overall capacity building mission by Sida includes a review of the ROCB-WCA project and provides valuable insights.

The ROCB-WCA project did not perform well on direct outputs. WCO's annual reports (for 2009, 2010, and 2011) and WCO's final report (2012) clearly indicate the poor achievement of outputs. Several outputs were not achieved at all. For instance, the launch of a website publishing information on the ROCB's activities did not occur during the project period.<sup>100</sup> Furthermore, the ROCB-WCA was unable to produce reliable customs-relevant statistics for the region and the seven planned management workshops never took place. Several planned CB activities failed to materialise as well. For example, the ROCB-WCA wanted to create a common electronic platform that would use the internet to facilitate customs information exchange within the Economic Community of West African States (ECOWAS). First efforts had already taken place in 2008 to get this project off the ground, but it too failed to ever materialise (Sida, 2013a). Several attempts to relaunch this activity were also unsuccessful (Sida, 2013a).

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Furthermore, several outputs were not fully achieved. For instance, a Regional Training Plan (RTP) was drafted, but its implementation was poor: only 3 of the 5 planned training sessions were held in 2010, and 3 out of 7 in 2011. The following reasons were given for the poor track record in achieving outputs: the lack of external funding, the lack of recognition of the need for training, understaffing at the ROCB, and the lack of a functioning regional training infrastructure and accredited trainers/experts in the region (WCO, 2011). The attempt to do a baseline study on WCA members' progress on customs modernisation and the implementation of and commitment to the Regional Strategic Plan (RSP) failed, because only 7 of the 23 WCA members responded to the surveys to measure progress. Furthermore, the WCO Fellowship Programme had participants from the WCA region every year, but participation was far below targeted levels: 2 in 2009, 4 in 2010, and 2 in 2011 – a total of 8 rather than 14 participants (WCO, 2009, 2010, and 2011).

Outputs that *were* successfully achieved include the establishment of two (instead of one) additional Regional Training Centres (RTCs), and the drafting of a training strategy for the RTC in Ouagadougou, Burkina Faso. Several meetings were held to set up and discuss collaboration between the ROCB-WCA and the Regional Economic Communities, namely the Central African Economic and Monetary Community (CEMAC), the West African Economic and Monetary Union (WAEMU), and the ECOWAS (WCO, 2011).

The poor performance on achieving outputs had an enormous impact on the achievement of induced outputs, as described in WCO's annual reports (2009-2011) and final report (2012). The absence of a website seriously hampered the chances of dialogue, coordination, understanding, and promotion of the WCO instruments and conventions. With only seven of the members responding to the distributed survey, no reliable information could be

<sup>100</sup> No further information was provided in the final report (WCO, 2012).

obtained about the level of progress in modernising customs and the implementation and commitment level of the Regional Strategic Plan for 2009-2012. The training did not achieve its objectives because the regional training infrastructure did not function well and accredited regional experts were not sufficiently experienced to deliver. The extent to which customs administrations were able to translate the obtained knowledge into changes was not documented. By 2012, all WCA customs administrations had established multi-annual strategic reform plans and/or action plans to identify their development needs, but not all administrations had taken ownership of reform (WCO, 2012).

An induced output that was achieved was the improved liaison between WCO and the members in the WCA region. A tangible output of this improved relation was the development of a capacity building plan for the region. According to the final report (2012), this plan helped to streamline the different methodologies used by donors. This was achieved by promoting WCO conventions and instruments, enabling members to request donor assistance (based on action plans developed with the WCO), and reducing overlap between donors. Contact between WCO and ECOWAS, CEMEC, and WAEMU also improved. Finally, despite the lack of a website and electronic forum, information and experience sharing across customs administrations happened on a regular basis (WCO, 2012). This included sharing information and experience, for example, on new trends and developments (WCO, 2012).

Despite these modest successes, the overall performance of the project, and the ROCB-WCA in particular, was very poor. By the end of the project, the ROCB-WCA's staff asked for additional funding to continue (or actually start) assessing and advising customs administrations. The ROCB-WCA had not organised any CB missions itself. Existing documentation and interviews that were held have revealed that human capital constraints were an important cause, as the office was understaffed. There was no English-speaking staff and thus not all countries in the region could be served (WCO, 2011). In addition, the motivation, engagement, and qualifications of the ROCB-WCA staff was unsatisfactory. Poor performance in data collection, needs analysis, leadership, and M&E were also identified as reasons for the lack of success (WCO, 2010; WCO, 2011; Sida, 2013a). Moreover, constraints that existed in member states, such as the lack of participation of national customs administrations (WCO, 2010; WCO, 2011; Sida, 2013a), explain the project's lack of success. On top of that, funding issues and the political crisis in Côte d'Ivoire contributed to the project's poor performance. Interviews with policy officers have highlighted the problems identified in the WCO reports. In particular, policy officers cited the ROCB's limited capacity as a reason why the project was slow to take off and had a poor overall performance. All of the problems mentioned above were sufficient reason for the Netherlands to stop financing the project. Surprisingly, the ROCB-WCA still exists and is being kept up and running, at least to some extent, by contributions from member states. An interview with a Beninese customs officer further revealed that the ROCB-WCA is known as a regional office that facilitates customs modernisation and regional integration.

The lesson to be learned from the failure of this project is that training and capacity building only works if there is a genuine demand for it. Widespread corruption makes projects to reform customs in the WCA region risky. The programme should have taken country- and region-specific characteristics into account, rather than copy a blueprint approach from

East Africa. An assessment of political support should have been part of the feasibility study, and building political support should have been integrated into the design of the project, as was in fact advised by Dutch embassies in the region before the start of the programme.

### Conclusion

IOB concludes that the ROCB-WCA project failed to deliver the expected outputs and induced outputs. The small improvements in cooperation did not justify the project. Reasons for the lack of success were the insufficiently qualified and motivated ROCB-WCA staff, a lack of willingness on the part of member countries to participate and reform their customs administrations, and the poor execution of essential parts of the project, such as a baseline study, a needs assessment and the setup of an M&E system. The political crisis in Côte d'Ivoire and funding issues also added to the malfunctioning and poor performance of the project.

## Standards

### 10. Standards and Trade Development Facility (STDF)

#### Background

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The Standards and Trade Development Facility (STDF) was formally established in 2004. STDF's founding partners are the Food and Agriculture Organization (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization (WHO), and the WTO. Later, developing country experts (6), donors (13), and observers from other international organisations (7) joined the Working Group (WG) that together with the Secretariat steers STDF. The WTO serves as the executing institution and houses the STDF Secretariat. Since its inception, STDF has been supported by 17 donors, who have contributed over USD 52 million since its inception (FAO/WTO, 2017). STDF's donors include the Netherlands, the EC, Germany, Norway, Sweden, and the United States.<sup>101</sup> Dutch funding to STDF forms part of a larger portfolio of funding of WTO programmes. During the period under examination, the Netherlands provided approximately EUR 4.7 million.

STDF is a global partnership that supports developing countries by building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines, and recommendations as a means to improve their human, animal, and plant health status, and their ability to gain and maintain access to markets (tfafacility.org, 2015). STDF's mandate is to:

1. Increase awareness, mobilise resources, strengthen collaboration, encourage and coordinate the international debate on SPS standards and trade, and identify and disseminate good practice (tfafacility.org, 2015); and
2. Provide support and funding to develop and implement projects that promote compliance with international SPS requirements (tfafacility.org, 2015) and facilitate the more effective participation of developing countries in the three standard-setting organisations.<sup>102</sup>

<sup>101</sup> See <http://standardsfacility.org> for a full list of donors.

<sup>102</sup> The International Plant Protection Convention (IPPC), Codex Alimentarius (both part of FAO), and OIE.

STDF thus performs a dual role. First, STDF serves as a *knowledge platform and global coordinator*. In this role, STDF disseminates knowledge and good practices, provides tools, brings together global networks, and coordinates capacity building efforts. Second, STDF serves as a *fund* for the development and implementation of SPS capacity building projects. It provides Project Preparation Grants (PPGs) to develop needs assessments, feasibility studies, and project proposals, and Project Grants (PGs) to implement SPS capacity building projects. These two roles are expected to reinforce one another. STDF's intervention logic is presented in table A1.11. It explains how STDF's support is expected to affect trade.

<b>Intervention</b>	<b>Output</b>	<b>Induced output</b>	<b>Expected Intermediate outcome</b>
<ul style="list-style-type: none"> <li>• Research and analyses (e.g. to identify key SPS constraints, opportunities, and good practices);</li> <li>• Development of capacity assessment tools and best practices;</li> <li>• Organisation of events, presentations, and workshops;</li> <li>• Maintaining a website and Virtual Library;</li> <li>• WG meetings;</li> <li>• Partner events and meetings;</li> <li>• PPGs;</li> <li>• PGs.</li> </ul>	<ul style="list-style-type: none"> <li>• Research and analyses carried out and information disseminated (e.g. through online publications);</li> <li>• Tools and approaches developed and in use (e.g. through publications and workshops);</li> <li>• Events, presentations, and workshops organised and attended;</li> <li>• WG meetings held;</li> <li>• STDF participation in external (partner) events and meetings;</li> <li>• Website and Virtual Library kept up to date;</li> <li>• Cases for collaboration identified and encouraged;</li> <li>• Needs assessments, feasibility studies, and programme and project proposals developed;</li> <li>• SPS capacity building projects implemented;</li> <li>• Technical advice provided to beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved knowledge sharing;</li> <li>• Enhanced cooperation/ stronger alliances between public-private actors, standard-setting bodies, and implementing and financing institutions to enhance standards harmonisation and the effectiveness of CB projects;</li> <li>• Enhanced beneficiary awareness on SPS and the ability to identify and prioritise SPS needs;</li> <li>• Changed SPS policies and legislation (e.g. streamlined/simplified SPS policies and procedures and better organisation of SPS authorities and customs);</li> <li>• SPS policy mainstreamed in beneficiary's trade and development policy;</li> <li>• Increased capacity of developing countries to implement international SPS standards;</li> <li>• Enhanced participation of developing countries in international standard-setting bodies;</li> <li>• International standards better tailored to developing country needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced SPS compliance of beneficiary country trade;</li> <li>• Improved SPS framework in developing countries (e.g. metrology, standardisation, testing, and quality management);</li> <li>• Increased global/ regional standards harmonisation and mutual recognition;</li> <li>• Reduced trade costs and transit time;</li> <li>• Increased market access.</li> </ul>



### Findings

Information on achieving direct and induced outputs was obtained from annual reports, internal documentation, evaluations and literature, and interviews with policy officers, representatives from STDF, beneficiaries, international organisations, and other stakeholders.

#### *STDF as knowledge platform and global coordinator*

STDF's role as a knowledge platform and global coordinator resulted in outputs such as the development of briefings,<sup>103</sup> general lessons from project evaluations, capacity assessment tools, a Virtual Library,<sup>104</sup> the organisation of events,<sup>105</sup> training activities and workshops, participation of the STDF Secretariat in external (partner) events, collaboration with EIF in Diagnostic Trade Integration Studies (DTIS), and collaborative WG meetings<sup>106</sup> (see STDF annual reports 2007-2016).

All external reviews of STDF over the last 15 years were positive about the value of STDF's achieved outputs as an information platform and coordination hub. Slorach (2008), for instance, states that, as a coordination platform, STDF 'has a comparative advantage and can play a unique role in assisting developing countries in the future' (p. 21). The partnership of five different organisations has combined in-depth and diverse knowledge reflected in its documents, tools, and dialogues. The 2008 evaluation already concluded that with an expert base of five partner organisations, its donors, developing country experts, and observer organisations, STDF has a high level of expertise in standards and development-related areas (Slorach, 2008). The 2014 mid-term review (MTR) has further stated that STDF 'has coordinated an on-going collaborative discussion of the problems at well-attended workshops, which have highlighting the need for coordinated responses by partners, donors, developing countries, and other stakeholders' (Saana Consulting, 2014a: p. v). The MTR added that 'Its role as a coordination forum was cited as a significant value added by most members of the STDF WG and a reason for their continued support and participation.' (Saana Consulting, 2014a: p. v). In addition, partners, donors and experts from developing countries stressed STDF's significant added value in its coordination of efforts, for instance through its cooperation with EIF and the broader WTO-led Aft Initiative (Saana Consulting, 2014a).

The evaluations, however, also noted that despite an efficient and effective secretariat (Slorach, 2008), STDF was not always able to fulfil its role as a coordinating forum properly. The reasons for this were the time-consuming procedures for the review and approval of Project Grants and Project Preparation Grants (Saana Consulting, 2014a).

<sup>103</sup> The STDF publishes briefings, providing information on particular topics related to SPS technical cooperation. See <http://www.standardsfacility.org/briefings> for examples of briefings.

<sup>104</sup> In 2012, STDF launched the STDF Virtual Library on its website. The Virtual Library provides a central repository containing electronic documentation, including SPS needs assessments, action plans, training materials, research papers, and articles from various publishers and sources (STDF, 2011)

<sup>105</sup> For instance, thematic events on SPS issues, such as invasive alien species, climate change, and public-private partnerships.

<sup>106</sup> The STDF Working Group consists of partners, bilateral donors, and developing country experts, who combine their expertise and skills. Other international, regional, and national organisations involved in SPS capacity building often participate and share information on their programmes. 'Experience has highlighted the value of these meetings in enhancing collaboration and initiating new partnerships among members' (STDF, undated-b: p. 1).

The generally positive findings on the quality and relevance of STDF's outputs were confirmed by the interviews that were held in The Hague, Geneva, Uganda, and Benin. The interviewees expressed their appreciation for the facility's contribution to EIF studies and its briefings, for example, which provided detailed and relevant SPS information.

Furthermore, the interviewees were also able to provide some evidence on induced outputs. One respondent highlighted the fact that STDF's briefings help developing countries to become more aware of SPS-related requirements. Policy officials in Benin mentioned STDF's website as a valuable source of information that creates awareness of existing SPS requirements and the ability to identify and prioritise SPS needs. That STDF's activities have contributed to building awareness is also underscored in evaluations. In the 2008 review, a German representative commented that regional workshops organised by STDF were useful as an awareness-building exercise and a good approach to organising joint efforts to tackle common problems in a region, such as the fruit fly (Slorach, 2008).

Induced outputs also include the improved participation of developing countries in international standard-setting bodies. For example, a project that aimed to strengthen the Beninese SPS information system helped to steer Benin in the right direction on the question of which department should represent Benin in the Codex Alimentarius, for example. However, as the World Bank concluded, 'developing countries still have limited influence on the setting of many internationally-recognised standards' (World Bank, 2005: p. 114). The upshot of their participation in standard setting and negotiations therefore is that they gain better knowledge about which compliance problems they need technical assistance for, in order to maintain their access to international markets and enhance their competitiveness. The effect on exports may therefore be indirect.

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Despite the positive statements about raising more awareness of the trade-facilitating role of standards, IOB concludes that this has not (yet) led Uganda or Benin to focus proper attention on standards in their trade policies or change SPS policies and legislation in their respective countries. In both countries, trade policy on standards focused mainly on import control, rather than on promoting exports. The quality of imported products was a concern because of disease control and food safety. The controls also served as a non-trade import barrier. The Uganda National Bureau of Standards (UNBS) did not make use of STDF's services. This can be explained by the fact that UNBS was hardly aware of STDF's existence, let alone its outputs. Therefore, IOB concludes that STDF has managed to increase developing countries' participation in international standard setting and awareness of the importance of standards for trade, but there is still room for improvement at the country and regional levels. Better results-based management is necessary in this respect.

Existing evaluations emphasise the difficulty of measuring effects. The 2014 MTR, for example, writes: 'Although it seems clear that the activities produced the required results, it is difficult to accurately quantify the level of any contribution, or indeed the level of achievement of the outputs themselves. Moreover, it seems reasonable to expect that the core activities contributed towards the outcome of 'increased coordination in the provision of technical cooperation on SPS issues' covered by the STDF mandate. The strength of this

contribution (and the degree to which the outcome was achieved) again is not clear as there are no specific indicators to measure.’ (Saana Consulting, 2014a: p. 25).

Based on interviews and secondary data the MTR concludes, however, that ‘the STDF has been successful in increasing the focus on SPS issues at the core of the Aft Initiative as well as in the DTIS reports commissioned by the EIF. The STDF has the potential to create significant impact in a cost effective manner as strategies and development programs are implemented but there will be a time lag of at least 3-5 years before any discernible impact from this can be evidenced.’ (Saana Consulting, 2014a: p. 37). The MTR recommends a better M&E system and results-based management. These recommendations were addressed by STDF in its 2015-2019 medium term strategy (STDF, undated-c).

#### *STDF as SPS capacity building fund*

From 2007 to 2016, STDF implemented 57 new Project Preparation Grants, with a total value of USD 2.1 million, and 60 new Project Grants, with a total value of USD 57 million.<sup>107</sup> In addition to STDF funding, STDF projects have also secured resources from governments, donors, and the private sector (STDF, 2016).<sup>108</sup>

STDF exceeded its target of 40% for LDCs and other low-income countries. LDCs and other low-income countries benefitted from 64% (in terms of value) of the PGs and PPGs from STDF’s inception until the end of 2016 (STDF, 2016). Donors noted that the grants programme allowed them to extend the range of their technical assistance for SPS issues at a fraction of the cost they would incur if they were to do it themselves. This was reportedly a critical factor in their decision to support STDF (Saana Consulting, 2014a).

In Benin, IOB did a quick assessment of the following projects (PGs): the Beninese SPS information system project<sup>109</sup> (implementation period: 2008-2011, status completed); the Beninese project within the larger regional total diet study for SSA<sup>110</sup> (start date: 2014, ongoing); and the project to strengthen standard controls in the Ugandan floriculture sector.<sup>111</sup> In Benin, both projects suffered from serious delays. These delays were the result of problems at the ministerial level, caused by an almost complete lack of ownership, by a generally poor institutional capacity of the beneficiary agencies, and by financial constraints. Financial constraints jeopardised particularly the continuity of the achievements. The SPS information system project, for which the Beninese Chamber of Commerce (CCIB<sup>112</sup>) received support, aimed to improve SPS regulation in the shrimp sector.

<sup>107</sup> A total of 78 PPGs (with a total value of USD 2.6 million) and 76 PGs (with a total value of USD 61.8 million) have been implemented from inception until 2017. See <http://www.standardsfacility.org/projectpreparationgrants> and <http://www.standardsfacility.org/projectgrants> for more details on the grants (Data obtained: October, 2017).

<sup>108</sup> To date, STDF projects have leveraged approximately USD 23.5 million in additional resources (in-kind and financial) from governments, donors and the private sector (STDF, 2016).

<sup>109</sup> STDF/PG/127. ‘SPS information system in Benin’ aimed to improve information flows on SPS requirements.

<sup>110</sup> STDF/PG303. ‘Regional total diet study for Sub-Saharan Africa’ aimed to strengthen capacity of risk managers to implement international standards based on good knowledge of hazards, risks and exposure levels to harmful substances in commonly produced and consumed food.

<sup>111</sup> STDF/PG/335: ‘Strengthening phytosanitary controls in the floriculture sector in Uganda’.

<sup>112</sup> See <http://www.ccibenin.org> for more information on CCIB.

As part of the project, a notification system was set up, people were trained, and information was collected in order to create a framework for SPS regulation in the shrimp sector, which was then put on a website. Information collection went well. However, the development of the website took longer than expected. The reasons for this were financial delays and a lack of ownership at CCIB when there was a change of presidency. The lack of financial and institutional capacity at CCIB after the completion of the project meant that the website went off the air, thus terminating the exercise. The notification system also broke down. Furthermore, the total diet study already suffered delays in its early days. The project was only launched two years after originally planned. Delays have been related to internal staff problems and the fact that it took a long time to get the Beninese Food Safety Agency (ABSSA)<sup>113</sup> up and running.

In Uganda, IOB conducted a quick assessment of the implementation of the project to strengthen standards control in the Ugandan floriculture sector<sup>114</sup> (implementation period: 2012-2015, completed). Support was provided to the Ugandan government (GoU) to increase Uganda's trade capacity to export flowers to the EU. Achieved outputs include training activities, phytosanitary certificates, and documentation of procedures that were developed and implemented. Like the projects in Benin, the Ugandan project was subject to delays, caused by capacity constraints at the level of the GoU (e.g. shortage of qualified staff and delays in the delivery of contracted services).

IOB's findings on the delayed achievement of outputs in Uganda and Benin are in line with the general findings on delays in the reviews of STDF's overall performance. The 2014 evaluation mentioned that 30% of the projects required a time extension (Saana Consulting, 2014a). Lack of continuity was also mentioned as an issue. Both were often due to circumstances outside the control of the project, such as lack of beneficiary capacity or operational funding constraints, or high staff turnover (Saana Consulting, 2014a).

Despite delays and the lack of continuity in project implementation, interviewees in Benin and Uganda reviewed the quality of the outputs positively. CCIB stated that the development and launch of the website was highly appreciated, providing access to valuable SPS information. Similarly, for the total diet study, ABSSA valued highly outputs such as participation in regional workshops and the assistance it received. The achieved outputs in the Ugandan projects, such as practical training, documentation, and the development of manuals were highly valued for their quality.

The 2008 and 2014 external evaluations reinforce these findings. On STDF's role as a project support fund, the 2014 mid-term review (for the period 2009-2013), concludes that 'the results are impressive and a testament to the effective operation of the STDF WG approval process as well as the support provided by the STDF Secretariat' (Saana Consulting, 2014a: p. 38). The 2008 evaluation writes: 'The STDF has approved a rich portfolio of projects and PPGs covering a wide range of SPS related issues' (Slorach, 2008: p. 21). Donors further noted that

<sup>113</sup> Agence Béninoise de Sécurité Sanitaire des Aliments (Benin Food Safety Agency).

<sup>114</sup> STDF/PG/335. 'Strengthening phytosanitary controls in the floriculture sector in Uganda'.

the grant-funding programme allowed them to extend the range of their technical assistance to SPS capacity building programmes at a fraction of the cost they would incur if they had to do it themselves (Saana Consulting, 2014a).

The assessment of the projects in Benin and Uganda proved that progress is not always a straight line, but can have ups and downs, delays, and discontinuities. Even if not all outputs were achieved and even if hardly anything was delivered on time, the projects generated induced outputs and even some notable intermediate outcomes. For instance, CCIB indicated that the project aimed at strengthening the Beninese SPS information system helped to steer Benin in the right direction on the question of which department should represent Benin in the Codex Alimentarius Commission and enhanced Benin's capacity to deal with WTO notifications. It also led to a protocol for food safety crises. Indirectly the establishment of ABSSA was the result of the awareness created by the project (FAO, 2011). ABSSA, part of the Ministry of Agriculture, started almost from scratch again in 2013, supported by Belgium, STDF, and FAO.

Interviewees also noted that thus far the data collected and processed in Benin as part of the total diet study for SSA have helped to enhance awareness on chemical contamination and bacteria, and on the trade-reducing effect of non-compliance to certain standards.

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Finally, the Ugandan project managed to improve standard controls in the floriculture sector, which resulted in a sharp decrease in the number of SPS-related rejections. Between 2014 and 2016, the number of SPS-related interceptions fell from 35 to two. To guarantee continuity, the Uganda Flower Exporters Association (UFEA) developed and operationalised a control system. The organisation of regular audits for compliance at farms improved under the STDF project, resulting in better monitoring and learning, and a reduction of audit time, from four to only one day. The system was still in place at the time of our visit in 2016. According to the UFEA, the project also strengthened the coordination of stakeholders in the sector. During the implementation of the STDF project, UFEA, the Department of Crop Protection (DCP), Makerere University, the Netherlands Food and Consumer Product Safety Authority (NVWA), and IPPC worked together. UFEA said that this enhanced institutional capacity in the sector and increased the coordination of different national stakeholders. The project provided a blueprint for similar projects in other sectors in Uganda, but so far, this spill over effect has not occurred.

STDF projects are evaluated on a regular basis by independent external evaluators. These projects are selected by STDF. Sometimes they are randomly chosen and sometimes specifically, because they are innovative or informative. Much like the generally positive findings in Benin and Uganda, the 2014 evaluation concluded that these evaluated projects in general 'delivered results', were 'likely to be success stories', and are expected 'to have long-term impacts' (Saana Consulting, 2014a). External evaluations, however, noted an absence of consistent and detailed M&E procedures for projects (Slorach, 2008; Saana Consulting, 2014a), which explains the words 'likely' and 'expected'. As mentioned before, STDF intends to improve M&E in the coming years (STDF, undated-c).<sup>115</sup>

<sup>115</sup> The strategy refers to document 509, which 'takes the existing M&E activities of STDF a step further by establishing a practical monitoring and evaluation system, which not only reports on activities, but also tracks progress in terms of achieving results' (STDF, undated-a: p. 1).

Whereas STDF's role as an SPS capacity building fund was thus considered successful and made the institute more widely known, it also constrained its ability to effectively fulfil its role as an information platform and coordination hub. Procedures for the review and approval of PPGs and PGs were so time consuming that they limited the time available for STDF to fulfil its role as a coordination forum (Saana Consulting, 2014a).

### Conclusion

IOB concludes that STDF has contributed to enhancing SPS awareness and knowledge, not only among LDCs, but also across the global trade community. STDF is valued for its role as a knowledge platform and coordination forum, and plays a key role in the AFT Initiative. Through its PGs and PPGs, it helps beneficiary countries to increase their capacity to implement standards. STDF has a good record of accomplishment on output, although projects were often delayed. There is some evidence that STDF's outputs led to induced outputs and are likely to have led to the expected intermediate results. Projects selected by STDF for external evaluation were quite successful, but case studies shed doubt on the continuity and spill over effects of the projects. A systematic assessment was constrained by the absence of a representative and detailed M&E system. However, the 2015-2019 medium-term strategy has addressed this issue (STDF, undated-c). STDF is qualified and well situated to select PGs and PPGs, but needs to avoid overburdening its small secretariat with review, approval, and evaluation procedures. In general, IOB concludes that STDF is likely to have had a positive effect on the trade performance of beneficiary countries and their integration into the global trading system.

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## 11. Fair Wear Foundation (FWF)

### Background

The Fair Wear Foundation (FWF) is a European multi-stakeholder foundation mandated to promote 'fair fashion' through better workplace conditions in the garment industry. FWF was established in Amsterdam, the Netherlands in 1999 by a consortium of trade unions, NGOs, business associations in the garment industry, and the Dutch chapter of the Clean Clothes Campaign (CCC).<sup>116</sup> FWF does not provide a standards compliance label or certificate. Instead, it is an international verification institute. It verifies workplace conditions in factories in sourcing companies. FWF-accredited monitors verify workplace conditions on the basis of the core conventions of ILO and the Universal Declaration of Human Rights (UDHR), called the 'FWF Codes of Labour Practices'.

FWF's interventions consist of committing clothing companies to become members of FWF and engage in FWF-organised cooperation with other companies, brands, factories, trade unions, NGOs, and the Dutch government, to ensure that core labour standards are monitored. FWF uses a process approach in which members must demonstrate their progress towards implementing the Codes of Labour Practices (standardsmap.org, 2017). Companies that commit to FWF membership are given a time frame for implementation. Certain standards must be met immediately (e.g. child labour, minimum wage, and freedom of association), while other standards must be met within one, three, or five years (standardsmap.org, 2017).

<sup>116</sup> CCC is a European multi-stakeholder NGO. It is a founding member of FWF and uses FWF as an instrument to monitor its code, complaints processes, and remediation, remaining independent of corporate influence.

Between 2007 and 2016, support provided by the Dutch government to FWF, categorised as TA for TP&R, amounted to approximately EUR 10.6 million. The largest share of this funding (67%) was provided under the TMF programme. Another substantial share of the funding (18%) was provided as part of the Human Rights Fund. In addition to the Dutch ministry, other donors are the EU, FNV, and CNV.

The constructed intervention logic for FWF, which explains how FWF activities can potentially affect trade, is depicted in table A1.12. It should be noted, however, that FWF focuses on labour conditions rather than trade.

**Table A1.12 FWF intervention logic**

Intervention	Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>• FWF memberships<sup>117</sup>;</li> <li>• Independent verification visits to measure the impact of membership;</li> <li>• Development of performance benchmarks/assessment tools;</li> <li>• Setting up/ scaling up worker complaint hotlines;</li> <li>• Training, manuals, and country studies;</li> <li>• Sharing experience and social dialogue with stakeholders;</li> <li>• Roundtables, strategic partnerships, and other cooperation activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Company memberships obtained and corrective plans developed;</li> <li>• Independent verification visits executed;</li> <li>• Performance benchmark instrument created;</li> <li>• Worker complaint hotlines set up/ scaled up and operational;</li> <li>• Training given, manuals established, and country studies executed;</li> <li>• Industry, trade unions, FWF, and governments participated in cooperation activities and social dialogues, experiences shared.</li> <li>• Roundtables, strategic partnership meetings, and other cooperation activities organised.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced credibility and effectiveness of FWF code;</li> <li>• More transparency in value chain (reduced transaction costs to signal good practices);</li> <li>• Enhanced due diligence of member companies and enhanced labour standards in factories;</li> <li>• Better reputation of members (reduced cost to promote/signal reputation);</li> <li>• Enhanced monitoring of working conditions and improved knowledge on status quo and developments in labour standards worldwide;</li> <li>• More awareness of labour rights and enhanced stakeholder involvement in policymaking (increased capacity for lobbying and advocacy);</li> <li>• Improved embeddedness and enforcement of ILO and UDHR standards in national and international policy;</li> <li>• Stronger stakeholder cooperation and enhanced dialogue.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced market share of FWF-coded products in markets;</li> <li>• Reduced transaction costs.</li> </ul>

<sup>117</sup> Membership follows after a process of the applicant designing a work plan, signing FWF codes of conduct, and informing its suppliers of its FWF membership. Work plans are annually provided by FWF members to strive for continuous improvements.

### Findings

Information on achieved direct and induced outputs was obtained from annual reports, internal documentation, literature, and interviews with policy officers, representatives from FWF, and other stakeholders. Annual reports and progress reports have indicated that FWF's planned output targets were generally met. An important output that was documented is the issuance of FWF memberships. In 2016, 81 companies held an FWF membership. Together these companies represented over 120 brands, sourcing from 2,500 factories, located in 10 producing countries in Asia, Europe, and Africa<sup>118</sup> (FWF, 2016). Other documented direct outputs include factory audits, complaint investigations, the production of country studies, new/improved tools and guides, research and dissemination of obtained knowledge, and discussions in Roundtables (FWF, 2015; FWF, 2016). Until recently, FWF did not monitor whether its members improved their performance over time. Since 2016, FWF has started to work on a Theory of Change.

IOB's assessment of induced outputs has been constrained by the absence of a proper M&E system, impact measurement, and (external) evaluations of FWF. No data could be obtained from the fieldwork in Uganda and Benin, because none of the FWF members sourced from these countries. Consequently, IOB's findings are only based on progress reports, interviews in the Netherlands, and evidence from the empirical literature.

In an interview with FWF, FWF mentioned that it had achieved better labour conditions in the factories that its members source from. FWF acknowledged, however, that given the small share of FWF members in total global production, the effect at industry level is marginal. Other induced effects that FWF mentioned are increased awareness and knowledge of improved labour conditions worldwide, and the uptake of best practices and lessons learned. This enhanced knowledge determined, according to FWF, the success of its lobbying efforts.

Asked if their activities on labour standards had had an effect on trade, FWF answered that it had never tried to measure this. And even so, it is unlikely that such an effect would be measurable, given the small share of FWF members in the total garment industry. Theoretically, one would expect an increase in cost price to reduce trade, but that the network effects could compensate for this. One would need a great deal of data on the impact of living wages on production costs, on the distribution of profit margins in the value chain, on retail pricing, and on the value of timely delivery and continuing supply relations to determine this. Anecdotal evidence indicates that competition among Dutch companies is fierce and that Japanese and American brands pay higher prices to their suppliers. Asked about trade diversion in the case of poor labour conditions or calamities,<sup>119</sup> FWF said that its members were unlikely to divert their orders to other source countries and instead have shown a willingness to use their leverage to improve the situation.

<sup>118</sup> Around 80% of the production by FWF members comes from Bangladesh, China, India, and Turkey (fairwear.org, 2017).

<sup>119</sup> Such as the Rana Plaza factory in Bangladesh in 2013.



As mentioned before, the empirical literature indicates that adopting international standards, such as labour standards, on domestic markets generally has a positive effect on trade (both on exports and imports; see Swann (2010) for an extensive review of the literature). In this case, it means that there would be an effect on trade if there was a massive spill over effect of the labour standards in the garment industry to other sectors in the economy of the sourcing country. In practice, this would require governments and trade unions in the countries where garments are made to enforce core labour rights, not only in export sectors, but all over the country, and in all sectors. This emphasises the importance of involving national and local government authorities to develop institutions for the sector-wide enforcement of labour standards, also for the domestic market. Roundtables and other sector platforms can provide a valuable tool to involve authorities and create local ownership. FWF was aware of the limitations of its approach and indicated that it has increased its efforts to cooperate with governments.

### Conclusion

IOB's assessment of induced outputs and potential outcomes was highly constrained by the absence of impact measurement and external evaluations, and the lack of a proper M&E system. Based on the interviews and general findings from empirical studies, the likely effect of Dutch support to FWF on trade was minor at best, but could also have been negative. Enforcement of ILO labour standards, also for domestic production, could have a more positive effect on trade, however (apart from a more considerable effect on labour conditions). This requires government involvement and local ownership. Yet, as mentioned before, it must be recognised that FWF's focus is on improving labour conditions rather than on trade.

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FWF acknowledged that the effect of its work on national enforcement policy has been limited, not just regarding the effect on trade, but also in terms of changing labour conditions. In recent years, FWF has begun to expand its scope, directing more of its efforts to influencing the enabling environment, to make effective use of the existing internal institutional capacity and to pursue more ambitious and sustainable results.

## 12. Sustainable Trade Initiative IDH (Initiatief Duurzame Handel)

### Background

The Sustainable Trade Initiative (IDH – *Initiatief Duurzame Handel*) was set up in 2008 as a multi-stakeholder initiative of private companies, CSOs, trade unions, and the Dutch government. IDH's objective is to catalyse and support the sustainability of international trade and production chains by promoting social, environmental, and economic sustainability in developing countries (MFA, 2008). IDH's interventions focus on improving and transforming the supply chain of internationally traded commodities, such as coffee, tea, cotton, timber, palm oil, and fish. Its key activities include promoting good agricultural practices, training farmers, and providing certification (IOB, 2014b). IDH's work can be categorised into three specific areas: to convene and facilitate coalitions; to provide assistance for sector improvement programmes; and to act as a knowledge broker. IDH's approach when providing assistance for sector improvement programmes starts with a

selective group of producers of primary commodities in developing countries that supply a lead multinational company. The demonstration effect of this selected group is meant to eventually spill over to other producers and other companies.<sup>120</sup>

In addition to the Netherlands, Switzerland and Denmark have become ‘funding partners’ of IDH as well. During the period under examination, Dutch funding of IDH’s activities that fall within the scope of our study amounted to approximately EUR 13.4 million. In the original setup agreed in 2008, the Ministry of Foreign Affairs was to finance the IDH Secretariat and up to half of the individual sector improvement programmes. The other half of the sector improvement programmes was to be funded by contributions from other partners, of which at least 25% would come from the private sector (IOB, 2014b). By 2013, a target was set that every public euro had to be matched by at least 1.8 euros of private funding (IOB, 2014b).

IDH is part of this evaluation because it promotes international standards and labels. In addition to IDH, we also reviewed Solidaridad and Fair Trade Original, in order to assess the effect of voluntary private standards on trade (value and diversification). IDH’s main objective is environmental sustainability. Its work on international supply chains, however, is characterised as Aid for Trade and often given as an example of how aid and trade can benefit from cooperating with the private sector. Therefore, there is good reason to look at the effects on trade. Two IOB reviews of IDH – one from 2014 and the Food Security Policy Review (see IOB, 2014b and IOB, 2017, respectively) – have looked at the effects of trade development. These effects on trade are the result of technical assistance for higher productivity and the introduction of outgrowers’ schemes for guaranteed purchase and sometimes guaranteed minimum price. This evaluation does not look at the effects of trade development on trade, but only at the effects of private standards and certification. There are four important *direct* effects to look at. First, the higher requirements of these voluntary standards can reduce supply and therefore trade when producers are unable to meet the new standards. Because the standards in the IDH programme were voluntary and did not affect the market for non-certified produce, this negative effect on export did not occur. Second, standards can facilitate trade by removing information asymmetries and risk, thus reducing the cost of quality assessments and control, and reducing rejection rates. Third, the standard requirements can stimulate economies of scale or a more stable supply, which improves competitiveness. Fourth, standards can increase the value of trade, if higher standards lead to higher prices (and the price elasticity of export demand is smaller than 1). One can also see the certified good as a new product that contributes to trade diversification.<sup>121</sup>

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Moreover, standards can influence trade through *indirect* effects. For instance, standards can provide an incentive for developing countries to improve the institutional efficiency of the value chain or the efficiency of the production process to stay competitive (a trade

<sup>120</sup> More recently, IDH adopted ‘landscape programmes’. Instead of focusing on a select group of producers, the landscape approach builds multi-stakeholder coalitions, involving public and private actors and community stakeholders. The landscape approach aims to drive sustainable production, while taking into account the socioeconomic and environmental impact of the landscapes in which production takes place (IDH, 2016).

<sup>121</sup> For an elaborate review of the effects of standards on trade see, for instance, Jaffee and Henson (2004) and Ferro et al. (2013).

development effect (Ruben, 2017)). Furthermore, the proliferation of private standards could affect trade if they were to spill over into official government policy and regulations.

The focus in the intervention logic for IDH, as depicted below, is on institutional capacity building, including activities focusing on supporting activities of standard setting, harmonisation and mutual recognition, implementation, certification, testing, enforcement, and promotion. The role of IDH in trade development – to help producers increase their productivity and comply with standards and good agricultural practices, which IDH said it spends about 90%<sup>122</sup> of its budget on – is beyond the scope of this study. IDH’s overarching intervention logic for its work on TP&R is presented in the table table A1.13.

**Table A1.13 IDH intervention logic**

Intervention	Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>• Convening and building coalitions public-private partnerships with Northern and Southern partners e.g. private companies, NGOs, trade unions, and local partners;</li> <li>• Coalitions with other European sustainability initiatives;</li> <li>• Providing expertise and funding for sector improvement programmes (e.g. for scoping papers, (joint) implementation plans, development of codes of conduct, setting up platforms, and certification schemes);</li> <li>• Development of sectoral and inter-sectoral learning programmes and knowledge exchange.</li> </ul>	<ul style="list-style-type: none"> <li>• Coalitions formed and stakeholders committed to programmes;</li> <li>• Coalitions formed with other initiatives;</li> <li>• Programme activities carried out (e.g. trainings held, certifications accredited, platforms established, and traceability systems set up);</li> <li>• Knowledge and experiences on sustainable trade shared and supply chain approaches developed.</li> </ul>	<ul style="list-style-type: none"> <li>• Codes of conduct created by coalitions;</li> <li>• Promotion, harmonisation, and coordination of different sustainable standards (e.g. setting up control protocols, training, and audits);</li> <li>• Codes of conduct taken over by mainstream sector;</li> <li>• Enhanced involvement of private sector in policy making;</li> <li>• Codes of conduct adopted/integrated into trade policy;</li> <li>• Improved standards quality management;</li> <li>• Integration of developing country producers in sustainable global value chains;</li> <li>• Enhanced knowledge of sustainable trade in the Netherlands and Europe.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced costs of standards testing (e.g. at borders);</li> <li>• Reduced transaction costs and transit time;</li> <li>• Economies of scale and more stable supply;</li> <li>• Increased demand for certified products;</li> <li>• Increased market access to niche markets (for certified products).</li> </ul>

<sup>122</sup> The percentage is based on calculations generated from internal documentation, and confirmed by IDH.

### Findings

Information on achieving direct and induced outputs was obtained from annual reports, internal documentation, evaluations and literature, and interviews with policy officers, representatives from IDH, beneficiaries, and other stakeholders.

By *convening and facilitating coalitions*, IDH has contributed to the emergence of new ones, including the Trustea initiative in India, the Aquaculture Stewardship Council (ASC), the Better Cotton Initiative (BCI), the Floriculture Sustainability Initiative (FSI), and the Cocoa Improvement Programme (CIP). In addition, IDH provided funds and administrative support, participated in steering committee meetings, and completed a letter of intent to the cocoa sector (IOB, 2014b). The 2014 IOB Review concluded that IDH played an important convening role in several commodity chain initiatives, and is recognised for getting initiatives going, acting as programme coordinator, and taking a neutral position (IOB, 2014b). IDH calls itself a neutral convenor and certification neutral. This means that IDH does not set standards, nor does it have its own labels. However, it supported certain certification programmes, such as UTZ Certified, the Forest Stewardship Council (FSC), the Rainforest Alliance, and ASC. By doing so, it has contributed to the effects these standards have brought about.

In *sector improvement programmes*, IDH funded technical assistance and programme implementation. The achieved outputs include setting up and supporting platforms, facilitating and promoting certification schemes, coordination, and M&E (e.g. IDH, 2016; IOB 2014b). These activities, which focus on standards and certification, fall under TA for TP&R. Key performance indicators set for the period 2012-2015 reveal that the output targets for all IDH programmes were generally achieved (IDH, 2015). The 2014 IOB Review, which evaluated several IDH Programmes,<sup>123</sup> also concluded that there were considerable outputs and that the set targets were largely achieved (IOB, 2014b).

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The outputs IDH achieved as a *knowledge broker* include organising conferences and workshops, holding discussions, conducting in-depth research, and publishing studies (IDH, 2016; IOB, 2014b). The IOB Review's conclusion regarding the quality of these outputs was as follows: 'The reports are generally of good quality' (IOB, 2014b: p. 91).

Looking at induced outputs with respect to standards and certification, the programme did not perform very well. Whereas certification schemes were, in general, successfully introduced, many of these schemes did not prove to be sustainable.<sup>124</sup> The 2014 IOB Review concluded that in the longer run, the share of certified produce eventually diminished, because *becoming* certified created bigger benefits than *staying* certified. In the process of becoming certified, IDH provided training and expertise on good agricultural practice, which improved productivity and covered the starting costs of certification. Yet staying certified required producers to pay for the recurring costs of certification, while additional premiums were phased out or evaporated as certified production became more widespread.

<sup>123</sup> The 2014 IOB Review evaluated the programmes on aquaculture, tea, cotton, and cocoa.

<sup>124</sup> This study refrains from drawing conclusions on the effects of the certification schemes and the associated support on productivity, income, and food security. This is done by the IOB policy review on Food Security (2017).

Consequently, compliance costs increased. The economic incentive to stay certified was often too small to make up for the costs. An additional problem was that effective market uptake for certified produce remained a challenge. Both the literature and interviews revealed that generally there is a lack of demand for certified products, which forces producers to sell without receiving a price premium. For example, the IOB Review found for the period 2010-2013 that only 10% of the cotton produced under the BCI licence was bought as BCI cotton by end users. For cocoa and ASC certified fish, the percentage of certified produce finding its way into certified end products was 30% and 36% respectively (IOB, 2014b). When farmers cease to comply with the requirements, the potential trade facilitation effects will fail to materialise. And, when certified products are sold as generic, non-certified products, there is of course no price premium. This means that they cannot be seen as 'new products' and are therefore not increasing trade diversification.

IDH-supported discussions (e.g. taking place at national platforms), in which the private sector and governments discuss policies and regulations, have the potential to (indirectly) affect regulation. The 2014 IOB Review stated that in 'countries such as Ivory Coast (cocoa), Vietnam (coffee), and Brazil (coffee), IDH is active in national platforms in which the private sector and government discuss policies and regulations to prioritise sustainability issues in commodity production' (IOB, 2014b, p. 18). Several authors have found that private sustainability standards have had a positive effect on public standard compliance and enforcement (Kessler et al., 2012, as cited in IOB, 2014b). The 2014 Review of IDH is inconclusive on positive spill over effects, but assumes that IDH's work may have contributed to more debate and action by the government and industry in recipient countries (IOB, 2014b). Therefore, IDH may have contributed indirectly to the better implementation and enforcement of national legislation on standards.

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This may have had an indirect effect on trade, as was suggested in a review by Swann (2010). Both IDH and the people interviewed agreed, however, that the effect of certification on policy, (where codes of conduct have been mainstreamed and integrated into general and official regulation) was, in fact, very limited. In general, the certification requirements exceed those of official and, *de facto*, (voluntary) national standards. An exception is the Trustea initiative launched in India.<sup>125</sup> The Trustea standard is based on Indian realities, but as it is similar to UTZ and Rainforest Alliance certification requirements, the Trustea initiative resembles international sustainability standards. With 80% of Indian tea production being sold on the domestic market, the Trustea standard is a good example of international standards being introduced, not just for exports but also for the domestic market. According to the empirical literature, adapting to international standards on the domestic market positively and significantly affects a country's trade performance (Swann, 2010). IDH's work on initiatives such as Trustea could potentially contribute to the adoption of these standards, not only for tea, but preferably for all agricultural produce on the domestic market. Such an effect would have an impact on trade. The 2014 Review's

<sup>125</sup> The Trustea initiative was launched in India in 2013. The influential Tea Board chairs the initiative. IDH acts as programme coordinator and provides financial support to the programme, alongside Unilever and Tata. Solidaridad is the main implementing agency. The code resembles UTZ and Rainforest Alliance certification.

conclusion is along the same lines: 'An indirect effect of standards and certification in Western markets is a growing interest in developing countries of devising national standards (and sometimes legislation), partly aligned with international standards. Trustea in India is a typical example. This offers new perspectives, in particular in developing countries with substantial local markets, or with high commodity exports to other than Western markets. Working on these standards requires closer involvement with governments and other authorities in developing countries (IDH's local convening ambition), whereas developed countries' governments could also play a facilitating role.' (IOB, 2014b: p. 23).

Whereas the direct outputs of the knowledge products were deemed to be of good quality, there is little evidence that these products enhanced knowledge on sustainable trade and created more demand for certified products, nor that they spilled over to other sectors. On IDH's role as a knowledge broker, the 2014 IOB Review stated that not everyone interviewed understood this role or perceived it to be less important than IDH's role as a convenor and funder (IOB, 2014b).

IDH's annual reports show that there are M&E systems on output in place, which monitor progress in absolute terms and against targets. There is room for improvement regarding M&E on results. Whereas a more in-depth evaluation of the impact of PSD programmes has been conducted since 2011 (following up on the request of the Ministry of Foreign Affairs), the 2014 IOB Review concludes that in recent 'impact' evaluations of cocoa, tea, and cotton programmes, 'IDH has let itself be tempted to selective use of data' (IOB, 2014b: p. 81). Consequently, the contribution effects found cannot be substantiated with systematic evidence.

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### Conclusion

IDH's general objective, to catalyse and support the sustainability of international trade and production chains, was not the subject of this evaluation. This evaluation looked at the effects of IDH's work on private standards and certification on trade policy, trade facilitation, and ultimately trade value and diversification.

The direct effects of certification on trade, supported by IDH, can be summarised as follows. There was little evidence that the reduction of the cost of quality assessments and control, economies of scale, a more stable supply, and a price premium for certified produce had an enhancing effect on trade. The lack of international demand for certified produce and weak control systems prevented these factors, which could potentially have effected trade from materialising. The indirect effect of the certification programmes on trade, as a result of spill over to official government policy and regulation on standards, could not be substantiated. Nevertheless, this is an area with potential, where IDH may convince governments to encourage sector organisations to adopt international standards, also for the domestic market.

Thus, there is little evidence that IDH's work on introducing higher voluntary standards and supporting producers to become certified and meet these standards, has affected trade. These programmes mainly worked on trade development, boosting production and trade by improving production methods and the productivity of producers, introducing good

agricultural practices and increased productivity, while working towards certification. The standard-setting part of these programmes was often not sustainable, suffered from a lack of demand, and was too sector-specific to influence national trade policy and promote the adoption of international standards on the domestic market. IDH's newly adopted landscape approach, which involves a variety of stakeholders, including local governments, may have positive effects, such as knowledge sharing, and may spill over to other 'landscapes' and to official government policy and regulation on standards.

### 13. Solidaridad

#### *Background*

Solidaridad was launched in 1969 to provide development funding for Latin America. In the next 25 years, the organisation expanded when several programmes run by Christian churches joined Solidaridad. The organisation broadened its scope with projects in Asia and Africa. Important developments for Solidaridad include the establishment of Stichting Max Havelaar (the first label to certify fair trade coffee) in 1998, the co-founding of Fairtrade International (to streamline certificates) in 1991, the introduction of fair trade Oké tropical fruits in 1996, and the co-founding of Stichting UTZ Certified in 2002. In 2010, Solidaridad let go of its Christian identity and transformed itself into a network: the Solidaridad Network. The new structure encompasses 5 continental organisations, 9 regional expertise centres, and 20 country offices. During the period under examination, Dutch contributions to Solidaridad, which fall under funding of TA for TP&R, amounted to approximately EUR 10.6 million. Between 2007 and 2016, approximately EUR 96,000 was provided under the TMF programme, EUR 3.5 million was provided as part of the MFS programme, EUR 5.5 million was provided for a PPP programme, EUR 840,000 was provided as part of the Schokland fund, and EUR 665,000 was provided as part of the strategic partnerships. Besides the Netherlands, other key donors include the EU and Ireland.

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Solidaridad's objective is to create innovative methods of enhancing sector productivity (lifting all producers in the sector), while guaranteeing that production does not harm humans or the environment (Solidaridad.nl, 2017). Mainstreaming fair trade has played an important role. Solidaridad works in 13 different value chains, including cotton, tea, coffee, gold, soy, cocoa, and palm oil. Solidaridad spends the bulk of its budget on trade development and stresses the need to increase productivity in the sector. Only an estimated 17.5% was spent on standards capacity.<sup>126</sup> However, in this evaluation we focus on institutional capacity building on standards, including activities on standard setting, harmonisation and mutual recognition, implementation, certification, testing, enforcement, and promotion. The intervention logic for Solidaridad's work on TP&R is presented in table A1.14.

<sup>126</sup> The percentage is based on calculations generated from internal documentation, and confirmed by Solidaridad.

Table A1.14 Solidaridad intervention logic			
Intervention	Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>• Research, sector analyses, impact assessments, strategy development, and knowledge sharing;</li> <li>• Facilitation of strategic partnerships;</li> <li>• Coordinating/ implementing programmes (incl. knowledge building on good practices and certification activities);</li> <li>• (Co-)founding of fair trade organisations and labels that promote sustainability;</li> <li>• Awareness raising and promotion activities;</li> <li>• Co-founding and participation in conferences and consultative bodies (e.g. Roundtables) for policy development;</li> <li>• Activities to get CSOs and local governments involved;</li> <li>• Facilitating contact of sustainable producers, traders, and companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Research and impact assessments carried out and sector constraints identified;</li> <li>• Knowledge, lessons learned, and developed strategies shared among stakeholders;</li> <li>• Strategic partnerships formed;</li> <li>• Programmes coordinated/ implemented (incl. certifications applied);</li> <li>• Sustainability-promoting initiatives/ labels co-founded and supported (consumers informed on sustainability, and stakeholder commitment to sustainability);</li> <li>• Dialogue between different Roundtable members (incl. PSOs, CSOs, donors, and regulatory authorities), knowledge shared and sustainability targets set;</li> <li>• Standards set, national implementation bodies in place, and certification process operational;</li> <li>• Civil society and local governments included in activities;</li> <li>• Links between sustainable producers, traders, and companies formed.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced knowledge and awareness of sustainability among all stakeholders in value chain (incl. local authorities);</li> <li>• Strategic partnerships used to enhance compliance and adoption of sustainability standards;</li> <li>• More certified smallholders;</li> <li>• More sustainable and certified produce and more harmonised quality products/ production;</li> <li>• More conscious purchasing;</li> <li>• Sustainability standards embedded in mainstream markets and uptake in standards policy;</li> <li>• Standards policy better addresses needs of multiple stakeholders;</li> <li>• Enhanced capacity of CSOs and local governments on sustainability;</li> <li>• Enhanced influence of CSOs in policymaking;</li> <li>• Innovative approaches for sustainable production developed and shared;</li> <li>• Enhanced number of (credible) compliance mechanisms available;</li> <li>• Enhanced quality management.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced market share of certified products;</li> <li>• Rejection rates reduced;</li> <li>• Reduced transaction costs of certified products;</li> <li>• Improved services.</li> </ul>



### Findings

Information on achieved direct and induced outputs was obtained from annual reports, internal documentation, evaluations and literature, and interviews with policy officers, representatives from Solidaridad, and other stakeholders.

Solidaridad's annual reports document a large variety of direct outputs. Outputs include outreach and discussions, the organisation of and involvement in sector platforms, involvement in the development and uptake of good agricultural practices and certification systems, strategic partnerships, institutional capacity building, and awareness campaigns (Solidaridad, 2010 and 2013). It proved very difficult to find specific reporting on the outputs that may influence trade policy and regulations. General reviews and assessments of Solidaridad and its programmes, however, concluded that outputs were in line with its objectives and targets. For instance, the external evaluation by Aidenvironment (2016) of the Farmer Support Programme (FSP)<sup>127</sup> concluded that 'FSP achieved almost all quantitative targets' (p. 4), and in some cases even led to additional outputs that were not included in the original project design, such as the development of a national platform in Honduras. However, delays, especially at the level of project implementation, were not uncommon (Aidenvironment, 2016). The Ministry of Foreign Affairs' internal documentation and Solidaridad's annual reports also document implementation delays in other programmes. However, in most cases these were related to circumstances outside the control of Solidaridad (e.g. delays in reimbursements and stakeholder consent).

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The achievement of induced outputs has been less evident and harder to assess. Nevertheless, there are evaluations that describe some induced outputs. Based on an in-depth evaluation of case studies, the evaluation by Aidenvironment (2016) identified Solidaridad's involvement in setting up and supporting Roundtables and other sector platforms as important output. The report then described several induced outputs that resulted from these Roundtables and sector platforms. These included an increased awareness of voluntary sustainability standards in target countries, knowledge sharing, incentivising value chain actors to join projects, and increased trust (Aidenvironment, 2016). Also other outputs were documented to have resulted in induced outputs. For example, in the soy and live-stock case study, as a result of the farm projects, spill-over effects of good practices were found (both to other producers in the same sector and to the production of other crops) (Aidenvironment, 2016). Furthermore, 'in the producer support project cases, the projects as well as Solidaridad's own activities (e.g. participation in conferences, market promotion and facilitating communication between project partners and the Round Tables) contributed to an increasing awareness on the voluntary sustainability standards in the target countries' (Aidenvironment, 2016). However, neither the persons IOB interviewed nor the external evaluations identified cases in which the internationally set or accepted voluntary standards resulted in policy or actions that affected

<sup>127</sup> The FSP exists of activities under 'Producer Support' (such as support for good social, environmental and economic practices and/or certification), 'Innovation' (demonstrating innovations beyond certification and supply chains), 'Expertise Center Development' (building capacity of the Solidaridad Network), and 'Learning, Governance and Outreach' (such as support to and the development of platforms) (Aidenvironment, 2016).

trade. The Aidenvironment evaluation described one situation in Honduras, in which the adoption of the principles outlined in the guidelines for best environmental management practices for palm oil became a condition for new plantations to obtain a legal permit. This was described as a step by the government towards making the RPSO<sup>128</sup> standard compulsory. It provides an example of how the national adoption of international standards may have had an effect on other regulations.

Several studies concluded that certification itself had limited induced outputs, owing to a lack of market demand for certified goods and high certification costs. CIDIN (2014) found that only a quarter to a half of certified coffee was absorbed by the market as fair trade coffee, with the rest being sold as non-certified coffee (CIDIN, 2014). Similarly, the FSP evaluation stated that ‘certification itself was considered to have limited added value due to a lack of market demand and related certification costs’ (Aidenvironment, 2016: p. 5). The IOB Review of IDH (2014b) concluded that the effects of certification on income were marginal and eventually diminished (IOB, 2014b). When certification does have a limited effect on income, the incentive to remain certified vanishes quickly. Both this lack of incentive to be certified and the lack of demand caused the certified products to be sold as non-certified goods, without a significant effect on trade value and diversification.

### Conclusion

Based on the findings presented above, IOB concludes that Solidaridad has been quite successful in its activities. Its support to sector platforms, such as Roundtables, helped to increase collaboration among value chain actors, enhanced awareness and knowledge sharing, increased trust, and improved the predictability of supply and demand. However, incentives for farmers to remain certified were weak and the larger share of certified produce was not sold as such. Therefore, there is no evidence that these interventions by Solidaridad, focussed on facilitating the development and uptake of certified produce, helped to increase or significantly diversify trade. There is no evidence that the standard compliance needed for certification has had an effect on trade.

## 14. Fair Trade Original (FTO)

### Background

Fair Trade Original (FTO) was established in 1959 as the Committee for Support to Underdeveloped Regions (*Komitee Steun voor Onderontwikkelde Streken* (SOS)), and later renamed *Stichting Steun Ontwikkelings Streken* (SOS). In its early years, Stichting SOS provided humanitarian aid. By the late 1960s, the focus shifted to trade-related aid, contributing to sustainable development through better trading conditions and a ‘fair price’. Important developments for the foundation were the start of coffee imports from developing country smallholders<sup>129</sup> from 1973 onwards, and the opening in 1974 of SOS shops (later organised in the Dutch Association of World Shops (DAWS)) (fairforward.nl, 2013). In 1994, Stichting SOS was

<sup>128</sup> The Roundtable on Sustainable Palm Oil was established in 2004 to promote sustainable production and use of palm oil.

<sup>129</sup> Starting in 1973, with coffee imports from Guatemalan smallholder cooperatives.

renamed Fair Trade Organisatie, and a separate organisation, Fair Trade Assistance, was set up for technical assistance and capacity building (fairforward.nl, 2013). In 2006, Fair Trade Original (FTO) was introduced as a new name for the organisation as well as a brand name. Fair Trade Assistance then merged into the new FTO structure.

FTO's objective is to make trade fair and transparent (FTO, 2016). FTO has several specific goals: more fair trade products in the shops, a stronger position for producers and employees in developing countries, enhanced added value in the country of origin, more transparency in value chains, promoting fair trade among other brands and consumers, and raising awareness on sustainability issues (FTO, 2016). The FTO label is a brand, not a certification scheme. However, FTO labelled products carry the Fairtrade certificate or, in a few cases, the Fair for Life<sup>130</sup> certificate.<sup>131</sup> FTO's non-foods are provided by Fairforward. The products are supplied by Fairforward's partners, which 'underwrite the Fairtrade principles' (fairforward.nl, 2013). The Fairtrade label is internationally defined and represents sustainable production and development, based on environmentally friendly cultivation, respect for labour rights, and a transparent and democratic approach in farmer cooperations (maxhavelaar.nl, 2015). Fairtrade offers a minimum price and an explicit 'Fairtrade price premium' (the 'social premium') to cooperatives (maxhavelaar.nl, 2015). The Fairtrade standard includes labour and environmental requirements. FTO uses its own value chains to guarantee and maintain the standards it applies. The approach intends to translate consumer preferences into a change in producers' behaviour.

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The Dutch contribution to FTO, during the period under examination and as part of TA for TP&R, amounted to approximately EUR 3.3 million. Within the scope of TA for TP&R, the greatest share of funding (EUR 1.9 million) was provided under the MFS programme, for the Change the World Branding programme (2006-2011). The Ministry of Foreign Affairs provided approximately 80% of the funding for this programme. The remaining 20% was provided by FTO (FTO, 2009). Besides the ministry, other FTO donors included the EU, Hivos, and ICCO.

The Change the World Branding project was a trade development project that aimed to improve access to the European market for trade partners in developing countries certified by Fairtrade International. This was done by making them less dependent on FTO and by reinforcing the marketing capacity of these trade partners and the production capacity of the producers they purchased from. Also, the FTO label was marketed to increase demand for fair trade products sold under the label. The interventions of FTO that can be classified as TA for TP&R are presented in table A1.15. The outputs achieved as part of the GTJ programme can be found in the intervention logic of the GTJ programme, described in table A1.6. FTO's activities in trade development are not included in the intervention logic.

<sup>130</sup> See <http://fairforlife.org> for more information on the standard.

<sup>131</sup> Sometimes farmers do not supply products under the conditions of the label yet, but are said to be in the process of reaching the required standards of the label.

**Table A.1.15 FTO intervention logic**

Intervention	Output	Induced output	Expected intermediate outcome
<ul style="list-style-type: none"> <li>• Organisation of promotional events, publications, branding strategies, and instruments in Western markets, to promote fair trade (labels);</li> <li>• Storytelling to enhance consumer awareness on and promote fair trade and the FTO brand (e.g. design of online promotion materials and organisation of visits for consumers and media);</li> <li>• Market intelligence research to better target promotion activities;</li> <li>• (As part of EFTA) Design of Fairtrade criteria and better monitoring of fair trade (standard setting/ monitoring);</li> <li>• Opening of World Shops.</li> </ul>	<ul style="list-style-type: none"> <li>• Promotional events organised;</li> <li>• Publications, strategies and instruments developed and disseminated;</li> <li>• Storytelling events organised;</li> <li>• Research executed;</li> <li>• Fairtrade criteria designed and monitoring enhanced;</li> <li>• World Shops opened.</li> </ul>	<ul style="list-style-type: none"> <li>• Better promotion of fair trade (and fair trade labels) in Western markets;</li> <li>• Enhanced awareness of FTO brand and fair trade among consumers in Western markets;</li> <li>• Enhanced Fairtrade criteria set and better monitoring applied;</li> <li>• More channels through which fair trade produce can enter Western markets (e.g. sales in supermarket, online, and in World Shops);</li> <li>• Higher quality goods supplied.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced transaction costs to enter mainstream and niche markets (e.g. promotional costs lower);</li> <li>• Increased market access of FTO branded (incl. fair trade labelled) produce in mainstream and niche markets.</li> </ul>

*Findings*

Information on achieving direct and induced outputs was obtained from annual reports, internal documentation, literature, and interviews with policy officers, representatives from FTO, and other stakeholders. No external evaluations on FTO were found.

FTO’s annual reports describe establishment and maintenance of retail channels (such as the World Shops and WAAR-shops), the development and maintenance of websites, and the organisation of campaigns (FTO, 2009 and 2010). FTO has an M&E system in place that reports on output in absolute terms as well relative to the targets that have been set. Based on the information provided in FTO’s annual reports, FTO’s performance on output was satisfactory, with direct outputs in line with targets, and in some cases even exceeding those targets.

The absence of an external evaluation report limited the ability to assess whether and to what extent induced outputs were achieved. Fair Trade Assistance and DAWS, however, contributed to the GTJ programme, which was evaluated as part of the larger Dutch TMF programme, by MDF/IAC (as discussed earlier, under the trade policy and negotiating capacity programmes). This evaluation was mainly based on a field study in Kenya. The evaluation described Fair Trade Assistance/DAWS’s activities to support the creation of a network of Southern partners and the promotion of an Internal Control System developed

by FTO. The evaluation could not draw conclusions, however, on the effect of these activities, because the GTJ project was still in its infancy in Kenya at the time of the evaluation, which was three years after the project was launched. Nevertheless, the evaluators were positive about the expected outcome. We now know that this was too optimistic.

Just as was done for the IDH and Solidaridad programmes, the assessment of FTO needs to answer the question of whether FTO managed to affect trade. For FTO, the effects were limited by the fact that demand did not keep up with the supply of fair trade products. Fairtrade International, for instance, reported that a substantial part of production was not sold as certified produce. The percentage of coffee sold as certified coffee was 67% in 2008, 42% in 2009-2010, and 28% in 2013-2014 (Fairtrade International, 2010, 2011, and 2015).

Scientists have spent a great deal of time researching fair trade coffee. In a systematic review, Oya et al. (2017) combined 43 studies on the effect of certification, more than half of which examined fair trade schemes. Because Fairtrade controls the whole value chain, it is able to pay an average higher farm gate price of around 10% (Riisgaard et al., 2009). This is also enough to give an incentive to farmers to stay certified and comply with the standard. Essentially this means that Fairtrade certification could increase the trade value if the higher price does not affect demand too much. Unfortunately, there are other effects. The NGO NUCAFE<sup>132</sup> in Uganda reported, when interviewed, that household decision-making is complex and that higher prices may lead to less production because women do not want their husbands, who typically sell the produce, to spend too much money on beer. This would partly explain the minute overall effects on household income found by Oya et al. (2017) (less time for off-farm labour being the other explanation). But the most important effect is that large parts of the certified production cannot be sold with a premium, which leads to purchase rationing or a lower premium. This means that the increase in export value is determined by demand for this higher priced product, which is very limited.

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### Conclusion

Although FTO received support for trade development, we assessed the part of the project that dealt with certification. As was the case with IDH and Solidaridad, standards and certification had hardly any effect on trade, although FTO managed to pay a price premium. The price premium and the volumes, however, were too small to have a significant effect on trade value.

<sup>132</sup> National Union of Coffee Agribusinesses and Farm Enterprises.

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## Appendix 3

## List of interviewees

Policy officers Ministry of Foreign Affairs			
	Name	Function	Location
Mr	Bert Vermaat	Policy officer	The Hague
Mr	Jaap Smit	Policy officer	The Hague
Mr	Ronald Goldberg	Policy officer	The Hague
Mr	Sjeng Smeets	Policy officer	The Hague
Mr	Olaf Terlouw	Policy officer	The Hague
Mr	Henk Eggink	Policy officer	The Hague
Mr	Maarten ten Wolde	Policy officer	The Hague
Mr	Henny Gerner	Former policy officer, EKN Kampala	The Hague
Mr	Paul Schoenmakers	Policy officer	The Hague
Ms	Nicole Doeswijk	Policy officer	The Hague
Ms	Monique Calon	Policy officer	The Hague
Mr	Paul Litjens	Former head of development cooperation, EKN Cotonou	The Hague
Mr	Roderick van Schreven	Ambassador, permanent representation Geneva	Geneva
Mr	Pieter Gooren	Policy officer, permanent representation Geneva	Geneva
Ms	Caroline Ramaekers	Policy officer, permanent representation Geneva	Geneva
Ms	Elsbeth Akkerman	Policy officer, permanent representation Geneva	Geneva
Mr	Henk-Jan Bakker	Ambassador, EKN Kampala	Kampala
Mr	Hans Peter van der Woude	Head of development cooperation, EKN Kampala	Kampala
Mr	Harry van Dijk	Ambassador, EKN Cotonou	Cotonou
Mr	Jaap Jan Speelman	Head of development cooperation, EKN Cotonou	Cotonou
Mr	Ayindé Soulé	Policy officer, EKN Cotonou	Cotonou
Mr	David Quenum	Policy officer, EKN Cotonou	Cotonou

Trade policy and negotiating capacity				
	Name	Function / Organisation	Interview related to	Location
Mr	Nial Meagher	Executive director, ACWL	ACWL	Geneva
Mr	Stuart Robinson	Chair of management board, ACWL	ACWL	Geneva
Ms	Karyn Sandra Aneno	ACWL Secondment Programme alumni / Sr. legal officer, Government of Uganda	ACWL	Kampala
Mr	Maarten Smeets	Head of Section Technical Assistance Coordination, Partnerships and Internship Programmes ITTC, WTO	NTP	Geneva
Mr	Dick Nuwamanya Kamuganga	NTP alumni / Academic teacher, Makerere university	NTP	Kampala
Mr	Reuben Rwekuuta	NTP alumni / Principle officer MSME – Marketing & Promotions, MTIC, Government of Uganda	NTP	Kampala
Ms	Deborah Vorhies	Managing director, ICTSD	ICTSD	Geneva
Mr	Andrew Crosby	Managing director, ICTSD	ICTSD	Geneva
Mr	James Mathis	Guest Lecturer at Tralac’s Postgraduate Diploma in Trade Law & Policy Management / Lecturer Amsterdam Law School, University of Amsterdam	Tralac	The Hague
Mr	Aurélien Comlan Atidegla	President, Plateforme des Acteurs de la Société Civile au Bénin (PASCIB)	GTJ	Cotonou
Mr	Taufiqur Rahman	Head of LDC Unit, WTO	TP&NC in general	Geneva
Mr	Michael Roberts	Aft division, WTO	TP&NC in general	Geneva
Mr	Mostafa Abid Khan	Minister, permanent representation of Bangladesh	TP&NC in general	Geneva
Ms	Desiree van Gorp	Member advisory board Chairs programme, WTO	Chairs programme / TP&NC in general	Geneva

Trade facilitation				
	Name	Function / Organisation	Interview related to	Location
Mr	Moses Sabiiti	Country director, TMEA	TMEA	Kampala
Mr	Dicksons C. Kateshumbwa	Comissioner customs department, Uganda Revenue Authority	TMEA / Trade facilitation in general	Kampala
Mr	Franklin Mutahakana	Sr Operations Officer, World Bank	World Bank MDTF-TD2, TFF	Kampala
Mr	Louis Akakpo	Programme coordinator, IFC	World Bank MDTF-TD2, TFF	Cotonou
Mr	Razack Yessoufou	Focal point, Borderless Alliance	Borderless Alliance / Trade facilitation in general	Cotonou
Mr	Bienvenu Thierry Mayaba	Coordonator and customs inspector Guichet Unique Commerce Exterieur, Government of Benin	Trade facilitation in general	Cotonou
Mr	Is-Dine Bouraima	Director general, APIEx	Trade facilitation in general	Cotonou
Ms	Faith Lumonya	Programme officer, SEATINI	Trade facilitation in general	Kampala
Mr	Africa Kiiza	Programme officer, SEATINI	Trade facilitation in general	Kampala

Standards				
	Name	Function / Organisation	Interview related to	Location
Mr	Melvin Spreij	Head, STDF	STDF	Geneva
Ms	Esther Nekambi	Programme officer, Uganda Flower Exporters Association	STDF / PG 335	Kampala
Mr	Hossou Epiphane	Secretary-general, ABSSA	STDF / PG 303	Cotonou
Ms	Joelle Goussanou	National Coordinator STDF programme, Chambre of Commerce (CCIB), Government of Benin	STDF / PG 127	Cotonou
Mr	Joost Oorthuizen	Executive director, IDH	IDH	Utrecht
Mr	Lucian Peppelenbos	Sr. manager Learning and Innovation, IDH	IDH	Utrecht
Mr	Steven Collet	Operational director, IDH	IDH	Utrecht
Mr	Nico Roozen	Director, Solidaridad	Solidaridad	Utrecht
Mr	Martin Boon	Development manager, FTO	FTO	Culemborg
Ms	Margreet Vrieling	Associate director, FWF	FWF	Amsterdam
Mr	Omwa Samuel Samson	Business development and innovation manager, UCDA	Standards in general	Kampala
Mr	David Livingstone Ebiru	Deputy executive director / Head management & financial services, UNBS	Standards in general	Kampala
Mr	Kaleebi Mathias	Head central inspectorate imports inspection, UNBS	Standards in general	Kampala
Mr	Innocence	Manager Eastern region, UNBS	Standards in general	Kampala
Mr	David Eboku	Manager standard department, NUCAFE	Standards in general	Kampala
Ms	Caroline Nabukonde	Manager gender equity, NUCAFE	Standards in general	Kampala
Mr	Deus Nuwagaba	Manager entrepreneurship services, NUCAFE	Standards in general	Kampala
Mr	Elohim Agbakou	Enhanced Integrated Framework	Trade capacity, private sector development, standards	Cotonou
Mr	Euloge C.V. Hougbo	National Coordinator, EIF	Trade capacity, private sector development, standards	Cotonou
Mr	Rémy Sohou	Project manager, EIF	Trade capacity, private sector development, standards	Cotonou

Miscellaneous / General				
	Name	Function / Organisation	Interview related to	Location
Mr	Stefano Inama	Chief Technical Cooperation and Enhanced Integrated Framework, UNCTAD	ICTSD, STDF, ACWL	Geneva
Mr	Massimo Diomedi Camassei	Operations Advisor Trade and Private Sector, EU	AfT, trade capacity Uganda, regional integration	Kampala
Mr	Rafal Lapkowski	Team Leader Development Cooperation, EU	AfT, trade capacity Benin, regional integration	Cotonou
Mr	Silver Ojakol	Commissioner external trade, MITC, Government of Uganda / Manager of NTP alumni	AfT, trade capacity Uganda, regional integration	Kampala
Ms	Maris Wanyera	Sr. economist and commissioner for Development, Aid & Regional Cooperation Department / Commissioner Tax Body Department, MoFPED, Government of Uganda	AfT, trade position Uganda, regional integration, trade facilitation	Kampala
Mr	Andrew Masaba	Sr economist, Development Assistance and Regional Cooperation Department	AfT, trade position Uganda, regional integration, trade facilitation	Kampala
Ms	Claire Manuel	Commissioner Tax Body Department, MoFPED, Government of Uganda	AfT, trade position Uganda, regional integration, trade facilitation	Kampala
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